

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020**

OFFICIAL ROSTER	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES	15
BALANCE SHEET – GOVERNMENTAL FUNDS	16
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	17
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	18
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	20
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – TITLE I IASA SPECIAL REVENUE FUND (24101)	21
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – ENTITLEMENT IDEA-B SPECIAL REVENUE FUND (24106)	22
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS	23
NOTES TO FINANCIAL STATEMENTS	24
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	58
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS	59
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	60

STATE OF NEW MEXICO
 LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
 TABLE OF CONTENTS
 YEAR ENDED JUNE 30, 2020

SCHEDULE OF THE DISTRICT’S OPEB CONTRIBUTIONS	60
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	61
SUPPLEMENTARY INFORMATION	
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	62
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	63
SPECIAL REVENUE FUNDS	64
CAPITAL PROJECTS FUNDS	69
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS	70
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS	80
COMBINING BALANCE SHEET – GENERAL FUND	91
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) – GENERAL FUND	92
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS (REQUIRED BY 2.2.2 NMAC)	93
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS (REQUIRED BY 2.2.2 NMAC)	94
SCHEDULE OF CASH AND TEMPORARY INVESTMENTS (REQUIRED BY 2.2.2 NMAC)	95
CASH RECONCILIATION SCHEDULE (REQUIRED BY 2.2.2 NMAC)	96
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	98
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	100
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	101
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	103

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS	106
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	121
EXIT CONFERENCE	122

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
OFFICIAL ROSTER
JUNE 30, 2020**

Board of Education

Terrie Dallman	President
Maria Flores	Vice President
Ray Jaramillo	Secretary
Carol Cooper	Member
Teresa Tenorio	Member

School Officials

Dr. Karen Trujillo	Superintendent
Ed Ellison	Chief Financial Officer
Melissa Zuniga	Controller



INDEPENDENT AUDITORS' REPORT

Board of Education
State of New Mexico
Las Cruces Public School District No. 2 and
Mr. Brian Colón, Esq., New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and each major special revenue fund and the aggregate remaining fund information of the Las Cruces Public School District No. 2 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity's 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.

Auditors' 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 auditors' 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 entity's 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.

Board of Education
State of New Mexico
Las Cruces Public School District No. 2 and
Mr. Brian Colón, Esq., New Mexico State Auditor

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 of the District as of June 30, 2020, and the budgetary comparisons for the general fund and each major special revenue fund and the respective changes in financial position 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 5 through 12, the Schedules of Proportionate Share of the Net Pension Liability/Contributions starting on page 58, and the Schedules of Proportionate Share of Net OPEB Liability/Contributions starting on page 60 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 District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other schedules required by 2.2.2 NMAC are also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and other schedules required by 2.2.2 NMAC 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Education
State of New Mexico
Las Cruces Public School District No. 2 and
Mr. Brian Colón, Esq., New Mexico State Auditor

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020, on our consideration of the District's 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 solely 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 the effectiveness of the District's 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 District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 16, 2020

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Introduction

The discussion and analysis of Las Cruces Public School District's (District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- The District's net position improved by about \$145 million. This is primarily due to a decrease in the net pension liability and related deferred amounts by approximately \$131 million and a decrease in the net OPEB liability and related deferred amounts by approximately \$10 million.
- State Equalization Guarantee (SEG) revenue increased by \$29.4 million (Table A-2). This was primarily due to several changes to the SEG funding, and an increase in the unit value utilized in funding formula.
- Program revenues decreased by about \$47.2 million. A capital contribution from the New Mexico Public School Facilities Authority (PSFA) of about \$46.4 million was recognized in fiscal year 2019. An equivalent capital contribution was not recognized in fiscal year 2020.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in a single column. For the District, the General Fund is the most significant fund.

