



**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2020

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
TABLE OF CONTENTS
JUNE 30, 2020**

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents	i
Official Roster	iii
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements	
Balance Sheet – Governmental Funds	20
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP budgetary basis) and Actual	
Combined General Fund (11000, 13000, 14000)	26
General Fund (11000)	27
Pupil Transportation Fund (13000)	28
Instructional Materials Fund (14000)	29
School Bus Replacement (27178)	30
Statement of Fiduciary Assets and Liabilities – Agency Funds	31
Notes to Financial Statements	32
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Schedule of the Schools’ Proportionate Share of the Net Pension Liability-ERB	70
Schedule of the Schools’ Pension Contributions-ERB	71
Schedule of the Schools’ Proportionate Share of the Net OPEB Liability-RHCA OPEB	72
Schedule of the Schools’ OPEB Contributions-RHCA OPEB	73
Notes to Required Supplementary Information	74
SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Fund Descriptions	75
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	82
Combining Balance Sheet – Nonmajor Special Revenue Funds	83

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
TABLE OF CONTENTS (CONTINUED)
JUNE 30, 2020**

	<u>Page</u>
SUPPLEMENTARY INFORMATION (CONTINUED)	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	94
Combining Balance Sheet – Nonmajor Capital Project Funds	105
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds	106
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds	107
Schedule of Collateral Pledged by Depository for Public Funds	108
Schedule of Cash and Temporary Investment Accounts	109
Schedule of Cash Reconciliation	110
COMPLIANCE SECTION	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	115
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	117
Schedule of Expenditures of Federal Awards	120
Notes to Schedule of Expenditures of Federal Awards	121
Summary Schedule of Prior Audit Findings	122
Schedule of Findings and Questioned Costs	123
Schedule of Section 12-6-5 NMSA 1978 Findings	135
Exit Conference	141
OTHER INFORMATION	
Corrective Action Plan	142

STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
OFFICIAL ROSTER
JUNE 30, 2020

<u>Name</u>	<u>Title</u>
<u>Board of Education</u>	
Bryan C. Smith	President
Eloy G. Giron	Vice President
Steven R. Otero	Secretary
Frank A. Otero	Member
P. David Vickers	Member
<u>School Officials</u>	
Walter Gibson	Acting Superintendent
Brian Baca	Deputy Superintendent
Claire Cieremans	Chief Financial Officer
Sandy Traczyk	Director of Finance
Susan Chavez	Asst. Superintendent/Spec Svcs

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Board of Education and Management
Los Lunas Schools
Los Lunas, New Mexico and
Mr. Brian Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and special revenue fund of Los Lunas Schools (the Schools), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Schools' basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Schools' internal control. Accordingly, we express no such opinion.

The Board of Education and Management
Los Lunas Schools and
Mr. Brian Colón, Esq.
New Mexico State Auditor

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund and special revenue fund of the Schools as of June 30, 2020, and the respective changes in financial positions thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-17 and the Required Supplementary Information on pages 70-74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Schools' basic financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) , and the schedules required by NMAC 2.2.2 (Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds, Schedule of Collateral Pledged by Depository for Public Funds, Schedule of Cash and Temporary Investments Accounts, and Schedule of Cash Reconciliation), other information, such as the Introductory Section and the Corrective Action Plan, which are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Board of Education and Management
Los Lunas Schools and
Mr. Brian Colón, Esq.
New Mexico State Auditor

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and the schedules required by NMAC 2.2.2 (Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds, Schedule of Collateral Pledged by Depository for Public Funds, Schedule of Cash and Temporary Investments Accounts, and Schedule of Cash Reconciliation), are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and the schedules required by NMAC 2.2.2 (Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds, Schedule of Collateral Pledged by Depository for Public Funds, Schedule of Cash and Temporary Investments Accounts, and Schedule of Cash Reconciliation), are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Corrective Action Plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020 on our consideration of the Schools’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Schools’ internal control over financial reporting and compliance.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 16, 2020

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

Management's Discussion and Analysis is a required part of the District's financial reporting and is an objective and easily readable discussion of the District's financial activities. The reader will see two statements, a Statement of Net Position and a Statement of Activities. These statements provide the overall view of the financial activities of the District. The discussion and analysis will provide a review of the District's *overall* financial activities, using the accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the District, as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphics information.

This annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Independent Auditor's Report; Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with Government Auditing Standards; Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133; and the Schedule of Findings and Questioned Costs.

LOS LUNAS SCHOOLS ACCOUNTING AND FINANCE

We believe this written analysis and the accompanying financial report will indicate to the reader that the Los Lunas Schools is in good financial health. Even though the economy has not fully recovered from the past few years, we are working to be able to maintain our fund balances, and cash on hand. This means our efforts have held strong with annual adjustments to our revenues and expenditures accordingly and we continue to take every precaution to stay ahead of the downturn in the economy. We are making a conscious effort to continue to maintain fund balance and cash on hand in the operational fund. We are still dealing with factors of continual budget declines due to loss of enrollment. Regardless of the difficult economic hard times, the District maintains a financial and accounting staff with strong levels of technical experience and education.

In order to define and support internal controls, the School Business Office utilizes a comptrollership model organization structure. A written Business Office Policies and Procedures Manual is in place to guide District staff through the daily fiscal and business routines.

As an integral part of District accountability process, the Los Lunas Schools Board of Education monitors District expenditures and budgets through a formal monthly reporting process to a Finance Committee and the full Board of Education. This reportage is provided at public meetings and becomes a part of the Los Lunas Schools Board of Education's permanent public record. These reports are public documents and through this public process, the financial reporting information is provided to the community and open to public inspection.

SIGNIFICANT FINANCIAL HIGHLIGHTS FOR THE YEAR ENDING JUNE 30, 2020

- The voters approved a \$22,000,000 bond election in November 2019. The money will be used for funding the next wave of bond projects, which includes various site security improvement projects, various HVAC improvements, various playground renovations, and Pre-K facilities on the west and east of the district. The Community continues to be supportive of all our bond various and mil levy elections.
- Capital Outlay expenses decreased from \$9,166,178 in the year ending June 30, 2019 to \$5,802,080 for the year ending June 30, 2020. This decrease in construction expenditures is due to the district saving for the Peralta Elementary renovation project to start moving forward. In addition, we have prioritized

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

several smaller site improvement projects district wide. We funded a renovation bleacher/press box project at both our High Schools. The District has applied for money from the Public School Outlay funds to match our local dollars to maximize the construction dollars available to the District. We applied and were approved funding for Peralta Elementary and Los Lunas Middle School system based funding. We also applied for security system upgrades at all of our elementary schools; our current match from the Public School Facility Authority (PSFA) is 76%. This means we only pay 24% of the dollars allocated to capital projects approved by the PSFA. Projects we have participated in include a Classroom Addition at Katherine Gallegos Elementary, Sundance Elementary, renovation for Bosque Farms Elementary, and renovation for Los Lunas High School. Expenditures in capital outlay are expected to rise, as new projects are funded.

- As shown in the three-year comparison of the Statement of Net Position, total net position increased from (\$40,242,201) in the year ending June 30, 2019 to \$12,127,538 in the year ending June 30, 2020. The overall increase in net position of \$52,369,739 is due to long term liabilities related to retirement and retiree health care.
- The overall adjusted fund balance shown in the Statement of Revenues and Expenditures and Changes in Fund Balances (GAAP), increased from \$32,776,252 for the year ending in June 30, 2019 to \$45,877,832 for the period ending June 30, 2020. The Fund Balance of the General (Operations) Fund increased from \$6,734,530 to \$11,255,030 during the same period.
- The State Equalization Guarantee Formula Unit Value increased overall by \$433 for the fiscal year ending June 30, 2020. Revenues from the State Equalization Guarantee Formula (SEG) for the fiscal year ending June 30, 2019 were \$60,673,518; revenues for the fiscal year ending June 30, 2020 were \$72,706,666. The reason revenue increase is due to increase in units and increase in unit value. We keep careful watch of the fluctuations in revenue.
- Total expenditures, *inclusive of all capital expenditures from general obligation bond proceeds*, increased from \$93,952,387 for the year ending June 30, 2019 to \$100,091,685 for the year ending June 30, 2020, representing a 6.53% increase.
- The District's overall cash assets increased from \$32,187,370 on June 30, 2019 to \$45,519,521 on June 30, 2020. The largest cash balances were reflected in Debt Service (41000), Operational (11000), Bond Building (31100), and HB-33 (31600).
- The Operations Emergency Reserve was \$1,310,000 during the 2018/2019 fiscal year. This reserve account was decreased slightly to \$1,250,000 for the 2019/2020 fiscal year. The District will try to continue work to maintain a healthy level of emergency reserves, and cash balance in the operational account.
- This was the tenth year in a row that the Operational budget had to supplement the transportation budget to cover a negative balance. The Districts Transportation state distribution is not enough to be able to sustain itself without the support of operational funding. The District has taken several measures to reduce the expenditures in Transportation including operating a New Eastside Transportation Dept., reducing bus routes, and reducing bus driver contracts.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

This statement shows that as of June 30, 2020, the District had total net position of \$12,127,538 as compared to net position of (\$40,242,201) as of June 30, 2019 and (\$14,577,975) as of June 30, 2018. The District had \$45,519,521 in cash and current assets on hand as of June 30, 2020 compared to \$32,187,370 as of June 30, 2019, and accounts payable/current liabilities and current long-term debt of \$12,230,153 as of June 30, 2020, compared to \$11,557,621 as of June 30, 2019. Cash Assets increased by \$13,332,151 while Other Current Assets decreased by (\$33,296). Long-term liabilities have decreased from \$265,733,799 as of June 30, 2019 to \$195,442,038 as of June 30, 2020.

The District retains maximum allowable levels of debt related to its assessed valuation. Net Assets totaling \$21,033,949 are "restricted" for debt service and capital projects.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
ASSETS			
Cash assets	\$ 24,485,572	\$ 24,930,672	\$ 22,975,526
Other current assets	7,085,561	7,118,857	5,811,593
Restricted assets	21,033,949	7,256,698	6,918,456
Capital assets	249,999,155	247,172,387	244,884,969
Accumulated depreciation	<u>(89,463,818)</u>	<u>(84,293,594)</u>	<u>(78,094,967)</u>
Total assets	<u>213,140,419</u>	<u>202,185,020</u>	<u>202,495,577</u>
DEFERRED OUTFLOWS			
Pension related	<u>31,521,477</u>	<u>49,425,537</u>	<u>55,724,579</u>
LIABILITIES			
Accounts payable	385,269	442,742	1,156,013
Other current liabilities	5,499,884	5,079,879	5,574,060
Current portion of long-term debt	6,345,000	6,035,000	5,670,000
Long-term liabilities	<u>195,442,038</u>	<u>265,733,799</u>	<u>247,763,492</u>
Total liabilities	<u>207,672,191</u>	<u>277,291,420</u>	<u>260,163,565</u>
DEFERRED INFLOWS			
Pension related	<u>24,862,167</u>	<u>14,561,338</u>	<u>12,634,566</u>
NET POSITION			
Invested in capital assets	109,060,738	123,052,521	124,663,945
Restricted	34,168,226	16,997,252	16,942,089
Unrestricted (deficit)	<u>(131,101,426)</u>	<u>(180,291,974)</u>	<u>(156,184,009)</u>
Total net position (deficit)	<u>\$ 12,127,538</u>	<u>\$ (40,242,201)</u>	<u>\$ (14,577,975)</u>

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

STATEMENT OF ACTIVITIES

The State of (Governmental) Activities is also a statement required by GASB 34 and is prepared using the accrual method of accounting. This report compliments the Statement of Net Position by showing the overall change in the District's net position for the fiscal year ending June 30, 2020. As of June 30, 2020, the District had a net position of \$12,127,538 as compared to net assets of (\$40,242,201) as of June 30, 2019 and (\$14,577,975) as of June 30, 2018.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Governmental Activities			
Total Governmental Activities	\$ 52,158,993	\$ 116,882,125	\$ 106,227,593
Less: Charges for Services	(642,526)	(957,277)	(976,799)
Less: Operating Grants and Contributions	(17,364,633)	(15,841,485)	(14,802,311)
Less: Capital Grants and Contributions	(1,204,762)	(1,730,012)	(587,477)
Net (expenses) revenues	<u>32,947,072</u>	<u>98,353,351</u>	<u>89,861,006</u>
General Revenues			
Taxes-General, Debt Service, Capital Projects	12,128,357	11,823,404	11,160,919
State Aid not restricted to Specific Purposes (State Equalization Guarantee - SEG)	72,706,666	60,673,518	56,388,197
Interest and Earnings in Investment	294,359	185,195	-
Miscellaneous	187,429	7,008	168,696
Total general revenues	<u>85,316,811</u>	<u>72,689,125</u>	<u>67,717,812</u>
Changes in Net Position	52,369,739	(25,664,226)	(22,143,194)
Restatement	-	-	(52,041,935)
Net Position (deficit), Beginning	<u>(40,242,201)</u>	<u>(14,577,975)</u>	<u>59,607,154</u>
Net Position (deficit), Ending	<u>\$ 12,127,538</u>	<u>\$ (40,242,201)</u>	<u>\$ (14,577,975)</u>

FUND FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Fund financial statements are based on a *modified accrual* basis of accounting. The Statement of Revenues and Expenditures and Changes in Fund Balances is *not* a new statement to the District's annual financial reports. This report guides the reader to a meaningful, overall, view of the District's revenues, expenditures and fund balance and changes to the fund balance. This report also shows the revenue and expenditure activities of each major fund and the total of all "other" Governmental Funds. Total revenues from State, Local and Federal sources were \$73,208,543. Total expenditures for the District was \$100,091,685. The total ending Fund Balance was \$45,877,832; an increase of \$13,101,580 from the prior year.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

MULTI-YEAR DISTRICT REVENUES AND EXPENDITURES

During the 2019/2020 fiscal year, revenues as shown in the chart below increased from prior year balances, revenue, increased by \$14,382,915 and expenditures increased by \$6,139,298. This revenue increase is mainly due to an increase in State District funding and Other Governmental Funds. The increase in expenditures is a primarily due to an increase in instructional expenses.

<u>Year</u>	<u>Total Revenues *</u>	<u>Increase %</u>	<u>Total Expenditures</u>	<u>Increase %</u>
1999/2000	\$ 60,492,174	19.00%	\$ 56,085,681	4.00%
2000/2001	66,373,486	9.72%	65,727,785	17.19%
2001/2002	70,314,391	5.94%	72,028,003	9.59%
2002/2003	76,605,597	8.95%	76,347,148	6.00%
2003/2004	75,436,662	-1.53%	74,842,654	-1.97%
2004/2005 **	87,325,182	15.76%	86,718,047	15.87%
2005/2006	84,438,528	-3.31%	84,541,105	-2.51%
2006/2007 ***	99,216,680	17.50%	93,995,800	11.18%
2007/2008	101,792,107	2.60%	103,883,263	10.52%
2008/2009	105,507,566	3.65%	103,874,640	-0.01%
2009/2010	93,006,003	-11.85%	93,872,063	-9.63%
2010/2011	94,237,137	1.32%	89,898,017	-4.23%
2011/2012	100,074,994	6.19%	91,700,954	2.01%
2012/2013	96,377,306	-3.69%	93,279,388	1.72%
2013/2014	97,827,228	1.50%	95,456,914	2.33%
2014/2015	102,819,368	5.10%	109,013,080	14.20%
2015/2016	88,605,199	-13.82%	88,100,708	-19.18%
2016/2017	91,386,287	3.14%	103,157,326	17.09%
2017/2018	92,292,658	0.99%	90,018,007	-12.74%
2018/2019	98,746,664	6.99%	93,952,387	4.37%
2019/2020	113,129,579	14.57%	100,091,685	6.53%

* Note: Revenues include processed from general obligation bonds and exclude cash carryovers; expenditures include capital outlays.

** Note: Includes revenues and expenditures from November 2004 – Series 1995, 1996, 1997 G.O. Bond refunding; November 2004 G.O. Bond Sale; March 2005.

*** Note: Includes an October 2006 BAN sale and a savings of \$122,327 in interest payments due the prior year's refinancing of debt.

THE BUDGET

The State of New Mexico school budget process is defined under New Mexico State Statutes (Section 22-8, Public School Finance) and the New Mexico Administrative Code (Section 6). To enhance the process of developing a

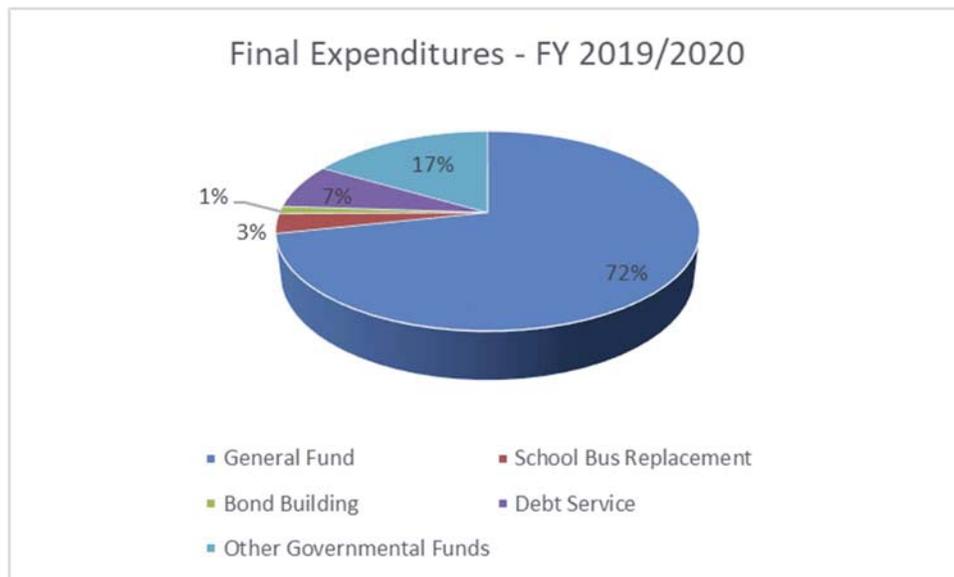
**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

budget at the school district level, the Los Lunas School District utilizes goals and objectives defined by the Los Lunas School Board, community/parent input meetings, the District’s five-year facility master plan, long term planning and input from various staff groups to develop the District budget. District priorities are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for each year. However, all major budgetary funds are required to be reported as separate statements.

Major Budgetary funds in these reports are: The Operational Fund that includes the General, Transportation, and Instructional Materials funds (Operational Funds), Debt Service, Bond Building, and Other Governmental Funds.

Non-major Capital Project funds include HB33 (3 Mill Levy), and SB-9 (2 Mill Levy). The following graphics and tables show the fiscal relationship of the major funds and the combined non-major funds.



The reader will note that the General Fund Final Expenditures represents 72% of the total dollar amount compared to 68% in FY 2018/2019. This fund provides the salary and benefits for the significant majority of the Instructional, Instructional Support and School Support, Maintenance and Administrative staff as well as classroom materials, special education consulting staff and fixed utility costs. Revenue from this fund is substantially derived from the State Equalization Guarantee, which is the refunding formula appropriated for education by the State Legislature. The Operations Fund is explored later in the Management’s Discussion and Analysis.

The following table examines the summary budget performance of the major funds for the fiscal year ending June 30, 2020. Detail budget performance is examined through the Statement of Revenues and Expenditures, Budget and Actual for each major and non-major fund.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

THE GENERAL (OPERATIONS) FUND

The Operations Fund serves as the District General (Operations) Fund and is the largest Fund. Because the Operations Fund revenues represent \$76,237,995 of the total \$113,129,579 of District revenues (inclusive of bond proceeds), the significant impact of this fund on District Operations must be kept in context.

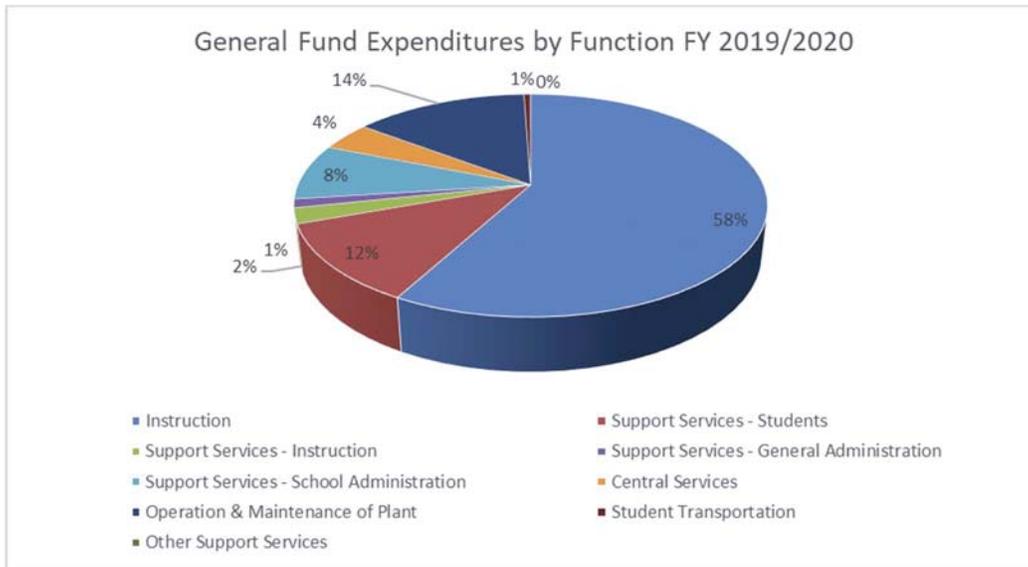
The General (Operations) Fund is predominately funded by revenues from the State of New Mexico Equalization Guarantee Formula. This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff and administrative staff. The General (Operations) Fund provides the predominant funding for athletics and student activities.

GENERAL (OPERATIONS) FUND REVENUES

<u>Year</u>	<u>Total Revenues</u>	<u>Increase %</u>
2000/2001	\$ 42,095,896	8.92%
2001/2002	46,826,574	11.24%
2002/2003	46,398,919	-0.91%
2003/2004	48,454,893	4.43%
2004/2005	50,430,536	4.08%
2005/2006	54,254,563	7.58%
2006/2007	58,216,044	7.30%
2007/2008	62,026,642	6.55%
2008/2009	62,138,555	0.18%
2009/2010	54,295,485	-12.62%
2010/2011	54,991,153	1.28%
2011/2012	55,887,434	1.63%
2012/2013	55,340,239	-0.98%
2013/2014	57,142,252	3.26%
2014/2015	59,757,469	4.58%
2015/2016	59,757,469	0.00%
2016/2017	57,142,252	-4.38%
2017/2018	57,678,471	0.94%
2018/2019	63,882,961	10.76%
2019/2020	76,245,219	19.35%

Because the General (Operations) Fund is the main fund in which expenditures are significantly related to the educational process, \$71,689,832 was expended in the year ending June 30, 2020. The most significant interfund expense was for the function noted as “Instruction” (Direct Instruction). This expenditure was \$39,960,684 or 58% of all General (Operations) Fund expenditures, compared with fiscal year 2018/2019 of \$34,610,629 (54%). Expenditures included in this function are Regular Education, Special Education and Early Childhood Education teachers and educational assistants, benefits, payroll taxes, school supplies, training, and miscellaneous instructional related contract services. Approximately 86% of all General (Operations) Fund expenditures are for employee salaries, payroll taxes and benefits.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**



The following discussion on the General (Operations) Fund budget will relate functional expenditures for the year ending June 30, 2020, exclusive of Capital Outlay expenditures, for the Operations Fund. Direct Instruction represents 58% of all General (Operations) Fund expenditures. This represents a 4% increase compared to the year fiscal ending June 30, 2019. Direct Instruction expenditures account for regular education, vocational education, bilingual education, special education and kindergarten teachers and educational assistant's salaries, payroll taxes and benefits.

