



LOS LUNAS SCHOOLS

Every Student Matters. Every Moment Counts.

LOS LUNAS SCHOOLS

**Financial Statements and
Supplementary Information**

June 30, 2021

JAG JARAMILLO
ACCOUNTING
GROUP

CREATING CLARITY FROM COMPLEXITY

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OFFICIAL ROSTER
JUNE 30, 2021

LOS LUNAS SCHOOLS

GOVERNING COMMITTEE

SONYA C'MOYA
President

SCHOOL OFFICIALS

DR ARSENIO ROMERO
Superintendent

BRIAN BACA
Deputy Superintendent

CLAIRE CIEREMANS
Chief Financial Officer

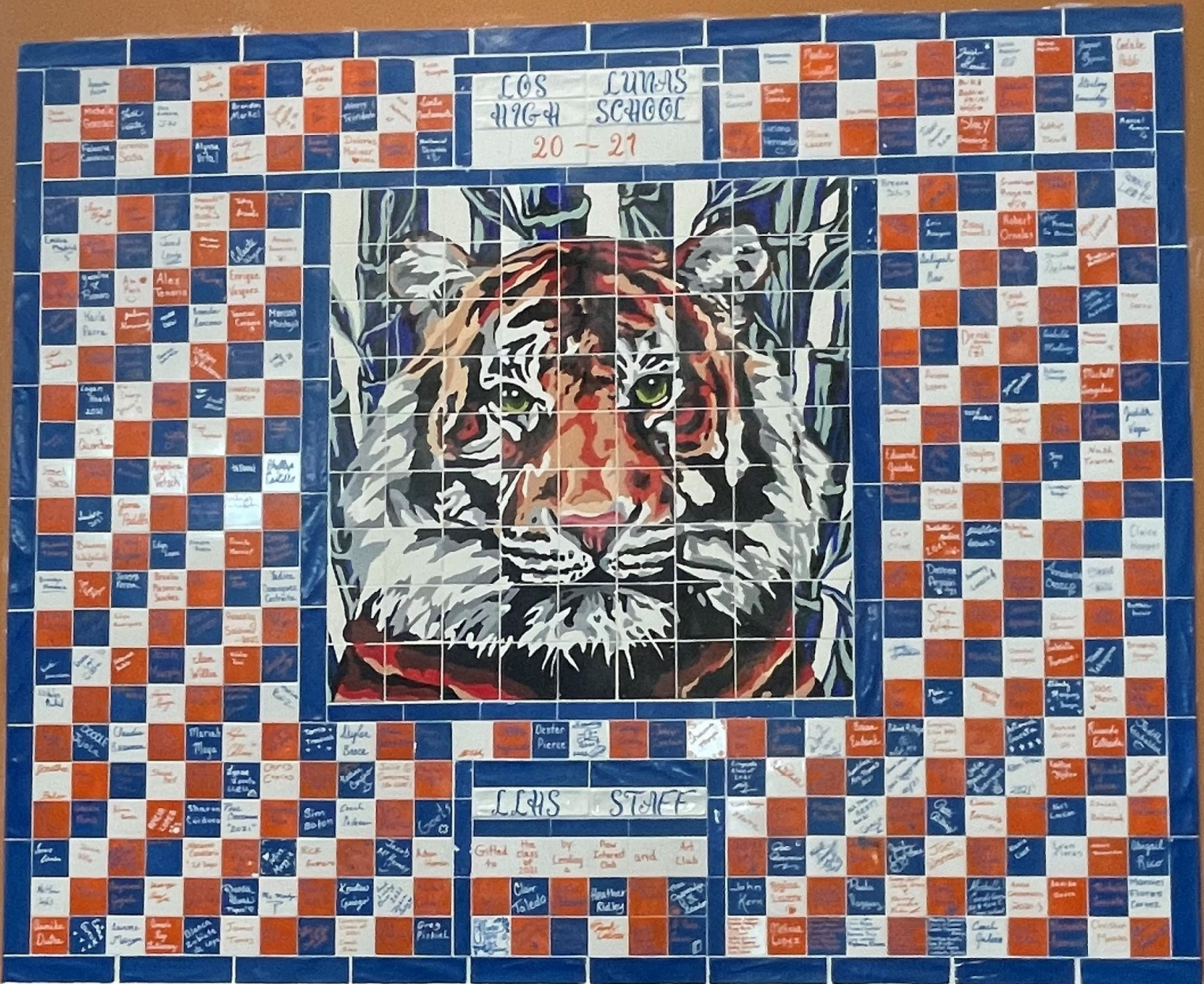
SANDY TRACZYK
Director of Finance





LOS LUNAS SCHOOLS

Every Student Matters. Every Moment Counts.



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

JAG JARAMILLO
ACCOUNTING
GROUP

CREATING CLARITY FROM COMPLEXITY



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 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 of Los Lunas Schools (the Schools), as of and for the year ended June 30, 2021, 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.

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 of the Schools as of June 30, 2021, 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 61-64 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 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.

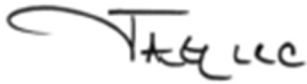
The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and the schedules required by NMAC 2.2.2 (Schedule of Collateral Pledged by Depository for Public Funds, Schedule of Cash and Temporary Investments Accounts, and Schedule of Cash Reconciliation), 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 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 11, 2021 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 11, 2021

Management's Discussion and Analysis (Unaudited)

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 the Uniform Grant Guidance; 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, 2021

- 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 slightly increased from \$5,802,080 in the year ending June 30, 2020 to \$5,803,344 for the year ending June 30, 2021. This increase in construction expenditures is due to the district saving for the Peralta Elementary renovation project to start moving forward. In addition, we have prioritized 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 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 decreased from \$12,127,538 in the year ending June 30, 2020 to \$(51,125,539) in the year ending June 30, 2021. The overall decrease in net position of \$11,616,282 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 \$45,877,832 for the year ending in June 30, 2020 to \$56,484,017 for the period ending June 30, 2021. The Fund Balance of the General (Operations) Fund increased from \$11,255,030 to \$16,601,472 during the same period.
- The State Equalization Guarantee Formula Unit Value decreased overall by \$1,386,856 for the fiscal year ending June 30, 2021. Revenues from the State Equalization Guarantee Formula (SEG) for the fiscal year ending June 30, 2020 were \$72,706,666; revenues for the fiscal year ending June 30, 2021 were \$71,319,810. 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*, decreased from \$100,091,685 for the year ending June 30, 2020 to \$96,296,613 for the year ending June 30, 2021, representing a 3.79% decrease.
- The District's overall cash assets increased from \$45,519,521 on June 30, 2020 to \$56,722,163 on June 30, 2021. The largest cash balances were reflected in Debt Service (41000), Operational (11000), Bond Building (31100), and HB-33 (31600).
- The Operations Emergency Reserve was \$1,250,000 during the 2019/2020 fiscal year. This reserve account was \$1,250,000 for the 2020/2021 fiscal year. The District will try to continue work to maintain a healthy level of emergency reserves, and cash balance in the operational account.
- The District continues to support the Transportation Budget out of the Operational budget. The District's 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

This statement shows that as of June 30, 2021, the District had total net position of \$(51,125,539) as compared to net position of \$12,127,538 as of June 30, 2020 and \$(40,242,201) as of June 30, 2019. The District had \$56,722,163 in cash and current assets on hand as of June 30, 2021, compared to \$45,519,521 as of June 30, 2020, and accounts payable/current liabilities and current long-term debt of \$12,481,628 as of June 30, 2021, compared to \$12,230,153 as of June 30, 2020. Long-term liabilities have increased from \$195,442,038 as of June 30, 2020 to \$408,983,892 as of June 30, 2021.

TABLE A-1

STATEMENT OF NET POSITION

	June 30, 2021	June 30, 2020	June 30, 2019
ASSETS			
Cash assets	\$ 32,121,500	\$ 24,485,572	\$ 24,930,672
Other current assets	9,056,985	7,085,561	7,118,857
Restricted assets	24,600,663	21,033,949	7,256,698
Capital assets	156,094,006	249,999,155	247,172,387
Accumulated depreciation	-	(89,463,818)	(84,293,594)
Total assets	221,873,154	213,140,419	202,185,020
DEFERRED OUTFLOWS			
Pension related	165,312,912	31,521,477	49,425,537
LIABILITIES			
Accounts payable	584,759	385,269	442,742
Other current liabilities	5,991,869	5,499,884	5,079,879
Current portion of long-term debt	5,905,000	6,345,000	6,035,000
Long-term liabilities	408,983,892	195,442,038	265,733,799
Total liabilities	421,465,520	207,672,191	277,291,420
DEFERRED INFLOWS			
Pension related	16,846,085	24,862,167	14,561,338
NET POSITION			
Invested in capital assets	106,091,875	109,060,738	123,052,521
Restricted	39,646,949	34,168,226	16,997,252
Unrestricted (deficit)	(196,864,363)	(131,101,426)	(180,291,974)
Total net position (deficit)	\$ (51,125,539)	\$ 12,127,538	\$ (40,242,201)

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, 2021. As of June 30, 2021, the District had a net position of (\$51,125,539) as compared to net assets of \$12,127,538 as of June 30, 2020 and (\$40,242,201) as of June 30, 2019.

TABLE A-2
STATEMENT OF ACTIVITIES

	June 30, 2021	June 30, 2020	June 30, 2019
Governmental Activities			
Total Governmental Activities	\$ 166,985,488	\$ 52,158,993	\$ 116,882,125
Less: Charges for Services	(361,245)	(642,526)	(957,277)
Less: Operating Grants and Contributions	(15,908,134)	(17,364,633)	(15,841,485)
Less: Capital Grants and Contributions	(138,870)	(1,204,762)	(1,730,012)
Net (expenses) revenues	150,577,239	32,947,072	98,353,351
General Revenues			
Taxes-General, Debt Service, Capital Projects	14,664,577	12,128,357	11,823,404
State Aid not restricted to Specific Purposes (State Equalization Guarantee - SEG)	71,319,810	72,706,666	60,673,518
Interest and Earnings in Investment	88,386	294,359	185,195
Miscellaneous	243,791	187,429	7,008
Total general revenues	86,316,564	85,316,811	72,689,125
Changes in Net Position	(64,260,675)	52,369,739	(25,664,226)
Restatement	1,007,598	-	-
Net Position (deficit), Beginning	12,127,538	(40,242,201)	(14,577,975)
Net Position (deficit), Ending	\$ (51,125,539)	\$ 12,127,538	\$ (40,242,201)

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, 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 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 \$100,911,925. Total expenditures for the District were \$96,296,613. The total ending Fund Balance was \$56,484,017; an increase of \$10,606,185 from the prior year.

MULTI-YEAR DISTRICT REVENUES AND EXPENDITURES

During the 2020/2021 fiscal year, revenues as shown in the chart below increased from prior year balances, revenue, decreased by \$7,377,302 and expenditures decreased by \$3,795,072. This revenue decrease is mainly due to a decrease in State District funding and Other Governmental Funds. The decrease in expenditures is a primarily due to a decrease in instructional expenses due to Covid.

Table A-3

MULTI-YEAR DISTRICT REVENUES AND EXPENDITURES

Year	Total Revenues *	Increase %	Total	
			Expenditures	Increase %
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%
2020/2021	105,946,801	-6.35%	96,296,613	-3.79%

*** 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

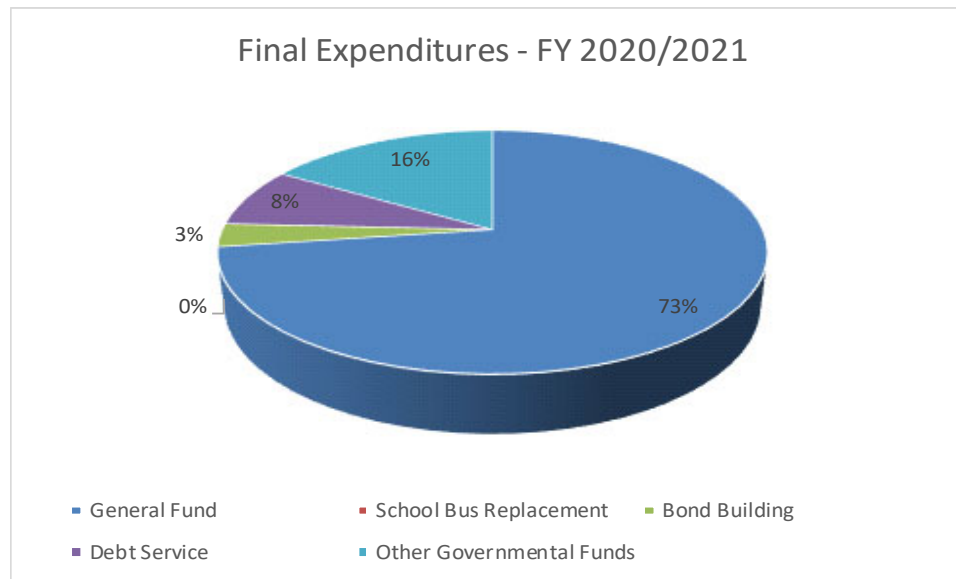
The State of New Mexico school budget process is defined under New Mexico State Statutes (Section 22-8, Public School Finance) and the New Mexico Administrative Code (Section 6). To enhance the process of developing a budget at the school district level, the Los Lunas School District utilizes goals and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

TABLE A-4
FY 2020/2021 BUDGET CHART



The reader will note that the General Fund Final Expenditures represents 73% of the total dollar amount compared to 72% in FY 2020/2021. 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, 2021. Detail budget performance is examined through the Statement of Revenues and Expenditures, Budget and Actual for each major and non-major fund.