Reporting the District as a Whole

Statement of Net Position and Statements of Activities

The view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The Statement of Net Position and the Statement of Activities presents the District's activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. This method of accounting includes all of the current year's revenues and expenses regardless of when cash was received or paid.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

These two statements report the District's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, the District has one kind of activity:

Governmental Activities

The School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Table A-1 reflects the District's net position, which improved by about \$145 million in fiscal year 2020. The increase is seen mainly in the unrestricted net position, which increased by about \$146 million. This is primarily due to changes in the net pension liability and related deferred amounts from the New Mexico Educational Employee's Retirement Board (ERB) pension plan, and changes in the net Other Post-Employment Benefits Plan (OPEB) liability and related deferred amounts from the New Mexico Retiree Health Care Authority (RHCA) health plan. Governmental Accounting Standards Board (GASB) standards requires the district to include in its government wide financial statements a proportionate share of the net pension liability from the ERB pension plan, and a proportionate share of the net OPEB liability from the RHCA healthcare plan (see Notes 10 and 11 for additional information). The net pension liability and related deferred amounts decreased by approximately \$131 million, and the net OPEB liability and related deferred amounts decreased by approximately \$10 million.

Current and Other Assets increased by about \$17 million. This is due in part to an increase in cash and cash equivalents, and investments, which is a result of decreases in expenses for planned after-school programs, additional compensation, and other expenses. The decreases in expenses resulted from school closures and remote learning which occurred in the spring 2020 semester due to the COVID-19 pandemic. Additionally, delays in capital projects resulted in an increase in cash and cash equivalents in capital projects funds.

Capital and Non-Current assets decreased by about \$6 million. Additions to accumulated depreciation for depreciation expense of about \$18.7 million exceeded the capitalization on new assets of about \$10.4 million. Construction in Progress increased by about \$1.4 million, while disposal of assets was about \$548 thousand with related accumulated depreciation of about \$521 thousand. The primary reason for the increase in depreciation expense is the capitalization of large capital projects in 2019 and 2020.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

**Table A-1
The District's Net Position**

	FY 2020	FY 2019	Amount Change	Total % Change
Assets:				
Current and Other Assets	\$ 139,448,682	\$ 122,355,213	\$ 17,093,469	14%
Capital and Non-Current Assets	415,507,594	421,847,636	(6,340,042)	-2%
Total Assets	<u>554,956,276</u>	<u>544,202,849</u>	<u>10,753,427</u>	2%
Deferred Outflows of Resources	<u>81,911,235</u>	<u>149,042,697</u>	<u>(67,131,462)</u>	-45%
Total Assets and Deferred Outflows of Resources	<u>\$ 636,867,511</u>	<u>\$ 693,245,546</u>	<u>\$ (56,378,035)</u>	-8%
Liabilities:				
Current Liabilities	\$ 38,277,184	\$ 33,471,093	\$ 4,806,091	14%
Long-Term Liabilities	602,245,659	835,699,455	(233,453,796)	-28%
Total Liabilities	<u>640,522,843</u>	<u>869,170,548</u>	<u>(228,647,705)</u>	-26%
Deferred Inflows of Resources	75,418,055	48,542,971	26,875,084	55%
Net Position:				
Net Investment in Capital Assets	281,711,386	282,736,392	(1,025,006)	0%
Restricted	63,402,353	63,145,383	256,970	0%
Unrestricted	(424,187,126)	(570,349,748)	146,162,622	-26%
Total Net Position	<u>(79,073,387)</u>	<u>(224,467,973)</u>	<u>145,394,586</u>	-65%
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 636,867,511</u>	<u>\$ 693,245,546</u>	<u>\$ (56,378,035)</u>	-8%

Table A-2 reflects the changes in the District's net position. The District's net position increased by about \$145 million in fiscal year 2020. The primary reason for the increase is a significant decrease in expenses related to the decrease in the ERB net pension liability and the RHCA net OPEB liability. The ERB net pension liability decrease resulted in a related decrease in expenses of about \$130.6 million, and the RHCA OPEB liability decrease resulted in a related decrease in expenses of about \$10.1 million.