**PERCENTAGE OF DIRECT INSTRUCTION TO TOTAL EXPENDITURES
OPERATIONS FUND
(GAAP)**

Year	Direct Instruction Cost	Actual Expenditures	Increase %
2004/2005	\$ 30,404,178	\$ 51,081,357	59.50%
2005/2006	31,909,199	53,742,851	59.40%
2006/2007	34,342,180	58,308,781	58.90%
2007/2008	36,685,109	62,703,997	58.50%
2008/2009	36,735,064	63,474,138	57.90%
2009/2010	32,264,185	54,618,319	59.10%
2010/2011	29,949,683	52,901,522	56.60%
2011/2012	31,014,174	54,367,566	57.00%
2012/2013	30,300,881	53,694,034	56.40%
2013/2014	31,015,237	54,572,031	56.80%
2014/2015	32,478,789	57,025,181	57.00%
2015/2016	32,102,162	56,253,808	57.10%
2016/2017	34,496,027	61,566,995	56.00%
2017/2018	33,107,663	61,337,778	54.00%
2018/2019	34,610,629	64,157,613	53.90%
2019/2020	39,960,684	68,964,943	57.90%

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

The table above has been included to convey to the reader the District's budgetary commitment to maximize expenditures in the "classroom". The table shows that expenditures in the area of Direct Instruction average 57.22% since the 2004/2005 year.

**GENERAL (OPERATIONS) FUND EXPENDITURES BY FUNCTION
(NON-GAAP)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percentage Expenditure (Note 1)</u>
Current				
Instruction	\$ 44,164,826	\$ 39,931,284	\$ 4,233,542	38.36%
Support services				
Students	9,306,058	7,940,118	1,365,940	12.38%
Instruction	1,740,752	1,538,046	202,706	1.84%
General administration	1,167,483	868,516	298,967	2.71%
School administration	6,013,678	5,589,523	424,155	3.84%
Central services	3,137,868	2,908,908	228,960	2.07%
Operation & maintenance of plant	11,180,792	9,833,991	1,346,801	12.20%
Student transportation	1,880,626	369,781	1,510,845	13.69%
Other support services	1,310,856	6,119	1,304,737	11.82%
Food services operations	25,000	-	25,000	0.23%
Community services	25,000	-	25,000	0.23%
Capital outlay	<u>70,642</u>	<u>-</u>	<u>70,642</u>	<u>0.64%</u>
Total	<u><u>\$ 80,023,581</u></u>	<u><u>\$ 68,986,286</u></u>	<u><u>\$ 11,037,295</u></u>	<u><u>100.00%</u></u>

Note 1: Percentage of expenditure to total expenditures. Statement of Revenues, Expenditures, and Changes in Fund Balance

Instructional Support represents 20.77% (compared to 22.15% last fiscal year 2018/2019) of General (Operations) Fund expenditures, and accounts for expenditures for school principals, program coordinators, counselors, school nursing staff, librarians, special education ancillary staff and significant support to special education programs through contract ancillary support staff and contract programs. The office of the Superintendent and the Business Office represent the overhead support for the entire operations of the District; these programs combined represent 2.07% of the total General (Operations) Fund. Maintenance and Operations account for 12.20% of the General (Operations) Fund expenditures. Included in the Maintenance and Operations expenditures are salaries and benefits for maintenance staff, school custodians, fixed utility costs, maintenance and repairs, maintenance supplies/equipment, school custodial supplies/equipment, and safety and security staff and equipment. Because of the expansion/addition of school facilities and increases to the utility costs, this functional expenditure will need to be increased to meet school needs. Additional support for maintenance supplies and projects comes from the voter approved Two-Mill Levy Fund, which is also given a state matching grant. The General (Operations) Fund also supports expenditures for school athletics and student activities and Transportation.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

OPERATIONS BUDGET RESERVE FUNDS

The District maintains a Non-Operating function within the General (Operations) Fund as a reserve against unexpected emergency expenses or unexpected and unpredicted reductions in revenues. Most unexpected emergency expenses are those related to legal settlements or facility repairs. Facility issues can be addressed through the District Two-Mill Levy Fund or insurance coverage that lessens the need for the District to maintain a high Operations Fund reserve. The budget for the 2019/2020 fiscal year reflects a reserve fund of \$1,250,000. The budget for the 2018/2019 school year reflected a reserve amount of \$1,310,000. This is a budget decrease of \$60,000. The decrease was mainly due to a reduction in our Cash Reserves.

CAPITAL ASSETS

GASB 34 requires public entities to depreciate capital assets. As of June 30, 2020, the District capital assets were valued at \$160,535,337 after depreciation. This statement includes total accumulated depreciation of the District’s capital assets in the amount of \$89,463,818. The District utilizes a “straight line” depreciation method in all cases and standardized lifetime tables in calculating this depreciation. Utilization of depreciation concepts by public entities allows the reader to know of the entity is replacing its assets at a rate in which they are being used. In accordance with State Statute, State Regulations and School Board Policy, all assets with a value in excess of \$5,000 are capitalized.

Because of past student growth and certain aging facilities, the District has taken a planned and focused approach towards investing in equipment and building new facilities as well as adding to and maintaining existing facilities. This effort is evidenced by the substantial and continuous investment in the “Capital Outlay” account. This planning includes applications for additional capital funding support from the Public School Capital Outlay Council (PSCOC).

In addition to construction, the District continued planned efforts to replace old vehicles, enhance technology, and replace outdated school furnishings and equipment. In order to assure that aged equipment and vehicles are replaced on a routine basis, the Board of Education enacted a policy mandating that the replacement of equipment be funded, yearly, as a matter of routing. Schedules for equipment replacement will be included in future G.O. Bond elections and/or Two Mill Levy.

The following table illustrates the three-year history of year-end balances for the District’s investment in all capital assets:

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

CAPITAL ASSETS

Asset Type	Balance June 30, 2020	Balance June 30, 2019	Balance June 30, 2018
Land and Land Improvements	\$ 15,160,701	\$ 14,948,697	\$ 13,850,898
Building and Building Improvements	217,051,260	217,489,345	213,439,663
Furniture, Fixtures and Equipment	5,360,972	5,408,092	5,175,804
Vehicles	10,276,302	8,780,379	8,468,026
Construction in Progress	2,149,920	545,874	3,950,578
Total assets	249,999,155	247,172,387	244,884,969
Less: accumulated depreciation	<u>(89,463,818)</u>	<u>(84,293,594)</u>	<u>(78,094,967)</u>
Capital assets, net	<u>\$ 160,535,337</u>	<u>\$ 162,878,793</u>	<u>\$ 166,790,002</u>
Net Change in Assets	<u>\$ (2,343,456)</u>	<u>\$ (3,911,209)</u>	<u>\$ (487,695)</u>

This table shows that the District is, despite of operational decreases and loss of students, still diligently replacing assets and building facilities to accommodate the student needs. As indicated with an increase in Total Assets of \$2,826,768 as of June 30, 2020.

GENERAL LONG-TERM DEBT

Article IX, Section 11 of the New Mexico Constitution limits the powers of a school district to incur general obligation debt beyond a school year. The District can incur such debt for “the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public classrooms or any combination of these purposes”. The approval of the debt is subject to a vote of the local electors and may not exceed 6% of the assessed valuation of the taxable property within the District. Total Long-Term Debt related to principal on general obligation bonds on June 30, 2020 was \$44,320,000.

The District has maintained a level of indebtedness to the maximum extent allowed. The policy to maintain this amount of debt is largely due to the need to add additional facilities in order to meet student population requirements upgrade and expand existing facilities, and to leverage additional funds available from Public School Capital Outlay. Public School Capital Outlay Fund awards give higher funding priorities to school districts with lower assessed valuations and higher levels of indebtedness. The most recent general obligation bond election was held on February 2, 2016 in which the District’s voters approved a \$25.0 million, four-year, General Obligation Bond initiative by a margin exceeding 80%.

During the fiscal year ending June 30, 2020, the District made one sale of General Obligation Bonds in the amount of \$8,400,000 in July 2019. The sale included \$8,400,000 for new debt. This bond sale was the fourth and final issuance of the 2016 General Obligation Bond election. As a result of action taken by the 2002 legislature, a statute was enacted to allow school districts to complete sales of Bond Anticipation Notes (BANs). This legislation

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

allows school districts to enter into short-term borrowing agreements and make payments with the proceeds of future general obligation bond sales. Borrowing may not be longer than a one-year term and limited to the amount of the principal retirement for that year. The District did not enter into any BAN agreements for the fiscal year 2019-2020.

The District maintained an A1 underlying rating for the 2019 bond sale. Effective July 1, 2003, District bonds also carry the *enhanced* State of New Mexico bond rating of Aa1. This action was authorized in a Senate Bill 847. The effect of this bill will be to reduce the risk to bond holders and, as a consequence, reduce the interest costs to the taxpayer. The District has never defaulted on any of its debt or other obligations. Listed below is the District’s total general obligation debt as of June 30, 2020:

Year Ended June 30	Principal	Interest	Total
2021	\$ 6,345,000	\$ 1,171,791	\$ 7,516,791
2022	5,395,000	1,039,810	6,434,810
2023	5,550,000	906,178	6,456,178
2024	5,215,000	763,898	5,978,898
2025	5,175,000	623,931	5,798,931
2026-2030	18,390,000	1,485,064	19,875,064
2031-2033	<u>4,595,000</u>	<u>135,155</u>	<u>4,730,155</u>
Total	<u>\$ 50,665,000</u>	<u>\$ 6,125,827</u>	<u>\$ 56,790,827</u>

A reader desiring to know more about the District’s long-term debt and community demographics may contact Los Lunas Schools at 505-865-9636, or by contacting:

RBC Capital Markets.
6301 Uptown Blvd. NE, Suite 110
Albuquerque, NM 87110

In addition to the sale of General Obligation Bonds, the District is eligible to receive awards from the Public School Capital Outlay Council (PSCOCO) in accordance with Senate Bill 513, Chapter 147 Section 10(b) NMSA. The impact of these various awards is discussed throughout this Management’s Discussion and Analysis.

FIDUCIARY FUNDS

The District, as a custodian, maintains and monitors special funds on behalf of the schools and school activity groups. Agency funds maintained by the District are to benefit a specific activity or interest and are generally raised by students for student use.

While each school site is responsible for the administration of the agency funds, the custody and use of these funds are in accordance with public Education Department Regulations and School District Policy. The management of these funds is in accordance with Business Office procedures and all banking is performed through District accounts. The funds are also subject to annual review by the District’s Independent Auditor. The year ending June 30, 2020 states the accumulated balance of all agency funds was \$1,007,598.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

FUTURE TRENDS

The District continues to closely monitor positions and other expenditures in order to survive the fluctuations of enrollment and still try to increase our level of reserves in our Operational fund. The District was hopeful that we would enter the new fiscal year with additional students enrolled, however within the first weeks of school, the opposite trend occurred. The District will continue to look for saving opportunity and work to maintain within our budget constraints.

Local Assessments General and Obligation Bonds: Local property taxes serve as the revenue source for the repayment of general obligation bonds. Because of the slowed growth of both residential and commercial assessed valuation for properties in the Los Lunas School District, the District has been able to concentrate on renovating older buildings, security upgrades for existing buildings, and HVAC upgrades to existing facilities as supposed to needing more new classroom spare. The following table illustrates the slowed growth of the assessed valuation for both Los Lunas Schools and Valencia County.

VALUATION TABLE

Year	Los Lunas Schools	Valencia County
2019	\$ 930,021,374	\$ 1,525,679,057
2018	899,862,078	1,479,526,074
2017	857,922,937	1,430,123,929
2016	827,696,531	1,382,830,758
2015	816,620,789	1,347,645,043
2014	794,414,792	1,172,408,288
2013	767,238,934	1,272,248,861
2012	753,216,929	1,259,299,759
2011	739,871,906	1,241,920,127
2010	720,675,864	1,203,236,710
2009	701,862,203	1,166,647,954
2008	653,498,879	1,055,871,740
2007	601,593,453	978,386,196
2006	524,498,886	875,594,467
2005	479,881,276	820,258,813
2004	447,871,070	771,579,462
2003	457,628,275	778,317,018
2002	412,948,320	687,197,444
2001	400,435,727	678,216,414
2000	378,025,851	601,120,398

Because of slow moving development in both the residential and commercial properties in the District, it is expected that future assessed valuations will continue a flat or very small growth pattern. It is also expected that voter support for the Los Lunas Schools will continue to be strong and revenues from General Obligation Bond proceeds will continue to be an integral part of the District Master Plan.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

Community Growth: In the past year, the community has seen a minimal number of residential growth in our District. Most of the growth and homebuilding is focused on the West side of the District. We expect this trend to continue for the upcoming 2020/2021 fiscal year due to the current economic conditions in NM and the nation in general. All near future projections are expected to include, flat projected gas and oil revenues, a flat growth pattern in assessed valuation of taxable property within the District, slight growth in student population and a cautious eye toward future bond and Mill Levy initiatives for the next two-five years.

District Master Planning: The District has contracted with Geer Stafford/SJCF Inc. to provide master planning for the Los Lunas School District. This project will help the District plan new school locations and provide analytical data for use by the District and the Public Schools Capital Outlay Council that will affect future capital funding needs. The District's current Master Plan was updated, and Board approved in January 2017, approval will be good through 2017-2021.

Contacting the Los Lunas Schools

This financial report is designed to provide our community, taxpayers, investors, and creditors with an overview of the Los Lunas School District's financial condition and to provide accountability for the funds the School District receives. If you have any questions about our report or about the operations of the Los Lunas School District, please visit our website at www.llschools.net, or contact:

Walter Gibson
Acting Superintendent
Los Lunas Schools
PO Drawer 1300
Los Lunas, NM 87031
wgibson@llschools.net

or

Claire Cieremans
Chief Financial Officer
Los Lunas Schools
PO Drawer 1300
Los Lunas, NM 87031
ccieremans@llschools.net

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2020**

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 24,485,572
Receivables	
Property taxes	2,315,094
Due from other governments	4,247,104
Prepaid expenditures	8,084
Inventory	<u>515,279</u>
Total current assets	<u>31,571,133</u>
Non-current assets	
Restricted cash and cash equivalents	21,033,949
Capital assets, net	<u>160,535,337</u>
Total non-current assets	<u>181,569,286</u>
Total assets	<u>213,140,419</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions and OPEB	<u>31,521,477</u>
Total assets and deferred outflows of resources	<u>244,661,896</u>
LIABILITIES	
Current Liabilities	
Accounts payable	385,269
Accrued payroll	4,420,222
Accrued interest	538,537
Accrued compensated absences	541,125
Bonds payable, current	<u>6,345,000</u>
Total current liabilities	<u>12,230,153</u>
Non-current Liabilities	
Accrued compensated absences	180,375
Bonds payable, long-term	44,320,000
Bond premium, net	809,599
Net pension liability	117,065,535
Net OPEB liability	<u>33,066,529</u>
Total non-current liabilities	<u>195,442,038</u>
Total liabilities	<u>207,672,191</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions and OPEB	<u>24,862,167</u>
NET POSITION	
Net investment in capital assets	109,060,738
Restricted for	
Debt service	7,741,125
Capital projects	21,714,101
Special revenue	4,711,551
Other	1,449
Unrestricted (deficit)	<u>(131,101,426)</u>
Total net position	<u>\$ 12,127,538</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
Instruction	\$ 5,538,496	\$ 351,173	\$ 5,880,681	\$ -	\$ 693,358
Support services					
Students	8,429,346	-	496,810	-	(7,932,536)
Instruction	1,664,537	16,097	130,292	-	(1,518,148)
General administration	1,311,548	-	318,347	-	(993,201)
School administration	6,443,815	-	879,962	-	(5,563,853)
Central services	2,950,750	-	42,776	-	(2,907,974)
Operation & maintenance of plant	13,562,878	108	40,183	1,204,762	(12,317,825)
Student transportation	6,735,957	-	5,934,185	-	(801,772)
Other support services	6,119	-	-	-	(6,119)
Food services operation	4,283,473	275,148	3,641,397	-	(366,928)
Interest and other charges	1,232,074	-	-	-	(1,232,074)
Total governmental activities	\$ 52,158,993	\$ 642,526	\$ 17,364,633	\$ 1,204,762	(32,947,072)
General revenues					
Property taxes					
Levied for operating programs					243,471
Levied for debt service					7,504,301
Levied for capital projects					4,380,585
State Equalization Guarantee					72,706,666
Investment income					294,359
Miscellaneous income					258,788
Loss on disposition of assets					(71,359)
Total general revenues					85,316,811
Change in net position					52,369,739
Net position - beginning (deficit)					(40,242,201)
Net position - ending					\$ 12,127,538

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Operational Funds			
	11000 General	13000 Pupil Transportation	14000 Instructional Materials	27178 School Bus Replacement
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 11,689,917	\$ -	\$ 1,449	\$ -
Receivables				
Property taxes	53,407	-	-	-
Due from other governments	-	-	-	2,308,346
Prepaid expenditures	-	-	-	-
Inventory	-	40,336	-	-
Due from other funds	4,025,070	-	-	-
Total assets	<u>\$ 15,768,394</u>	<u>\$ 40,336</u>	<u>\$ 1,449</u>	<u>\$ 2,308,346</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ 47,408	\$ 6,897	\$ -	\$ -
Accrued payroll liabilities	4,420,222	-	-	-
Due to other funds	-	-	-	2,308,346
Total liabilities	<u>4,467,630</u>	<u>6,897</u>	<u>-</u>	<u>2,308,346</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	45,734	-	-	-
FUND BALANCES				
Nonspendable	-	40,336	-	-
Restricted for instructional materials	-	-	1,449	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	-	-	-	-
Restricted for capital acquisitions and improvements	-	-	-	-
Restricted for debt service	-	-	-	-
Unassigned (deficit)	11,255,030	(6,897)	-	-
Total fund balances	<u>11,255,030</u>	<u>33,439</u>	<u>1,449</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 15,768,394</u>	<u>\$ 40,336</u>	<u>\$ 1,449</u>	<u>\$ 2,308,346</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020**

	31100 Bond Building	41000 Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 18,182,380	\$ 7,496,957	\$ 8,148,818	\$ 45,519,521
Receivables				
Property taxes	-	1,406,161	855,526	2,315,094
Due from other governments	-	-	1,938,758	4,247,104
Prepaid expenditures	-	-	8,084	8,084
Inventory	-	-	474,943	515,279
Due from other funds	-	-	-	4,025,070
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,025,070</u>
Total assets	<u>\$ 18,182,380</u>	<u>\$ 8,903,118</u>	<u>\$ 11,426,129</u>	<u>\$ 56,630,152</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ 277,290	\$ -	\$ 53,674	\$ 385,269
Accrued payroll liabilities	-	-	-	4,420,222
Due to other funds	-	-	1,716,724	4,025,070
	<u>-</u>	<u>-</u>	<u>1,716,724</u>	<u>4,025,070</u>
Total liabilities	<u>277,290</u>	<u>-</u>	<u>1,770,398</u>	<u>8,830,561</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	1,161,993	714,032	1,921,759
	<u>-</u>	<u>1,161,993</u>	<u>714,032</u>	<u>1,921,759</u>
FUND BALANCES				
Nonspendable	-	-	483,027	523,363
Restricted for instructional materials	-	-	-	1,449
Restricted for food services	-	-	1,316,371	1,316,371
Restricted for extracurricular activities	-	-	197,729	197,729
Restricted for education	-	-	3,197,451	3,197,451
Restricted for capital acquisitions and improvements	17,905,090	-	3,809,011	21,714,101
Restricted for debt service	-	7,741,125	-	7,741,125
Unassigned (deficit)	-	-	(61,890)	11,186,243
	<u>-</u>	<u>-</u>	<u>(61,890)</u>	<u>11,186,243</u>
Total fund balances	<u>17,905,090</u>	<u>7,741,125</u>	<u>8,941,699</u>	<u>45,877,832</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 18,182,380</u>	<u>\$ 8,903,118</u>	<u>\$ 11,426,129</u>	<u>\$ 56,630,152</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Fund balances - total governmental funds	\$ 45,877,832
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	160,535,337
Defined benefit pension and OPEB plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	31,521,477
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	1,921,759
Original issue discounts and premiums are not current financial resources or obligations and, therefore, are not reported in the funds:	-
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(117,065,535)
Net OPEB liability	(33,066,529)
Accrued interest payable	(538,537)
Accrued compensated absences	(721,500)
Bonds payable	(50,665,000)
Bond premiums	(809,599)
Defined benefit pension and OPEB plans deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	(24,862,167)
Net Position - Total Governmental Activities	\$ 12,127,538

STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Operational Fund			
	11000 General	13000 Pupil Transportation	14000 Instructional Materials	27178 School Bus Replacement
REVENUES				
Property taxes	\$ 245,646	\$ -	\$ -	\$ -
Intergovernmental revenue				
State grants	72,706,666	-	20,530	3,200,636
Federal grants	487,696	-	-	-
Transportation distribution	-	2,564,095	-	-
Charges for services	16,355	-	-	-
Miscellaneous	182,826	-	-	-
Investment income	14,181	-	-	-
Total revenues	<u>73,653,370</u>	<u>2,564,095</u>	<u>20,530</u>	<u>3,200,636</u>
EXPENDITURES				
Current				
Instruction	39,960,684	-	169,765	-
Support services				
Students	7,940,118	-	-	-
Instruction	1,538,046	-	-	-
General administration	882,419	-	-	-
School administration	5,589,523	-	-	-
Central services	2,908,908	-	-	-
Operation & maintenance of plant	9,769,345	-	-	-
Student transportation	369,781	2,555,124	-	3,200,636
Other support services	6,119	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>68,964,943</u>	<u>2,555,124</u>	<u>169,765</u>	<u>3,200,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,688,427</u>	<u>8,971</u>	<u>(149,235)</u>	<u>-</u>
Other financing sources				
Proceeds from sale of capital assets	6,714	510	-	-
Bond proceeds	-	-	-	-
Total other financing sources	<u>6,714</u>	<u>510</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	4,695,141	9,481	(149,235)	-
Fund balances, beginning of year	6,559,889	23,958	150,684	-
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	<u>\$ 11,255,030</u>	<u>\$ 33,439</u>	<u>\$ 1,449</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	31100 Bond Building	41000 Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ -	\$ 7,577,811	\$ 4,421,161	\$ 12,244,618
Intergovernmental revenue				
State grants	-	-	3,179,010	79,106,842
Federal grants	-	-	9,117,427	9,605,123
Transportation distribution	-	-	-	2,564,095
Charges for services	-	-	626,171	642,526
Miscellaneous	14,903	-	61,059	258,788
Investment income	279,451	5	722	294,359
Total revenues	<u>294,354</u>	<u>7,577,816</u>	<u>17,405,550</u>	<u>104,716,351</u>
EXPENDITURES				
Current				
Instruction	-	-	5,739,658	45,870,107
Support services				
Students	-	-	482,317	8,422,435
Instruction	-	-	126,491	1,664,537
General administration	-	75,831	353,298	1,311,548
School administration	-	-	854,292	6,443,815
Central services	-	-	41,528	2,950,436
Operation & maintenance of plant	-	-	39,011	9,808,356
Student transportation	-	-	164,511	6,290,052
Other support services	-	-	-	6,119
Food services operations	-	-	4,255,126	4,255,126
Capital outlay	1,203,429	-	4,598,651	5,802,080
Debt service				
Principal	-	6,035,000	-	6,035,000
Interest	-	1,232,074	-	1,232,074
Bond issuance costs	-	-	-	-
Total expenditures	<u>1,203,429</u>	<u>7,342,905</u>	<u>16,654,883</u>	<u>100,091,685</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(909,075)</u>	<u>234,911</u>	<u>750,667</u>	<u>4,624,666</u>
Other financing sources				
Proceeds from sale of capital assets	-	-	6,004	13,228
Bond proceeds	8,400,000	-	-	8,400,000
Total other financing sources	<u>8,400,000</u>	<u>-</u>	<u>6,004</u>	<u>8,413,228</u>
Net changes in fund balances	7,490,925	234,911	756,671	13,037,894
Fund balances, beginning of year	10,414,165	7,506,214	8,121,342	32,776,252
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	63,686	63,686
Fund balances, end of year	<u>\$ 17,905,090</u>	<u>\$ 7,741,125</u>	<u>\$ 8,941,699</u>	<u>\$ 45,877,832</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net changes in fund balances - total governmental funds	\$ 13,037,894
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(7,909,891)
Capital expenditures	5,651,022
Book value of assets disposed of during the year	(84,587)
Revenues that do not provide current financial resources are not reported as revenues in the fund statements but are reporting in the Statement of Activities	
Change in unavailable revenue related to property tax receivable	(116,261)
Governmental funds report the Schools' pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense:	
Schools pension contributions subsequent to the measurement date	7,141,405
Schools OPEB contributions subsequent to the measurement date	1,008,505
Net pension income (expense)	33,810,012
Net OPEB income (expense)	2,020,893
The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:	
Change in accrued interest payable	25,336
Change in accrued compensated absences	(99,109)
Bond proceeds	(8,400,000)
Principal payments on bonds	6,035,000
Amortization of bond premium	185,834
Inventory	63,686
Changes in Net Position - Total Governmental Activities	\$ 52,369,739

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
COMBINED GENERAL FUND (11000, 13000, 14000)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 232,860	\$ 232,860	\$ 246,216	\$ (13,356)
State grants	75,095,589	75,309,253	75,291,291	17,962
Federal grants	366,069	366,069	457,568	(91,499)
Charges for services	7,000	7,000	16,355	(9,355)
Interest	5,000	5,000	14,181	(9,181)
Miscellaneous	7,500	7,500	182,826	(175,326)
Total revenues	<u>75,714,018</u>	<u>75,927,682</u>	<u>76,208,437</u>	<u>(280,755)</u>
EXPENDITURES				
Current				
Instruction	43,723,189	44,336,040	40,101,049	4,234,991
Support services				
Students	8,862,308	9,306,058	7,940,118	1,365,940
Instruction	1,532,133	1,740,752	1,538,046	202,706
General administration	1,191,356	1,167,483	868,516	298,967
School administration	5,956,378	6,013,678	5,589,523	424,155
Central services	3,092,368	3,137,868	2,908,908	228,960
Operation & maintenance of plant	11,045,806	11,180,792	9,833,991	1,346,801
Student transportation	4,429,721	4,445,231	2,934,386	1,510,845
Other support services	1,310,856	1,310,856	6,119	1,304,737
Food services operations	25,000	25,000	-	25,000
Community services	25,000	25,000	-	25,000
Capital outlay	70,642	70,642	-	70,642
Debt service				-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>81,264,757</u>	<u>82,759,400</u>	<u>71,720,656</u>	<u>11,038,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,550,739)</u>	<u>(6,831,718)</u>	<u>4,487,781</u>	<u>10,757,989</u>
Other financing sources				
Proceeds from sale of capital assets	5,000	5,510	7,224	1,714
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>5,000</u>	<u>5,510</u>	<u>7,224</u>	<u>1,714</u>
Net changes in fund balances	(5,545,739)	(6,826,208)	4,495,005	10,759,703
Fund balances - beginning of year	-	-	7,079,579	7,079,579
Fund balances - end of year	<u>\$ -</u>	<u>\$ (6,826,208)</u>	<u>\$ 11,574,584</u>	<u>\$ 17,839,282</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			29,558	
Adjustments to expenditures			30,824	
Changes in fund balances			<u>\$ 4,555,387</u>	

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND (11000)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 232,860	\$ 232,860	\$ 246,216	\$ (13,356)
State grants	72,531,494	72,724,628	72,706,666	17,962
Federal grants	366,069	366,069	457,568	(91,499)
Charges for services	7,000	7,000	16,355	(9,355)
Interest	5,000	5,000	14,181	(9,181)
Miscellaneous	7,500	7,500	182,826	(175,326)
Total revenues	<u>73,149,923</u>	<u>73,343,057</u>	<u>73,623,812</u>	<u>(280,755)</u>
EXPENDITURES				
Current				
Instruction	43,568,998	44,164,826	39,931,284	4,233,542
Support services				
Students	8,862,308	9,306,058	7,940,118	1,365,940
Instruction	1,532,133	1,740,752	1,538,046	202,706
General administration	1,191,356	1,167,483	868,516	298,967
School administration	5,956,378	6,013,678	5,589,523	424,155
Central services	3,092,368	3,137,868	2,908,908	228,960
Operation & maintenance of plant	11,045,806	11,180,792	9,833,991	1,346,801
Student transportation	1,865,626	1,880,626	369,781	1,510,845
Other support services	1,310,856	1,310,856	6,119	1,304,737
Food services operations	25,000	25,000	-	25,000
Community services	25,000	25,000	-	25,000
Capital outlay	70,642	70,642	-	70,642
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>78,546,471</u>	<u>80,023,581</u>	<u>68,986,286</u>	<u>11,037,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,396,548)</u>	<u>(6,680,524)</u>	<u>4,637,526</u>	<u>10,756,540</u>
Other financing sources				
Proceeds from sale of capital assets	5,000	5,000	6,714	1,714
Bond proceeds	-	-	-	-
Total other financing sources	<u>5,000</u>	<u>5,000</u>	<u>6,714</u>	<u>1,714</u>
Net changes in fund balances	(5,391,548)	(6,675,524)	4,644,240	10,758,254
Fund balances - beginning of year	-	-	6,904,937	6,904,937
Fund balances - end of year	<u>\$ -</u>	<u>\$ (6,675,524)</u>	<u>\$ 11,549,177</u>	<u>\$ 17,663,191</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			29,558	
Adjustments to expenditures			21,343	
Changes in fund balances			<u>\$ 4,695,141</u>	

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PUPIL TRANSPORTATION FUND (13000)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
State grants	\$ 2,564,095	\$ 2,564,095	\$ 2,564,095	\$ -
Total revenues	<u>2,564,095</u>	<u>2,564,095</u>	<u>2,564,095</u>	<u>-</u>
EXPENDITURES				
Current				
Student transportation	2,564,095	2,564,605	2,564,605	-
Total expenditures	<u>2,564,095</u>	<u>2,564,605</u>	<u>2,564,605</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(510)</u>	<u>(510)</u>	<u>-</u>
Other financing sources				
Proceeds from sale of capital assets	-	510	510	-
Bond proceeds	-	-	-	-
Total other financing sources	<u>-</u>	<u>510</u>	<u>510</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>23,958</u>	<u>23,958</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,958</u>	<u>\$ 23,958</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			-	
Adjustments to expenditures			<u>9,481</u>	
Changes in fund balances			<u>\$ 9,481</u>	

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
INSTRUCTIONAL MATERIALS FUND (14000)
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES				
State grants	\$ -	\$ 20,530	\$ 20,530	\$ -
Total revenues	<u>-</u>	<u>20,530</u>	<u>20,530</u>	<u>-</u>
EXPENDITURES				
Current				
Instruction	154,191	171,214	169,765	1,449
Total expenditures	<u>154,191</u>	<u>171,214</u>	<u>169,765</u>	<u>1,449</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(154,191)</u>	<u>(150,684)</u>	<u>(149,235)</u>	<u>(1,449)</u>
Net changes in fund balances	(154,191)	(150,684)	(149,235)	(1,449)
Fund balances - beginning of year	-	-	150,684	150,684
Fund balances - end of year	<u>\$ (154,191)</u>	<u>\$ (150,684)</u>	<u>\$ 1,449</u>	<u>\$ 149,235</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Changes in fund balances			<u>\$ (149,235)</u>	

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SCHOOL BUS REPLACEMENT (27178)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
State grants	\$ -	\$ 6,200,636	\$ 892,290	\$ 5,308,346
Total revenues	<u>-</u>	<u>6,200,636</u>	<u>892,290</u>	<u>5,308,346</u>
EXPENDITURES				
Current				
Student transportation	-	3,200,636	3,200,636	-
Total expenditures	<u>-</u>	<u>3,200,636</u>	<u>3,200,636</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>3,000,000</u>	<u>(2,308,346)</u>	<u>5,308,346</u>
Net changes in fund balances	-	3,000,000	(2,308,346)	5,308,346
Fund balances - beginning of year	-	-	150,684	150,684
Fund balances - end of year	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ (2,157,662)</u>	<u>\$ 5,459,030</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			2,308,346	
Adjustments to expenditures			<u>-</u>	
Changes in fund balances			<u>\$ -</u>	

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2020**

	<u>Agency Funds</u>
ASSETS	
Current Assets	
Cash	\$ <u>1,007,598</u>
Total assets	<u>\$ 1,007,598</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ -
Deposits held in trust for others	<u>1,007,598</u>
Total liabilities	<u>\$ 1,007,598</u>

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Los Lunas Schools was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes Annotated (NMSA) 1978 to provide public education for the children within the local area. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

The School Board operates 16 schools with a total enrollment of more than 8,500 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

The summary of significant accounting policies of the Schools is presented to assist in the understanding of the Los Lunas Schools (the Schools) financial statements. The financial statements and notes are the representation of Los Lunas Schools' management, who is responsible for their integrity and objectivity. The financial statements of the Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the Schools' accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the Schools, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14 as amended by GASB Statement No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. The aggregate of all component units are reported in a separate column in the government-wide financial statements to emphasize that the component unit(s) are legally separate from the primary government.

The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, there are no component units and no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the Schools has a significant relationship.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Schools does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Schools' net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

When both restricted and unrestricted resources are available for use, it is the Schools' policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise fund are reported as separate columns in the fund financial statements. The Schools does not have any enterprise funds.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. Property taxes are recognized as revenues in the year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Ad valorem taxes (property taxes) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The *fiduciary funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Fiduciary funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Schools holds for others in a custodial capacity.

Governmental funds are used to account for the Schools' general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of long-term debt.

Under the requirements of GASB Statement No. 34, the Schools is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which may include funds that were not required to be presented as major but were at the discretion of management:

General Funds:

The *Operational Fund (11000)* is used to account for the State Equalization Guarantee from the NM State Legislature and is the primary operating fund of the Schools, and accounts for all financial resources, except those required to be accounted for in other funds. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Pupil Transportation Fund (13000)* is used to account for the costs associated with transporting school age children. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Instructional Materials Fund (14000)* is used to account for the monies received from the New Mexico Public Education Department (NMPED) for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. Authority for the creation of this fund is the New Mexico Public Education Department.

Special Revenue Fund:

The *School Bus Replacement Fund (27178)* accounts for appropriation funds distributed by NMPED under the authority of the Laws of 2019, Chapter 277, section 57. State of NM Capital Appropriation Project. The agreement is for the purchase of buses only.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Capital Projects Fund: The *Bond Building Capital Projects Fund (31100)* is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the Schools. Authority for the creation of this fund is the New Mexico Public Education Department.

Debt Service Fund: The *Debt Service Fund (41000)* is used to account for the accumulation of resources for the payment of General Long-Term Debt principal and interest. Authority for the creation of this fund is the New Mexico Public Education Department.

Additionally, the government reports the following fund types:

Fiduciary Funds:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. These funds account for assets held by the Schools in a trustee capacity or as an agent for individuals or student organizations.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Schools' taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Schools' general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I, IDEA-B to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources such as SB-9 and HB-33 funding to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and other items not properly included among program revenues.

The Schools reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with the function. The Schools does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents: The Schools' cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of 12 months or less from the date of acquisition.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity (Continued)

State statutes authorize the Schools to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. Investments for the Schools are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the Pool is the same as the fair value of the pool shares. As of June 30, 2020, the Schools did not hold any pool shares in the State Treasurer's Investment Pool.

Fair Value Measurements: The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). As of June 30, 2020, there are no items are required to be valued using valuation techniques.

Restricted Assets: Restricted assets are those that are set aside for restrictions resulting from enabling legislation for future capital outlay expenditures and debt service payments. The Schools' restricted assets are made up of all debt service funds and unspent bond proceeds held at the New Mexico Finance Authority.

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The Schools receives monthly income from a tax levy in Valencia County. The funds are collected by the County Treasurer and are remitted to the Schools in the following month. Under the modified accrual method of accounting, the amount remitted by the Valencia County Treasurer in July and August is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund financial statements during the year ended June 30, 2020. Period of availability is deemed to be 60 days subsequent to year end for property taxed and ninety days subsequent to year end for other nonexchange revenues.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

Inventory: The Schools' method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost. In the

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity (Continued)

General Fund, inventory consists of expendable supplies held for consumption. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per Section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment, including software, is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9 C (5). The Schools do not have any infrastructure assets to report.

The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Library books are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2020.

Capital expenditures made on the Schools' building construction projects by the New Mexico Public School Facilities Authority are included in the Schools' capital asset as appropriate.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Land Improvements	20 years
Buildings and improvements	10-50 years
Equipment and furniture	5-20 years
Vehicles	5-7 years

Accrued Payroll Liabilities: In the fund financial statements, governmental fund types recognize the accrual of unpaid salaries, wages and benefits that employees have earned prior to the end of the fiscal year. The amount recognized in the fund financial statements represents the amounts due to employees or due to third parties for the employee benefits.

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity (Continued)

(expenditure) until that time. The Schools has four types of items that qualify for reporting in this category related to the pension and OEPB plans which are discussed at Notes 10 and 11.

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The Schools has one type of items which arise under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue-property taxes is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences: Qualified employees are entitled to earn and accumulate annual leave according to a graduated leave schedule of up to 40 days per year, depending on length of service, the employee's hire date, and employment status. Employees may accumulate and carry forward, from one fiscal year to the next, up to 40 days of annual leave. Upon termination, employees will be paid for up to 40 days of accrued annual leave depending on employment status.

Qualified employees are entitled to accumulate general leave according to a graduated leave schedule of up to 15 days per year with no limit on the amount to be carried forward, depending on length of service, the employee's hire date, and employment status. Effective May 2013, employees will be paid for unused general leave upon retirement, on a graduated scale for accumulated days over 30, provided they meet specific criteria based on years of service.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is inconsequential.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period the bonds are issued. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual net of debt proceeds received, are reported as debt service expenditures.

Net Position and Fund Equity: Governmental funds report fund balance classification that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of the Schools' fund balances is presented on the face of the fund financial statements.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity (Continued)

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

Net investment in capital assets: Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: Consists of net position with “legally enforceable” constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Legally enforceable means that a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation, only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment.

If it is determined that the restrictions continue to be legally enforceable, then for the purposes of financial reporting, the restricted net position should not reflect any reduction for resources used for purposes not stipulated by the enabling legislation. Descriptions for the related restrictions for net position are restricted for “debt services or capital projects”.

Unrestricted Net Position: All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund Balance: In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the Schools is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. For committed and assigned fund balance, the Schools’ highest level of decision-making authority is the Board of Education. Formal action by the Board of Education is required to establish a fund balance commitment or assignment.

For the classification of fund balances, the Schools considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also, for the classification of fund balances, the Schools considers committed, assigned or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

In the governmental fund financial statements, fund balance is classified and displayed in five components, as displayed below:

Nonspendable – Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. At June 30, 2020, the nonspendable fund balance of the Schools is comprised of inventory in the General and Food Service funds.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity (Continued)

Restricted – Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed – Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Schools’ Board of Education. Those committed amounts cannot be used for any other purpose unless the Schools’ Board of Education removes or changes the specified use by taking formal action.

Assigned – Consist of amounts that are constrained by the Schools’ intent to be used for specific purposes but are neither restricted nor committed. Formal action by the Schools’ Board of Education is required to assign amounts to be used for specific purposes.

Unassigned – Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund except for those other governmental funds reflecting a deficit.

Inter-Fund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the Schools’ financials include management’s estimate useful lives of capital assets and the net pension and OPEB liabilities (including the related components).

E. Revenues

State Equalization Guarantee: School districts in the State of New Mexico receive a ‘state equalization guarantee distribution’ which is defined as “that amount of money distributed to each school district to ensure that the school district’s operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA, 1978) is at least equal to the school district’s program cost.

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education, 2) basic education, 3) special education, 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Secretary of the Public Education Department.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

Tax Revenues: The Schools receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The Schools records only the portion of the taxes considered to be ‘measurable’ and ‘available’ on a modified accrual basis. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1 of each year to be paid in whole or in two installments by November 10 and April 10 of each year. Valencia County collects County, City, and School taxes and distributes them to each fund once per month, except in June when the taxes are distributed twice to close out the fiscal year.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Secretary of the Public Education Department. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, 50% is restricted to the purchase of materials listed in the PED “Multiple List”, while 50% of each allocation is available for purchases directly from vendors.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a 100% collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the Schools under the Public School Capital Improvements Act. The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced, as necessary.

Federal Grants: The Schools receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program is operated under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the local Board and the New Mexico Public Education Department.

The Schools also receives revenues from Federal departments which are unrestricted to expenditures for special purposes. These revenues are reported in the Operational Fund.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

Pensions: For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB), and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by the ERB; on the economic resource's measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-employment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the non-GAAP cash budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is, therefore, presented as restricted fund balance.

Actual expenditures may not exceed the budget at the function level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'function,' this may be accomplished with only local Board of Education approval. If a transfer between 'functions' or a budget increase is required, approval must also be obtained from New Mexico Public Education Department.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

The Schools follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local Board submits to the School Budget and Finance Analysis Bureau (SBFAB) of the New Mexico Public Education Department, a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department (PED) by the

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Schools shall contain headings and details as described by law and have been approved by the New Mexico Public Education Department.

2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the SBFAB and certified and approved by the local school board at a public hearing of which notice has been published by the local school board who fixes the estimated budget for the Schools for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the Schools until they have been notified that the budget has been approved by the SBFAB and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The Schools shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAB.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the Schools and approved by the SBFAB.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget of the Schools has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.
11. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with Generally Accepted Accounting Principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.
12. The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual function. The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2020, is presented. The appropriated budget for the year ended June 30, 2020, was properly amended by the Board of Education throughout the year.

The Schools is required to balance its budget each year. Accordingly, amounts in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund is included in the individual budgetary comparison. The Schools budgets on a modified cash basis with respect to payroll or held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the Schools' accrued payroll which is presented in the accrual basis.

NOTE 3. DEPOSITS

State statutes authorize the investment of Schools funds in a wide variety of instruments, including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Schools properly followed State investment requirements as of June 30, 2020.

Deposits of funds may be made in interest or noninterest-bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Schools. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in nondemand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than 100% of the asked price on United States Treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The collateral pledged is listed on the Schedule II of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3. DEPOSITS (CONTINUED)

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Schools' deposits may not be returned to it. The Schools does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

At June 30, 2020, \$29,330,341 of the Schools' deposits of \$34,080,339 was exposed to custodial credit risk. \$29,330,341 of the uninsured funds were collateralized by collateral held by the pledging bank's trust department, not in the Schools' name. As of June 30, 2020, no deposits were uninsured and uncollateralized. As of June 30, 2020, the carrying amount of these deposits was \$32,989,807; total amount of deposits of \$34,080,339 less outstanding items of \$1,090,532. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Schools for at least one half of the amount on deposit with the institution.

The following table provides detail on the School's deposits, FDIC insurance, and pledged collateral, at June 30, 2020:

	US Bank	US Bank CDARS	Wells Fargo Bank	Total
Deposits				
Demand deposit	\$ 26,755,198	\$ -	\$ -	\$ 26,755,198
Time and savings	2,292,476	4,000,000	1,032,667	7,325,143
FDIC coverage	<u>(500,000)</u>	<u>(4,000,000)</u>	<u>(250,000)</u>	<u>(4,750,000)</u>
Total uninsured public funds	<u>28,547,674</u>	<u>-</u>	<u>782,667</u>	<u>29,330,341</u>
Collateral requirement (50% of uninsured public funds)	14,273,837	-	391,334	14,665,171
Pledged collateral held by pledging bank's trust department or agent but not in agency's name	<u>35,000,000</u>	<u>-</u>	<u>879,367</u>	<u>35,879,367</u>
Total over (under) collateralized	<u>\$ 20,726,163</u>	<u>\$ -</u>	<u>\$ 488,034</u>	<u>\$ 21,214,197</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Certificates of deposits with maturity dates of three months or less were included in the total amount of deposits and included as cash equivalents in the Statement of Net Position.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3. DEPOSITS (CONTINUED)

The Schools also has funds held with New Mexico Finance Authority (NMFA) for unspent bond proceeds in the amount of \$13,536,992. These funds are backed by the full faith and credit of the U.S. government, therefore, there is no custodial, foreign, or interest rate risk subject to disclosure for the Schools. These are classified as restricted cash equivalents due the liquidity of the funds.

The Schools utilizes internal pooled accounts for certain programs and funds. Negative cash balances arise primarily from cost-reimbursement grants. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheet as of June 30, 2020. Funds 24101 through 25184 are federal funds and 27103 through 31700 are non-federal funds.