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 \$75,222,722 of the total \$105,946,801 of District revenues (inclusive of bond proceeds), the significant impact of this fund on District Operations must be kept in context.

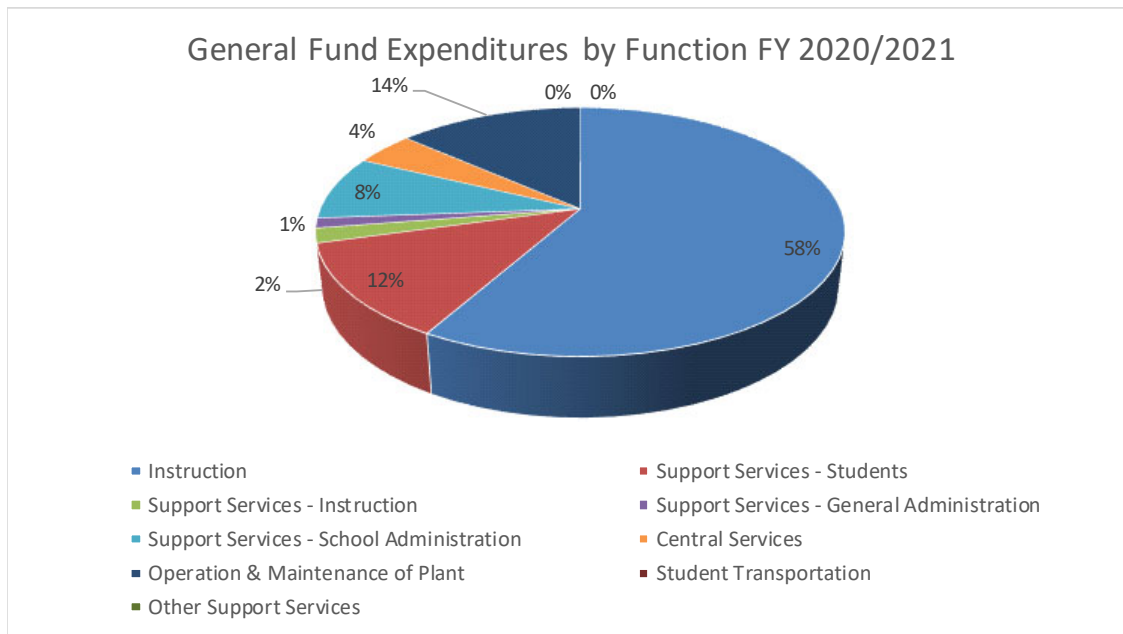
The General (Operations) Fund is predominately funded by revenues from the State of New Mexico Equalization Guarantee Formula. This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff and administrative staff. The General (Operations) Fund provides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

TABLE A-5**GENERAL (OPERATIONS) FUND REVENUES**

Year	Total Revenues	Increase %
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%
2020/2021	75,248,573	-1.31%

Because the General (Operations) Fund is the main fund in which expenditures are significantly related to the educational process, \$70,024,455 was expended in the year ending June 30, 2021. The most significant interfund expense was for the function noted as "Instruction" (Direct Instruction). This expenditure was \$39,051,695 of all General (Operations) Fund expenditures, compared with fiscal year 2019/2020 of \$39,960,684. 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 85% of all General (Operations) Fund expenditures are for employee salaries, payroll taxes and benefits.

TABLE A-6
GENERAL (OPERATIONS) FUND EXPENDITURES



The following discussion on the General (Operations) Fund budget will relate functional expenditures for the year ending June 30, 2021, exclusive of Capital Outlay expenditures, for the Operations Fund. Direct Instruction represents 56% of all General (Operations) Fund expenditures. This represents a 2% decrease compared to the year fiscal ending June 30, 2020. 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.

TABLE A-7
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%
2020/2021	39,050,246	67,329,166	58.00%

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 57.2% since the 2004/2005 year.

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 2020/2021 fiscal year reflects a reserve fund of \$1,250,000. The budget for the 2019/2020 school year reflected a reserve amount of \$1,250,000. We will continue to hold a respectful level of reserves for unforeseen issues.

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.

CAPITAL ASSETS

GASB 34 requires public entities to depreciate capital assets. As of June 30, 2021, the District capital assets were valued at \$156,094,006 after depreciation. This statement includes total accumulated depreciation of the District’s capital assets in the amount of \$ 96,361,539. 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:

TABLE A-8
CAPITAL ASSETS

Asset Type	Balance June 30, 2021	Balance June 30, 2020	Balance June 30, 2019
CAPITAL ASSETS			
Land and Land Improvements	\$ 15,511,554	\$ 15,160,701	\$ 14,948,697
Building and Building Improvements	219,436,618	217,051,260	217,489,345
Furniture, Fixtures and Equipment and Vehicles	15,703,185	15,637,274	14,188,471
Construction in Progress	<u>1,804,188</u>	<u>2,149,920</u>	<u>545,874</u>
Total capital assets	252,455,545	249,999,155	247,172,387
Less: accumulated depreciation	<u>(96,361,539)</u>	<u>(89,463,818)</u>	<u>(84,293,594)</u>
Capital assets, net	\$ 156,094,006	\$ 160,535,337	\$ 162,878,793
Net Change in Assets	\$ (4,441,331)	\$ (2,343,456)	\$ (3,911,209)

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 to Total Capital Assets of \$252,455,545 as of June 30, 2021.

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, remodelling, 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, 2021 was \$ 49,320,000.

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 November 2019 in which the District's voters approved a \$22.0 million, four-year, General Obligation Bond.

During the fiscal year ending June 30, 2021, the District made one sale of General Obligation Bonds in the amount of \$5,000,000 in September 2020. The sale included \$5,000,000 for new debt. This bond sale was the first issuance of the 2019 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 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 2020-2021.

The District maintained an A1 underlying rating for the 2020 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, 2021:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 5,905,000	\$ 1,074,887	\$ 6,979,887
2023	5,700,000	940,433	6,640,433
2024	5,610,000	797,351	6,407,351
2025	5,570,000	656,139	6,226,139
2026	5,425,000	523,455	5,948,455
2027-2031	17,570,000	1,199,219	18,769,219
2032-2034	3,540,000	75,045	3,615,045
Total	\$ 49,320,000	\$ 5,266,529	\$ 54,586,529

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. Custodial 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 custodial 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, 2021 states the accumulated balance of all custodial funds was \$1,114,012.

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 newer classroom spare. The following table illustrates the slowed growth of the assessed valuation for both Los Lunas Schools and Valencia County.

Year	Los Lunas Schools	Valencia County
2020	\$ 969,450,530	\$ 1,570,396,451
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.

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 SCHOOL'S FINANCIAL MANAGEMENT

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:

Dr. Arsenio Romero

Superintendent

Los Lunas Schools

PO Drawer 1300

Los Lunas, New Mexico 87031

aromero@llschools.net

or

Claire Cieremans

Chief Financial Officer

Los Lunas Schools

PO Drawer 1300

Los Lunas, New Mexico 87031

ccleremans@llschools.net

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 32,121,500
Receivables	
Property taxes	4,190,825
Due from other governments	4,281,908
Prepaid expenditures	120,574
Inventory	463,678
Total current assets	41,178,485
Non-current assets	
Restricted cash and cash equivalents	24,600,663
Capital assets, net	156,094,006
Total non-current assets	180,694,669
Total assets	221,873,154
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions and OPEB	165,312,912
Total assets and deferred outflows of resources	387,186,066
LIABILITIES	
Current Liabilities	
Accounts payable	584,759
Accrued payroll	4,918,094
Accrued interest	542,077
Accrued compensated absences	531,698
Bonds payable, current	5,905,000
Total current liabilities	12,481,628
Non-current Liabilities	
Accrued compensated absences	177,233
Bonds payable, long-term	43,415,000
Bond premium, net	682,131
Net pension liability	320,760,398
Net OPEB liability	43,949,130
Total non-current liabilities	408,983,892
Total liabilities	421,465,520
DEFERRED INFLOWS OF RESOURCES	
Related to pensions and OPEB	16,846,085
NET POSITION	
Net investment in capital assets	106,091,875
Restricted for	
Debt service	8,069,440
Capital projects	25,787,348
Special revenue	5,790,161
Other	-
Unrestricted (deficit)	(196,864,363)
Total net position	\$ (51,125,539)

See Accompanying Notes.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets
PRIMARY GOVERNMENT					
Governmental activities					
Instruction	\$ 123,505,881	\$ 342,950	\$ 8,915,070	\$ -	\$ (114,247,861)
Support services					
Students	8,785,726	-	505,853	-	(8,279,873)
Instruction	1,430,430	16,698	175,508	-	(1,238,224)
General administration	1,407,571	-	419,267	-	(988,304)
School administration	6,436,021	-	921,421	-	(5,514,600)
Central services	2,966,820	-	65,472	-	(2,901,348)
Operation & maintenance of plant	15,344,146	-	225,209	138,870	(14,980,067)
Student transportation	3,244,894	-	2,887,348	-	(357,546)
Other support services	49	-	-	-	(49)
Food services operation	2,617,172	1,597	1,792,986	-	(822,589)
Interest and other charges	1,246,778	-	-	-	(1,246,778)
Total governmental activities	\$ 166,985,488	\$ 361,245	\$ 15,908,134	\$ 138,870	(150,577,239)
General revenues					
Property taxes					
Levied for operating programs					363,573
Levied for debt service					9,083,190
Levied for capital projects					5,217,814
State Equalization Guarantee					71,319,810
Investment income					88,386
Miscellaneous income					301,422
Loss on disposition of assets					(57,631)
Total general revenues					86,316,564
Change in net position					(64,260,675)
Net position - beginning of the year, as originally stated					12,127,538
Implementation of new accounting standard (Note 16)					1,007,598
Net position - beginning of the year, as restated					13,135,136
Net position - ending					\$ (51,125,539)

See Accompanying Notes.

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	Operational Funds			
	11000	13000	14000	31100
	General	Pupil Transportation	Instructional Materials	Bond Building
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 17,485,198	\$ 61,524	\$ -	\$ 20,489,974
Receivables				
Property taxes	156,547	-	-	-
Due from other governments	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	189,296	-	-	-
Due from other funds	4,030,853	-	-	-
Total assets	\$ 21,861,894	\$ 61,524	\$ -	\$ 20,489,974
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ 193,867	\$ -	\$ -	\$ 312,431
Accrued payroll liabilities	4,918,094	-	-	-
Due to other funds	-	-	-	-
Total liabilities	5,111,961	-	-	312,431
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	148,461	-	-	-
FUND BALANCES				
Nonspendable	189,296	-	-	-
Restricted for instructional materials	-	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	-	-	-	-
Restricted for capital acquisitions and improvements	-	-	-	20,177,543
Restricted for debt service	-	-	-	-
Unassigned (deficit)	16,412,176	61,524	-	-
Total fund balances	16,601,472	61,524	-	20,177,543
Total liabilities, deferred inflows and fund balances	\$ 21,861,894	\$ 61,524	\$ -	\$ 20,489,974

See Accompanying Notes.

BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

	41000	Other	Total
	Debt Service	Governmental	Governmental
		Funds	Funds
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 7,822,156	\$ 10,863,311	\$ 56,722,163
Receivables			
Property taxes	2,555,032	1,479,246	4,190,825
Due from other governments	-	4,281,908	4,281,908
Prepaid expenditures	-	120,574	120,574
Inventory	-	274,382	463,678
Due from other funds	-	-	4,030,853
Total assets	\$ 10,377,188	\$ 17,019,421	\$ 69,810,001
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Current Liabilities			
Accounts payable	\$ -	\$ 78,461	\$ 584,759
Accrued payroll liabilities	-	-	4,918,094
Due to other funds	-	4,030,853	4,030,853
Total liabilities	-	4,109,314	9,533,706
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	2,307,748	1,336,069	3,792,278
FUND BALANCES			
Nonspendable	-	394,956	584,252
Restricted for instructional materials	-	-	-
Restricted for food services	-	523,939	523,939
Restricted for extracurricular activities	-	1,125,370	1,125,370
Restricted for education	-	4,140,852	4,140,852
Restricted for capital acquisitions and improvements	-	5,609,805	25,787,348
Restricted for debt service	8,069,440	-	8,069,440
Unassigned (deficit)	-	(220,884)	16,252,816
Total fund balances	8,069,440	11,574,038	56,484,017
Total liabilities, deferred inflows and fund balances	\$ 10,377,188	\$ 17,019,421	\$ 69,810,001

See Accompanying Notes.