Program revenues decreased by about \$47.2 million, which is primarily due to a capital contribution from the New Mexico Public School Facilities Authority (PSFA) of about \$46.4 million in fiscal year 2019 for the completion of the Las Cruces High School renovation project. An equivalent capital contribution from PSFA was not recognized in fiscal year 2020.

Revenue from State Equalization Guarantee (SEG) funding increased by about \$29.4 million. Several changes to the SEG funding formula were implemented for fiscal year 2020. The unit value utilized in the funding formula increased from the prior year by about 9.8%. K-5 Plus program revenue of about \$3 million was included with the SEG funding for the first time. New funding of about \$4.6 million was included for the Extended Learning Time Program. The multiplier used for determining funding for at-risk student programs was increased, which resulted in additional funding of about \$8.4 million.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

**Table A-2
Changes in the District's Net Position**

	FY 2020	FY 2019	Amount Change	Total % Change
Revenues:				
Program Revenues:				
Charges for Services	\$ 2,223,802	\$ 3,946,415	\$ (1,722,613)	-44%
Capital Grants and Contributions	2,067,819	46,474,816	(44,406,997)	-96%
Operating Grants and Contributions	48,191,069	49,279,710	(1,088,641)	-2%
Total Program Revenues	52,482,690	99,700,941	(47,218,251)	-47%
General Revenues:				
State Equalization Guarantee	214,398,174	184,995,474	29,402,700	16%
Property Taxes	35,151,217	33,806,584	1,344,633	4%
Unrestricted Investment Earnings	1,533,877	1,709,640	(175,763)	-10%
Miscellaneous	2,879,897	4,440,869	(1,560,972)	-35%
Total General Revenues	253,963,165	224,952,567	29,010,598	13%
Total Revenues	306,445,855	324,653,508	(18,207,653)	-6%
Expenses:				
Instruction	57,626,688	183,984,135	(126,357,447)	-69%
Support Services	25,736,814	67,792,562	(42,055,748)	-62%
Central Services	3,451,608	9,526,922	(6,075,314)	-64%
Operation and Maintenance of Plant	15,242,929	26,921,035	(11,678,106)	-43%
Student Transportation	6,790,178	7,141,553	(351,375)	-5%
Food Services Operations	14,683,719	14,427,220	256,499	2%
Community Services Operations	239,894	225,020	14,874	7%
Facilities, Materials, Supplies and Other Services	30,634,248	22,666,537	7,967,711	35%
Interest on Long-Term Debt	6,542,968	5,017,897	1,525,071	30%
Unallocated Depreciation	102,223	148,135	(45,912)	-31%
Total Expenses	161,051,269	337,851,016	(176,799,747)	-52%
CHANGE IN NET POSITION	145,394,586	(13,197,508)	158,592,094	-1202%
Net Position - Beginning of Year	(224,467,973)	(211,270,465)	(13,197,508)	6%
NET POSITION - END OF YEAR	\$ (79,073,387)	\$ (224,467,973)	\$ 145,394,586	-65%

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$353.3 million and expenditures and other financing uses of \$341.8 million. The net change in fund balance for the year was an increase of \$11.5 million.

General Fund revenues increased by about 13.7% to about \$222.3 million, and expenditures increased by about 14.3 % to about \$216.8 million. This is primarily due to the increase in SEG funding, which includes an increase instructional expenditure of about 17.6% to about \$136.7 million.

General Fund Budgetary Highlights

The District's budget is prepared according to New Mexico law and Public Education Department Regulations which is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the 2020 fiscal year, the District amended its General Fund budget, as necessary. The District utilizes a site-based budgeting technique. The budgeting systems are designed to tightly control site/department budgets, and to provide flexibility for site/departmental management.