The following table presents the cash balances of negative cash funds before and after the reclassification of pooled cash from the General Fund (Fund 11000) as of June 30, 2020:

Fund	Funds with negative cash balances	Pooled cash reclassified from Fund 11000	Ending balance as reported
Fund 24101	\$ (391,660)	\$ 391,660	\$ -
Fund 24106	(509,513)	509,513	-
Fund 24109	(3,307)	3,307	-
Fund 24113	(1,795)	1,795	-
Fund 24153	(65,210)	65,210	-
Fund 24154	(103,296)	103,296	-
Fund 24174	(32,470)	32,470	-
Fund 24176	(10,800)	10,800	-
Fund 24189	(518)	518	-
Fund 24194	(49,362)	49,362	-
Fund 25157	(739)	739	-
Fund 25184	(21,014)	21,014	-
Fund 25205	(17,361)	17,361	-
Fund 27103	(12,631)	12,631	-
Fund 27107	(35,964)	35,964	-
Fund 27149	(321,989)	321,989	-
Fund 27150	(5,188)	5,188	-
Fund 27178	(2,308,346)	2,308,346	-
Fund 27502	(21,743)	21,743	-
Fund 31700	(112,164)	112,164	-
	<u>\$ (4,025,070)</u>	<u>\$ 4,025,070</u>	<u>\$ -</u>

Investments. As of June 30, 2020, the Schools did not have investments balances.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3. DEPOSITS (CONTINUED)

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the School's financial statements is as follows:

Government Funds - Balance Sheet	
Cash and cash equivalents	\$ 45,519,521
Statement of Fiduciary Assets and Liabilities - Agency Funds	
Cash and cash equivalents	<u>1,007,598</u>
Total cash and cash equivalents	46,527,119
Add: outstanding checks and other reconciling items	1,090,532
Less: NM Finance Authority	(13,536,992)
Less: petty cash	<u>(320)</u>
Bank balance of deposits	<u><u>\$ 34,080,339</u></u>

NOTE 4. RECEIVABLES

Receivables as of June 30, 2020 are as follows:

	General Fund	Bond Building	Debt Service	Other Governmental	Total
Property taxes	\$ 53,407	\$ -	\$ 1,406,161	\$ 855,526	\$ 2,315,094
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,247,104</u>	<u>4,247,104</u>
	<u><u>\$ 53,407</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,406,161</u></u>	<u><u>\$ 5,102,630</u></u>	<u><u>\$ 6,562,198</u></u>

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$1,921,759, which were not collected within the period of availability have been reclassified as deferred inflows of resources-property taxes and grants in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The Schools did not have any net operating transfers for the year ended June 30, 2020.

The Schools records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of interfund balances as of June 30, 2020 is as follows:

	Receivables	Payables
Major Funds		
General Fund	\$ 4,025,070	\$ -
Nonmajor Funds		
Special Revenue Funds	-	3,912,906
Capital Funds	<u>-</u>	<u>112,164</u>
	<u><u>\$ 4,025,070</u></u>	<u><u>\$ 4,025,070</u></u>

All interfund balances are expected to be paid within one year.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2020 follows. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Capital Assets not being depreciated					
Land	\$ 4,610,430	\$ -	\$ -	\$ -	\$ 4,610,430
Construction in process	545,874	1,615,114	(11,068)	-	2,149,920
Total capital assets not being depreciated	<u>5,156,304</u>	<u>1,615,114</u>	<u>(11,068)</u>	-	<u>6,760,350</u>
Capital Assets being depreciated					
Land improvements	10,338,267	335,480	(123,476)	-	10,550,271
Buildings and building improvements	217,489,345	107,795	(545,880)	-	217,051,260
Furniture, fixtures, vehicles and equipment	14,188,471	3,592,633	(2,143,830)	-	15,637,274
Total capital assets being depreciated	<u>242,016,083</u>	<u>4,035,908</u>	<u>(2,813,186)</u>	-	<u>243,238,805</u>
Accumulated depreciation					
Land improvements	(5,434,512)	(662,380)	97,793	-	(5,999,099)
Buildings and building improvements	(68,088,236)	(6,164,911)	529,638	-	(73,723,509)
Furniture, fixtures, vehicles, and equipment	(10,770,846)	(1,082,600)	2,112,236	-	(9,741,210)
Total accumulated depreciation	<u>(84,293,594)</u>	<u>(7,909,891)</u>	<u>2,739,667</u>	-	<u>(89,463,818)</u>
Net capital assets being depreciated	<u>157,722,489</u>	<u>(3,873,983)</u>	<u>(73,519)</u>	-	<u>153,774,987</u>
Government activities capital assets, net	<u>\$162,878,793</u>	<u>\$ (2,258,869)</u>	<u>\$ (84,587)</u>	<u>\$ -</u>	<u>\$160,535,337</u>

Depreciation expense for the year ended June 30, 2020 was charged to governmental activities as follows:

Depreciation expenses	
Instruction	\$ 3,824,951
Support services - Students	6,911
Central services	314
Operation & maintenance of plant	3,603,464
Transportation services	445,904
Food services	28,347
	<u>\$ 7,909,891</u>

NOTE 7. LONG-TERM DEBT

General Obligation Bonds:

The Schools issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Schools. These

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7. LONG-TERM DEBT (CONTINUED)

bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2020 are for governmental activities.

General obligation bonds outstanding at June 30, 2020, are comprised of the following:

Bond Series	Date of Issue	Date of maturity	Balance at June 30, 2020
General Obligation Bond Series 2010	11/30/2010	7/15/2023	\$ 2,245,000
General Obligation Bond Series 2011	10/19/2011	7/15/2024	3,840,000
General Obligation Bond Series 2012	10/17/2012	7/15/2025	3,850,000
General Obligation Bond Series 2013	10/16/2013	7/15/2026	4,125,000
General Obligation Bond Series 2014A	7/1/2014	7/15/2026	4,700,000
General Obligation Bond Series 2015	10/28/2015	7/15/2028	4,025,000
General Obligation Bond Series 2016A	10/18/2016	7/15/2029	1,150,000
General Obligation Bond Series 2016B	10/18/2016	7/15/2022	4,980,000
General Obligation Bond Series 2017	9/12/2017	7/15/2030	6,700,000
General Obligation Bond Series 2018	9/28/2018	7/15/2031	6,650,000
General Obligation Bond Series 2019	9/26/2019	7/15/2032	<u>8,400,000</u>
			<u>\$ 50,665,000</u>

During the year ended June 30, 2020, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
General Obligation Bonds	\$48,300,000	\$ 8,400,000	\$(6,035,000)	\$50,665,000	\$ 6,345,000
Bond Premium	995,433	-	(185,834)	809,599	-
Compensated absences	622,391	735,838	(636,729)	721,500	541,125
Total long-term debt	<u>\$49,917,824</u>	<u>\$ 9,135,838</u>	<u>\$(6,857,563)</u>	<u>\$52,196,099</u>	<u>\$ 6,886,125</u>

The annual requirements to amortize the General Obligation Bonds outstanding as of June 30, 2020, including interest payments, are as follows. The interest rates range from 1.00% to 4.00% with maturity dates until July 15, 2031.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7. LONG-TERM DEBT (CONTINUED)

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 6,345,000	\$ 1,171,791	\$ 7,516,791
2022	5,395,000	1,039,810	6,434,810
2023	5,550,000	906,178	6,456,178
2024	5,215,000	763,898	5,978,898
2025	5,175,000	623,931	5,798,931
2026-2030	18,390,000	1,485,064	19,875,064
2031-2033	4,595,000	135,155	4,730,155
	<u>\$ 50,665,000</u>	<u>\$ 6,125,827</u>	<u>\$ 56,790,827</u>

In prior years, the General Fund was typically used to liquidate such long-term liabilities other than general obligation bonds.

Compensated Absences. Administrative employees of the Schools were able to accrue a limited amount of annual leave and all employees are able to accrue an unlimited amount of general leave during the year. During fiscal year June 30, 2020, compensated absences increased \$99,109 for annual leave over the prior year accrual.

Operating Leases. The Schools leases office equipment under short-term cancelable operating leases. Rental costs for the year ended June 30, 2020 was \$180,843.

NOTE 8. RISK MANAGEMENT

The Schools is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Schools pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers' Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage.

Also included under the risk management program are Boiler, Machinery, Underground Storage Tanks and Catastrophic Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$750,000,000 for each property damage claim with a \$25,000 deductible for each building. General liability coverage is afforded to all employees, volunteers, and School Board members, and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$1,250,000 per occurrence for Faithful Performance. A limit of \$1,250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, with all crime coverage subject to a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the Schools, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2020, there have been no claims that have exceeded insurance coverage.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds: The Schools reported the following deficit fund balance at June 30, 2020:

English Language Acquisition (Fund 24153)	\$ (52,692)
Teacher/Principal Training & Recruiting (Fund 24154)	(440)
Student Support & Academic Enrichment (Fund 24189)	(518)
Child Care Block Grant CYFD (Fund 25157)	(739)
GEAR UP NM State Initiatives (Fund 25205)	(2,313)
Indian Education Act (Fund 27150)	(5,188)

- B. Excess of expenditures over appropriations: No funds of the Schools exceeded approved budgetary authority at the fund level for the year ended June 30, 2020.
- C. Designated cash appropriations in excess of available balance: No funds of the Schools exceeded the budgeted cash appropriations for the year ended June 30, 2020.

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

General Information about the Pension plan

Plan description. The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's comprehensive annual financial report. The report can be found on NMERB's Web site at https://www.nmerb.org/Annual_reports.html.

The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-52, NMSA 1978, as amended.

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the plan. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Pension benefit. A member’s retirement benefit is determined by a formula which includes three component parts: 1) the member’s final average salary (FAS), 2) the number of years of service credit, and 3) a multiplier.

For members hired on or before June 30, 2019 (Tiers 1-3 members) the multiplier is 2.35%. For members hired after June 30, 2019 the multiplier accrues as follows:

Years of Service	Benefit Percentage Earned
1-10	1.35%
11-20	2.35%
21-30	3.35%
31 plus	2.40%

The FAS is the average of the member’s salaries for the last five years of service or any other consecutive five-year period, whichever is greater.

Tier 1: Membership prior to July 1, 2010. For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member’s age and earned service credit add up to the sum of 75 or more,
- The member is at least sixty-five years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

Tier 2: Membership on or after July 1, 2010, but prior to July 1, 2013. Chapter 288, Laws of 2009 changed the eligibility requirements for new members who were first employed on or after July 1, 2010, but before July 1, 2013 — or before July 1, 2010, terminated employment, subsequently withdrew all contributions, and then becomes re-employed after July 1, 2010. These members must meet one of the following requirements:

- The member’s age and earned service credit add up to the sum of 80 or more,
- The member is at least sixty-seven years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

Tier 3: Membership beginning on or after July 1, 2013. Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements:

- The member’s minimum age is 55 and has earned 30 or more years of service credit. (Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.)
- The member’s minimum age and earned service credit add up to the sum of 80 or more. (Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits.)
- The member’s age is 67 and has earned 5 or more years of service credit.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Tier 4: Membership beginning on or after July 1, 2019. Section 2-11-23.3, NMSA 1978, added eligibility requirements for new members who were first employed on or after July 1, 2019 — and had, before that date, been refunded all member contributions and had not restored all refunded contributions and interest before July 1, 2019. A member in this tier must meet one of the following requirements.

- The member’s minimum age must be 58, and the member has earned 30 or more years of service credit. (A member who retires earlier than age 58, receives a reduction in benefits equal to the actuarial equivalent of retiring at age 58.)
- The member’s minimum age and earned service credit add up to the sum of 80 or more. (Those who retire under the age of 65, and who have fewer than 30 years of earned service credit, receive reduced retirement benefits.)
- Or, the member’s age is 67, and the member has earned 5 or more years of service credit.

Forms of Payment. The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member’s accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member’s surviving beneficiary.

Benefit Options. The Plan has three benefit options available:

- **Option A – Straight Life Benefit.** The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member’s death.
- **Option B – Joint 100% Survivor Benefit.** The single life annuity monthly benefit is reduced to provide for a 100% survivor’s benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member’s monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member’s increased monthly benefit commences in the month following the beneficiary’s death.
- **Option C – Joint 50% Survivor Benefit.** The single life annuity monthly benefit is reduced to provide for a 50% survivor’s benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member’s monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member’s increased monthly benefit commences in the month following the beneficiary’s death.

Disability Benefit. An NMERB member is eligible for disability benefits if they have acquired at least ten years of earned service credit and is found totally disabled. The disability benefit is equal to 2% of the member’s Final Average Salary (FAS) multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member’s FAS or (b) 2% of the member’s FAS multiplied by total years of service credit projected to age 60.

Cost of Living Adjustment (COLA). All retired members and beneficiaries receiving benefits may receive an adjustment in their benefit on July 1 following the year a member retires or July 1 following the year a member reaches the age below, whichever is later.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Membership	Age Eligible for Cola
Tier 1	65%
Tier 2	65%
Tier 3	67%
Tier 4	67%

If a member is eligible for a COLA, the amount depends on the annual change in the Consumer Price Index (CPI) and whether the fund is fully funded (that is, the fund’s funded ratio is 100%). Accordingly, if there is no increase in the CPI, or the CPI is negative, the amount of the COLA will be zero (if the CPI is negative, retirement benefits will not be decreased). When CPI has increased and the fund is fully funded, the COLA will be the same amount as the increase in the CPI except as follows: If the increase in the CPI is 2% or greater, the COLA will be one-half of the CPI increase, not to exceed 4% or to be less than 2%. However, while the fund is not fully funded, the COLA for retirees will be reduced based on the median annual retirement benefit, calculated after the end of each fiscal year:

- When the funded ratio is 90% or less, the COLA for retirees whose annuity is at or below the median and who have 25 or more years of service credit at retirement will be reduced by 10%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 20%.
- When the funded ratio exceeds 90% but is less than 100%, the COLA for retirees whose annuity is at or below the median adjusted annuity and who had 25 or more years of service credit at retirement and will be reduced by 5%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 10%.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

Refund of Contributions. Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

Contributions. For the fiscal years ended June 30, 2020 and 2019, educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2020	7-1-19 to 6-30-20	Over \$24K	10.70%	14.15%	24.85%	0.25%
2020	7-1-19 to 6-30-20	\$24K or less	7.90%	14.15%	22.05%	0.25%
2019	7-1-18 to 6-30-19	Over \$20K	10.70%	13.90%	24.60%	0.00%
2019	7-1-18 to 6-30-19	\$20K or less	7.90%	13.90%	21.80%	0.00%

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2020 and 2019, the Schools paid employee and employer contributions of \$12,291,723 and \$10,855,046, respectively, which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the Schools reported a liability of \$117,065,535 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2019 using generally accepted actuarial principles.

House Bill 360 made several changes to benefit provisions, which were effective July 1, 2019. These included:

- Increasing the employer contribution rate by 0.25%, from 13.9% to 14.15%;
- Increasing from \$20,000 to \$24,000 the member salary range subject to the lower 7.90% contribution rate (higher rate is 10.70%);
- Increasing the employer contribution to ERP on behalf of ARP members from 3.0% to 3.25%;
- Implementing anti-spiking measures to prevent artificially increasing benefits;
- Requiring all working retirees and their employers to contribute to ERP; and
- For members hired after June 30, 2019, using a tiered multiplier instead of a single multiplier to calculate retirement benefits upon retirement.

These changes have been reflected in the roll-forward and in the projection used to determine the single discount rate. The School's proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2019, actuarially determined. At June 30, 2019, the School's proportion was 1.54495%, which was a decrease of 0.03608% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, as a result of the reduction of the pension liability from the year ended June 30, 2019, the Schools recognized pension income of \$40,951,417. At June 30, 2020, the Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 3,068,131
Changes of assumptions	16,494,815	-
Net differences between projected and actual earnings on pension plan investments	4,663,345	2,493,104
Changes in proportion and differences between Schools' contributions and proportionate share of contributions	-	-
Schools' contributions subsequent to the measurement date	<u>7,141,405</u>	<u>-</u>
Total	<u>\$ 28,299,565</u>	<u>\$ 5,561,235</u>

\$7,141,405 reported as deferred outflows of resources related to pensions resulting from the Schools' contributions subsequent to the measurement date June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ 15,405,164
2021	568,075
2022	(51,323)
2023	(324,991)
2024	<u>-</u>
Total	<u>\$ 15,596,925</u>

Actuarial assumptions. The total pension liability as of June 30, 2020 was based on an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 and was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Inflation	2.50%												
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.												
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.												
Average of expected remaining service lives	<table border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 20px;">Fiscal year</td> <td style="padding-right: 10px;"><u>2019</u></td> <td style="padding-right: 10px;"><u>2018</u></td> <td style="padding-right: 10px;"><u>2017</u></td> <td style="padding-right: 10px;"><u>2016</u></td> <td style="padding-right: 10px;"><u>2015</u></td> </tr> <tr> <td>Service life in years</td> <td>3.55</td> <td>3.56</td> <td>3.65</td> <td>3.77</td> <td>3.92</td> </tr> </table>	Fiscal year	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	Service life in years	3.55	3.56	3.65	3.77	3.92
Fiscal year	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>								
Service life in years	3.55	3.56	3.65	3.77	3.92								
Mortality	<p>Healthy males: Based on the RP-2000 Combined Healthy Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table’s base year of 2000.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>												
Retirement age	Experience-based table rates based on age and service, adopted by the NMERB Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.												
Cost-of-living increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.												
Payroll growth	3.00% per year (with no allowance for membership growth).												
Contribution accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.												
Disability incidence	Approved rates are applied to eligible members with at least 10 years of service.												

Actuarial assumptions and methods are set by the Plan’s Board of Trustees (Board), based upon recommendations made by the Plan’s actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted several economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividends, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	31%	
Fixed income	26%	
Alternatives	42%	
Cash	1%	
Total	100%	7.25%

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2019. This is a 1.56% increase over the rate of 5.69% rate used in the prior measurement year. The 7.25% was based on a long-term expected rate of return on pension plan investments of 7.25%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were sufficient to finance the benefit of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine the single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the School’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Schools’ proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Schools’ proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	1 % Decrease 6.75%	Current Discount Rate 7.25%	1 % Increase 8.25%
Schools' proportionate share of the net pension liability	\$ 158,029,507	\$ 117,065,535	\$ 83,184,436

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued NMERB’S financial reports. The reports can be found on NMERB’s Web site at https://www.nmerb.org/Annual_reports.html.

Payables to the pension plan. At June 30, 2020, the Schools owed the ERB \$2,005,927 for the contributions withheld in the month of June 2020.

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

General Information about the OPEB

Plan description. Employees of the Schools are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms. At June 30, 2019, the Fund’s measurement date, the following employees were covered by the benefit terms:

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Plan membership	
Current retirees and surviving spouses	52,179
Inactive and eligible for deferred benefit	10,916
Current active members	<u>91,082</u>
	<u>154,177</u>
Active membership	
State general	17,097
State police and corrections	1,830
Municipal general	17,538
Municipal police	3,159
Municipal FTRE	1,966
Educational Retirement Board	<u>49,492</u>
	<u>91,082</u>

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the Schools were \$1,008,505 for the year ended June 30, 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2020, the Schools reported a liability of \$33,066,529 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Schools’ proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2019. At June 30, 2019, the Schools’ proportion was 1.01982%.

As a result of the reduction of the OPEB liability from the year ended June 30, 2019, the Schools recognized OPEB income of \$3,029,398 for the year ended June 30, 2020. At June 30, 2020, the Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 8,321,218
Net difference between actual and projected earnings on OPEB plan investments	-	307,437
Changes of assumptions	-	10,672,277
Change in proportion	2,213,407	-
Contributions made after the measurement date	<u>1,008,505</u>	<u>-</u>
Total	<u>\$ 3,221,912</u>	<u>\$ 19,300,932</u>

Deferred outflows of resources totaling \$1,008,505 represent the Schools contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2020	\$ (4,711,802)
2021	(4,711,802)
2022	(4,048,775)
2023	(2,330,094)
2024	<u>(1,285,052)</u>
Total	<u>\$ (17,087,525)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Valuation Date	June 30, 2019
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA members
Projected payroll increases	3.25% to 13.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2014 Combined Healthy Mortality

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	20%	2.1%
U.S. equity - large cap	20%	7.1%
Non U.S. - emerging markets	15%	10.2%
Non U.S. - developed equities	12%	7.8%
Private equity	10%	11.8%
Credit and structured finance	10%	5.3%
Real estate	5%	4.9%
Absolute return	5%	4.1%
U.S. equity - small/mid cap	3%	7.1%

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 4.16% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2030. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2030. Beyond 2030, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.16% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the Schools, as well as what the Schools’ net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.16%) or 1-percentage-point higher (5.16%) than the **current discount rate**:

<u>1% Decrease</u> (3.16%)	<u>Current Discount</u> (4.16%)	<u>1% Increase</u> (5.16%)
\$ 40,448,334	\$ 33,066,529	\$ 27,263,735

The following presents the net OPEB liability of the Schools, as well as what the Schools’ net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the **current healthcare cost trend rates**:

<u>1% Decrease</u>	<u>Current Trend</u> Rates	<u>1% Increase</u>
\$ 27,530,017	\$ 33,066,529	\$ 37,499,291

OPEB plan Fiduciary Net Position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2020.

Payable Changed in the Net OPEB Liability. At June 30, 2020, the Schools reported a payable of \$245,851 for outstanding contributions due to NMRHCA for the year ended June 30, 2020.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The Schools has committed to pay for several construction contracts that were not completed at June 30, 2020 in the amount of \$319,718 as follows:

Project	Year Ending	Amount
Los Lunas High School swimming pool demolition:		
Architectural design services	2020	\$ 28,500
(1) NMDOT matching grant for parking rehabilitation (VHS):		
Engineering Design Services	2020	27,974
(2) Peralta Elementary School remodel:		
Feasibility Study	2020	52,875
Ed Spec.	2020	7,694
Dark Fiber Build (Conterra) will be reimbursed by USAC:	2020	160,195
LLMS Roof Imp. (FMP Projects):		
Design Professional Services	2020	<u>42,481</u>
		<u>\$ 319,718</u>

- (1) The school had not contracted construction as of 6/30/2020. NMDOT had contributed funds of \$85,000.
- (2) Design services are awarded by qualifications. As of the report date, an amount has not been negotiated, and work has not yet begun.

NOTE 13. CONCENTRATIONS

The Schools depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the Schools is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

NOTE 14. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Schools expects such amount, if any, to be immaterial.