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Fund balances - total governmental funds	\$ 56,484,017
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	156,094,006
Defined benefit pension and OPEB plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	165,312,912
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	3,792,278
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	(320,760,398)
Net OPEB liability	(43,949,130)
Accrued interest payable	(542,077)
Accrued compensated absences	(708,931)
Bonds payable	(49,320,000)
Bond premiums	(682,131)
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.	(16,846,085)
Net Position - Total Governmental Activities	<u>\$ (51,125,539)</u>

See Accompanying Notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Operational Fund			
	11000	13000	14000	31100
	General	Pupil Transportation	Instructional Materials	Bond Building
REVENUES				
Property taxes	\$ 260,846	\$ -	\$ -	\$ -
Intergovernmental revenue				
State grants	71,319,810	-	-	138,870
Federal grants	566,928	-	-	-
Transportation distribution	-	2,762,261	-	-
Charges for services	16,698	-	-	-
Miscellaneous	296,037	-	-	-
Investment income	142	-	-	87,944
Total revenues	72,460,461	2,762,261	-	226,814
EXPENDITURES				
Current				
Instruction	39,050,246	-	1,449	-
Support services				
Students	8,316,207	-	-	-
Instruction	1,269,875	-	-	-
General administration	898,742	-	-	-
School administration	5,593,105	-	-	-
Central services	2,906,618	-	-	-
Operation & maintenance of plant	9,228,623	-	-	-
Student transportation	130	2,693,840	-	-
Other support services	49	-	-	-
Food services operations	19,175	-	-	-
Capital outlay	46,396	-	-	2,892,361
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	62,000
Total expenditures	67,329,166	2,693,840	1,449	2,954,361
Excess (deficiency) of revenues over (under) expenditures	5,131,295	68,421	(1,449)	(2,727,547)
Other financing sources				
Proceeds from sale of capital assets	25,851	-	-	-
Bond proceeds	-	-	-	5,000,000
Total other financing sources	25,851	-	-	5,000,000
Net changes in fund balances	5,157,146	68,421	(1,449)	2,272,453
Fund balances, beginning of year, as originally stated	11,255,030	33,439	1,449	17,905,090
Implementation of new accounting standard (Note 16)	-	-	-	-
Fund balances, beginning of year, as restated	11,255,030	33,439	1,449	17,905,090
Changes in non-spendable resources				
Increase (decrease) in inventory	189,296	(40,336)	-	-
Fund balances, end of year	\$ 16,601,472	\$ 61,524	\$ -	\$ 20,177,543

See Accompanying Notes.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOV'T FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	41000	Other	Total
	Debt Service	Governmental Funds	Governmental Funds
REVENUES			
Property taxes	\$ 7,937,435	\$ 4,595,777	\$ 12,794,058
Intergovernmental revenue			
State grants	-	1,273,859	72,732,539
Federal grants	-	11,305,086	11,872,014
Transportation distribution	-	-	2,762,261
Charges for services	-	344,547	361,245
Miscellaneous	-	5,385	301,422
Investment income	1	299	88,386
Total revenues	7,937,436	17,524,953	100,911,925
EXPENDITURES			
Current			
Instruction	-	8,059,784	47,111,479
Support services			
Students	-	462,754	8,778,961
Instruction	-	160,555	1,430,430
General administration	79,343	429,486	1,407,571
School administration	-	842,916	6,436,021
Central services	-	59,894	2,966,512
Operation & maintenance of plant	-	206,021	9,434,644
Student transportation	-	114,430	2,808,400
Other support services	-	-	49
Food services operations	-	2,570,249	2,589,424
Capital outlay	-	2,802,587	5,741,344
Debt service			
Principal	6,345,000	-	6,345,000
Interest	1,184,778	-	1,184,778
Bond issuance costs	-	-	62,000
Total expenditures	7,609,121	15,708,676	96,296,613
Excess (deficiency) of revenues over (under) expenditures	328,315	1,816,277	4,615,312
Other financing sources			
Proceeds from sale of capital assets	-	9,025	34,876
Bond proceeds	-	-	5,000,000
Total other financing sources	-	9,025	5,034,876
Net changes in fund balances	328,315	1,825,302	9,650,188
Fund balances, beginning of year, as originally stated	7,741,125	8,941,699	45,877,832
Implementation of new accounting standard (Note 16)	-	1,007,598	1,007,598
Fund balances, beginning of year, as restated	7,741,125	9,949,297	46,885,430
Changes in non-spendable resources			
Increase (decrease) in inventory	-	(200,561)	(51,601)
Fund balances, end of year	\$ 8,069,440	\$ 11,574,038	\$ 56,484,017

See Accompanying Notes.

**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, 2021**

	Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net changes in fund balances - total governmental funds	\$ 9,650,188
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	(7,742,958)
Capital expenditures	3,359,258
Book value of assets disposed of during the year	(92,507)
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	1,870,519
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	7,158,557
Schools OPEB contributions subsequent to the measurement date	1,011,777
Net pension income (expense)	(82,241,793)
Net OPEB income (expense)	1,301,512
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	(3,540)
Change in accrued compensated absences	12,569
Bond proceeds	(5,000,000)
Principal payments on bonds	6,345,000
Amortization of bond premium	127,468
Inventory	(16,725)
Changes in Net Position - Total Governmental Activities	\$ (64,260,675)

See Accompanying Notes.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 COMBINED GENERAL FUND (11000, 13000, 14000)
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 247,639	\$ 247,639	\$ 260,433	\$ (12,794)
State grants	78,065,305	73,912,251	74,082,071	(169,820)
Federal grants	361,327	361,327	566,928	(205,601)
Charges for services	7,000	2,618	16,698	(14,080)
Interest	18,000	108	142	(34)
Miscellaneous	12,500	8,618	296,036	(287,418)
Total revenues	78,711,771	74,532,561	75,222,308	(689,747)
EXPENDITURES				
Current				
Instruction	45,847,793	47,224,933	39,077,945	8,146,988
Support services				
Students	9,614,647	10,531,356	8,316,207	2,215,149
Instruction	1,743,887	1,723,242	1,269,875	453,367
General administration	1,146,546	1,220,375	882,684	337,691
School administration	6,474,068	6,133,333	5,593,105	540,228
Central services	3,324,969	3,414,835	2,906,618	508,217
Operation & maintenance of plant	11,278,062	10,779,959	9,071,971	1,707,988
Student transportation	3,793,466	3,362,261	2,700,867	661,394
Other support services	961,251	1,262,000	49	1,261,951
Food services operations	21,481	46,481	19,175	27,306
Community services	-	-	-	-
Capital outlay	53,700	130,000	46,396	83,604
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	84,259,870	85,828,775	69,884,892	15,943,883
Excess (deficiency) of revenues over (under) expenditures				
	(5,548,099)	(11,296,214)	5,337,416	(16,633,630)
Other financing sources				
Proceeds from sale of capital assets	-	-	25,851	(25,851)
Proceeds from bond issues	-	-	-	-
Total other financing sources	-	-	25,851	(25,851)
Net changes in fund balances	(5,548,099)	(11,296,214)	5,363,267	(16,659,481)
Fund balances - beginning of year	-	(6,826,208)	11,574,584	(18,400,792)
Fund balances - end of year	\$ -	\$ (18,122,422)	\$ 16,937,851	\$ (35,060,273)
Reconciliation to GAAP Basis				
Adjustments to revenues			413	
Adjustments to expenditures			(139,563)	
Changes in fund balances			\$ 5,224,117	

See Accompanying Notes.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (11000)

JUNE 30, 2021

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 247,639	\$ 247,639	\$ 260,433	\$ (12,794)
State grants	75,150,523	71,149,990	71,319,810	(169,820)
Federal grants	361,327	361,327	566,928	(205,601)
Charges for services	7,000	2,618	16,698	(14,080)
Interest	18,000	108	142	(34)
Miscellaneous	12,500	8,618	296,036	(287,418)
Total revenues	75,796,989	71,770,300	72,460,047	(689,747)
EXPENDITURES				
Current				
Instruction	45,847,793	47,223,484	39,076,496	8,146,988
Support services				
Students	9,614,647	10,531,356	8,316,207	2,215,149
Instruction	1,743,887	1,723,242	1,269,875	453,367
General administration	1,146,546	1,220,375	882,684	337,691
School administration	6,474,068	6,133,333	5,593,105	540,228
Central services	3,324,969	3,414,835	2,906,618	508,217
Operation & maintenance of plant	11,278,062	10,779,959	9,071,971	1,707,988
Student transportation	878,684	600,000	130	599,870
Other support services	961,251	1,262,000	49	1,261,951
Food services operations	21,481	46,481	19,175	27,306
Community services	-	-	-	-
Capital outlay	53,700	130,000	46,396	83,604
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	81,345,088	83,065,065	67,182,706	15,882,359
Excess (deficiency) of revenues over (under) expenditures				
	(5,548,099)	(11,294,765)	5,277,341	(16,572,106)
Other financing sources				
Proceeds from sale of capital assets	-	-	25,851	(25,851)
Bond proceeds	-	-	-	-
Total other financing sources	-	-	25,851	(25,851)
Net changes in fund balances	(5,548,099)	(11,294,765)	5,303,192	(16,597,957)
Fund balances - beginning of year	-	(6,675,524)	11,549,177	(18,224,701)
Fund balances - end of year	\$ -	\$ (17,970,289)	\$ 16,852,369	\$ (34,822,658)
Reconciliation to GAAP Basis				
Adjustments to revenues			413	
Adjustments to expenditures			(146,459)	
Changes in fund balances			\$ 5,157,146	

See Accompanying Notes.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (13000)
JUNE 30, 2021

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
State grants	\$ 2,914,782	\$ 2,762,261	\$ 2,762,261	\$ -
Total revenues	2,914,782	2,762,261	2,762,261	-
EXPENDITURES				
Current				
Student transportation	2,914,782	2,762,261	2,700,737	61,524
Total expenditures	2,914,782	2,762,261	2,700,737	61,524
Excess (deficiency) of revenues over (under) expenditures				
	-	-	61,524	(61,524)
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances				
	-	-	61,524	(61,524)
Fund balances - beginning of year	-	-	23,958	(23,958)
Fund balances - end of year	\$ -	\$ -	\$ 85,482	\$ (85,482)
Reconciliation to GAAP Basis				
Adjustments to revenues			-	
Adjustments to expenditures			6,897	
Changes in fund balances			\$ 68,421	

See Accompanying Notes.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (14000)

JUNE 30, 2021

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
State grants	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current				
Instruction	-	1,449	1,449	-
Total expenditures	-	1,449	1,449	-
Excess (deficiency) of revenues over (under) expenditures	-	(1,449)	(1,449)	-
Net changes in fund balances	-	(1,449)	(1,449)	-
Fund balances - beginning of year	(154,191)	(150,684)	1,449	(152,133)
Fund balances - end of year	<u>\$ (154,191)</u>	<u>\$ (152,133)</u>	<u>\$ -</u>	<u>\$ (152,133)</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Changes in fund balances			<u>\$ (1,449)</u>	

See Accompanying Notes.

Notes to Financial Statements

JUNE 30, 2021

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.

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 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.

Major individual governmental funds and major individual enterprise funds 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*. 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.

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.

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.

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.

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

- 1 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 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, 2021, the Schools did not hold any pool shares in the State Treasurer's Investment Pool.
- 2 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, 2021, there are no items are required to be valued using valuation techniques.
- 3 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.
- 4 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, 2021. 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.
- 5 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 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.

6

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, 2021.

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	Building and Improvements	Equipment and Furniture	Vehicles
20 years	10 to 50 years	5 to 20 years	5 - 7 years

7

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.

8

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 (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.

9

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.

10

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.

11

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.

12

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.

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.
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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.
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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 does not meet the definition of “restricted” or “net investment in capital assets”.

13

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, 2021, the nonspendable fund balance of the Schools is comprised of inventory in the General and Food Service funds.

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.

14

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.

15

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.

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.

Pensions: For purposes 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 Plan (ERP) and additions to/deductions from ERP's fiduciary net position have been determined on the same basis as they are reported by ERP. 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 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.

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, 2021, is presented. The appropriated budget for the year ended June 30, 2021, 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, 2021.

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.

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).

As of June 30, 2021, \$185,103 in deposits were uninsured and uncollateralized.