For the General Fund, actual expenditures were less than final budgeted expenditures by \$28.8 million. This variance includes \$7.5 million that was budgeted as a cash reserve, and expenditure decreases from school closures and remote learning caused by the COVID-19 pandemic. The variance also includes vacancy savings from positions that were unfilled for all or part of the fiscal year.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Changes Between Original and Final Budgets

	<u>Original</u>	<u>Final</u>	<u>Change</u>	<u>% Change</u>
General Fund:				
Revenue	\$ 215,350,571	\$ 223,539,703	\$ 8,189,132	3.7 %
Expenditures	233,555,080	245,002,203	11,447,123	4.7 %

Budgeted revenue increased by \$8.1 million. This is primarily due to an increase in SEG funding for the Extended Learning Time Program, and the final program unit value increase which was set in January 2020. The marginal increase in expenditures above the increase in revenues is primarily due to the final cash balance that was budgeted after the original budget was approved.

Capital Assets and Debt Administration

Capital Assets

During the 2020 fiscal year, the District had a net decrease of \$6.3 million in capital assets. At the end of fiscal year 2020, the District had \$629.6 million invested in depreciable assets, with accumulated depreciation of \$223.1 million, \$7.4 million in land and \$1.8 million in construction in progress (see Note 6). The following is a summary of the District's capital assets, net of depreciation, at June 30, 2020 and 2019:

	<u>Balance, June 30, 2019</u>	<u>Additions</u>	<u>Deletions & Transfers</u>	<u>Balance June 30, 2020</u>
Capital Assets Not Being Depreciated	\$ 7,222,388	\$ 7,114,998	\$ (5,064,949)	\$ 9,272,437
Land Improvements	31,574,371	1,999,236	-	33,573,607
Buildings and Building Improvements	560,325,835	3,907,709	(1,524)	564,233,544
Equipment and Vehicles	27,615,138	4,490,560	(548,682)	31,557,044
Less Accumulated Depreciation	(204,890,096)	(18,758,645)	521,255	(223,129,038)
Capital Assets, Net	<u>\$ 421,847,636</u>	<u>\$ (1,246,142)</u>	<u>\$ (5,093,900)</u>	<u>\$ 415,507,594</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Debt

At June 30, 2020, the District had outstanding general obligation bonds payable of \$122 million and capital lease obligations of \$28.4 million, for total indebtedness of \$150.4 million. A summary of long-term debt at June 30, 2020 and 2019 is presented below:

	Balance, June 30, 2019	Additions	Deletions	Balance June 30, 2020
Bonds Payable	\$ 125,185,000	\$ 41,400,000	\$ (44,570,000)	\$ 122,015,000
Capital Lease	30,222,840	-	(1,817,653)	28,405,187
Compensated Absences	2,879,134	1,748,875	(939,902)	3,688,107
Total Long-Term Debt	<u>\$ 158,286,974</u>	<u>\$ 43,148,875</u>	<u>\$ (47,327,555)</u>	<u>\$ 154,108,294</u>

In February 2018, the district's voters approved the issuance of \$50 million in general obligation bonds. The bonds are to be sold in blocks over a four-year period. See the following table for the schedule of issuance:

<u>Date of Sale</u>	<u>Amount Sold or to be Sold</u>
September 2018	\$12.25 million
September 2019	\$12.75 million
September 2020	\$5.00 million
September 2021	\$20.00 million

Factors Impacting Future Periods

In June 2020, the New Mexico Legislature held a special session to make changes in the state's budget appropriations for fiscal year 2021. The result of this special session was a reduction in the SEG funding to offset the economic impacts of the COVID-19 pandemic. This resulted in a \$15.7 million reduction in fiscal year 2021 SEG funding for Las Cruces Public Schools.