The Schools is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Schools' legal counsel that the resolution of these matters will not have a material adverse effect on the financial condition of the Schools.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15. TAX ABATEMENTS

In accordance with GASB Statement No. 77, the Schools provides the following disclosures regarding foregone tax revenue due to various agreements:

Agency number for Agency making the disclosure (Abating Agency)	6110
Abating Agency Name	VILLAGE OF LOS LUNAS
Abating Agency Type	LOCAL GOVERNMENT
Tax Abatement Agreement Name	INDUSTRIAL REVENUE BOND PROJECT AGREEMENT
Name of agency affected by abatement agreement (Affected Agency)	LOS LUNAS SCHOOLS
Agency number of Affected Agency	7053
Agency type of Affected Agency	SCHOOL DISTRICT
Recipient(s) of tax abatement	PROPERTY TAX
Tax abatement program (name and brief description)	INDUSTRIAL REVENUE BONDS – ACIM PROJECT, SERIES 2014; \$30,000,000
Specific Tax(es) Being Abated	PROPERTY TAX
Authority under which abated tax would have been paid to Affected Agency	SECTIONS 3-32-1 TO 3-32-16 NEW MEXICO STATUTES ANNOTATED, 1978 COMPILATION
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$50,000
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$8,298
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15. TAX ABATEMENTS (CONTINUED)

Agency number for Agency making the disclosure (Abating Agency)	6110
Abating Agency Name	VILLAGE OF LOS LUNAS
Abating Agency Type	LOCAL GOVERNMENT
Tax Abatement Agreement Name	INDUSTRIAL REVENUE BOND PROJECT AGREEMENT
Name of agency affected by abatement agreement (Affected Agency)	LOS LUNAS SCHOOLS
Agency number of Affected Agency	7053
Agency type of Affected Agency	SCHOOL DISTRICT
Recipient(s) of tax abatement	PROPERTY TAX
Tax abatement program (name and brief description)	INDUSTRIAL REVENUE BONDS – WAL-MART STORES EAST, INC. PROJECT, SERIES 1997; \$50,000,000
Specific Tax(es) Being Abated	PROPERTY TAX
Authority under which abated tax would have been paid to Affected Agency	SECTIONS 3-32-1 TO 3-32-16 NEW MEXICO STATUTES ANNOTATED, 1978 COMPILATION
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$50,000
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	NONE
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15. TAX ABATEMENTS (CONTINUED)

Agency number for Agency making the disclosure (Abating Agency)	6110
Abating Agency Name	VILLAGE OF LOS LUNAS
Abating Agency Type	LOCAL GOVERNMENT
Tax Abatement Agreement Name	INDUSTRIAL REVENUE BOND PROJECT AGREEMENT
Name of agency affected by abatement agreement (Affected Agency)	LOS LUNAS SCHOOLS
Agency number of Affected Agency	7053
Agency type of Affected Agency	SCHOOL DISTRICT
Recipient(s) of tax abatement	PROPERTY TAX
Tax abatement program (name and brief description)	INDUSTRIAL REVENUE BONDS – FRESENIUS MEDICAL CARE PROJECT, SERIES 2005; \$6,000,000
Specific Tax(es) Being Abated	PROPERTY TAX
Authority under which abated tax would have been paid to Affected Agency	SECTIONS 3-32-1 TO 3-32-16 NEW MEXICO STATUTES ANNOTATED, 1978 COMPILATION
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$30,000
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$16,700
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15. TAX ABATEMENTS (CONTINUED)

Agency number for Agency making the disclosure (Abating Agency)	6110
Abating Agency Name	VILLAGE OF LOS LUNAS
Abating Agency Type	LOCAL GOVERNMENT
Tax Abatement Agreement Name	INDUSTRIAL REVENUE BOND PROJECT AGREEMENT
Name of agency affected by abatement agreement (Affected Agency)	LOS LUNAS SCHOOLS
Agency number of Affected Agency	7053
Agency type of Affected Agency	SCHOOL DISTRICT
Recipient(s) of tax abatement	PROPERTY TAX
Tax abatement program (name and brief description)	INDUSTRIAL REVENUE BONDS – GREATER KUDU LLC PROJECT, SERIES 2016; NOT TO EXCEED \$5,000,000,000
Specific Tax(es) Being Abated	PROPERTY TAX
Authority under which abated tax would have been paid to Affected Agency	SECTIONS 3-32-1 TO 3-32-16 NEW MEXICO STATUTES ANNOTATED, 1978 COMPILATION
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	UNDER CONSTRUCTION
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	

NOTE 16. SUBSEQUENT PRONOUNCEMENTS

In January 2017, GASB Statement No. 84, *Fiduciary Activities* was issued. On May 6, 2020, the GASB postponed the required implementation. Revised Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Schools is still evaluating how this pronouncement will affect future financial statements.

In June 2017, GASB Statement No. 87, *Leases* was issued. On May 6, 2020, the GASB postponed the required implementation. Revised Effective Date: For reporting periods beginning after December 15, 2020. The Schools is still evaluating how this pronouncement will affect future financial statements.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 16. SUBSEQUENT PRONOUNCEMENTS (CONTINUED)

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued. On May 6, 2020, the GASB postponed the required implementation. Revised Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Schools is still evaluating how this pronouncement will affect future financial statements.

In August 2018, GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* was issued. On May 6, 2020, the GASB postponed the required implementation. Revised Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Schools is still evaluating how this pronouncement will affect future financial statements.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations* was issued. On May 6, 2020, the GASB postponed the required implementation. Revised Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. The Schools is still evaluating how this pronouncement will affect future financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF THE SCHOOLS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2020-2015
LAST 10 FISCAL YEARS* (UNAUDITED)

	Fiscal Year		2019		2018		2017		2016		2015	
	Measurement Date	2020	2019	2018	2017	2016	2015	2014	2015	2014	2014	2014
School's proportion of the net pension liability		1.54495%	1.50887%	1.45671%	1.42830%	1.43310%	1.42530%					
School's proportionate share of the net pension liability		\$ 117,065,535	\$ 179,424,726	\$ 161,891,003	\$ 102,783,782	\$ 92,828,294	\$ 81,324,343					
School's covered employee payroll		\$ 50,475,967	\$ 42,172,830	\$ 41,485,259	\$ 40,739,209	\$ 39,129,000	\$ 39,287,000					
School's proportionate share of the net pension liability as a percentage of its covered employee payroll		232%	425%	390%	252%	237%	207%					
Plan fiduciary net position as a percentage of total pension liability		64.13%	52.17%	52.95%	61.58%	63.97%	66.54%					

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for School is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF THE SCHOOLS' PENSION CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2020-2015
LAST 10 FISCAL YEARS* (UNAUDITED)

	June 30,					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutory required contributions	\$ 7,141,405	\$ 6,255,543	\$ 5,843,871	\$ 5,743,399	\$ 5,662,750	\$ 5,166,199
Contributions in relation to contractually required contributions	<u>\$ 7,141,405</u>	<u>\$ 6,255,543</u>	<u>\$ 5,843,871</u>	<u>\$ 5,743,399</u>	<u>\$ 5,662,750</u>	<u>\$ 5,166,199</u>
Annual contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for School is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF THE SCHOOLS' PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
FOR THE YEARS ENDED JUNE 30, 2020-2018
LAST 10 FISCAL YEARS* (UNAUDITED)**

	Fiscal Year Measurement Date	2020 2019	2019 2018	2018 2017
School's proportion of the net OPEB liability		1.01982%	0.98642%	0.96680%
School's proportionate share of the net OPEB liability		\$ 33,066,529	\$ 42,893,042	\$ 43,812,215
School's covered employee payroll		\$ 42,556,361	\$ 42,121,130	\$ 40,273,478
School's proportionate share of the net OPEB liability as a percentage of its covered employee payroll		78%	102%	109%
RHCA Plan fiduciary net position as a percentage of the total pension liability		18.92%	13.14%	11.34%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School will present information for available years.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF THE SCHOOLS' OPEB CONTRIBUTIONS
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
FOR THE YEARS ENDED JUNE 30, 2020-2018
LAST 10 FISCAL YEARS* (UNAUDITED)**

	June 30,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 902,708	\$ 900,209	\$ 839,823
Contributions in relation to the contractually required contribution	<u>\$ 902,708</u>	<u>\$ 900,209</u>	<u>\$ 839,823</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 42,556,361	\$ 42,121,130	\$ 40,273,478
Contributions as a percentage of covered-employee payroll	2.12%	2.14%	2.09%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School will present information for available years.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2020**

ERB PLAN

Changes in benefit provisions. There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2019.

Changes in assumptions and methods . Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

RHCA PLAN

Changes in benefit provisions. There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2019.

Changes in assumptions and methods. In the June 30, 2019 actuarial valuation, changes in assumptions and differences between expected and actual experience include adjustments resulting from an increase in the discount rate from 4.08% to 4.16%, decrease in expected participation rates for future retirees from 75% to 60%, and a decrease in the spousal coverage rate for future male retirees from 55% to 35%.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2020**

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the Schools with the purpose of accomplishing specific education tasks. Grants accounted for in the Special Revenue Funds include:

Food Services (21000) – This fund is used to account for the cost of operating a student breakfast, lunch, snack bar and summer lunch program and is financed with federal grants and fees paid by program users.

Athletics (22000) – This fund is used to account for fees generated at athletic activities throughout the School Schools. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

Non-Instruction Support (23000) – To account for budgeted revenues and expenditures which relate to student activities other than athletics.

Title I - IASA (24101) – Used to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced-price lunches. Any school with a free and reduced-price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District-established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criterion that identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the Schools through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Act (ESEA) of 1965, as amended, Public Law 103-383.

IDEA-B Entitlement (24106) – To account for a program funded by a Federal grant to assist the Schools in providing free appropriate public education to all handicapped children. Program funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U.S.C. 1411-1420.

IDEA-B Preschool (24109) – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the Schools through the New Mexico Department of Children, Youth and Families. Authority for the creation of this fund is Public Law 105-17.

Education of Homeless (24113) – To ensure that homeless children and youth have equal access to the same free, appropriate public education as other children; to provide activities for and services to ensure that these children enroll in, attend, and achieve success in school; to establish or designate an office in each State Education Agency (SEA) for the coordination of education for homeless children and youth; to develop and implement programs for school personnel to heighten awareness of specific problems of homeless children and youth; and to provide grants to local educational agencies (LEAs). Program funding is authorized by McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

Fresh Fruits and Vegetables (24118) – Federal funds for additional money to be spent on fresh fruits & veggies for school lunches.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2020**

SPECIAL REVENUE FUNDS (CONTINUED)

IDEA-B Risk Pool (24120) – Reallocation by PED based upon available amounts from Fund 24106 Entitlement IDEA-B. This fund accounts for a program funded by a Federal grant to assist the Schools in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99457, 100-639, and 101-476, 20 U.S.C. 1411-1420.

IDEA-B Results Plan (24132) – Funding for support activities included the Education Plan for Student Success for Elementary Schools. Authority for creation of this fund is Public Law 105-17.

English Language Acquisition (24153) – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. This program is authorized by Title III, Part A of the ESEA, as amended.

Teacher/Principal Training & Recruiting (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. This program is authorized by Title II, Part A, Subparts 1-3 of the ESEA as amended.

Carl D. Perkins Secondary – Current (24174), and Carl D. Perkins Secondary Redistribution (24176) – The objective of this grant is to provide secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. This program is authorized by the Carl D. Perkins Career and Technical Education Act of 2006.

Teen Dating Violence (24184) – The objective of this grant is to provide support for expectant parenting teens, women, fathers, and their families for the State of New Mexico. The fund enables Los Lunas Schools to vary out its Teen Dating Violence Prevention and Campaign Awareness program. Authorized by U.S. Department of Health and Human Services (1SP1AH000021-02-00).

Student Support Academic Achievement Title IV (24189) – This fund is a sub-award for funding through the Student Support and Academic Enrichment Program. This sub-award supports well-rounded educational opportunities, safe and healthy students and effective use of technology. CFDA number 84.424A.

Title I Comprehensive Support & Imp. (24190) – This fund is under the Title I umbrella and is based on Century High Schools designation as a CSI school. Awarding Agency - US Department of Education.

CLSD Grants (24194) – Used to improve literacy skills of preschool and increase percentage of elementary, middle, and high school students to meet NM standards, birth to grade 12. Awarding agency - US Dept of Education.

Impact Aid - Special Education (25145) and Indian Education (25147) – To account for funding of a Federal program to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e., where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), or where there are a significant number of children who reside on

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2020**

SPECIAL REVENUE FUNDS (CONTINUED)

Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3(b)): where there is a significant decrease (Section 3(c)) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

Title XIX Medicaid 3/21 Years (25153) – To account for a program providing school-based screening, diagnostic services, and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Program funding is authorized by Social Security Act, Title XIX, as amended.

Child Care Block Grant CYFD (25157) – To account for funds received for the transition assistance program funding through the Children, Youth and Families Department and the State of New Mexico. Program funding is authorized by Child Care and Development Block Grant Act of 1990, as amended.

Indian Education Formula Grant (25184) – To account for a program funded by a Federal grant to develop and carry out supplementary elementary and secondary school programs designed to meet the special educational and culturally related academic needs of Indian children, for example to: 1) Improve academic performance, 2) Reduce school dropout rates and improve attendance, and 3) Integrate the value of cultural education into the school curriculum for Indian children. Funding authorized by Indian Education Act of 1988, Title V, Part C, Subpart 1, as amended, Public Law 100-297 and 93-638, 25 U.S.C. 2601-2606.

GEAR UP NM State Initiatives (25205), and GEAR UP USDE (25211) – To encourage eligible entities to provide or maintain a guarantee to eligible low-income students who obtain a secondary diploma, of the financial assistance necessary to permit the student to attend an institution of higher education; and provide additional support services to students who are at risk of dropping out of school. Higher Education act, Title IV, Part A, Subpart 2, Chapter 2, Public Law 105-244.

Dual Credit Instructional Materials (27103) – To purchase college textbooks for students who dual enroll in college credit courses while still attending high school. Program is authorized by state statute.

2012 G.O. Bond Student Library Fund (SB1) (27107) – Funds used to purchase library books and library supplies for all school sites. Program is authorized by state statute.

Instructional Materials Special Appropriation (27109) – Intended specifically for the purchase of instructional materials to make up for the shortfall in past appropriations. This fund was authorized as a special appropriation to PED, by Laws of 2019, Chapter 271, Section 5, paragraph 114. Funds are distributed by PED to schools proportionate to each district or charter schools program united computed pursuant to Section 22-8-18 NMSA 1978.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2020**

SPECIAL REVENUE FUNDS (CONTINUED)

New Mexico to Lead K-3 Initiative (27114) – Funds appropriated by the NM Legislature to support the implementation of the New Mexico Reads to Lead initiatives for grades K-3. Authority for the creation of this fund is the New Mexico Public Education Department.

Feminine Hygiene Products (27130) – State appropriated funding for feminine hygiene products were allocated through the 2019 legislative session. To be used specifically for the purchase of feminine products. Funding Agency: NM Public Education Dept, Special Appropriation Fund.

Pre-K Initiative (27149) – To account for monies received from the State of New Mexico to be used to provide direct services to 20 4-year old children in Pre-Kindergarten programs at Mariposa Elem. and Tome Elem. Program is authorized by state statute.

Indian Education Act (27150) – To account for funds to help support the educational reform initiatives outlined in the Schools' Educational Plan for Student Success (EPSS). The grant expenditures must support how the identified EPSS focus areas/activities/strategies will be deployed for addressing the needs of American Indian students to ensure improved academic performance and closing of the achievement gap.

K-5 Plus Transportation (27152) – All funds are solely for expenditures incurred for transporting students to K-5 plus programs during the summer of 2019. Funding was made available through an appropriation contained in the Laws of 2019, Chapter 271, Section 4, Subsection K, Public School Support, paragraph 2 HB 2.

Extended Learning Transportation (27153) – All funds are solely for expenditures incurred for transporting students to Extended Learning time program. Funding was made available through an appropriation contained in the Laws of 2019, Chapter 271, Section 4, Subsection K, Public School Support, paragraph 2 HB 2.

Kindergarten – Three Plus (27166) – The funding is part of a pilot project for Kindergarten through third grade students at both Ann Parish Elementary and Desert View Elementary. Funds used for teachers, educational assistants, nurses, an academic coach, and PE coach at both schools.

NM Grown Fresh Fruit and Vegetable (27183) – The purpose of the NM Grown Fresh Fruit and Vegetable funding is to purchase only New Mexico grown fresh produces to be used in our district's school meal and snack programs.

Career Tech Ed (Pilot) (27502) – Sub-award for Next Gen CTE funding to be spent per application. Funding Agency- NM Public Education Dept, Special Appropriation fund, Career Technical. Education Pilot, NM Laws 2019, Section IV, Item (b); Section V, Item (103).

NM Highway Dept (Road) (28120) – The purpose of this budget in 2017-18 for the Local Government Road Fund Program (LGRF) for the design, construction management and parking lot improvements of the school district parking lots and access roads as per Cooperative Agreement.

Office of Cultural Affairs (28177) – To account for monies received from the State of New Mexico to be used for preserving and promoting New Mexico's culture. Program is authorized by state statute.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2020**

SPECIAL REVENUE FUNDS (CONTINUED)

GRADS Child Care (28189) – To provide grants to States, Territories, or Tribes to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out of wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Social Security Act, Title IV, Part A, as amended; Personal responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193.

GRADS - Instructional (28190) – To account for an agreement to provide childcare services in conjunction with the Graduation, Reality and Dual Role Skills Program. Funding is provided by the State of New Mexico Children Youth and Families Department. Program is authorized by state statute.

GRADS Plus (28203) – Award to help support our Grads program additional award. Our Grads program is for students that are parents or to be parents.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2020**

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Schools has the following separate funds classified as Capital Projects Funds:

Capital Improvements HB-33 Capital Projects Fund (31600) – Is used to account for monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of purchasing technology assets and supplies.

Capital Improvements SB-9 Capital Projects Fund (31700) – Is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Pursuant to Chapter 338 of Laws of 2001, a portion of the proceeds from supplemental severance tax bonds are dedicated for the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) as it pertains to the State Match.

Capital Improvements SB-9 Local (31701) - To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local Board. Financing is provided by special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

SB-9 State Match Cash (31703) - NM State Allocation for state match to be deposited into the school districts account for Capital Improvements. All proceeds shall be expended in accordance with the 22-25-2 NMSA 1978.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue	Capital Projects	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 4,439,348	\$ 3,709,470	\$ 8,148,818
Accounts receivable			
Taxes	-	855,526	855,526
Due from other governments	1,826,594	112,164	1,938,758
Prepaid expenditures	8,084	-	8,084
Inventory	474,943	-	474,943
Due from other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 6,748,969</u>	<u>\$ 4,677,160</u>	<u>\$ 11,426,129</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Current Liabilities			
Accounts payable	\$ 11,721	\$ 41,953	\$ 53,674
Accrued payroll liabilities	-	-	-
Due to other funds	1,604,560	112,164	1,716,724
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,616,281</u>	<u>154,117</u>	<u>1,770,398</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	714,032	714,032
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES			
Nonspendable	483,027	-	483,027
Restricted for food services	1,316,371	-	1,316,371
Restricted for extracurricular activities	197,729	-	197,729
Restricted for education	3,197,451	-	3,197,451
Restricted for capital acquisitions and improvements	-	3,809,011	3,809,011
Unassigned (deficit)	(61,890)	-	(61,890)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>5,132,688</u>	<u>3,809,011</u>	<u>8,941,699</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,748,969</u>	<u>\$ 4,677,160</u>	<u>\$ 11,426,129</u>

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue	Capital Projects	Total
REVENUES			
Property taxes	\$ -	\$ 4,421,161	\$ 4,421,161
State grants	1,974,248	1,204,762	3,179,010
Federal grants	9,117,427	-	9,117,427
Charges for services	626,171	-	626,171
Miscellaneous	-	61,059	61,059
Interest	-	722	722
Total revenues	<u>11,717,846</u>	<u>5,687,704</u>	<u>17,405,550</u>
EXPENDITURES			
Current			
Instruction	5,739,658	-	5,739,658
Support services			
Students	482,317	-	482,317
Instruction	126,491	-	126,491
General administration	309,060	44,238	353,298
School administration	854,292	-	854,292
Central services	41,528	-	41,528
Operation & maintenance of plant	39,011	-	39,011
Student transportation	164,511	-	164,511
Other support services	-	-	-
Food services operations	4,255,126	-	4,255,126
Community services	-	-	-
Capital outlay	226,932	4,371,719	4,598,651
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>12,238,926</u>	<u>4,415,957</u>	<u>16,654,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(521,080)</u>	<u>1,271,747</u>	<u>750,667</u>
Other financing sources			
Proceeds from sale of capital assets	-	6,004	6,004
Bond proceeds	-	-	-
Total other financing sources	<u>-</u>	<u>6,004</u>	<u>6,004</u>
Net changes in fund balances	(521,080)	1,277,751	756,671
Fund balances, beginning of year	5,590,082	2,531,260	8,121,342
Changes in non-spendable resources			
Increase (decrease) in inventory	63,686	-	63,686
Fund balances, end of year	<u>\$ 5,132,688</u>	<u>\$ 3,809,011</u>	<u>\$ 8,941,699</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020**

	21000	22000	23000	24101
	Food Service	Athletics	Non Instructional Support	Title I IASA
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,260,835	\$ 29,322	\$ 168,407	\$ 777
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	67,257	-	-	393,714
Prepaid expenditures	-	-	-	4,834
Inventory	474,943	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 1,803,035	\$ 29,322	\$ 168,407	\$ 399,325
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ 11,721	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	-	-	391,660
Total liabilities	11,721	-	-	391,660
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
FUND BALANCES				
Nonspendable	474,943	-	-	4,834
Restricted for food services	1,316,371	-	-	-
Restricted for extracurricular activities	-	29,322	168,407	-
Restricted for education	-	-	-	2,831
Unassigned (deficit)	-	-	-	-
Total fund balances	1,791,314	29,322	168,407	7,665
Total liabilities, deferred inflows and fund balances	\$ 1,803,035	\$ 29,322	\$ 168,407	\$ 399,325