At June 30, 2021, \$36,873,916 of the Schools' deposits of \$41,624,315 was exposed to custodial credit risk. \$18,436,958 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, 2021, \$185,103 in deposits were uninsured and uncollateralized. As of June 30, 2021, the carrying amount of these deposits was \$39,943,056; total amount of deposits of \$41,624,315 less

outstanding items of \$1,681,259. 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, 2021:

	US Bank	US Bank CDARS	Wells Fargo Bank	Total
DEPOSITS				
Demand deposit	\$ 34,296,954	\$ -	\$ -	\$ 34,296,954
Time and savings	2,294,293	4,000,399	1,032,669	7,327,361
FDIC coverage	(500,000)	(4,000,399)	(250,000)	(4,750,399)
Total uninsured public funds	36,091,247	-	782,669	36,873,916
Collateral requirement (50% of uninsured public funds)	18,045,624	-	391,335	18,436,958
Pledged collateral held by pledging bank's trust department or agent but not in agency's name	43,000,000	-	597,566	43,597,566
Total over (under) collateralized	\$ 24,954,377	\$ -	\$ 206,232	\$ 25,160,608
Uninsured and uncollateralized	\$ -	\$ -	\$ 185,103	\$ 185,103

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.

The Schools also has funds held with New Mexico Finance Authority (NMFA) for unspent bond proceeds in the amount of \$16,778,507. 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, 2021. Funds 24101 through 25211 are federal funds and 27107 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, 2021:

Fund	Funds with negative cash balances	Pooled cash reclassified from Fund 11000	Ending balance as reported
Fund 24101	\$ (970,706)	\$ 970,706	\$ -
Fund 24106	(471,171)	471,171	-
Fund 24109	(26,749)	26,749	-
Fund 24113	(2,313)	2,313	-
Fund 24153	(83,804)	83,804	-
Fund 24154	(63,149)	63,149	-
Fund 24174	(29,906)	29,906	-
Fund 24176	(1,981)	1,981	-
Fund 24189	(156,325)	156,325	-
Fund 24194	(209,862)	209,862	-
Fund 24301	(317,583)	317,583	-
Fund 24305	(17,823)	17,823	-
Fund 24308	(1,194,633)	1,194,633	-
Fund 25157	(739)	739	-
Fund 25184	(21,217)	21,217	-
Fund 25205	(2,143)	2,143	-
Fund 27107	(51,933)	51,933	-
Fund 27149	(362,304)	362,304	-
Fund 27150	(5,188)	5,188	-
Fund 27502	(2,488)	2,488	-
Fund 28120	(38,836)	38,836	-
	<u>\$ (4,030,853)</u>	<u>\$ 4,030,853</u>	<u>\$ -</u>

Investments. As of June 30, 2021, the Schools did not have investments balances.

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	\$ 32,121,500
Restricted cash and cash equivalents	<u>24,600,663</u>
Total cash and cash equivalents	56,722,163
Add: outstanding checks and other reconciling items	1,681,259
Less: NM Finance Authority	(16,778,507)
Less: petty cash	<u>(600)</u>
Bank balance of deposits	<u>\$ 41,624,315</u>

NOTE 4. RECEIVABLES

Receivables as of June 30, 2021 are as follows:

	General Fund	Bond Building	Debt Service	Other Governmental	Total
Property taxes	\$ 156,547	\$ -	\$ 2,555,032	\$ 1,479,246	\$ 4,190,825
Intergovernmental	-	-	-	4,281,908	4,281,908
Total	\$ 156,547	\$ -	\$ 2,555,032	\$ 5,761,154	\$ 8,472,733

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$3,792,278, 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 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, 2021.

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, 2021 is as follows:

	Receivables	Payables
Major Funds		
General Fund	\$ 4,030,853	\$ -
Nonmajor Funds		
Special Revenue Funds	-	4,030,853
Capital Funds	-	-
	<u>\$ 4,030,853</u>	<u>\$ 4,030,853</u>

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



NOTE 6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2021 follows. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital Assets not being depreciated					
Land	\$ 4,610,430	\$ -	\$ -	\$ -	\$ 4,610,430
Construction in process	2,149,920	1,715,485	-	(2,061,217)	1,804,188
Total capital assets not being depreciated	6,760,350	1,715,485	-	(2,061,217)	6,414,618
Capital Assets being depreciated					
Land improvements	10,550,271	293,161	-	57,692	10,901,124
Buildings and building improvements	217,051,260	1,023,247	(641,414)	2,003,525	219,436,618
Furniture, fixtures, vehicles and equipment	15,637,274	327,365	(261,454)	-	15,703,185
Total capital assets being depreciated	243,238,805	1,643,773	(902,868)	2,061,217	246,040,927
Accumulated depreciation					
Land improvements	(5,999,099)	(598,553)	-	-	(6,597,652)
Buildings and building improvements	(73,723,509)	(6,085,884)	585,385	-	(79,224,008)
Furniture, fixtures, vehicles, and equipment	(9,741,210)	(1,058,521)	259,852	-	(10,539,879)
Total accumulated depreciation	(89,463,818)	(7,742,958)	845,237	-	(96,361,539)
Net capital assets being depreciated	153,774,987	(6,099,185)	(57,631)	2,061,217	149,679,388
Government activities capital assets, net	\$ 160,535,337	\$ (4,383,700)	\$ (57,631)	\$ -	\$ 156,094,006

Depreciation expense for the year ended June 30, 2021 was charged to governmental activities as follows:

Depreciation expenses	
Instruction	\$ 3,744,227
Support services - Students	6,765
Central services	308
Operation & maintenance of plant	3,527,416
Transportation services	436,494
Food services	27,748
Total	\$ 7,742,958

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 bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2021 are for governmental activities.

General obligation bonds outstanding at June 30, 2021, are comprised of the following:

Bond Series	Date of Issue	Date of maturity	Balance at June 30, 2021
General Obligation Bond Series 2010	11/30/2010	7/15/2023	\$1,820,000
General Obligation Bond Series 2011	10/19/2011	7/15/2024	2,400,000
General Obligation Bond Series 2012	10/17/2012	7/15/2025	3,750,000
General Obligation Bond Series 2013	10/16/2013	7/15/2026	3,900,000
General Obligation Bond Series 2014A	7/1/2014	7/15/2026	4,500,000
General Obligation Bond Series 2015	10/28/2015	7/15/2028	3,725,000
General Obligation Bond Series 2016A	10/18/2016	7/15/2029	1,035,000
General Obligation Bond Series 2016B	10/18/2016	7/15/2022	2,940,000
General Obligation Bond Series 2017	9/12/2017	7/15/2030	6,350,000
General Obligation Bond Series 2018	9/28/2018	7/15/2031	6,400,000
General Obligation Bond Series 2019	9/26/2019	7/15/2032	7,500,000
General Obligation Bond Series 2020	9/4/2020	7/15/2033	5,000,000
			\$ 49,320,000

During the year ended June 30, 2021, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
General Obligation Bonds	\$50,665,000	\$5,000,000	\$ (6,345,000)	\$49,320,000	\$ 5,905,000
Bond Premium	809,599	-	(127,468)	682,131	-
Compensated absences	721,500	622,953	(635,522)	708,931	531,698
Total long-term debt	\$52,196,099	\$ 5,622,953	\$ (7,107,990)	\$50,711,062	\$ 6,436,698

The annual requirements to amortize the General Obligation Bonds outstanding as of June 30, 2021, including interest payments, are as follows. The interest rates range from 1.00% to 4.00% with maturity dates until July 15, 2031.

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2022	\$ 5,905,000	\$ 1,074,887	\$ 6,979,887
2023	5,700,000	940,433	6,640,433
2024	5,610,000	797,351	6,407,351
2025	5,570,000	656,139	6,226,139
2026	5,425,000	523,455	5,948,455
2027-2031	17,570,000	1,199,219	18,769,219
2032-2034	3,540,000	75,045	3,615,045
	\$ 49,320,000	\$ 5,266,529	\$ 54,586,529

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, 2021, compensated absences decreased \$12,569 for annual leave over the prior year accrual.

Operating Leases. The Schools leases office equipment under short-term cancellable operating leases. Rental costs for the year ended June 30, 2021 was \$248,272.

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, 2021, there have been no claims that have exceeded insurance coverage.

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, 2021:

Fund #	Fund Description	Amount
24153	English Language Acquisition	\$ 52,686
24154	Teacher/Principal Training & Recruiting	439
24174	Carl D. Perkins Secondary – Current	479
24189	Student Support & Academic Enrichment	518
25157	Child Care Block Grant CYFD	739
25205	GEAR UP NM State Initiatives	2,142
27150	Indian Education Act	5,188
27502	Career Tech Ed	2,400
28120	NM Highway Dept (Road)	38,836
		<u>\$ 103,427</u>

- 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, 2021.
- 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, 2021.

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.

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.

1

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.

2

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 totalling 30 years or more.

3

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.

4

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.

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, 2021 and 2020, 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
2021	7-1-20 to 6-30-21	Over \$24K	10.70%	14.15%	24.85%	0.25%
2021	7-1-20 to 6-30-21	\$24K or less	7.90%	14.15%	22.05%	0.25%
2020	7-1-19 to 6-30-20	Over \$20K	10.70%	14.15%	24.85%	0.25%
2020	7-1-19 to 6-30-20	\$20K or less	7.90%	14.15%	22.05%	0.25%

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, 2021 and 2020, the Schools paid employee and employer contributions of \$12,390,198 and \$12,291,723, 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, 2021, the Schools reported a liability of \$320,760,398 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2020 using generally accepted actuarial principles. On April 17, 2020, NMERB's Board of Trustees adopted new assumptions presented in the 2020 Actuarial Experience Study. Those new assumptions have been reflected in the roll-forward and in the projections used to determine the single discount rate.

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, 2020, actuarially determined. At June 30, 2020, the School's proportion was 1.58276%, which was an increase of 0.03781% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, as a result of the reduction of the pension liability from the year ended June 30, 2020, the Schools recognized pension expense of \$75,083,236. At June 30, 2021, the Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,991,270	\$ 1,236,831
Changes of assumptions	128,531,433	-
Net differences between projected and actual earnings on pension plan investments	10,891,734	-
Changes in proportion and differences between Schools' contributions and proportionate share of contributions	4,013,794	-
Schools' contributions subsequent to the measurement date	7,158,557	-
Total	\$ 152,586,788	\$ 1,236,831

\$7,158,557 reported as deferred outflows of resources related to pensions resulting from the Schools' contributions subsequent to the measurement date June 30, 2020 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	\$ 57,668,245
2022	57,060,553
2023	26,130,602
2024	3,332,000
2025	-
Thereafter	-
Total	\$ 144,191,400

Actuarial assumptions. Actuarial assumptions and methods are set by the Plan's Board of Trustees, based upon recommendations made by the Plan's actuary. On April 17, 2020, the Board adopted the new assumptions presented in the 2020 Actuarial Experience Study.

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

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.
Mortality	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. 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.
Other Information	A new set of assumptions was adopted for the June 30, 2020 actuarial valuation. These new assumptions are reflected in the Total Pension Liability as of June 30, 2020 and will be reflected in the actuarially determined employer contribution for the fiscal year ending 2021. These assumptions can be found in the funding valuation as of June 30, 2020 or in the 2020 experience study.

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	30%	
Fixed income	26%	
Alternatives	43%	
Cash	1%	
Total	100%	7.00%

Discount rate. A single discount rate of 3.89% was used to measure the total pension liability as of June 30, 2020. This is a 3.36% decrease from the 7.25% rate used in the prior measurement year. The 3.89% was based on a long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.45%. 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 payments through the year 2045. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2045 and the municipal bond rate was applied to all benefit payments after that date.

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 3.89%, 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 (2.89%) or 1-percentage-point higher (4.89%) than the current rate.

	1 % Decrease 2.89%	Current Discount Rate 3.89%	1 % Increase 4.89%
Schools' proportionate share of the net pension liability	\$ 405,085,505	\$ 320,760,398	\$ 252,915,368

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, 2021, the Schools owed the ERB \$2,262,445 for the contributions withheld in the month of June 2021.

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

GENERAL INFORMATION ABOUT THE OPEB

Plan description. Employees of the School 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, 2020, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	52,179
Inactive and eligible for deferred benefit	10,916
Current active members	91,082
	<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	49,492
	<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 \$1,011,777 for the year ended June 30, 2021.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2021, the Schools reported a liability of \$43,949,130 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2020. At June 30, 2020, the Schools' proportion was 1.04668%.