In September 2020, \$5 million of taxable general obligation bonds were issues in a private placement sale to the New Mexico Finance Authority. The net effective interest rate is 1.6489%.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. To learn more about the District's strategic plan, goals, and program results, please visit our web site at www.lcps.net. Questions about this report or additional financial information needs should be directed to:

Dr. Karen Trujillo
Superintendent
Las Cruces Public Schools
505 South Main, Suite 249
Las Cruces, NM 88001
ktrujillo@lcps.net
(575) 527-5805

Edward G. Ellison, CPA
Chief Financial Officer
Las Cruces Public Schools
505 South Main, Suite 249
Las Cruces, NM 88001
eellison@lcps.net
(575) 527-5933

Melissa Zuniga
Controller
Las Cruces Public Schools
505 South Main, Suite 249
Las Cruces, NM 88001
mzuniga@lcps.net
(575) 527-5839

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets:	
Cash and Cash Equivalents	\$ 86,632,772
Investments	39,729,302
Receivables, Net	12,332,046
Inventory	754,562
Total Current Assets	139,448,682
 Noncurrent Assets:	
Capital Assets:	
Construction in Progress	1,817,120
Art	20,700
Land	7,434,617
Land Improvements	33,573,607
Building and Building Improvements	564,233,544
Equipment and Vehicles	31,557,044
	638,636,632
Less: Accumulated Depreciation	223,129,038
Total Noncurrent Assets	415,507,594
Total Assets	554,956,276
 Deferred Outflows of Resources:	
Related to the Net Pension Liability	76,487,894
Related to the Net OPEB Liability	5,423,341
Total Deferred Outflows of Resources	81,911,235
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 636,867,511

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2020**

	Governmental Activities
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Current Liabilities:	
Accounts Payable	\$ 5,490,025
Due to Government	8,562
Accrued Liabilities	14,682,534
Current Portion of Accrued Compensated Absences	3,688,107
Accrued Interest	1,996,159
Current Portion of Capital Lease Obligation	1,891,797
Current Portion of Bonds Payable	10,520,000
Total Liabilities	38,277,184
Noncurrent Liabilities:	
Net Pension Liability	354,924,637
Net OPEB Liability	100,320,805
Capital Lease Obligation Due in More than One Year	26,513,390
Bonds Due in More than One Year, Net of Premiums	120,486,827
Total Noncurrent Liabilities	602,245,659
Total Liabilities	640,522,843
Deferred Inflows of Resources:	
Related to the Net Pension Liability	16,860,804
Related to the Net OPEB Liability	58,557,251
Total Deferred Inflows of Resources	75,418,055
Net Investment in:	
Capital Assets	281,711,386
Restricted for:	
Capital Projects	25,875,837
Debt Service	18,082,638
Other	19,443,878
Unrestricted (Deficit)	(424,187,126)
Total Net Position	(79,073,387)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 636,867,511