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	24106	24109	24113	24118
	IDEA-B Entitlement	IDEA-B Preschool	Education of Homeless	Fresh Fruits & Vegetables
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	509,730	3,307	1,795	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 509,730</u>	<u>\$ 3,307</u>	<u>\$ 1,795</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	509,513	3,307	1,795	-
	<u>509,513</u>	<u>3,307</u>	<u>1,795</u>	<u>-</u>
Total liabilities	<u>509,513</u>	<u>3,307</u>	<u>1,795</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	217	-	-	-
Unassigned (deficit)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>217</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 509,730</u>	<u>\$ 3,307</u>	<u>\$ 1,795</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	24120	24132	24153	24154
	IDEA-B Risk Pool	IDEA-B Results Plan	English Language Acquisition	Teacher/Prin Training & Recruiting
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 600
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	12,518	102,256
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,518</u>	<u>\$ 102,856</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	-	65,210	103,296
	<u>-</u>	<u>-</u>	<u>65,210</u>	<u>103,296</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>65,210</u>	<u>103,296</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	-	-	-	-
Unassigned (deficit)	-	-	(52,692)	(440)
	<u>-</u>	<u>-</u>	<u>(52,692)</u>	<u>(440)</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>(52,692)</u>	<u>(440)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,518</u>	<u>\$ 102,856</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	24174 Carl D. Perkins Secondary Current	24176 Carl D. Perkins Secondary Redistribution	24184 Teen Dating Violence Awareness	24189 Student Support & Academic Enrichment
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 33	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	32,540	10,800	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 32,540</u>	<u>\$ 10,800</u>	<u>\$ 33</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	32,470	10,800	-	518
	<u>32,470</u>	<u>10,800</u>	<u>-</u>	<u>518</u>
Total liabilities	<u>32,470</u>	<u>10,800</u>	<u>-</u>	<u>518</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	70	-	33	-
Unassigned (deficit)	-	-	-	(518)
	<u>70</u>	<u>-</u>	<u>33</u>	<u>(518)</u>
Total fund balances	<u>70</u>	<u>-</u>	<u>33</u>	<u>(518)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 32,540</u>	<u>\$ 10,800</u>	<u>\$ 33</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	24190 Title I Comprehensive Support & Imp.	24194 CLSD Grants	25145 Impact Aid Special Education	25147 Impact Aid Indian Education
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 129,587	\$ 175,960
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	49,362	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 49,362</u>	<u>\$ 129,587</u>	<u>\$ 175,960</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	49,362	-	-
	<u>-</u>	<u>49,362</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>49,362</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	-	-	129,587	175,960
Unassigned (deficit)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>129,587</u>	<u>175,960</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>129,587</u>	<u>175,960</u>
Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>\$ 49,362</u>	<u>\$ 129,587</u>	<u>\$ 175,960</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	25153	25157	25184	25205
	Title XIX	Child Care	Indian Ed	GEAR UP
	Medicaid	Block Grant CYFD	Formula Grant	NM State Initiatives
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 2,564,442	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	211,669	-	21,021	15,048
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,776,111</u>	<u>\$ -</u>	<u>\$ 21,021</u>	<u>\$ 15,048</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	739	21,014	17,361
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>739</u>	<u>21,014</u>	<u>17,361</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	2,776,111	-	7	-
Unassigned (deficit)	-	(739)	-	(2,313)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>2,776,111</u>	<u>(739)</u>	<u>7</u>	<u>(2,313)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,776,111</u>	<u>\$ -</u>	<u>\$ 21,021</u>	<u>\$ 15,048</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	25211	27103	27107	27109
	GEAR UP	Dual Credit	2012 GO Bonds-	Instructional
	USDE	Instructional	Student	Materials
		Materials	Library Fund	Special Approp
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 6,228	\$ -	\$ -	\$ 70,451
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	12,631	35,964	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 6,228</u>	<u>\$ 12,631</u>	<u>\$ 35,964</u>	<u>\$ 70,451</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	12,631	35,964	-
	<u>-</u>	<u>12,631</u>	<u>35,964</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>12,631</u>	<u>35,964</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	6,228	-	-	70,451
Unassigned (deficit)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>6,228</u>	<u>-</u>	<u>-</u>	<u>70,451</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,228</u>	<u>\$ 12,631</u>	<u>\$ 35,964</u>	<u>\$ 70,451</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	27114 New Mexico Reads to Lead	27130 Feminine Hygiene Products	27149 Pre-K Initiative	27150 Indian Education Act
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	321,989	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,989</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	-	321,989	5,188
	<u>-</u>	<u>-</u>	<u>321,989</u>	<u>5,188</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>321,989</u>	<u>5,188</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	-	-	-	-
Unassigned (deficit)	-	-	-	(5,188)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,188)</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,188)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,989</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	27152	27153	27166	27183
	K-5 Plus	Extended	Kindergarten -	NM Grown
	Transportation	Learning	Transportation -	Fresh Fruit
	Transportation	Transportation	Three Plus	& Vegetables
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,767	\$ 29,935	\$ 1	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,767</u>	<u>\$ 29,935</u>	<u>\$ 1</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	1,767	29,935	1	-
Unassigned (deficit)	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,767</u>	<u>29,935</u>	<u>1</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,767</u>	<u>\$ 29,935</u>	<u>\$ 1</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	27502 Career Tech Ed (Pilot)	28120 NM Highway Dept (Road)	28177 Office of Cultural Affairs	28189 GRADS Child Care
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 276	\$ 1
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	24,993	-	-	-
Prepaid expenditures	3,250	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 28,243</u>	<u>\$ -</u>	<u>\$ 276</u>	<u>\$ 1</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	21,743	-	-	-
	<u>21,743</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>21,743</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	3,250	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	3,250	-	276	1
Unassigned (deficit)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>6,500</u>	<u>-</u>	<u>276</u>	<u>1</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 28,243</u>	<u>\$ -</u>	<u>\$ 276</u>	<u>\$ 1</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	28190	28203	
	GRADS Instructions	GRADS Plus	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 514	\$ 212	\$ 4,439,348
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	1,826,594
Prepaid expenditures	-	-	8,084
Inventory	-	-	474,943
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 514</u>	<u>\$ 212</u>	<u>\$ 6,748,969</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ 11,721
Accrued payroll liabilities	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>1,604,560</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,616,281</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	483,027
Restricted for food services	-	-	1,316,371
Restricted for extracurricular activities	-	-	197,729
Restricted for education	514	212	3,197,451
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(61,890)</u>
Total fund balances	<u>514</u>	<u>212</u>	<u>5,132,688</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 514</u>	<u>\$ 212</u>	<u>\$ 6,748,969</u>

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	21000	22000	23000	24101
	Food Service	Athletics	Non Instructional Support	Title I IASA
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	3,618,221	-	-	1,625,351
Charges for services	275,148	127,614	223,409	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>3,893,369</u>	<u>127,614</u>	<u>223,409</u>	<u>1,625,351</u>
EXPENDITURES				
Current				
Instruction	-	128,382	395,546	1,223,923
Support services				
Students	-	-	-	4,173
Instruction	-	-	-	11,376
General administration	-	-	-	143,169
School administration	-	-	-	235,045
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	4,232,626	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>4,232,626</u>	<u>128,382</u>	<u>395,546</u>	<u>1,617,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(339,257)</u>	<u>(768)</u>	<u>(172,137)</u>	<u>7,665</u>
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(339,257)	(768)	(172,137)	7,665
Fund balances, beginning of year	2,066,885	30,090	340,544	-
Changes in non-spendable resources				
Increase (decrease) in inventory	63,686	-	-	-
Fund balances, end of year	<u>\$ 1,791,314</u>	<u>\$ 29,322</u>	<u>\$ 168,407</u>	<u>\$ 7,665</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	24106	24109	24113	24118
	IDEA-B Entitlement	IDEA-B Preschool	Education of Homeless	Fresh Fruits & Vegetables
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	1,776,071	32,926	24,159	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>1,776,071</u>	<u>32,926</u>	<u>24,159</u>	<u>-</u>
EXPENDITURES				
Current				
Instruction	1,171,461	17,186	20,115	-
Support services				
Students	61,214	-	-	-
Instruction	-	-	-	-
General administration	78,920	1,394	-	-
School administration	419,431	14,346	4,044	-
Central services	41,528	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	3,300	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,775,854</u>	<u>32,926</u>	<u>24,159</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>217</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	217	-	-	-
Fund balances, beginning of year	-	-	-	-
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	<u>\$ 217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	24120 IDEA-B Risk Pool	24132 IDEA-B Results Plan	24153 English Language Acquisition	24154 Teacher/Prin Training & Recruiting
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	18,184	9,509	(37,240)	309,549
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>18,184</u>	<u>9,509</u>	<u>(37,240)</u>	<u>309,549</u>
EXPENDITURES				
Current				
Instruction	18,184	9,500	15,149	294,367
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	9	303	15,622
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>18,184</u>	<u>9,509</u>	<u>15,452</u>	<u>309,989</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(52,692)</u>	<u>(440)</u>
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	(52,692)	(440)
Fund balances, beginning of year	-	-	-	-
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,692)</u>	<u>\$ (440)</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	24174 Carl D. Perkins Secondary Current	24176 Carl D. Perkins Secondary Redistribution	24184 Teen Dating Violence Awareness	24189 Student Support & Academic Enrichment
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	90,402	12,238	-	42,325
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>90,402</u>	<u>12,238</u>	<u>-</u>	<u>42,325</u>
EXPENDITURES				
Current				
Instruction	86,629	12,238	-	29,350
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	3,703	-	-	1,791
School administration	-	-	-	11,184
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>90,332</u>	<u>12,238</u>	<u>-</u>	<u>42,325</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	70	-	-	-
Fund balances, beginning of year	-	-	33	(518)
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ (518)</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	24190 Title I Comprehensive Support & Imp.	24194 CLSD Grants	25145 Impact Aid Special Education	25147 Impact Aid Indian Education
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	6,504	49,362	59,136	55,715
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>6,504</u>	<u>49,362</u>	<u>59,136</u>	<u>55,715</u>
EXPENDITURES				
Current				
Instruction	6,504	49,362	30,062	20,509
Support services				
Students	-	-	3,452	22,287
Instruction	-	-	-	-
General administration	-	-	1,756	2,017
School administration	-	-	6,215	2,843
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,504</u>	<u>49,362</u>	<u>41,485</u>	<u>47,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>17,651</u>	<u>8,059</u>
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	17,651	8,059
Fund balances, beginning of year	-	-	111,936	167,901
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,587</u>	<u>\$ 175,960</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	25153 Title XIX Medicaid	25157 Child Care Block Grant CYFD	25184 Indian Ed Formula Grant	25205 GEAR UP NM State Initiatives
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	1,269,062	48,321	77,620	30,012
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>1,269,062</u>	<u>48,321</u>	<u>77,620</u>	<u>30,012</u>
EXPENDITURES				
Current				
Instruction	539,695	50,000	20,720	15,117
Support services				
Students	361,497	-	29,694	-
Instruction	47,473	-	23,914	7,464
General administration	46,359	-	3,285	-
School administration	144,187	-	-	7,431
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,139,211</u>	<u>50,000</u>	<u>77,613</u>	<u>30,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>129,851</u>	<u>(1,679)</u>	<u>7</u>	<u>-</u>
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	129,851	(1,679)	7	-
Fund balances, beginning of year	2,646,260	940	-	(2,313)
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	<u>\$ 2,776,111</u>	<u>\$ (739)</u>	<u>\$ 7</u>	<u>\$ (2,313)</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	25211 GEAR UP USDE	27103 Dual Credit Instructional Materials	27107 2012 GO Bonds - Student Library Fund	27109 Instructional Materials Special Approp
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	18,874	36,264	644,298
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>-</u>	<u>18,874</u>	<u>36,264</u>	<u>644,298</u>
EXPENDITURES				
Current				
Instruction	170	18,874	-	573,847
Support services				
Students	-	-	-	-
Instruction	-	-	36,264	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>170</u>	<u>18,874</u>	<u>36,264</u>	<u>573,847</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(170)</u>	<u>-</u>	<u>-</u>	<u>70,451</u>
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(170)	-	-	70,451
Fund balances, beginning of year	6,398	-	-	-
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	<u>\$ 6,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,451</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	27114 New Mexico Reads to Lead	27130 Feminine Hygiene Products	27149 Pre-K Initiative	27150 Indian Education Act
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	9,067	1,088,413	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>-</u>	<u>9,067</u>	<u>1,088,413</u>	<u>-</u>
EXPENDITURES				
Current				
Instruction	-	9,067	944,512	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	10,732	-
School administration	-	-	9,566	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	39,011	-
Student transportation	-	-	84,592	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>9,067</u>	<u>1,088,413</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	(5,188)
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,188)</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	27152 K-5 Plus Transportation	27153 Extended Learning Transportation	27166 Kindergarten - Three Plus	27183 NM Grown Fresh Fruit & Vegetables
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	16,164	92,157	1	22,500
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>16,164</u>	<u>92,157</u>	<u>1</u>	<u>22,500</u>
EXPENDITURES				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	14,397	62,222	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	22,500
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>14,397</u>	<u>62,222</u>	<u>-</u>	<u>22,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,767</u>	<u>29,935</u>	<u>1</u>	<u>-</u>
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	1,767	29,935	1	-
Fund balances, beginning of year	-	-	-	-
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	<u>\$ 1,767</u>	<u>\$ 29,935</u>	<u>\$ 1</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	27502 Career Tech Ed (Pilot)	28120 NM Highway Dept (Road)	28177 Office of Cultural Affairs	28189 GRADS Child Care
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	24,993	-	-	2,000
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>24,993</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
EXPENDITURES				
Current				
Instruction	18,493	-	-	1,999
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	226,932	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>18,493</u>	<u>226,932</u>	<u>-</u>	<u>1,999</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,500</u>	<u>(226,932)</u>	<u>-</u>	<u>1</u>
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	6,500	(226,932)	-	1
Fund balances, beginning of year	-	226,932	276	-
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	<u>\$ 6,500</u>	<u>\$ -</u>	<u>\$ 276</u>	<u>\$ 1</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	28190	28203	
	GRADS Instructions	GRADS Plus	Total
REVENUES			
Property taxes	\$ -	\$ -	\$ -
State grants	3,500	16,017	1,974,248
Federal grants	-	-	9,117,427
Charges for services	-	-	626,171
Miscellaneous	-	-	-
Interest	-	-	-
Total revenues	<u>3,500</u>	<u>16,017</u>	<u>11,717,846</u>
EXPENDITURES			
Current			
Instruction	2,892	15,805	5,739,658
Support services			
Students	-	-	482,317
Instruction	-	-	126,491
General administration	-	-	309,060
School administration	-	-	854,292
Central services	-	-	41,528
Operation & maintenance of plant	-	-	39,011
Student transportation	-	-	164,511
Other support services	-	-	-
Food services operations	-	-	4,255,126
Community services	-	-	-
Capital outlay	-	-	226,932
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>2,892</u>	<u>15,805</u>	<u>12,238,926</u>
Excess (deficiency) of revenues over (under) expenditures	<u>608</u>	<u>212</u>	<u>(521,080)</u>
Other financing sources			
Proceeds from sale of capital assets	-	-	-
Bond proceeds	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	608	212	(521,080)
Fund balances, beginning of year	(94)	-	5,590,082
Changes in non-spendable resources			
Increase (decrease) in inventory	-	-	63,686
Fund balances, end of year	<u>\$ 514</u>	<u>\$ 212</u>	<u>\$ 5,132,688</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2020**

	31600 Capital Improvements HB-33	31700 Capital Improvements SB-9 (State)	31701 Capital Improvements SB-9 (Local)	31703 SB-9 State Match Cash	Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 2,788,668	\$ -	\$ 163,410	\$ 757,392	\$ 3,709,470
Accounts receivable					
Taxes	513,054	-	342,472	-	855,526
Due from other governments	-	112,164	-	-	112,164
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 3,301,722</u>	<u>\$ 112,164</u>	<u>\$ 505,882</u>	<u>\$ 757,392</u>	<u>\$ 4,677,160</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Current Liabilities					
Accounts payable	\$ 41,953	\$ -	\$ -	\$ -	\$ 41,953
Accrued payroll liabilities	-	-	-	-	-
Due to other funds	-	112,164	-	-	112,164
Total Liabilities	<u>41,953</u>	<u>112,164</u>	<u>-</u>	<u>-</u>	<u>154,117</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	<u>428,161</u>	<u>-</u>	<u>285,871</u>	<u>-</u>	<u>714,032</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for capital acquisitions and improvements	2,831,608	-	220,011	757,392	3,809,011
Unassigned	-	-	-	-	-
Total fund balances	<u>2,831,608</u>	<u>-</u>	<u>220,011</u>	<u>757,392</u>	<u>3,809,011</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,301,722</u>	<u>\$ 112,164</u>	<u>\$ 505,882</u>	<u>\$ 757,392</u>	<u>\$ 4,677,160</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	31600 Capital Improvements HB-33	31700 Capital Improvements SB-9 (State)	31701 Capital Improvements SB-9 (Local)	31703 SB-9 State Match Cash	Total
REVENUES					
Property taxes	\$ 2,652,666	\$ -	\$ 1,768,495	\$ -	\$ 4,421,161
State grants	-	398,817	-	805,945	1,204,762
Federal grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	61,059	-	-	-	61,059
Interest	722	-	-	-	722
Total revenues	<u>2,714,447</u>	<u>398,817</u>	<u>1,768,495</u>	<u>805,945</u>	<u>5,687,704</u>
EXPENDITURES					
Current					
Instruction	-	-	-	-	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	26,542	-	17,696	-	44,238
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	2,310,821	398,817	1,613,528	48,553	4,371,719
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>2,337,363</u>	<u>398,817</u>	<u>1,631,224</u>	<u>48,553</u>	<u>4,415,957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>377,084</u>	<u>-</u>	<u>137,271</u>	<u>757,392</u>	<u>1,271,747</u>
Other financing sources					
Proceeds from sale of capital assets	6,004	-	-	-	6,004
Bond proceeds	-	-	-	-	-
Total other financing sources	<u>6,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,004</u>
Net changes in fund balances	383,088	-	137,271	757,392	1,277,751
Fund balances, beginning of year	<u>2,448,520</u>	<u>-</u>	<u>82,740</u>	<u>-</u>	<u>2,531,260</u>
Fund balances, end of year	<u>\$ 2,831,608</u>	<u>\$ -</u>	<u>\$ 220,011</u>	<u>\$ 757,392</u>	<u>\$ 3,809,011</u>

See Accompanying Notes.

OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Ann Parish Elementary	\$ 9,527	\$ 20,251	\$ (16,540)	\$ 13,238
Bosque Farms Elementary	51,951	33,910	(35,005)	50,856
Century High School	9,299	12,719	(1,152)	20,866
Desert View Elementary	11,938	8,031	(4,576)	15,393
Katherine Gallegos	34,142	34,882	(32,815)	36,209
Los Lunas Elementary	25,706	20,147	(17,047)	28,806
Los Lunas High	171,109	265,591	(126,032)	310,668
Los Lunas Middle School	27,623	59,685	(52,812)	34,496
Peralta Elementary School	2,979	30,393	(24,532)	8,840
Project Keys	28,249	60,823	(74,898)	14,174
Raymond Gabaldon Elementary	16,237	11,049	(6,617)	20,669
Sundance Elementary	22,963	34,960	(23,524)	34,399
Tome Elementary	24,518	9,388	(7,277)	26,629
Valencia Elementary	22,176	16,858	(11,038)	27,996
Valencia High School	169,545	187,645	(63,414)	293,776
Valencia Middle School	58,320	45,990	(33,727)	70,583
Totals	<u>\$ 686,282</u>	<u>\$ 806,332</u>	<u>\$ (497,279)</u>	<u>\$ 1,007,598</u>
			Total agency assets	<u>\$ 1,007,598</u>
			Accounts payable	\$ -
			Due to student organizations	<u>1,007,598</u>
			Total agency liabilities	<u>\$ 1,007,598</u>

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS
JUNE 30, 2020**

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30,2020
Wells Fargo				
	FMAC FEPC 3.500%	07/01/43	31329LP30	\$ 4,066
	FNMA FNMS 3.000%	06/01/43	3138W5GJ1	33,518
	FNMA FNMS 3.000%	03/01/43	3138W7C51	840,532
	FNMA FNMS 3.000%	06/01/35	31418BRH1	<u>1,251</u>
	Total Wells Fargo			<u>879,367</u>
Name and location of safe keeper for above pledged collateral:				
New York Mellon (BNYM), NY				
U.S. Bank				
	FHLB Line of Credit	08/03/20	LOC No.: 550885	<u>35,000,000</u>
				<u>35,000,000</u>
	Total Pledged Collateral			<u>\$ 35,879,367</u>

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2020**

Bank Account Type	Account Type	Wells Fargo	US Bank	Total
Operational	Checking	\$ -	\$ 26,739,588	\$ 26,739,588
Payroll Clearing	Checking	-	15,608	15,608
Operational	Money Market	-	2,292,476	2,292,476
Operational	Certificate of Deposit	<u>1,032,667</u>	<u>4,000,000</u>	<u>5,032,667</u>
Total on Deposit		1,032,667	33,047,672	34,080,339
Reconciling Items		-	<u>(1,090,532)</u>	<u>(1,090,532)</u>
Reconciled Balance, June 30, 2020		<u>\$ 1,032,667</u>	<u>\$ 31,957,140</u>	32,989,807
Plus: Held checks				-
Plus: Petty cash				320
Plus: NM Finance Authority				13,536,992
Less: Fiduciary Funds Cash				<u>(1,007,598)</u>
Cash and Investments per Government-Wide Financial Statements				<u>\$ 45,519,521</u>

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF CASH RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2020**

	Operational Fund			
	11000	13000	14000	21000
	General	Pupil Transportation	Instructional Materials	Food Service
Cash, June 30, 2019	\$ 7,154,221	\$ -	\$ 150,684	\$ 1,299,728
Add:				
2019-20 revenues	73,630,527	2,564,605	20,530	3,872,117
Current year accrued payroll	4,420,222	-	-	-
Current year loans from other funds	-	-	-	-
Receipt of prior year loans	3,545,516	-	-	-
Total cash available	88,750,486	2,564,605	171,214	5,171,845
Less:				
2019-20 expenditures	(68,986,286)	(2,564,605)	(169,765)	(3,911,010)
Prior year accrued payroll	(4,049,213)	-	-	-
Repayment of prior year loans	-	-	-	-
Current year loans to other funds	(4,025,070)	-	-	-
Prepaid account activity and other accruals	-	-	-	-
Cash, June 30, 2020	\$ 11,689,917	\$ -	\$ 1,449	\$ 1,260,835

**Reconciliation of cash balances reported
to the NM Public Education Department**

Cash, June 30, 2020 per financial statements	\$ 11,689,917	\$ -	\$ 1,449	\$ 1,260,835
Audit adjustments	1,377	-	-	-
Add back cash loans to other funds	253,432	-	-	-
Reverse cash loans received from other funds	-	-	-	-
Cash per NM PED Cash Report	\$ 11,944,726	\$ -	\$ 1,449	\$ 1,260,835

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	22000	23000	24000	25000
	Athletics	Non- Instructional	Federal Flowthrough Fund	Federal Direct Fund
Cash, June 30, 2019	\$ 30,090	\$ 340,544	\$ 33	\$ 2,795,489
Add:				
2019-20 revenues	127,614	223,409	4,905,436	1,526,248
Current year accrued payroll	-	-	-	-
Current year loans from other funds	-	-	1,167,931	39,114
Receipt of prior year loans	-	-	-	-
Total cash available	<u>157,704</u>	<u>563,953</u>	<u>6,073,400</u>	<u>4,360,851</u>
Less:				
2019-20 expenditures	(128,382)	(395,546)	(4,004,520)	(1,386,147)
Prior year accrued payroll	-	-	-	-
Repayment of prior year loans	-	-	(2,062,637)	(98,487)
Current year loans to other funds	-	-	-	-
Prepaid account activity and other accruals	-	-	(4,833)	-
Cash, June 30, 2020	<u>\$ 29,322</u>	<u>\$ 168,407</u>	<u>\$ 1,410</u>	<u>\$ 2,876,217</u>

**Reconciliation of cash balances reported
to the NM Public Education Department**

Cash, June 30, 2020 per financial statements	\$ 29,322	\$ 168,407	\$ 1,410	\$ 2,876,217
Audit adjustments	-	-	(1,377)	-
Add back cash loans to other funds	-	-	-	-
Reverse cash loans received from other funds	-	-	-	(39,114)
Cash per NM PED Cash Report	<u>\$ 29,322</u>	<u>\$ 168,407</u>	<u>\$ 33</u>	<u>\$ 2,837,103</u>

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	27000	28000	31100	31400
	State Flowthrough	State Direct	Bond Building	Public School Capital Outlay State
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash, June 30, 2019	\$ -	\$ 238,276	\$ 10,511,651	\$ -
Add:				
2019-20 revenues	3,052,175	26,260	8,694,354	35,719
Current year accrued payroll	-	-	-	-
Current year loans from other funds	2,705,861	-	-	-
Receipt of prior year loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash available	5,758,036	264,536	19,206,005	35,719
Less:				
2019-20 expenditures	(5,044,713)	(258,696)	(1,023,625)	-
Prior year accrued payroll	-	-	-	-
Repayment of prior year loans	(607,919)	(4,837)	-	(35,719)
Current year loans to other funds	-	-	-	-
Prepaid account activity and other accruals	<u>(3,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2020	<u>\$ 102,154</u>	<u>\$ 1,003</u>	<u>\$ 18,182,380</u>	<u>\$ -</u>