As a result of the reduction of the OPEB liability from the year ended June 30, 2020, the Schools recognized OPEB income of \$2,313,289 for the year ended June 30, 2021. At June 30, 2021, the Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,804,189
Net difference between actual and projected earnings on OPEB plan investments	239,663	-
Changes of assumptions	8,627,529	7,805,065
Change in proportion	2,847,155	-
Contributions made after the measurement date	1,011,777	-
Total	\$ 12,726,124	\$ 15,609,254

Deferred outflows of resources totalling \$1,011,777 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:

Year Ended June 30:	
2021	\$ (3,052,987)
2022	(2,372,498)
2023	(607,143)
2024	472,114
2025	1,665,607
Total	\$ (3,894,907)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020, using the following actuarial assumptions:

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 members; 2.50% 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:

Asset Class	Target Allocation	Long-Term Rate of Return
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%

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 2.86% as of June 30, 2020. 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, 2.86% 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 (1.86%) or 1-percentage-point higher (3.86%) than the *current discount rate*:

1% Decrease (1.86%)	Current Discount (2.86%)	1% Increase (3.86%)
\$ 54,628,950	\$ 43,949,130	\$ 35,694,735

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*:

1% Decrease	Current Trend Rates	1% Increase
\$ 36,074,017	\$ 43,949,130	\$ 49,922,613

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, 2021.

Payable Changed in the Net OPEB Liability. At June 30, 2021, the Schools reported a payable of \$278,168 for outstanding contributions due to NMRHCA for the year ended June 30, 2021.

NOTE 12. 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 13. 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.

NOTE 14. 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	

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	

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	

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 15. SUBSEQUENT PRONOUNCEMENTS

June 2017	GASB Statement No. 87, <i>Leases</i> . On May 6, 2020, the GASB postponed the required implementation. Revised Effective Date: For reporting periods beginning after June 15, 2021. The Schools is still evaluating how this pronouncement will affect future financial statements.
June 2018	GASB Statement No. 89, <i>Accounting for Interest Cost Incurred before the End of a Construction Period</i> . 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. The Schools is still evaluating how this pronouncement will affect future financial statements.
In May 2019	GASB Statement No. 91, <i>Conduit Debt Obligations</i> 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.

June 2020	GASB Statement No. 92 <i>Omnibus 2020</i> . On May 6, 2020, the GASB postponed the required implementation. Revised Effective Date: For reporting periods beginning after June 15, 2021. Earlier application is encouraged. The Schools is still evaluating how this pronouncement will affect future financial statements.
March 2020	GASB Statement No. 93 <i>Replacement of Interbank Offered Rates</i> . On May 6, 2020, the GASB postponed the required implementation. Revised Effective Date: For various reporting periods beginning after June 15, 2021. Earlier application is encouraged. The Schools is still evaluating how this pronouncement will affect future financial statements.
March 2020	GASB Statement No. 94 <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i> . Effective Date: For reporting periods beginning after June 15, 2022. Earlier application is encouraged. The Schools is still evaluating how this pronouncement will affect future financial statements.
May 2020	GASB Statement No. 96 <i>Subscription-Based Information Technology Arrangement</i> . Effective Date: For reporting periods beginning after June 15, 2022. Earlier application is encouraged. The Schools is still evaluating how this pronouncement will affect future financial statements.
June 2020	GASB Statement No. 97 <i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32</i> . Effective Date: For reporting periods beginning after June 15, 2021. Earlier application is encouraged. The Schools is still evaluating how this pronouncement will affect future financial statements.

NOTE 16. IMPLEMENTATION OF NEW ACCOUNTING STANDARD – GASB 84 “FIDUCIARY FUNDS”

The Schools previously reported their school activity funds as an agency-type fund. Beginning in fiscal year 2021, due to the implementation of GASB 84 "Fiduciary Funds," this activity is more appropriately reported as a governmental fund. As such, all related net assets and liabilities will not be recognized, and will be restated to beginning fund balance in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds, in Fund 23000, Non-Instructional Support, and to beginning net position on the Statement of Activities for governmental activities. As of July 1, 2020, fund balance and net position will be increased in the amount of \$1,007,598.



LOS LUNAS SCHOOLS
Every Student Matters. Every Moment Counts.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JAG JARAMILLO
ACCOUNTING
GROUP

CREATING CLARITY FROM COMPLEXITY

Required Supplementary Information (Unaudited)

**SCHEDULE OF THE SCHOOLS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
LAST 10 FISCAL YEARS* (UNAUDITED)
FOR THE YEARS ENDED JUNE 30, 2021-2015**

	Fiscal Year Measurement Date	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
School's proportion of the net pension liability		1.58276%	1.54495%	1.50887%	1.45671%	1.42830%	1.43310%	1.42530%
School's proportionate share of the net pension liability		\$ 320,760,398	\$ 117,065,535	\$ 179,424,726	\$ 161,891,003	\$ 102,783,782	\$ 92,828,294	\$ 81,324,343
School's covered employee payroll		\$ 50,552,361	\$ 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		635%	232%	425%	390%	252%	237%	207%
Plan fiduciary net position as a percentage of total pension liability		39.11%	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.

See Notes to Required Supplementary Information.

SCHEDULE OF THE SCHOOLS' PENSION CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
LAST 10 FISCAL YEARS* (UNAUDITED)
FOR THE YEARS ENDED JUNE 30, 2021-2015

	June 30,						
	2021	2020	2019	2018	2017	2016	2015
Statutory required contributions	\$ 7,158,557	\$ 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>\$ 7,158,557</u>	<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>	<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.

See Notes to Required Supplementary Information.

SCHEDULE OF THE SCHOOLS' PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
LAST 10 FISCAL YEARS* (UNAUDITED)
FOR THE YEARS ENDED JUNE 30, 2021-2018

	Fiscal Year Measurement Date	2021 2020	2020 2019	2019 2018	2018 2017
School's proportion of the net OPEB liability		1.04668%	1.01982%	0.98642%	0.96680%
School's proportionate share of the net OPEB liability		\$ 43,949,130	\$ 33,066,529	\$ 42,893,042	\$ 43,812,215
School's covered employee payroll		\$ 44,987,526	\$ 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		98%	78%	102%	109%
RHCA Plan fiduciary net position as a percentage of the total pension liability		16.50%	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.

See Notes to Required Supplementary Information.

SCHEDULE OF THE SCHOOLS' OPEB CONTRIBUTIONS
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
LAST 10 FISCAL YEARS* (UNAUDITED)
FOR THE YEARS ENDED JUNE 30, 2021-2018

	June 30,			
	2021	2020	2019	2018
Contractually required contribution	\$ 1,011,777	\$ 1,008,505	\$ 900,209	\$ 839,823
Contributions in relation to the contractually required contribution	<u>\$ 1,011,777</u>	<u>\$ 1,008,505</u>	<u>\$ 900,209</u>	<u>\$ 839,823</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 44,987,526	\$ 42,556,361	\$ 42,121,130	\$ 40,273,478
Contributions as a percentage of covered-employee payroll	2.25%	2.37%	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.

See Notes to Required Supplementary Information.

Notes to Required Supplementary Information (Unaudited)

JUNE 30, 2021

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 and rolled forward to June 30, 2020.

Changes in assumptions and methods. Actuarial assumptions and methods are set by the Board of Trustee upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 17, 2020 in conjunction with the six-year actuarial experience study period ending June 30, 2019. At that time, the Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 2.50% to 2.30%. The 0.20% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.25% to 7.00% and the assumed annual wage inflation rate from 3.25% to 3.00%. These new assumptions are reflected as changes in assumptions along with the change in the single discount rate between June 30, 2019 to June 30, 2020.

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 and rolled forward to June 30, 2020.

Changes in assumptions and methods. In the June 30, 2019 actuarial valuation rolled forward to the measurement date of June 30, 2020, changes in assumptions and differences between expected and actual experience include adjustments resulting from a decrease in the discount rate from 4.16% to 2.86%.



LOS LUNAS SCHOOLS
Every Student Matters. Every Moment Counts.

SUPPLEMENTARY INFORMATION



JAG JARAMILLO
ACCOUNTING
GROUP
CREATING CLARITY FROM COMPLEXITY

Non-Major Government Funds Descriptions

JUNE 30, 2021

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.

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. Assistance Listings Number 84.424.

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 – U.S. Department of Education.

CARES ACT (24301), GOVERNOR’S EMERGENCY EDUCATION RELIEF (24305), GEER – HEPA FILTERS (24306), AND CRRSA, ESSER II (24308) – To account for funds awarded through the Elementary and Secondary School Education Relief Fund (ESSER Fund), a component of the recently enacted Coronavirus Aid, Relief, and Economic Security (CARES) Act, Pub.L. 116–136. The ESSER Fund is a highly flexible federal program designed to provide local education agencies (LEAs) with funding to meet a diverse array of educational and COVID response related needs. By law, awards from the ESSER Fund are based on LEAs’ proportional share of final 2019-20 Title I, Part A allocations received.

The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA), Public Law 116-260, was signed into law on December 27, 2020 and provided additional funding for the Elementary and Secondary School Emergency Relief Fund (ESSER II) and Governor’s Emergency Education Relief (GEER) Fund. The GEER Fund awards grants to states’ governor’s offices, to provide assistance to students and student’ families.

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 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.

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 school's program unit computed pursuant to Section 22-8-18 NMSA 1978.

PRE-K INITIATIVE (27149) – To account for monies received from the State of New Mexico to be used to provide direct services to 20 four-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.

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.

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.

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

	Special Revenue	Capital Projects	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 5,365,468	\$ 5,497,843	\$ 10,863,311
Accounts receivable			
Taxes	-	1,479,246	1,479,246
Due from other governments	4,281,908	-	4,281,908
Prepaid expenditures	120,574	-	120,574
Inventory	274,382	-	274,382
Due from other funds	-	-	-
Total assets	\$ 10,042,332	\$ 6,977,089	\$ 17,019,421
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Current Liabilities			
Accounts payable	\$ 47,246	\$ 31,215	\$ 78,461
Accrued payroll liabilities	-	-	-
Due to other funds	4,030,853	-	4,030,853
Total liabilities	4,078,099	31,215	4,109,314
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	1,336,069	1,336,069
FUND BALANCES			
Nonspendable	394,956	-	394,956
Restricted for food services	523,939	-	523,939
Restricted for extracurricular activities	1,125,370	-	1,125,370
Restricted for education	4,140,852	-	4,140,852
Restricted for capital acquisitions and improvements	-	5,609,805	5,609,805
Unassigned (deficit)	(220,884)	-	(220,884)
Total fund balances	5,964,233	5,609,805	11,574,038
Total liabilities, deferred inflows and fund balances	\$ 10,042,332	\$ 6,977,089	\$ 17,019,421

See Accompanying Notes.

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue	Capital Projects	Total
REVENUES			
Property taxes	\$ -	\$ 4,595,777	\$ 4,595,777
State grants	1,273,859	-	1,273,859
Federal grants	11,305,086	-	11,305,086
Charges for services	344,547	-	344,547
Miscellaneous	-	5,385	5,385
Interest	-	299	299
Total revenues	12,923,492	4,601,461	17,524,953
EXPENDITURES			
Current			
Instruction	8,059,784	-	8,059,784
Support services			
Students	462,754	-	462,754
Instruction	160,555	-	160,555
General administration	383,545	45,941	429,486
School administration	842,916	-	842,916
Central services	59,894	-	59,894
Operation & maintenance of plant	206,021	-	206,021
Student transportation	114,430	-	114,430
Other support services	-	-	-
Food services operations	2,570,249	-	2,570,249
Community services	-	-	-
Capital outlay	38,836	2,763,751	2,802,587
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	12,898,984	2,809,692	15,708,676
Excess (deficiency) of revenues over (under) expenditures	24,508	1,791,769	1,816,277
Other financing sources			
Proceeds from sale of capital assets	-	9,025	9,025
Bond proceeds	-	-	-
Total other financing sources	-	9,025	9,025
Net changes in fund balances	24,508	1,800,794	1,825,302
Fund balances, beginning of year, as originally stated	5,132,688	3,809,011	8,941,699
Implementation of new accounting standard (Note 16)	1,007,598	-	1,007,598
Fund balances, beginning of year, as restated	6,140,286	3,809,011	9,949,297
Changes in non-spendable resources			
Increase (decrease) in inventory	(200,561)	-	(200,561)
Fund balances, end of year	\$ 5,964,233	\$ 5,609,805	\$ 11,574,038

See Accompanying Notes.

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	21000	22000	23000	24101
			Non	
			Instructional	
	Food Service	Athletics	Support	Title I IASA
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 523,939	\$ 11,358	\$ 1,115,462	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	982,358
Prepaid expenditures	-	-	-	3,118
Inventory	274,382	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 798,321	\$ 11,358	\$ 1,115,462	\$ 985,476
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ 1,450	\$ 11,788
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	-	-	970,706
Total liabilities	-	-	1,450	982,494
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
FUND BALANCES				
Nonspendable	274,382	-	-	3,118
Restricted for food services	523,939	-	-	-
Restricted for extracurricular activities	-	11,358	1,114,012	-
Restricted for education	-	-	-	(136)
Unassigned (deficit)	-	-	-	-
Total fund balances	798,321	11,358	1,114,012	2,982
Total liabilities, deferred inflows and fund balances	\$ 798,321	\$ 11,358	\$ 1,115,462	\$ 985,476

See Accompanying Notes.