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental Activities:					
Instruction	\$ 57,626,688	\$ 1,435,356	\$ 14,776,508	\$ -	\$ (41,414,824)
Support Services:					
Students	13,334,615	-	10,454,001	-	(2,880,614)
Instruction	6,876,385	-	4,569,867	-	(2,306,518)
General Administration	2,318,247	-	873,501	-	(1,444,746)
School Administration	3,207,567	-	111,071	-	(3,096,496)
Central Services	3,451,608	-	36,085	-	(3,415,523)
Operation and Maintenance of Plant	15,242,929	-	121,759	-	(15,121,170)
Student Transportation	6,790,178	-	5,022,435	-	(1,767,743)
Food Services Operations	14,683,719	788,446	12,015,553	-	(1,879,720)
Community Services Operations	239,894	-	210,017	-	(29,877)
Facilities, Materials, Supplies, and Other Services	30,634,248	-	272	2,067,819	(28,566,157)
Interest on long-term debt	6,542,968	-	-	-	(6,542,968)
Unallocated Depreciation	102,223	-	-	-	(102,223)
Total Governmental Activities	\$ 161,051,269	\$ 2,223,802	\$ 48,191,069	\$ 2,067,819	(108,568,579)
General Revenues:					
Property Taxes:					
Levied for General Purposes					1,364,574
Levied for Debt Services					16,348,859
Levied for Capital Projects					17,437,784
State Equalization Guarantee Revenue					214,398,174
Unrestricted Investment Earnings					1,533,877
Miscellaneous					2,879,897
Total General Revenues					<u>253,963,165</u>
CHANGE IN NET POSITION					145,394,586
Net Position - Beginning of Year					<u>(224,467,973)</u>
NET POSITION - END OF YEAR					<u>\$ (79,073,387)</u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Major Funds							Other Governmental Funds	Total Governmental Funds
	24101	24106	31100/31101	31600 Capital Improvements HB-33	41000 Debt Service				
	General Fund	Title I IASA	Entitlement IDEA-B	Bond Building					
ASSETS									
Cash and Cash Equivalents	\$ 12,151,263	\$ 411,011	\$ 348,261	\$ 30,109,228	\$ 14,641,103	\$ 382,720	\$ 28,589,186	\$ 86,632,772	
Investments	21,700,000	-	-	-	-	18,003,520	25,782	39,729,302	
Accounts Receivable:	-	-	-	-	-	-	-	-	
Taxes	107,682	-	-	-	821,192	1,259,154	547,954	2,735,982	
Due from Other Governments	-	2,493,664	1,444,081	-	-	-	5,603,089	9,540,834	
Due from Other Funds	7,944,310	-	-	-	-	-	-	7,944,310	
Other	49,463	-	-	-	-	3,962	1,805	55,230	
Inventory	230,773	-	-	-	-	-	523,789	754,562	
Total Assets	\$ 42,183,491	\$ 2,904,675	\$ 1,792,342	\$ 30,109,228	\$ 15,462,295	\$ 19,649,356	\$ 35,291,605	\$ 147,392,992	
LIABILITIES									
Accounts Payable	\$ 978,454	\$ 71,340	\$ 21,011	\$ 2,836,831	\$ 1,185,757	\$ -	\$ 396,632	\$ 5,490,025	
Due to Government	-	11	-	8,336	-	-	215	8,562	
Accrued Expenses	12,834,211	411,011	348,076	-	-	-	1,089,236	14,682,534	
Due to Other Funds	-	2,422,323	1,423,255	-	-	-	4,098,732	7,944,310	
Total Liabilities	13,812,665	2,904,685	1,792,342	2,845,167	1,185,757	-	5,584,815	28,125,431	
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenues	84,471	-	-	-	643,564	986,289	429,441	2,143,765	
FUND BALANCES									
Nonspendable	230,773	-	-	-	-	-	523,789	754,562	
Restricted by Grantor	117,573	-	-	-	-	-	18,802,516	18,920,089	
Restricted for Debt Service	-	-	-	-	-	18,663,067	-	18,663,067	
Restricted for Capital Projects	-	-	-	27,264,061	13,632,974	-	9,951,044	50,848,079	
Assigned	25,714,646	-	-	-	-	-	-	25,714,646	
Unassigned	2,223,363	(10)	-	-	-	-	-	2,223,353	
Total Fund Balances	28,286,355	(10)	-	27,264,061	13,632,974	18,663,067	29,277,349	117,123,796	
Total Liabilities and Fund Balances	\$ 42,183,491	\$ 2,904,675	\$ 1,792,342	\$ 30,109,228	\$ 15,462,295	\$ 19,649,356	\$ 35,291,605	\$ 147,392,992	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	\$ 117,123,796
--	----------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

The Cost of Capital Assets is	638,636,632
Accumulated Depreciation is	(223,129,038)
Total Capital Assets	415,507,594

Deferred inflow and outflows of resources related to the net pension liability and not reported in the funds:

Deferred Outflows of Resources Related to the Net Pension Liability	76,487,894
Deferred Outflows of Resources Related to the Net OPEB Liability	5,423,341
Deferred Inflows of Resources Related to the Net Pension Liability	(16,860,804)
Deferred Inflows of Resources Related to the Net OPEB Liability	(58,557,251)

Deferred Inflows of Resources - Unavailable Property Taxes	2,143,765
--	-----------

Original bond issue discounts and premiums are not financial resources and, therefore, are not reported in the funds.