**Reconciliation of cash balances reported
to the NM Public Education Department**

Cash, June 30, 2020 per financial statements	\$ 102,154	\$ 1,003	\$ 18,182,380	\$ -
Audit adjustments	-	-	-	-
Add back cash loans to other funds	-	-	-	-
Reverse cash loans received from other funds	<u>(102,154)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash per NM PED Cash Report	<u>\$ -</u>	<u>\$ 1,003</u>	<u>\$ 18,182,380</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	31600 Capital Improvements HB-33	31700 Capital Improvements SB9 (State)	31701 Capital Improvements SB9 (Local)	31703 SB-9 State Match Cash
Cash, June 30, 2019	\$ 2,373,134	\$ -	\$ 36,821	\$ -
Add:				
2019-20 revenues	2,722,031	1,164,057	1,769,578	805,945
Current year accrued payroll	-	-	-	-
Current year loans from other funds	-	112,164	-	-
Receipt of prior year loans	-	-	-	-
Total cash available	<u>5,095,165</u>	<u>1,276,221</u>	<u>1,806,399</u>	<u>805,945</u>
Less:				
2019-20 expenditures	(2,306,497)	(540,304)	(1,642,989)	(48,553)
Prior year accrued payroll	-	-	-	-
Repayment of prior year loans	-	(735,917)	-	-
Current year loans to other funds	-	-	-	-
Prepaid account activity and other accruals	-	-	-	-
Cash, June 30, 2020	<u>\$ 2,788,668</u>	<u>\$ -</u>	<u>\$ 163,410</u>	<u>\$ 757,392</u>

**Reconciliation of cash balances reported
to the NM Public Education Department**

Cash, June 30, 2020 per financial statements	\$ 2,788,668	\$ -	\$ 163,410	\$ 757,392
Audit adjustments	-	-	-	-
Add back cash loans to other funds	-	-	-	-
Reverse cash loans received from other funds	-	(112,164)	-	-
Cash per NM PED Cash Report	<u>\$ 2,788,668</u>	<u>\$ (112,164)</u>	<u>\$ 163,410</u>	<u>\$ 757,392</u>

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	41000	
	Debt Service	Total
Cash, June 30, 2019	\$ 7,256,698	\$ 32,187,369
Add:		
2019-20 revenues	7,583,164	112,723,769
Current year accrued payroll	-	4,420,222
Current year loans from other funds	-	4,025,070
Receipt of prior year loans	-	3,545,516
Total cash available	14,839,862	156,901,946
Less:		
2019-20 expenditures	(7,342,905)	(99,754,543)
Prior year accrued payroll	-	(4,049,213)
Repayment of prior year loans	-	(3,545,516)
Current year loans to other funds	-	(4,025,070)
Prepaid account activity and other accruals	-	(8,083)
Cash, June 30, 2020	<u>\$ 7,496,957</u>	<u>\$ 45,519,521</u>
	Cash per agency fund	\$ 1,007,598
	Cash per governmental funds	<u>45,519,521</u>
		<u>\$ 46,527,119</u>
Reconciliation of cash balances reported to the NM Public Education Department		
Cash, June 30, 2020 per financial statements	\$ 7,496,957	\$ 45,519,521
Audit adjustments	-	-
Add back cash loans to other funds	-	253,432
Reverse cash loans received from other funds	-	(253,432)
Cash per NM PED Cash Report	<u>\$ 7,496,957</u>	45,519,521
	Cash per agency fund	<u>1,007,598</u>
Total Cash per NM PED Cash Report		<u>\$ 46,527,119</u>

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Education and Management
Los Lunas Schools
Los Lunas, New Mexico and
Mr. Brian Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and special revenue fund of the Los Lunas Schools (the Schools) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Schools' basic financial statements as listed in the Table of Contents.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Schools' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

The Board of Education and Management
Los Lunas Schools and
Mr. Brian Colón, Esq.
New Mexico State Auditor

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* as items 2020-001 and 2020-002.

We noted certain matters that are required to be reported per Section 12-6-5 NMSA 1978 that we have described in the accompanying Schedule of Section 12-6-5 NMSA 1978 Findings as items 2020-006, 2020-007, and 2020-008.

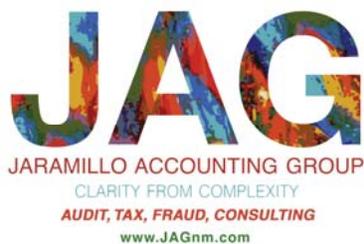
Schools' Responses to Findings

The Schools' responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and the Schedule of Section 12-6-5 NMSA 1978 Findings. The Schools' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 16, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Education
Los Lunas Schools
Los Lunas, New Mexico and
Mr. Brian Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Los Lunas School's (the Schools) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Schools' major federal programs for the year ended June 30, 2020. The Schools' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Schools' compliance.

The Board of Education
Los Lunas Schools and
Mr. Brian Colón, Esq.
New Mexico State Auditor

Opinion on Each of the Major Federal Programs

In our opinion, the Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-004. Our opinion on each major federal program is not modified with respect to these matters.

The Schools' response to the non-compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Schools' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be

The Board of Education
Los Lunas Schools and
Mr. Brian Colón, Esq.
New Mexico State Auditor

material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2020-003, 2020-004, and 2020-005, which we consider to be significant deficiencies.

The Schools' responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Schools' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "JAG LLC", with a stylized flourish above the letters.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 16, 2020

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor or Pass-Through Grantor/Program Title	Federal CFDA	Passthrough Number	Amounts Passed through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Impact Aid	84.041		\$ -	\$ 342,128
Indian Education Grants to Local Educational Agencies	84.060		-	77,613
Pass-through State of New Mexico Public Education Department				
Title I Grants to Local Educational Agencies	84.010	24101/24190	5,733	1,624,190
<i>Special Education Cluster</i>				
Special Education Grants to States	84.027	24106/24120/24132	-	1,803,547
Special Education Preschool Grants	84.173	24109	-	32,926
<i>Total Special Education Cluster</i>			-	1,836,473
Education for Homeless Children and Youth	84.196	24113	-	24,159
English Language Acquisition State Grants	84.365	24153	-	15,452
Supporting Effective Instruction State Grants	84.367	24154	-	309,989
Student Support and Academic Enrichment Program	84.371	24189	-	42,325
Comprehensive Literacy Development	84.424	24194	-	49,362
Career and Technical Education - Basic Grants to States	84.048	24174/24176	-	102,570
Subtotal - Pass-through State of New Mexico PED			5,733	4,004,520
Pass-through State of New Mexico Higher Education Department				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		-	30,182
Total U.S. Department of Education			5,733	4,454,443
U.S. Department of Agriculture				
<i>Child Nutrition Cluster</i>				
Pass-through State of New Mexico Children, Youth, and Families Department				
Summer Food Service Program for Children	10.559	21000	-	56,579
Pass-through State of New Mexico Public Education Department				
Cash Assistance				
School Breakfast Program	10.553	21000	-	816,147
National School Lunch Program	10.555	21000	-	2,381,007
Pass-through State of New Mexico Human Services Department				
Non-Cash Assistance (Commodities)	10.555	21000	-	364,487
<i>Total Child Nutrition Cluster</i>			-	3,618,220
Rural Development, Forestry, and Communities	10.672		-	6,592
Total U.S. Department of Agriculture			-	3,624,812
U.S. Department of Health and Human Services				
<i>CCDF Cluster</i>				
Child Care and Development Block Grant	93.575		-	50,000
<i>Total Child Nutrition Cluster</i>			-	50,000
Total U.S. Department of Health and Human Services			-	50,000
Total Federal Financial Assistance			\$ 5,733	\$ 8,129,255

See Notes to Schedule of
Expenditures of Federal Awards.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Los Lunas Schools (the Schools) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Schools, it is not intended to and does not present the financial position or changes in financial position of the Schools.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. SUBRECIPIENTS

The Schools did not have any subrecipients during the year ended June 30, 2020.

NOTE 4. NON-CASH FEDERAL ASSISTANCE

The Schools receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast program. Per USDA guidance (FPI-18-2), donated USDA commodities should be grouped with the National School Lunch Program and use the same CFDA number as the National School Lunch Program. The value of commodities received for the year ended June 30, 2020 was \$364,487. Commodities are recorded as revenues and expenditures in the Food Service fund.

NOTE 5. INDIRECT COST RATE

During the year ended June 30, 2020, the New Mexico Public Education Department reimbursed the Schools for indirect costs at 4.42%.

NOTE 6. RECONCILIATION OF FEDERAL REVENUE TO FEDERAL EXPENDITURES

Federal expenditures as reported on Schedule of Expenditure of Federal Awards	\$ 8,129,255
The Schools as contractor relationship:	
Medicaid (Fund 25153)	1,269,062
Indirect cost recovery (Fund 11000)	228,117
Advanced Reimbursement Grants (Impact Aid - Fund 25145 and 25147)	25,710
Reporting differences	<u>(47,021)</u>
Federal revenue as reported in the financial statements	<u><u>\$ 9,605,123</u></u>

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

Financial Statement Findings:

None

Federal Award Findings:

2019-001	Program Income Controls	Repeated and Modified
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Section 12-6-5 NMSA 1978 Findings:

2019-002	Indirect Costs Calculation	Resolved
2019-003	Travel and Per Diem Compliance	Resolved

STATE OF NEW MEXICO
 LOS LUNAS SCHOOLS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Non-compliance material to financial statements noted? | Yes |

Federal Awards:

- | 1. Internal control over major programs: | | | | | | | |
|---|--|------------------------|-----------------|---------------------------|--------|--|--|
| a. Material weakness identified? | No | | | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes | | | | | | |
| 2. Type of auditor’s report issued on compliance for major programs | Unmodified | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | Yes | | | | | | |
| 4. Identification of major programs: | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 40%;"><u>CFDA
Number</u></th> <th style="text-align: center;"><u>Federal Program</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">84.027 / 84.173</td> <td style="text-align: center;">Special Education Cluster</td> </tr> <tr> <td style="text-align: center;">84.010</td> <td style="text-align: center;">Title I Grants to Local Educational Agencies</td> </tr> </tbody> </table> | <u>CFDA
Number</u> | <u>Federal Program</u> | 84.027 / 84.173 | Special Education Cluster | 84.010 | Title I Grants to Local Educational Agencies | |
| <u>CFDA
Number</u> | <u>Federal Program</u> | | | | | | |
| 84.027 / 84.173 | Special Education Cluster | | | | | | |
| 84.010 | Title I Grants to Local Educational Agencies | | | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | | | |
| 6. Auditee qualified as a low-risk auditee? | Yes | | | | | | |

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION II - FINANCIAL STATEMENT FINDINGS

2020-001 POSSIBLE PROCUREMENT CODE, OPEN MEETINGS ACT, INSPECTION OF PUBLIC RECORDS ACT, AND GOVERNMENTAL CONDUCT ACT VIOLATIONS

TYPE OF FINDING: Material Non-compliance

CONDITION

Oversight agencies and the District reported to us several potential procurement, board meeting, and governmental conduct violations. These allegations continue to be investigated by the NM Attorney General's Office and NM State Police. Due to the ongoing complaints, we draw no conclusions on these allegations and cannot conclude on the guilt or innocence of any party, but rather, we are required to report potential violations:

- The Board of Education procured vendors to perform legal counsel and forensic audit (Special Audit) procedures during closed sessions (in violation of the Open Meetings Act) and without the CPO's normal procurement process and certification (in violation of District policies and the State Procurement Code). The forensic audit higher quote of \$16,000 - \$36,000 was chosen. The price was later changed to \$25,000 - \$27,000 and was changed again to "up to \$55,000". Ultimately, the District negotiated during the Special Audit engagement and paid \$45,000. The legal services did not go through procurement and a contract with scope of work has totaled \$52,221, over the District's policy to go out to bid for professional services over \$40,000.
- One Board of Education Member may have not disclosed the company he owns and his brother's company for which he is the main contact to prevent conflicts of interest.
- One Board of Education Member disclosed confidential information during a Finance Committee meeting with a community vendor, which required the CPO to void, or cancel, the entire procurement for carpet cleaning. The vendor and the vendor's price were identified before award, thus was cancelled. The State Ethics Commission issued Advisory Opinion 2020-04 on this activity.
- The Ethics Commission Advisory Opinion 2020-04 also addressed the allegation that a Board Member states local vendor preference is above and beyond the NM Resident Business preference. This depends on the language of the RFP and cannot be applied across the board. The District's Chief Procurement Officer (CPO) is responsible for this process and certifying the procurements; it is not the Board's role to interfere in procurement during this process.
- One Board of Education Member is accused of using his newly elected position to drive a forensic audit against the Department he was not hired for a year earlier. There is a pending investigation into extortion and interference in this Special Audit.
- Two Board of Education Members received legal services for defense of Recall proceedings brought by a community member. There are questions as to who paid for these services, if there was a contract, and if the District was ultimately charged or not. There is an allegation of *quid pro quo* i.e. the Board members took official actions of utilizing the attorney's services for the District in exchange for the defense they received. There are also concerns about conflict of interest in representation of individual Board Members and the entire Board simultaneously.
- The Board may have violated the Open Meetings Act by going into closed executive sessions illegally during the Spring of 2020.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020-001 POSSIBLE PROCUREMENT CODE, OPEN MEETINGS ACT, INSPECTION OF PUBLIC RECORDS ACT, AND GOVERNMENTAL CONDUCT ACT VIOLATIONS (CONTINUED)

- Inspection of Public Records Act (IPRA) request indicated two Board of Education Members were using private emails for District business. One Board of Education Member stated he did not have emails, while the other's documentation showed he did.

CRITERIA

The Open Meetings Act

All governing body meetings must be open to the public, unless the subject matter allows them to be closed under one or more of the ten exceptions listed in NMSA 1978 § 10-15-1H(1)-(10).

The Governmental Conduct Act

NMSA 1978, Chapter 10, Article 16, was amended in 2011 to expand coverage making it crucial that all state and local government officers and employees in New Mexico understand their ethical responsibilities and conduct themselves solely in the interest of the public. Family is defined through the degree of in-law.

Section 10-16-6 that states that "no legislator or public officer or employee shall use or disclose confidential information acquired by virtue of the legislator's or public officer's or employee's position with a state agency or local government agency for the legislator's, public officer's or employee's or another's private gain."

A Compliance Guide is available through the New Mexico Attorney General's Office at:

<http://www.nmag.gov/uploads/files/Publications/ComplianceGuides/Governmental%20Conduct%20Act%20Compliance%20Guide%202015.pdf>. It applies to employees and elected officials.

District Board Policy 5.6 Code of Ethics and Conduct

Please read and understand this Board Policy if you have not already. While the entire policy is important, please also note Section 5.6.7.2.1 has specific policies relating to employee/immediate family members doing business with the District. Also, please note the requirement to "respect the role of each of his/her colleagues in the School District".

District Board Policy 3.15.3C Contacting Vendors

A. All purchases are required to be supported by a purchase order issued by the CPO. No individual or employee may contract or purchase without first obtaining an authorized purchase order. A requisition is not a purchase order.

B. No individual or employee, other than those employees directly empowered by the Los Lunas School District, may enter into any purchasing or contract agreement that purports to bind the School District or otherwise may have either a direct or indirect fiscal impact to the Los Lunas School District.

C. No employee, other than those designated by the CPO, may contact a vendor or contractor for the purpose of soliciting quotes, ordering, buying, or making financial or contractual commitments on behalf of the School District that may evade or circumvent the normal procurement or contracting process.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020-001 POSSIBLE PROCUREMENT CODE, OPEN MEETINGS ACT, INSPECTION OF PUBLIC RECORDS ACT, AND GOVERNMENTAL CONDUCT ACT VIOLATIONS (CONTINUED)

D. Employees entering into an agreement without proper authorization may be held liable for the costs resulting from the unauthorized violation of this policy, including the costs of the goods, shipping, return costs, restocking charges, or other contract liability that may have been incurred.

District Board Policy 2.2 Board of Education Members

Please read and understand this Board Policy if you have not already. While the entire policy is important, please also note Section 2.2.13 has specific policies relating to relatives doing business with the District. Also, please note Section 2.2.7 that outline the Duties of the Board of Education that specifically states to “refrain from involvement in delegated administrative functions”.

NM State Procurement Code

NMAC1.4.1 and any local District policies regarding procurement. Here is the link to the Procurement Code requirements:

https://laws.nmonesource.com/w/nmos/Chapter-13-NMSA-1978#!fragment//BQCwhgziBcwMYgK4DsDWszlQewE4BUBTADwBdoByCgSgBpltTCIBFRQ3AT0otojlyYANKIDCSN_NACEyPoTC4EbDtypyFCAMp5SAIW4AIAKIAZlwDUAggDIRR2qTAAjaKWxxq1IA

Related Party Transactions

“According to Governmental Accounting Standards Board (GASB) 62,” A government’s related organizations, joint ventures, and jointly governed organizations, as defined in GASB 14, The Financial Reporting Entity, as amended; elected and appointed officials of the government; its management; members of the immediate families of elected or appointed officials of the government and its management; and other parties with which the government may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties (for example, through imposition of will as discussed in GASB 14, as amended) or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

EFFECT

Certain Board of Education Members, and thus the District, may not be in compliance with laws and regulations, which is a violation of codes of ethics and oaths of office. The issues and investigations decrease the community’s trust in government and possibly a hostile environment to certain District employees. There have been media releases and NM Ethics Commission advisories. The NM Public Education Department has called for a meeting to address the complaints. The Special Audit and legal fees have also cost the District over \$100,000 and time and energy which could be spent elsewhere on District priorities.

CAUSE

Until the investigations are complete, it is unknown the exact causes. However, examples could be: lack of training and circumvention of controls over compliance by individuals.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020-001 POSSIBLE PROCUREMENT CODE, OPEN MEETINGS ACT, INSPECTION OF PUBLIC RECORDS ACT, AND GOVERNMENTAL CONDUCT ACT VIOLATIONS (CONTINUED)

RECOMMENDATION

We recommend continuing diligence in the investigations to arrive at conclusions to these matters. After that, the Board of Education, Audit Committee, and Administration collaboratively should assess risks and non-compliant areas and implement controls to ensure compliance. Structure, monitoring, and accountability are keys to implementing changes to prevent this in the future.

MANAGEMENT RESPONSE

Corrective Action: Due to the ongoing investigations from multiple state agencies, the Administration, Board of Education, and Audit Committee will collaborate on implementing training and internal controls when they are completed and the exact non-compliance and risks are determined.

Due Date of Completion: June 30, 2021

Responsible Party(ies): Administration, Board of Education, Audit Committee

STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020-002 AUDIT COMMITTEE

TYPE OF FINDING: Non-compliance

CONDITION

The District's Audit Committee was not involved, as required by State law, with the Special Audit entrance and exit conferences. In addition to their statutory obligations, the Finance and Audit Committees should create Charters, remain active throughout the year, and address any risks or internal audits which may be necessary. The Charters should outline the Committees' purposes, responsibilities, functions, and planned actions.

CRITERIA

In 2010, the 49th Legislature of the State of New Mexico passed House Bill 227, which resulted in NM Stat §22-8-12.3. This statute requires each District to create a Finance Committee and an Audit Committee, the purposes of which, we believe, are to increase accountability and transparency by providing independent oversight of District financial practices that may impact the annual external audit and District budget, revenues, expenditures, and operations. The relevant language of the bill is as follows (emphases added):

Section 1: (B) Each local school board shall appoint at least two members of the board as a finance subcommittee to assist the board in carrying out its budget and finance duties. (C) The finance committee shall: (1) make recommendations to the local school board in the following areas: (a) financial planning, including **reviews** of the school district's revenue and expenditure projections; (b) **review** of financial statements and periodic **monitoring** of revenues and expenses; (c) annual budget preparation and **oversight**; and (d) procurement; and (2) serve as an **external monitoring** committee on budget and other financial matters.

Section 1: (C) each local school board shall appoint an audit committee that consists of two board members, one volunteer member who is a parent of a student attending that school district and one volunteer member who has experience in accounting or financial matters. The superintendent and the school district business manager shall serve as *ex-officio* members of the committee. The audit committee shall: (1) evaluate the request for proposal for annual financial audit services; (2) recommend the selection of the financial auditor [to the Board]; (3) attend the entrance and exit conferences for annual and special audits; (4) meet with external financial auditors at least monthly after audit field work begins until the conclusion of the audit; (5) be accessible to the external financial auditors as requested to facilitate communication with the board and superintendent; (6) **track and report progress on the status of the most recent audit findings and advise the local school board on policy changes needed to address audit findings**; (7) **provide other advice and assistance** as requested by the local school board; and (8) be subject to the same requirements regarding the confidentiality of audit information as those imposed upon the local school board by the Audit Act and rules of the state auditor.

Internal Controls over Monitoring. The Audit Committee should obtain an understanding and describe how management monitors the operation of the entity's five components of internal control to make sure (a) controls are operating as intended and (b) changes to controls are made when necessary. Also describe what reports or other information (such as budget variances, reconciliations, or monthly financial reports) administration uses for that purpose and why administration considers the information reliable. Consider controls relevant to the audit. Consider the following principles as examples: The District selects, develops, and performs ongoing and/or

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020-002 AUDIT COMMITTEE (CONTINUED)

separate evaluations to determine whether the components of internal control are present and functioning. The District evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior administration and the governing body, as appropriate.

EFFECT

The District's finances and operations do not have the proper external monitoring and oversight.

CAUSE

The Board received legal advice not to include the Audit Committee in the Special Audit process. The statutory powers of the Board of Education and its Finance and Audit Committees are not being utilized to their intended and fullest extent.

RECOMMENDATION

The Audit Committee members, including two board members, a community member with financial background, and a parent, should be appointed as voting members by the full Board of Education annually. The Superintendent and CFO are *ex-officio* non-voting members. The Committee may utilize example Charters and determine their Chair, Co-Chair, set agendas, report monthly to the Board, conduct inquiries and internal audits, follow up on corrective actions, follow the audit process, and make recommendations to the Board as deemed appropriate. The state statute set out the minimums the Committee should be sure to comply with while active throughout the year.

We recommend creating Finance and Audit Committee Charters approved by the Board of Education. We can provide an example to the Committees. *We recommend that the Finance and Audit Committees remain active throughout the year to increase their effectiveness.* Examples of remaining active are: attending NMSBA/NMASBO finance and ethics trainings, performing random audits of activity funds, fundraisers, athletic events and concessions, requesting reports from administration on specific areas with findings or risks, evaluating internal controls, etc.

Board and committee members are principally adept at assessing risks that may exist in the District and monitoring correction of problems because they are the closest to the people – parents, children, staff, business owners, and community members – and are accountable to their constituents.

MANAGEMENT RESPONSE

Corrective Action: The Audit Committee will meet remotely and take the steps recommended during 2021.