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2021

	24106	24109	24113	24153
	IDEA-B	IDEA-B	Education of	English
	Entitlement	Preschool	Homeless	Language
				Acquisition
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	486,918	26,749	2,313	31,118
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ 486,918	\$ 26,749	\$ 2,313	\$ 31,118
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ 15,554	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	471,171	26,749	2,313	83,804
	<u>486,725</u>	<u>26,749</u>	<u>2,313</u>	<u>83,804</u>
Total liabilities	486,725	26,749	2,313	83,804
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	193	-	-	-
Unassigned (deficit)	-	-	-	(52,686)
	<u>193</u>	<u>-</u>	<u>-</u>	<u>(52,686)</u>
Total fund balances	193	-	-	(52,686)
Total liabilities, deferred inflows and fund balances	\$ 486,918	\$ 26,749	\$ 2,313	\$ 31,118

See Accompanying Notes.

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2021

	24154 Teacher/Prin Training & Recruiting	24174 Perkins Secondary Current	24176 Perkins Secondary Redistributio	24184 Teen Dating Violence Awareness
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 33
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	62,710	29,427	4,881	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 62,710	\$ 29,427	\$ 4,881	\$ 33
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ 2,900	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	63,149	29,906	1,981	-
Total liabilities	63,149	29,906	4,881	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	-	-	-	33
Unassigned (deficit)	(439)	(479)	-	-
Total fund balances	(439)	(479)	-	33
Total liabilities, deferred inflows and fund balances	\$ 62,710	\$ 29,427	\$ 4,881	\$ 33

See Accompanying Notes.

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2021

	24189 Support & Academic Enrichment	24194 CLSD Grants	24301 CARES Act	24305 Governor's Emergency Educ. Relief
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	155,657	144,382	747,714	23,869
Prepaid expenditures	150	65,480	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 155,807	\$ 209,862	\$ 747,714	\$ 23,869
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	156,325	209,862	317,583	17,823
Total liabilities	156,325	209,862	317,583	17,823
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
FUND BALANCES				
Nonspendable	150	65,480	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	-	-	430,131	6,046
Unassigned (deficit)	(668)	(65,480)	-	-
Total fund balances	(518)	-	430,131	6,046
Total liabilities, deferred inflows and fund balances	\$ 155,807	\$ 209,862	\$ 747,714	\$ 23,869

See Accompanying Notes.

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2021

	24306	24308	25145	25147
	GEER - Hepa	CRRSA, ESSER	Impact Aid	Impact Aid
	Filters	II	Special	Indian
			Education	Education
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 156,131	\$ 169,547
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	1,142,807	-	-
Prepaid expenditures	-	51,826	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 1,194,633</u>	<u>\$ 156,131</u>	<u>\$ 169,547</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	1,194,633	-	-
	<u>-</u>	<u>1,194,633</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>1,194,633</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	51,826	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	-	-	156,131	169,547
Unassigned (deficit)	-	(51,826)	-	-
	<u>-</u>	<u>(51,826)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>156,131</u>	<u>169,547</u>
Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>\$ 1,194,633</u>	<u>\$ 156,131</u>	<u>\$ 169,547</u>

See Accompanying Notes.

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

JUNE 30, 2021

	25153 Title XIX Medicaid	25157 Child Care Block Grant CYFD	25184 Indian Ed Formula Grant	25205 GEAR UP NM State Initiatives
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 3,283,289	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	21,224	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 3,283,289	\$ -	\$ 21,224	\$ -
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ 15,554	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	739	21,217	2,143
Total liabilities	15,554	739	21,217	2,143
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	3,267,735	-	7	-
Unassigned (deficit)	-	(739)	-	(2,143)
Total fund balances	3,267,735	(739)	7	(2,143)
Total liabilities, deferred inflows and fund balances	\$ 3,283,289	\$ -	\$ 21,224	\$ -

See Accompanying Notes.

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

JUNE 30, 2021

	25211	27107	27109	27149
	GEAR UP	Bonds- Student	Materials Special	Pre-K
	USDE	Library Fund	Approp	Initiative
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 6,228	\$ -	\$ 66,773	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	51,933	-	362,304
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 6,228	\$ 51,933	\$ 66,773	\$ 362,304
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	51,933	-	362,304
Total liabilities	-	51,933	-	362,304
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	6,228	-	66,773	-
Unassigned (deficit)	-	-	-	-
Total fund balances	6,228	-	66,773	-
Total liabilities, deferred inflows and fund balances	\$ 6,228	\$ 51,933	\$ 66,773	\$ 362,304

See Accompanying Notes.

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2021

	27150	27152	27153	27166
	Indian	K-5 Plus	Extended	Kindergarten
	Education Act	Transportation	Learning Transportation	- Three Plus
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	-	-	-	-
Total assets	\$ -	\$ 1,767	\$ 29,935	\$ 1
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	5,188	-	-	-
Total liabilities	5,188	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	-	1,767	29,935	1
Unassigned (deficit)	(5,188)	-	-	-
Total fund balances	(5,188)	1,767	29,935	1
Total liabilities, deferred inflows and fund balances	\$ -	\$ 1,767	\$ 29,935	\$ 1

See Accompanying Notes.

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

JUNE 30, 2021

	27183 NM Grown Fresh Fruit & Vegetables	27502 Career Tech Ed (Pilot)	28120 NM Highway Dept (Road)	28177 Office of Cultural Affairs
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 276
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	5,456	88	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 5,456</u>	<u>\$ 88</u>	<u>\$ -</u>	<u>\$ 276</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	2,488	38,836	-
Total liabilities	<u>-</u>	<u>2,488</u>	<u>38,836</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for food services	-	-	-	-
Restricted for extracurricular activities	-	-	-	-
Restricted for education	5,456	-	-	276
Unassigned (deficit)	-	(2,400)	(38,836)	-
Total fund balances	<u>5,456</u>	<u>(2,400)</u>	<u>(38,836)</u>	<u>276</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,456</u>	<u>\$ 88</u>	<u>\$ -</u>	<u>\$ 276</u>

See Accompanying Notes.

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

JUNE 30, 2021

	28189	28190	28203	
	GRADS Child	GRADS		
	Care	Instructions	GRADS Plus	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 3	\$ 514	\$ 212	\$ 5,365,468
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	4,281,908
Prepaid expenditures	-	-	-	120,574
Inventory	-	-	-	274,382
Due from other funds	-	-	-	-
Total assets	\$ 3	\$ 514	\$ 212	\$ 10,042,332
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 47,246
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	-	-	4,030,853
Total liabilities	-	-	-	4,078,099
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	394,956
Restricted for food services	-	-	-	523,939
Restricted for extracurricular activities	-	-	-	1,125,370
Restricted for education	3	514	212	4,140,852
Unassigned (deficit)	-	-	-	(220,884)
Total fund balances	3	514	212	5,964,233
Total liabilities, deferred inflows and fund balances	\$ 3	\$ 514	\$ 212	\$ 10,042,332

See Accompanying Notes.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	21000	22000	23000	24101
	Food Service	Athletics	Non Instructional Support	Title I IASA
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	1,596,203	-	-	2,045,139
Charges for services	1,597	3,001	339,949	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	1,597,800	3,001	339,949	2,045,139
EXPENDITURES				
Current				
Instruction	-	20,965	401,942	1,689,565
Support services				
Students	-	-	-	10,167
Instruction	-	-	-	11,328
General administration	-	-	-	133,370
School administration	-	-	-	205,392
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	2,390,232	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,390,232	20,965	401,942	2,049,822
Excess (deficiency) of revenues over (under) expenditures	(792,432)	(17,964)	(61,993)	(4,683)
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	(792,432)	(17,964)	(61,993)	(4,683)
Fund balances, beginning of year, as originally stated	1,791,314	29,322	168,407	7,665
Implementation of new accounting standard (Note 16)	-	-	1,007,598	-
Fund balances, beginning of year, as restated	1,791,314	29,322	1,176,005	7,665
Changes in non-spendable resources				
Increase (decrease) in inventory	(200,561)	-	-	-
Fund balances, end of year	\$ 798,321	\$ 11,358	\$ 1,114,012	\$ 2,982

See Accompanying Notes.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR
SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	24106	24109	24113	24153
	IDEA-B		Education of	English Language
	Entitlement	IDEA-B Preschool	Homeless	Acquisition
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	1,655,558	56,929	19,189	31,580
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	1,655,558	56,929	19,189	31,580
EXPENDITURES				
Current				
Instruction	1,082,567	40,181	14,344	30,692
Support services				
Students	45,703	-	-	-
Instruction	-	-	-	-
General administration	68,493	1,985	-	632
School administration	395,166	14,763	4,845	250
Central services	42,067	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	21,586	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,655,582	56,929	19,189	31,574
Excess (deficiency) of revenues over (under) expenditures	(24)	-	-	6
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	(24)	-	-	6
Fund balances, beginning of year, as originally stated	217	-	-	(52,692)
Implementation of new accounting standard (Note 16)	-	-	-	-
Fund balances, beginning of year, as restated	217	-	-	(52,692)
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	\$ 193	\$ -	\$ -	\$ (52,686)

See Accompanying Notes.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR
SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	24154 Teacher/Prin Training & Recruiting	24174 Carl D. Perkins Secondary Current	24176 Carl D. Perkins Secondary Redistribution	24184 Teen Dating Violence Awareness
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	245,709	92,603	6,637	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	245,709	92,603	6,637	-
EXPENDITURES				
Current				
Instruction	232,301	89,811	6,637	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	12,200	3,341	-	-
School administration	1,207	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	245,708	93,152	6,637	-
Excess (deficiency) of revenues over (under) expenditures	1	(549)	-	-
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	1	(549)	-	-
Fund balances, beginning of year, as originally stated	(440)	70	-	33
Implementation of new accounting standard (Note 16)	-	-	-	-
Fund balances, beginning of year, as restated	(440)	70	-	33
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	\$ (439)	\$ (479)	\$ -	\$ 33

See Accompanying Notes.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR
SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	24189 Student Support & Academic Enrichment	24194 CLSD Grants	24301 CARES Act	24305 Governor's Emergency Educ. Relief
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	188,083	504,578	2,010,964	29,915
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	188,083	504,578	2,010,964	29,915
EXPENDITURES				
Current				
Instruction	180,658	491,475	1,255,902	16,091
Support services				
Students	-	13,004	-	-
Instruction	-	-	-	-
General administration	7,425	-	62,407	942
School administration	-	99	15,000	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	2,939	6,836
Student transportation	-	-	71,179	-
Other support services	-	-	-	-
Food services operations	-	-	173,406	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	188,083	504,578	1,580,833	23,869
Excess (deficiency) of revenues over (under) expenditures	-	-	430,131	6,046
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	-	-	430,131	6,046
Fund balances, beginning of year, as originally stated	(518)	-	-	-
Implementation of new accounting standard (Note 16)	-	-	-	-
Fund balances, beginning of year, as restated	(518)	-	-	-
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	\$ (518)	\$ -	\$ 430,131	\$ 6,046

See Accompanying Notes.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR
SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	24306	24308	25145	25147
			Impact Aid	
			Special	Impact Aid Indian
	GEER - Hepa Filters	CRRSA, ESSER II	Education	Education
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	239,280	1,142,807	61,292	58,906
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	239,280	1,142,807	61,292	58,906
EXPENDITURES				
Current				
Instruction	239,280	735,398	31,739	60,152
Support services				
Students	-	118,849	1,637	1,504
Instruction	-	23,770	-	-
General administration	-	45,115	1,372	2,579
School administration	-	41,597	-	1,084
Central services	-	17,827	-	-
Operation & maintenance of plant	-	160,251	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	239,280	1,142,807	34,748	65,319
Excess (deficiency) of revenues over (under) expenditures	-	-	26,544	(6,413)
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	-	-	26,544	(6,413)
Fund balances, beginning of year, as originally stated	-	-	129,587	175,960
Implementation of new accounting standard (Note 16)	-	-	-	-
Fund balances, beginning of year, as restated	-	-	129,587	175,960
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 156,131	\$ 169,547

See Accompanying Notes.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR
SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	25153	25157	25184	25205
	Title XIX Medicaid	Child Care Block Grant CYFD	Indian Ed Formula Grant	GEAR UP NM State Initiatives
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	1,244,731	1,932	72,881	170
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	1,244,731	1,932	72,881	170
EXPENDITURES				
Current				
Instruction	262,717	1,932	32,193	-
Support services				
Students	258,686	-	13,204	-
Instruction	48,917	-	24,607	-
General administration	29,117	-	2,877	-
School administration	153,670	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	753,107	1,932	72,881	-
Excess (deficiency) of revenues over (under) expenditures	491,624	-	-	170
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	491,624	-	-	170
Fund balances, beginning of year, as originally stated	2,776,111	(739)	7	(2,313)
Implementation of new accounting standard (Note 16)	-	-	-	-
Fund balances, beginning of year, as restated	2,776,111	(739)	7	(2,313)
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	\$ 3,267,735	\$ (739)	\$ 7	\$ (2,143)

See Accompanying Notes.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR
SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	25211	27107	27109	27149
	GEAR UP USDE	2012 GO Bonds- Student Library Fund	Instructional Materials Special Approp	Pre-K Initiative
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	51,933	-	1,185,760
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	-	51,933	-	1,185,760
EXPENDITURES				
Current				
Instruction	-	-	3,678	1,106,567
Support services				
Students	-	-	-	-
Instruction	-	51,933	-	-
General administration	-	-	-	11,690
School administration	-	-	-	9,843
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	35,995
Student transportation	-	-	-	21,665
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	51,933	3,678	1,185,760
Excess (deficiency) of revenues over (under) expenditures	-	-	(3,678)	-
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	-	-	(3,678)	-
Fund balances, beginning of year, as originally stated	6,228	-	70,451	-
Implementation of new accounting standard (Note 16)	-	-	-	-
Fund balances, beginning of year, as restated	6,228	-	70,451	-
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	\$ 6,228	\$ -	\$ 66,773	\$ -

See Accompanying Notes.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR
SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	27150	27152	27153	27166
	Indian Education	K-5 Plus	Extended	Kindergarten -
	Act	Transportation	Learning	Three Plus
			Transportation	
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current				
Instruction	-	-	-	-
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	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year, as originally stated	(5,188)	1,767	29,935	1
Implementation of new accounting standard (Note 16)	-	-	-	-
Fund balances, beginning of year, as restated	(5,188)	1,767	29,935	1
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	<u>\$ (5,188)</u>	<u>\$ 1,767</u>	<u>\$ 29,935</u>	<u>\$ 1</u>

See Accompanying Notes.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR
SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	27183	27502	28120	28177
	NM Grown Fresh Fruit & Vegetables	Career Tech Ed (Pilot)	NM Highway Dept (Road)	Office of Cultural Affairs
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	12,067	9,109	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	12,067	9,109	-	-
EXPENDITURES				
Current				
Instruction	-	18,009	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	6,611	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	38,836	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	6,611	18,009	38,836	-
Excess (deficiency) of revenues over (under) expenditures	5,456	(8,900)	(38,836)	-
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	5,456	(8,900)	(38,836)	-
Fund balances, beginning of year, as originally stated	-	6,500	-	276
Implementation of new accounting standard (Note 16)	-	-	-	-
Fund balances, beginning of year, as restated	-	6,500	-	276
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	-
Fund balances, end of year	\$ 5,456	\$ (2,400)	\$ (38,836)	\$ 276

See Accompanying Notes.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR
SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	28189	28190	28203	
	GRADS Child Care	GRADS Instructions	GRADS Plus	Total
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	4,675	10,315	-	1,273,859
Federal grants	-	-	-	11,305,086
Charges for services	-	-	-	344,547
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	4,675	10,315	-	12,923,492
EXPENDITURES				
Current				
Instruction	4,673	10,315	-	8,059,784
Support services				
Students	-	-	-	462,754
Instruction	-	-	-	160,555
General administration	-	-	-	383,545
School administration	-	-	-	842,916
Central services	-	-	-	59,894
Operation & maintenance of plant	-	-	-	206,021
Student transportation	-	-	-	114,430
Other support services	-	-	-	-
Food services operations	-	-	-	2,570,249
Community services	-	-	-	-
Capital outlay	-	-	-	38,836
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	4,673	10,315	-	12,898,984
Excess (deficiency) of revenues over (under) expenditures	2	-	-	24,508
Other financing sources				
Proceeds from sale of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	2	-	-	24,508
Fund balances, beginning of year, as originally stated	1	514	212	5,132,688
Implementation of new accounting standard (Note 16)	-	-	-	1,007,598
Fund balances, beginning of year, as restated	1	514	212	6,140,286
Changes in non-spendable resources				
Increase (decrease) in inventory	-	-	-	(200,561)
Fund balances, end of year	\$ 3	\$ 514	\$ 212	\$ 5,964,233

See Accompanying Notes.

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2021

	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	\$ 3,993,270	\$ -	\$ 883,886	\$ 620,687	\$ 5,497,843
Accounts receivable					
Taxes	887,380	-	591,866	-	1,479,246
Due from other governments	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 4,880,650	\$ -	\$ 1,475,752	\$ 620,687	\$ 6,977,089
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Current Liabilities					
Accounts payable	\$ -	\$ -	\$ 21,818	\$ 9,397	\$ 31,215
Accrued payroll liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	-	-	21,818	9,397	31,215
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	822,492	-	513,577	-	1,336,069
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for capital acquisitions and improvements	4,058,158	-	940,357	611,290	5,609,805
Unassigned	-	-	-	-	-
Total fund balances	4,058,158	-	940,357	611,290	5,609,805
Total liabilities, deferred inflows and fund balances	\$ 4,880,650	\$ -	\$ 1,475,752	\$ 620,687	\$ 6,977,089

See Accompanying Notes.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	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	\$ 2,736,361	\$ -	\$ 1,859,416	\$ -	\$ 4,595,777
State grants	-	-	-	-	-
Federal grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	5,385	-	5,385
Interest	299	-	-	-	299
Total revenues	2,736,660	-	1,864,801	-	4,601,461
EXPENDITURES					
Current					
Instruction	-	-	-	-	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	27,564	-	18,377	-	45,941
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	1,491,571	-	1,126,078	146,102	2,763,751
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	1,519,135	-	1,144,455	146,102	2,809,692
Excess (deficiency) of revenues over (under) expenditures	1,217,525	-	720,346	(146,102)	1,791,769
Other financing sources					
Proceeds from sale of capital assets	9,025	-	-	-	9,025
Bond proceeds	-	-	-	-	-
Total other financing sources	9,025	-	-	-	9,025
Net changes in fund balances	1,226,550	-	720,346	(146,102)	1,800,794
Fund balances, beginning of year	2,831,608	-	220,011	757,392	3,809,011
Fund balances, end of year	\$ 4,058,158	\$ -	\$ 940,357	\$ 611,290	\$ 5,609,805

See Accompanying Notes



LOS LUNAS SCHOOLS

Every Student Matters. Every Moment Counts.

**OTHER
SUPPLEMENTARY
INFORMATION**

JAG JARAMILLO
ACCOUNTING
GROUP

CREATING CLARITY FROM COMPLEXITY

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
JUNE 30, 2021

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2021
Wells Fargo				
	FMAC FEPC 3.500%	08/01/45	3132A5D77	\$ 78,212
	FMAC FEPC 3.000%	03/01/30	3132ADWV6	25,850
	FMAC FEPC 3.000%	12/01/49	3133A0DW1	2,733
	FNMA FNMS 2.500%	10/01/49	3140HBWV6	567
	FNMA FNMS 3.000%	01/01/43	31417ESY8	490,204
Total Wells Fargo				597,566
Name and location of safe keeper for above pledged collateral: New York Mellon (BNYM), NY				
U.S. Bank				
	FHLB Line of Credit-Cincinnati	08/02/21	LOC No.: 550885	43,000,000
				43,000,000
Total Pledged Collateral				\$ 43,597,566

**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2021**

Bank Account Type	Account Type	Wells Fargo	US Bank	Total
Operational	Checking	\$ -	\$ 34,278,971	\$ 34,278,971
Payroll Clearing	Checking	-	17,886	17,886
Operational	Money Market	-	2,294,294	2,294,294
Operational	Certificate of Deposit	<u>1,032,769</u>	<u>4,000,399</u>	<u>5,033,168</u>
Total on Deposit		1,032,769	40,591,550	41,624,319
Reconciling Items		<u>-</u>	<u>(1,681,260)</u>	<u>(1,681,260)</u>
Reconciled Balance, June 30, 2021		<u>\$ 1,032,769</u>	<u>\$ 38,910,290</u>	<u>39,943,059</u>
Plus: Petty cash				600
Plus: NM Finance Authority				<u>16,778,507</u>
Cash and cash equivalents per Government-Wide Financial Statements				<u><u>\$ 56,722,166</u></u>

**SCHEDULE OF CASH RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2021**

	Operational Fund			
	11000	13000	14000	21000
	General	Pupil Transportation	Instructional Materials	Food Service
Cash, June 30, 2020	\$ 11,689,917	\$ -	\$ 1,449	\$ 1,260,835
Add:				
2020-21 revenues	72,485,899	2,762,261	-	1,289,260
Current year accrued payroll	4,918,094	-	-	-
Current year loans from other funds	-	-	-	-
Receipt of prior year loans	<u>4,025,070</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash available	93,118,980	2,762,261	1,449	2,550,095
Less:				
2020-21 expenditures	(67,182,707)	(2,700,737)	(1,449)	(2,026,156)
Implementation of new accounting standard	-	-	-	-
Prior year accrued payroll	(4,420,222)	-	-	-
Repayment of prior year loans	-	-	-	-
Current year loans to other funds	(4,030,853)	-	-	-
Prepaid account activity and other accruals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2021	<u>\$ 17,485,198</u>	<u>\$ 61,524</u>	<u>\$ -</u>	<u>\$ 523,939</u>

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

Cash, June 30, 2021 per financial statements	\$ 17,485,198	\$ 61,524	\$ -	\$ 523,939
Loans to other funds	<u>123,612</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash per NM PED Cash Report	<u>\$ 17,608,810</u>	<u>\$ 61,524</u>	<u>\$ -</u>	<u>\$ 523,939</u>

SCHEDULE OF CASH RECONCILIATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	22000	23000	24000	25000
	Athletics	Non-Instructional	Federal Flowthrough Fund	Federal Direct Fund
Cash, June 30, 2020	\$ 29,322	\$ 168,407	\$ 1,410	\$ 2,876,217
Add:				
2020-21 revenues	3,001	339,949	5,544,092	1,666,424
Current year accrued payroll	-	-	-	-
Current year loans from other funds	-	-	3,546,004	24,098
Receipt of prior year loans	-	-	-	-
Total cash available	32,323	508,356	9,091,506	4,566,739
Less:				
2020-21 expenditures	(20,965)	(400,492)	(7,807,801)	(912,430)
Implementation of new accounting standard	-	1,007,598	-	-
Prior year accrued payroll	-	-	-	-
Repayment of prior year loans	-	-	(1,167,931)	(39,114)
Current year loans to other funds	-	-	-	-
Prepaid account activity and other accruals	-	-	(115,741)	-
Cash, June 30, 2021	\$ 11,358	\$ 1,115,462	\$ 33	\$ 3,615,195

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

Cash, June 30, 2021 per financial statements	\$ 11,358	\$ 1,115,462	\$ 33	\$ 3,615,195
Loans to other funds	-	-	(33)	(24,099)
Cash per NM PED Cash Report	\$ 11,358	\$ 1,115,462	\$ -	\$ 3,591,096

SCHEDULE OF CASH RECONCILIATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	27000	28000	29000	31100
	State Flowthrough	State Direct	Local or State Fund	Bond Building
Cash, June 30, 2020	\$ 102,154	\$ 1,003	\$ -	\$ 18,182,380
Add:				
2020-21 revenues	3,543,013	14,990	-	5,226,815
Current year accrued payroll	-	-	-	-
Current year loans from other funds	421,912	38,836	-	-
Receipt of prior year loans	-	-	-	-
Total cash available	4,067,079	54,829	-	23,409,195
Less:				
2020-21 expenditures	(1,265,992)	(53,824)	-	(2,919,221)
Implementation of new accounting standard	-	-	-	-
Prior year accrued payroll	-	-	-	-
Repayment of prior year loans	(2,705,861)	-	-	-
Current year loans to other funds	-	-	-	-
Prepaid account activity and other accruals	3,250	-	-	-
Cash, June 30, 2021	\$ 98,476	\$ 1,005	\$ -	\$ 20,489,974

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

Cash, June 30, 2021 per financial statements	\$ 98,476	\$ 1,005	\$ -	\$ 20,489,974
Loans to other funds	(98,476)	(1,005)	-	-
Cash per NM PED Cash Report	\$ -	\$ -	\$ -	\$ 20,489,974

SCHEDULE OF CASH RECONCILIATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	31400 Public School Capital Outlay State	31600 Capital Improvements HB-33	31700 Capital Improvements SB9 (State)	31701 Capital Improvements SB9 (Local)
Cash, June 30, 2020	\$ -	\$ 2,788,668	\$ -	\$ 163,410
Add:				
2020-21 revenues	-	2,765,690	112,164	1,843,113
Current year accrued payroll	-	-	-	-
Current year loans from other funds	-	-	-	-
Receipt of prior year loans	-	-	-	-
Total cash available	-	5,554,358	112,164	2,006,523
Less:				
2020-21 expenditures	-	(1,561,088)	-	(1,122,637)
Implementation of new accounting standard	-	-	-	-
Prior year accrued payroll	-	-	-	-
Repayment of prior year loans	-	-	(112,164)	-
Current year loans to other funds	-	-	-	-
Prepaid account activity and other accruals	-	-	-	-
Cash, June 30, 2021	<u>\$ -</u>	<u>\$ 3,993,270</u>	<u>\$ -</u>	<u>\$ 883,886</u>