Due Date of Completion: June 30, 2021

Responsible Party(ies): Audit Committee

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION III – FEDERAL AWARDS FINDINGS

2020-003 ALLOWABLE COSTS, RECONCILIATIONS, AND APPROVAL (PREVIOUSLY REPORTED AS 2019-001 PROGRAM INCOME CONTROLS) (REPEATED AND MODIFIED)

Federal program information:

Funding agency: U.S. Department of Agriculture Pass through the New Mexico Department of Public Education
Title: National School Lunch Program
CFDA Number: 10.553 and 10.555
Award Year: 2020
Question Costs: None
Type of Finding: Significant Deficiency

CONDITION

We tested two school sites and two dates to review for compliance with allowable costs. Of the two dates, one date had daily meal counts not reconciled to Federal Edit Check reports for reimbursement purposes. In addition, one of the two tested cash reports did not have sufficient evidence of review in accordance with federal guidelines.

Management's Progress in 2020: The Schools made significant progress toward clearing this finding in 2020. The Schools completed training of food service staff on the new procedures, and the process changed in December 2019.

CRITERIA

The OMB Compliance Supplement 2 CFR 200 section 200.303 requires that non-federal entities receiving federal awards establish and maintain internal control over the federal awards that provides reasonable assurance that the non-federal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards. Further guidance over food service counts, reconciliations, and approvals are found in the PSAB Supplement 17 of the Manual of Procedures outlined by the New Mexico Department of Public Education.

EFFECT

Without strong internal controls, the Schools' reimbursements for meals served may not be accurate. The Schools was also not in compliance with its policies of reviewing the cashier's reconciliation of cash.

CAUSE

New procedures were not implemented to resolve this finding until December 2019. Therefore, the first five months of the award year remained non-compliant. Food Service Staff was unaware of the requirement to reconcile to the Federal Edit Check report and the requirement of two signatures on the daily cash reports used to track payments received on reduced and paid meals. Since training occurred in November 2019 and changes were applied in December 2019, these checks and balances were not in place for the first five months of the fiscal year under audit.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION III – FEDERAL AWARDS FINDINGS (CONTINUED)

2020-003 ALLOWABLE COSTS, RECONCILIATIONS AND APPROVAL (PREVIOUSLY REPORTED AS 2019-001 PROGRAM INCOME CONTROLS) (REPEATED AND MODIFIED) (CONTINUED)

RECOMMENDATION

We recommend the Schools continue to monitor procedures implemented in December 2019 to ensure billings remain accurate and that Cashier's reconciliation reports are reviewed and approved by two different individuals.

MANAGEMENT RESPONSE

Corrective Action: The District outlined the corrective action from the previous year and will continue to review and monitor to make sure we are following the process that was established and our employees were trained on in December 2019.

Due Date of Completion: December 2019

Responsible Party(ies): Director and Cafeteria Supervisor

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION III – FEDERAL AWARDS FINDINGS (CONTINUED)

2020-004 SPECIAL EDUCATION CLUSTER PROCUREMENT, SUSPENSION, AND DEBARMENT

Federal program information:

Title: Special Education Cluster

Funding Department: U.S. Department of Education Pass Through New Mexico Public Education Department

CFDA Numbers: 84.027 and 84.173

Award Year: 2020

Questioned Costs: None

Type of Finding: Significant Deficiency and Non-Compliance

CONDITION

The Schools did not check to see if potential award recipients have been suspended or debarred prior to making awards of federal monies equal to or in excess of \$25,000. Policies and procedures have not been updated recently and policies should match the federal requirements for procurement.

CRITERIA

Per the OMB Compliance Supplement, 2 CFR 200, the Schools is prohibited from contracting with or making subawards under covered transaction to parties that are suspended or debarred. Covered transactions include contracts for goods and services under a non-procurement transaction that are expected to exceed \$25,000 or met certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity, irrespective of award amount, are considered covered transactions, unless exempt as provided in 2 CFR section 180.215.

When the Schools enters into a covered transaction with an entity at a lower tier, the Schools must verify that the entity, as defined in 2 CFR 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by checking the System for Award Management (SAM). This is available at <https://www.sam.gov/SAM>. Purchasing policies should match the federal thresholds for quotations and bids for covered transactions.

EFFECT

The Schools could allow the expenditure of federal funds to a vendor that is not eligible due to their suspension or debarment. Procurements of goods could be completed by the purchasing staff using incorrect procurement methods based on the value of the purchase. This non-compliance could result in non-compliance with federal procurement levels and/or questioned costs.

CAUSE

The Procurement Officer was not aware of the federal requirement to look up vendors providing goods or services paid for with Federal funds for suspension and debarment. The policies and procedures of the Schools have not been updated recently.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION III – FEDERAL AWARDS FINDINGS (CONTINUED)

2020-004 SPECIAL EDUCATION CLUSTER PROCUREMENT, SUSPENSION, AND DEBARMENT (CONTINUED)

RECOMMENDATION

Management should update the Schools' procurement policies and procedures to ensure the requirements for levels of purchasing of goods or services under Federal programs match the current federal requirements. The vendor chosen for purchases must be checked for suspension or debarment on the sam.gov website. Purchasing staff could have a reference tool for requirements for federal procurements. When properly implemented, these recommendations should prevent non-compliance with federal and Uniform Grant Guidance requirements.

MANAGEMENT RESPONSE

Corrective Action: We immediately implemented checking the Sam.gov website for vendors once it was brought to our attention that this was not just for large scale purchases as once believed. It has now become part of the Purchase Order approval process for the Purchasing Department. This step will be noted in our next revision of our Business Office Procedure Manual.

Due date for Completion: Checking the Sam.gov website on vendors – July 2020
Addition to Procedures Manual – Estimated January 2021

Responsible Party(ies): Purchasing Department

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION III – FEDERAL AWARDS FINDINGS (CONTINUED)

2020-005 INTERNAL CONTROLS OVER FEDERAL PAYROLL DISBURSEMENTS

Federal program information:

Title: Title I Grants to Local Educational Agencies

Funding Department: U.S Department of Education Pass Through New Mexico Department of Public Education

CFDA Number: 84.010

Award Year: 2020

Questioned Costs: None

Type of Finding: Significant Deficiency

CONDITION

During the course of the audit, our payroll testing indicated a stipend for a National Board Certification was charged to the federal award for a Title I employee over several pay periods. Subsequent discussions with the Schools staff determined the charge was not eligible for reimbursement with Federal funds. Our further review determined that four additional staff had stipends related to National Board Certifications charged to the grant. The Schools prepared and recorded journal entries to correct all five Title I staff charges to the grant, totaling \$42,204.

CRITERIA

Per the OMB Compliance Supplement 2 CFR 200 section 200.303, non-federal entities receiving federal awards are required to establish and maintain internal control over the federal awards. This provides reasonable assurance that the non-federal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

EFFECT

As a result of an insufficient review process, \$42,204 would have been charged erroneously to the federal program. Improper charges result in non-compliance with federal requirements and could jeopardize future federal funding.

CAUSE

The Schools' internal review process was not strong enough to catch the improper charges made to the grant.

RECOMMENDATION

The program manager should continue to review the payroll disbursements, with the appropriate approval, prior to payment. The Schools should complete a review during the year to ensure all federal disbursements are appropriate. Journal entries should be completed prior to the audit to prevent discovery during the audit process and to ensure charges to the grant are correct.

MANAGEMENT RESPONSE

Corrective Action: Management prepared journal entries to move the expenditures to the proper account.

Due date for Completion: July 15, 2020

Responsible Party(ies): Director of Finance

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

2020-006 WRITTEN ACCOUNTING INTERNAL CONTROL PROCESSES AND PROCEDURES

TYPE OF FINDING: Other Matters

CONDITION

Our documentation and testing over the Schools' internal control structure included a review of internal accounting processes and procedures manual. We noted that internal accounting processes and procedures have not been updated since approximately 2004.

CRITERIA

The New Mexico Manual of Procedures for Public School Accounting and Budgeting (PSAB) "Supplement 2 – Internal Control," states that:

"Each school district is responsible for establishing and maintaining an internal control structure including policies and procedures and is also responsible for ensuring that the school district complies with laws and regulations applicable to state and federal programs (Section 22-1-1, NMSA 1978; 6.20.2.11, NMAC).

These internal control policies should be based on the 1994 report issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and standards adopted by the American Institute of Certified Public Accountants and the Federal Office of Management and Budget. Much of the material in this supplement is from the General Accounting Office (GAO) publication, Standards for Internal Control in the Federal Government. The terms defining internal control in this document are synonymous with management control in the Office of Management and Budget publication OMB Circular A-123.

The COSO report defines internal control as a process established to provide reasonable assurance specific school district objectives such as effectiveness and efficiency of operation, reliability of financial reporting, and compliance with applicable laws and regulations will be achieved. Internal controls include the plans, methods and procedures used to meet goals and objectives. Effective Internal Control serves as the major defense in safeguarding assets and preventing and detecting errors, fraud, waste and abuse.

Management is responsible for developing detailed policies, procedures and practices and ensuring that they are an integral part of the district's operations.

Because risks and threats change over time, it is important to periodically evaluate current policies and procedures for appropriateness in the current environment... Risk assessment is a continuing cycle of activity ... (GAO/AIMD-00-33, Information Security Risk Assessment)."

EFFECT

Without a periodic review, the Schools cannot ensure the implementation of continuous process improvement over the internal control framework and ensure that controls are properly designed and functioning, and in compliance with current laws. Additionally, should change in accounting personnel occur, the new accounting personnel's reliance on outdated accounting processes and procedures manual could make it more difficult to ensure that internal control processes and procedures are followed as designed.

CAUSE

The Schools has not updated the written internal accounting processes and procedures as changes occur.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

2020-006 WRITTEN ACCOUNTING INTERNAL CONTROL PROCESSES AND PROCEDURES (CONTINUED)

RECOMMENDATION

We recommend that the Schools perform a review of the accounting processes and procedures manual and update to account for the current accounting processes and procedures and current laws.

MANAGEMENT RESPONSE

Corrective Action: We are currently in the process of reviewing and updating each department's individual's written job procedures, to combine each department's processes into one District Business Office Procedures Manual. This Manual will show how our internal control structure works as a unit and we will review the Manual annually for updates.

Due Date of Completion: Our goal is to complete by the beginning of January 2021.

Responsible Party(ies): Director of Finance

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

2020-007 INTERNAL CONTROLS OVER PAYROLL DISBURSEMENTS – SALARY AND WAGE RATES

TYPE OF FINDING: Other Matters

CONDITION

Our documentation and testing over the Schools' internal control related to payroll disbursements included testing over approval for salary and wage rates. We conducted a random sample of 80 payroll disbursements (40 manual checks and 40 direct deposits), and noted the following exceptions:

- 3 of 40 manual checks tested were related to COVID-19 differential pay paid out to food service staff. The Interim Superintendent approved this additional pay verbally, however there was no formal documentation of approval.
- 6 of 80 payroll disbursements tested were related to substitute teachers. The Substitute Salary Schedule for School Year 2019-2020 did not have documentation of approvals. Rates on this schedule were unchanged from the prior year approved schedule.

CRITERIA

NMSA 22-5-14(B)(3) states that "The local superintendent shall: ... employ, fix the salaries of, assign, terminate or discharge all employees of the school district."

6.20.2.18 NMAC states "PAYROLL: The local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School districts shall maintain and have available for inspection the following employee record documentation: personnel/payroll action forms, pay or position change notices ..."

The New Mexico Manual of Procedures for Public School Accounting and Budgeting (PSAB) "Supplement 14 – Payroll," states that "governing boards shall establish the daily rate of pay and procedures to make payment to substitute teachers. The policies shall address both short and long-term substitute services."

EFFECT

Salaries, wages, and related expenses constitute the major portion of the expenditures for school districts and charter schools. Accounting for payroll activities is among the most important business functions performed by a school district or charter school. It is imperative that payroll processing comply with state and federal payroll regulations as well as maintain strict internal controls and close supervision. The absence of adequate controls will often lead to a high frequency of errors and, on occasion, fraud.

CAUSE

Differential pay approval occurred during the initial transition period for the Interim Superintendent, and during a national emergency situation, which caused the lack of formal documentation. The lack of Substitute Salary Schedule approval appears to be an oversight. Other salary schedules are required as part of the budgeting process, but substitutes are not considered full-time equivalents and are therefore not budgeted.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

2020-007 INTERNAL CONTROLS OVER PAYROLL DISBURSEMENTS – SALARY AND WAGE RATES (CONTINUED)

A well-defined pay structure that is critical for all employees and substitutes. The structure should be easy to maintain and be able to attract highly qualified employees and substitutes. Salary schedules are extremely important as a recruiting tool and often are the reason there is a low turnover in personnel for school district. Salary schedules can contribute to high morale if progressive approaches are taken to address pay for staff. When economies take a downturn it becomes a challenge to not only maintain pay levels, but to increase salaries for employees and substitutes.

RECOMMENDATION

We recommend that the Schools review policies and procedures related to payroll internal control to ensure that all pay is based on rates that have proper approval, and that those approvals are formally documented.

MANAGEMENT RESPONSE

Corrective Action: The District will review policies and procedures related to payroll internal controls and train payroll and human resource staff to ensure all changes have proper and formal approvals documented prior to any pay being adjusted.

Due Date of Completion: July 2020

Responsible Party(ies): Chief Financial Officer

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

2020-008 SPECIAL AUDIT RECOMMENDATIONS

TYPE OF FINDING: Other Matters

CONDITION

In July 2020, the District completed a Special Audit of specific assets, equipment, and vendors. The special audit did not find evidence of wrongdoing, fraud, waste, or abuse. The report, which may be found within the NM State Auditor's website, did list recommendations for improvement of internal controls over finance and compliance and good accounting practices:

1. Process and Internal Control Improvements. These include the inventory control system and catalog and related processes to track and control tools, supplies, parts, and equipment; the elimination of most open purchase orders; and greater utilization of state purchase agreements, cooperatives, and other purchasing avenues.
2. Increased District training on Code of Conduct.
3. Improving Controls for mechanisms and communication for addressing concerns in the future. These include implementing an internal audit function which reports directly to the Board [and Audit Committee]; an anonymous tip hotline with a process to track and investigate complaints; and implementing a non-financial conflict of interest policy for the Board Members and employees.

The District has already made progress on these recommendations during FY21.

CRITERIA

Per the NM State Audit Rule, "All reports for special audits, attestation engagements, performance audits, or forensic audits related to financial fraud, waste or abuse in government undertaken pursuant to 2.2.2.15 NMAC (regardless of whether they are conducted pursuant to AICPA standards for consulting services or for attestation engagements) shall report as findings any fraud, illegal acts, non-compliance or internal control deficiencies, pursuant to Section 12-6-5 NMSA 1978. Each finding shall comply with the requirements of Subsection L of 2.2.2.10 NMAC."

Subsection L states, "IPAs shall comply with the requirements of GAGAS Section 6.11 relating to findings and recommendations from previous audits and attestation engagements. In addition, IPAs shall report the status of all prior-year findings and all findings from special audits performed under the oversight of the state auditor in the current year audit report in a summary schedule of prior year audit findings."

Section 12-6-5 NMSA 1978 requires that "each report set out in detail, in a separate section, any violation of law or good accounting practices found by the audit or examination." (i) When auditors detect violations of law or good accounting practices that shall be reported per Section 12-6-5 NMSA 1978, but that do not rise to the level of significant deficiencies or material weaknesses, such findings are considered to warrant the attention of those charged with governance due to the statutory reporting requirement. The auditor shall communicate such violations in the "compliance and other 2.2.2 NMAC 21 matters" paragraph in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with government auditing standards.

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

2020-008 SPECIAL AUDIT RECOMMENDATIONS (CONTINUED)

EFFECT

The conditions above could create difficulties in stewardship of assets and equipment, if not corrected. Not increasing communication and training could lead to further disputes and to conflicts of interest.

CAUSE

These improvements were not self-identified by the District prior to the Special Audit.

RECOMMENDATION

We recommend management and the Audit Committee follow through on corrective action and monitor progress on these recommendations. Internal Audit functions are incredibly valuable to governments, as they experience on average 5% of their annual revenues lost to fraud according to the Association of Certified Forensic Accountants and other significant losses and risks: <https://www.acfe.com/report-to-the-nations/2020/>. Internal Audit functions save money and provide efficiencies since the Audit Committee cannot function alone as an Internal Audit. The services may be outsourced, or a position could be created. We also recommend training on the issues involved in Finding 2020-001 to prevent any non-compliance, conflict, and disputes from the Board of Education.

MANAGEMENT RESPONSE

Corrective Action: Due to the ongoing investigations from multiple state agencies, the Administration, Board of Education, and Audit Committee will collaborate on implementing training and internal controls when they are completed and the exact non-compliance and risks are determined.

Due Date of Completion: June 30, 2021

Responsible Party(ies): Administration, Board of Education, Audit Committee

**STATE OF NEW MEXICO
LOS LUNAS SCHOOLS
EXIT CONFERENCE
JUNE 30, 2020**

The contents of this report were discussed, in a closed session, on November 6, 2020 with Los Lunas Schools. The following individuals were in attendance:

Los Lunas Schools

Walter Gibson, Acting Superintendent
Claire Cieremans, Chief Finance Officer
Sandy Traczyk, Director of Finance
Carlos Castillo, Payroll Supervisor
Frank Otero, Board Member
David Vickers, Board Member
Sonya C'Moya, Community Member
Henry Lopez, Parent Member

Jaramillo Accounting Group LLC (JAG)

Audrey Jaramillo, CPA, CFE, Managing Partner
Shawn Mortensen, CPA, Audit Director
Steve Holliday, CPA, Audit Senior
Justin Mehnert, Audit Supervisor

Jaramillo Accounting Group (JAG) assisted in the preparation of the financial statements presented in this report. The Schools' management has reviewed and approved the financial statements, the schedule of expenditures of federal awards, and related notes and they believe that their records adequately support the financial statements.

OTHER INFORMATION



CORRECTIVE ACTION PLAN

November 16, 2020

US Department of Education

Los Lunas Schools respectfully submits the following corrective action plan for the year ended June 30, 2020.

Name and address of independent public accounting firm:

**Jaramillo Accounting Group LLC
4700 Lincoln Rd. NE
Albuquerque, New Mexico 87109**

Audit period:

June 30, 2020

The findings from the June 30, 2020 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT

MATERIAL NON-COMPLIANCE

2020-001 POSSIBLE PROCUREMENT CODE, OPEN MEETINGS ACT, INSPECTION OF PUBLIC RECORDS ACT, AND GOVERNMENTAL CONDUCT ACT VIOLATIONS

RECOMMENDATION

We recommend continuing diligence in the investigations to arrive at conclusions to these matters. After that, the Board of Education, Audit Committee, and Administration collaboratively should assess risks and non-compliant areas and implement controls to ensure compliance. Structure, monitoring, and accountability are keys to implementing changes to prevent this in the future.

MANAGEMENT RESPONSE

Corrective Action: Due to the ongoing investigations from multiple state agencies, the Administration, Board of Education, and Audit Committee will collaborate on implementing training and internal controls when they are completed and the exact non-compliance and risks are determined.

Due Date of Completion: June 30, 2021

Responsible Party(ies): Administration, Board of Education, Audit Committee

NON-COMPLIANCE

2020-002 AUDIT COMMITTEE

RECOMMENDATION

The Audit Committee members, including two board members, a community member with financial background, and a parent, should be appointed as voting members by the full Board of Education annually. The Superintendent and CFO are *ex-officio* non-voting members. The Committee may utilize example Charters and determine their Chair, Co-Chair, set agendas, report monthly to the Board, conduct inquiries and internal audits, follow up on corrective actions, follow the audit process, and make recommendations to the Board as deemed appropriate. The state statute set out the minimums the Committee should be sure to comply with while active throughout the year.

We recommend creating Finance and Audit Committee Charters approved by the Board of Education. We can provide an example to the Committees. *We recommend that the Finance and Audit Committees remain active throughout the year to increase their effectiveness.* Examples of remaining active are: attending NMSBA/NMASBO finance and ethics trainings, performing random audits of activity funds, fundraisers, athletic events and concessions, requesting reports from administration on specific areas with findings or risks, evaluating internal controls, etc.

Board and committee members are principally adept at assessing risks that may exist in the District and monitoring correction of problems because they are the closest to the people – parents, children, staff, business owners, and community members – and are accountable to their constituents.

MANAGEMENT RESPONSE

Corrective Action: The Audit Committee will meet remotely and take the steps recommended during 2021.

Due Date of Completion: June 30, 2021

Responsible Party(ies): Audit Committee

FINDINGS - FEDERAL AWARDS

SIGNIFICANT DEFICIENCY

2020-003 ALLOWABLE COSTS, RECONCILIATIONS, AND APPROVAL (PREVIOUSLY REPORTED AS 2019-001 PROGRAM INCOME CONTROLS) (REPEATED AND MODIFIED)

RECOMMENDATION

We recommend the District continue to monitor procedures implemented in December 2019 to ensure billings remain accurate and that Cashier's reconciliation reports are reviewed and approved by two different individuals.

MANAGEMENT RESPONSE

Corrective Action: The District outlined the Corrective Action from the previous year and will continue to review and monitor to make sure we are following the process that was established and our employees were trained in December 2019.

Due Date of Completion: December 2019

Responsible Party(ies): Director and Cafeteria Supervisor

2020-005 INTERNAL CONTROLS OVER FEDERAL PAYROLL DISBURSEMENTS

RECOMMENDATION

The program manager should continue to review the payroll disbursements, with the appropriate approval, prior to payment. The Schools should complete a review during the year to ensure all federal disbursements are appropriate. Journal entries should be completed prior to the audit to prevent discovery during the audit process and to ensure charges to the grant are correct.

MANAGEMENT RESPONSE

Corrective Action: Management prepared journal entries to move the expenditures to the proper account.

Due date for Completion: July 15, 2020

Responsible Party(ies): Director of Finance

SIGNIFICANT DEFICIENCY AND NON-COMPLIANCE

2020-004 SPECIAL EDUCATION CLUSTER PROCUREMENT, SUSPENSION, AND DEBARMENT

RECOMMENDATION

Management should update the Schools' procurement policies and procedures to ensure the requirements for levels of purchasing of goods or services under Federal programs match the current federal requirements. The vendor chosen for purchases must be checked for suspension or debarment on the sam.gov website. Purchasing staff could have a reference tool for requirements for federal procurements. When properly implemented, these recommendations should prevent *non-compliance* with federal and Uniform Grant Guidance requirements.

MANAGEMENT RESPONSE

Corrective Action: We immediately implemented checking the Sam.gov website for vendors once it was brought to our attention that this was not just for large scale purchases as once believed. It has now become part of the Purchase Order approval process for the Purchasing Department. This step will be noted in our next revision of our Business Office Procedure Manual.

Due date for Completion: Checking the Sam.gov website on vendors – July 2020
Addition to Procedures Manual – Estimated January 2021

Responsible Party(ies): Purchasing Department

If the US Department of Education has questions regarding this plan, please call me at 505.866.8240.

Sincerely yours,



Claire Cieremans
Chief Financial Officer