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

Cash, June 30, 2021 per financial statements	\$ -	\$ 3,993,270	\$ -	\$ 883,886
Loans to other funds	-	-	-	-
Cash per NM PED Cash Report	<u>\$ -</u>	<u>\$ 3,993,270</u>	<u>\$ -</u>	<u>\$ 883,886</u>

SCHEDULE OF CASH RECONCILIATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	31703 SB-9 State Match Cash	41000 Debt Service	Total
Cash, June 30, 2020	\$ 757,392	\$ 7,496,957	\$ 45,519,521
Add:			
2020-21 revenues	-	7,934,320	105,530,991
Current year accrued payroll	-	-	4,918,094
Current year loans from other funds	-	-	4,030,850
Receipt of prior year loans	-	-	4,025,070
Total cash available	757,392	15,431,277	164,024,526
Less:			
2020-21 expenditures	(136,705)	(7,609,121)	(95,721,325)
Implementation of new accounting standard	-	-	1,007,598
Prior year accrued payroll	-	-	(4,420,222)
Repayment of prior year loans	-	-	(4,025,070)
Current year loans to other funds	-	-	(4,030,853)
Prepaid account activity and other accruals	-	-	(112,491)
Cash, June 30, 2021	\$ 620,687	\$ 7,822,156	\$ 56,722,163

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

Cash, June 30, 2021 per financial statements	\$ 620,687	\$ 7,822,156	\$ 56,722,163
Loans to other funds	-	-	(1)
Cash per NM PED Cash Report	\$ 620,687	\$ 7,822,156	\$ 56,722,162



LOS LUNAS SCHOOLS
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COMPLIANCE SECTION

JAG JARAMILLO
ACCOUNTING
GROUP

CREATING CLARITY FROM COMPLEXITY



**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

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 of the Los Lunas Schools (the Schools) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Schools' basic financial statements as listed in the Table of Contents, and have issued our report thereon dated November 11, 2021.

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 did not identify any deficiencies in internal control that we consider to be material weaknesses or 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.

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 did not disclose any instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

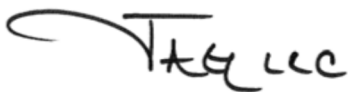
We noted certain matters that are required to be reported per Section 12-6-5 NMSA 1978 that we have described in the accompanying Schedule of Section 12-6-5 NMSA 1978 Findings as items 2021-001 and 2021-002.

Schools' Responses to Findings

The Schools' responses to the findings identified in our audit are described in the accompanying 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 11, 2021



**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, 2021. 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.

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, 2021.

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 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, material weaknesses may exist that have not been identified.

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.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 11, 2021

Schedule of Expenditures of Federal Awards

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor or Pass-Through Grantor/Assistance Listings Program Title	Federal Assistance Listings Number	Passthrough Number	Amounts Passed through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Impact Aid	84.041		\$ -	\$ 342,689
Indian Education Grants to Local Educational Agencies	84.060		-	-
Pass-through State of New Mexico Public Education Department				
Title I Grants to Local Educational Agencies	84.010	24101	-	2,049,822
<i>Special Education Cluster</i>				
Special Education Grants to States	84.027	24106	-	1,655,582
Special Education Preschool Grants	84.173	24109	-	56,929
<i>Total Special Education Cluster</i>			-	1,712,511
Education for Homeless Children and Youth	84.196	24113	-	19,189
English Language Acquisition State Grants	84.365	24153	-	31,574
Supporting Effective Instruction State Grants	84.367	24154	-	245,708
Student Support and Academic Enrichment Program	84.424	24189	-	188,083
Comprehensive Literacy Development	84.371	24194	-	504,578
Career and Technical Education - Basic Grants to States	84.048	24174/24176	-	99,789
		24301/24305/		
COVID 19 - Education Stabilization Fund	84.425	24306/24308	-	2,986,788
Subtotal - Pass-through State of New Mexico PED			-	7,838,042
Total U.S. Department of Education			-	8,180,731
U.S. Department of Agriculture				
<i>Child Nutrition Cluster</i>				
Pass-through State of New Mexico Children, Youth, & Families Department				
Summer Food Service Program for Children	10.559	21000	-	35,426
Pass-through State of New Mexico Public Education Department				
Cash Assistance				
School Breakfast Program	10.553	21000	-	366,718
National School Lunch Program	10.555	21000	-	818,262
Pass-through State of New Mexico Human Services Department				
Non-Cash Assistance (Commodities)	10.555	21000	-	375,797
<i>Total Child Nutrition Cluster</i>			-	1,596,203
Rural Development, Forestry, and Communities	10.672		-	5,864
Total U.S. Department of Agriculture			-	1,602,067
Total Federal Financial Assistance			\$ -	\$ 9,782,798

See Notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards

FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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, 2021.

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 Assistance Listings Number as the National School Lunch Program. The value of commodities received for the year ended June 30, 2021 was \$375,797. Commodities are recorded as revenues and expenditures in the Food Service fund.

NOTE 5. INDIRECT COST RATE

During the year ended June 30, 2021, the New Mexico Public Education Department reimbursed the Schools for indirect costs at 4.11%.

NOTE 6. RECONCILIATION OF FEDERAL REVENUE TO FEDERAL EXPENDITURES

Federal expenditures as reported on Schedule of Expenditure of Federal Awards	\$ 9,782,798
The Schools as contractor relationship:	
Medicaid (Fund 25153)	1,244,731
Indirect cost recovery (Fund 11000)	318,442
Advanced Reimbursement Grants (Impact Aid - Fund 25145 and 25147)	20,131
Advanced Reimbursement Grants (CARES Act- Fund 24301 and 24305)	436,177
Reporting differences	69,735
Federal revenue as reported in the financial statements	\$ 11,872,014

Summary Schedule of Prior Audit Findings

FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

2020-001	Possible Procurement Code, Open Meetings Act, inspection of Public Records Act, and Governmental Conduct Act Violations	Resolved
2020-002	Audit Committee	Resolved

FEDERAL AWARD FINDINGS

2020-003	Allowable Costs, Reconciliations, and Approval (Previously Reported as 2019-001 Program Income Controls)	Resolved
2020-004	Special Education Cluster Procurement, Suspension, and Debarment	Resolved
2020-005	Internal Controls over Federal Payroll Disbursements	Resolved

SECTION 12-6-5 NMSA 1978 FINDINGS

2020-006	Written Accounting Internal Control Processes and Procedures	Resolved
2020-007	Internal Controls over Payroll Disbursements – Salary and Wage Rates	Resolved
2020-008	Special Audit Recommendations	Resolved



Schedule of Findings and Questioned Costs

FOR THE YEAR ENDED JUNE 30, 2021

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 not considered to be material weakness?	No
	c. Non-compliance Material to the financial statements noted?	No

FEDERAL AWARDS:

1	Internal Control over major programs	
	a. Material Weakness Identified?	No
	b. Significant Deficiencies not considered to be material weakness?	No
2	Type of auditor's report issued on compliance on major programs	Unmodified
3	Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
4	Identification of Major Programs	
	<u>Federal Assistance Listings Number</u> 84.425	<u>Federal Assistance Listings Program Title</u> COVID 19 – Education Stabilization Fund
5	Dollar threshold used to distinguish between type A and type B programs:	\$750,000
6	Auditee qualified as a low-risk auditee?	Yes

SECTION II: FINANCIAL STATEMENT FINDINGS

NONE

SECTION III: FEDERAL AWARDS FINDINGS

NONE

Schedule of Section 12-6-5 NMSA 1978 Findings

FOR THE YEAR ENDED JUNE 30, 2021

2021-001	SUPPLY INVENTORY CONTROLS
Type of Finding	Other Matters
Condition	<p>Per our count of maintenance supply inventory compared to the year-end inventory balance report, shortage of stock was found compared to the ending report balance. Seven out of 10 randomly selected item numbers had a total variance of 651 units counted short of the report count of 1,259 (-48%), amounting to a shortage of \$5,470 for those items.</p> <p>It is our understanding that the Schools did not perform an inventory count at year-end, nor monthly counts during the year. Per our discussion with warehouse staff, usage of maintenance supply inventory was not formally tracked on a regular basis, either by a log or by regular counts. Per discussion, the warehouse would often be left unattended during business hours, and when it was attended, the individual attending did not have the authority to control the use of supply assets in the stores by other maintenance workers.</p> <p>Items recorded in the inventory are all recorded at a single cost per item type, in spite of the fact that they are often different products from different vendors and were not purchased at the same time.</p>
Criteria	<p>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.</p> <p>Per NMAC 6.20.2.11 Internal Control Structure Standards, every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.</p>
Effect	The Schools are not in compliance with the NMAC. The Schools' assets may not be reflected accurately and the Schools have made itself more susceptible to the possibility of misappropriation of assets absent a good accounting of the inventory during the year and at year-end.
Cause	Controls were not followed due to staffing issues and potentially from the impact of COVID-19's increased demands.
Recommendation	There appears to be an overall lack of controls over maintenance supply assets. The Schools have an inventory control system that is not currently being used to its full potential. We recommend that the Schools perform periodic inventory counts, and implement stronger controls to safeguard these assets. We recommend that the central office perform surprise audits in order to ensure these controls are being properly implemented.
Management Response	<p>Corrective Action: The Management of the district warehouse is now under the Supervision of a new Administrator and the process to fully implement an inventory of maintenance supplies is underway. The maintenance staff does not and will not have access to the warehouse, without a warehouse staff member assisting them with their needs. All supplies and materials are inputted into the FIMS web-based program required by the NMPSFA.</p> <p>Due Date of Completion: December 31, 2021</p> <p>Responsible Party: Director of Maintenance/Chief Financial Officer</p>

Schedule of Section 12-6-5 NMSA 1978 Findings (Continued)

FOR THE YEAR ENDED JUNE 30, 2021

2021-002	GIFT CARDS - ANTI-DONATION CLAUSE OF THE NEW MEXICO CONSTITUTION
Type of Finding	Other Matters
Condition	The Schools disbursed gift cards for teachers (\$5 each) during the year ended June 30, 2021.
Criteria	Gifts of public monies are expressly prohibited. New Mexico Constitution Article IX, Section 14 states, "neither the state, nor any county, school district, or municipality, except as otherwise provided in this constitution, shall directly or indirectly lend or pledge its credit, or make any donation to or in aid of any person, association or public or private corporation. A donation within the meaning of this provision is a "gift", an allocation or appropriation of something of value, without consideration." This section is commonly referred to as the "Anti-Donation Clause".
Effect	Non-compliance with the State Constitution subjects School officials to penalties as required by state statutes. Gift cards of \$5 are de minimis; however, if larger amounts were donated, the IRS considers them taxable income to the recipients.
Cause	School leadership wanted to provide a perk for teachers and did not realize the impact to non-compliance.
Recommendation	We recommend the District review the Anti-Donation Clause to ensure the Schools are not benefiting a particular individual or organization without an exchange transaction (i.e., receiving something tangible and agreed upon in return). After such review, all necessary changes or adjustments should be approved, instituted, and included in the School's policies. The Schools could request outside entities such as non-profits and community groups to provide benefits and gifts so public monies are not used.
Management Response	Corrective Action: The District will review any and all gift card purchases to determine they do not violate the "Anti-Donation Clause". The purchase for the district-wide gift cards were a one-time opportunity for our staff during the pandemic to show appreciation during a very difficult time. We will explore other alternatives in the future.
	Due Date of Completion: September 30, 2021
	Responsible Party: Chief Financial Officer

Exit Conference

JUNE 30, 2021

The contents of this report were discussed, in a closed session, on November 11, 2021 with Los Lunas Schools. The following individuals were in attendance:

REPRESENTING LOS LUNAS SCHOOLS:

DR. ARSENIO ROMERO

Superintendent

CLAIRE CLEREMANS

Chief Financial Officer

SANDY TRACZYK

Director of Finance

BRUCE BENNETT

Governance Committee-Audit Chair

JESSE LEWIS

Governance Committee-Audit Member

HENRY LOPEZ

Audit Committee Parent Representative

ABBY EDEN

Audit Committee Community Member

REPRESENTING JARAMILLO ACCOUNTING GROUP LLC (JAG):

AUDREY J. JARAMILLO, CPA, CFE, J.M.

Managing Partner

JUSTIN MEHNERT

Audit Supervisor

KAREN SCHMITZ

Business Analyst

JAG, the Schools' independent public auditor, assisted in 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.



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