Bond Issuance Premiums Net of Accumulated Amortization	(8,991,827)
--	-------------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term and other liabilities at year end consist of:

Accrued Interest	(1,996,159)
Accrued Compensated Absences	(3,688,107)
Capital Lease Obligation	(28,405,187)
General Obligation Bonds	(122,015,000)
Net OPEB Liability	(100,320,805)
Net Pension Liability	(354,924,637)

Net Position of Governmental Activities (Statement of Net Position)	\$ (79,073,387)
---	-----------------

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020**

	Major Funds						Other Governmental Funds	Total Governmental Funds
	24101	24106	31100/31101	31600 Capital Improvements HB-33	41000			
	General Fund	Title I IASA	Entitlement IDEA-B	Bond Building		Debt Service		
REVENUES								
Property Taxes	\$ 1,358,749	\$ -	\$ -	\$ -	\$ 10,389,298	\$ 16,279,065	\$ 6,974,043	\$ 35,001,155
State Grants	220,031,944	-	-	-	-	-	6,575,836	226,607,780
Federal Grants	-	8,740,453	6,558,443	-	-	-	22,750,386	38,049,282
Charges for Services	87,909	-	-	-	-	-	2,135,893	2,223,802
Miscellaneous	374,146	-	-	505	146,582	-	19,674	540,907
Local and Private Sources	-	-	-	-	-	-	2,338,990	2,338,990
Interest	535,874	-	-	496,387	250,834	111,447	139,335	1,533,877
Total Revenues	222,388,622	8,740,453	6,558,443	496,892	10,786,714	16,390,512	40,934,157	306,295,793
EXPENDITURES								
Current:								
Instruction	136,783,213	4,331,571	2,276,895	-	-	-	9,387,384	152,779,063
Support Services:								
Students	18,571,452	1,082,886	3,868,730	-	-	-	4,325,379	27,848,447
Instruction	5,898,046	2,977,046	-	-	-	-	1,727,371	10,602,463
General Administration	2,029,842	252,482	190,362	-	104,048	163,031	574,378	3,314,143
School Administration	14,398,443	30,515	7,066	-	-	-	12,907	14,448,931
Central Services	8,063,702	-	-	-	-	-	2,040	8,065,742
Operations and Maintenance of Plant	24,267,170	8,541	-	-	-	-	10,329	24,286,040
Student Transportation	6,634,502	-	215,390	-	-	-	64,080	6,913,972
Other Support Services	-	-	-	-	-	-	-	-
Food Service Operations	22,817	-	-	-	-	-	14,527,882	14,550,699
Community Service	105,931	57,422	-	-	-	-	152,149	315,502
Facilities, Materials, and Supplies	64,686	-	-	6,908,331	11,280,471	-	6,932,427	25,185,915
Debt Service:								
Principal	-	-	-	-	1,817,653	11,571,362	-	13,389,015
Interest	-	-	-	-	1,256,146	5,057,549	-	6,313,695
Bond Issuance Costs	-	-	-	70,209	-	229,978	-	300,187
Total Expenditures	216,839,804	8,740,463	6,558,443	6,978,540	14,458,318	17,021,920	37,716,326	308,313,814
DEFICIENCY OF REVENUES UNDER EXPENDITURES	5,548,818	(10)	-	(6,481,648)	(3,671,604)	(631,408)	3,217,831	(2,018,021)
OTHER FINANCING SOURCES (USES)								
Bond Issuance Premiums	-	-	-	563,617	-	4,602,748	-	5,166,365
Proceeds from Bond Issues	-	-	-	12,750,000	-	-	-	12,750,000
Proceeds of refunding bonds	-	-	-	-	-	28,650,000	-	28,650,000
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	(32,998,638)	-	(32,998,638)
Operating Transfers In	-	-	-	-	-	493,408	-	493,408
Operating Transfers Out	-	-	-	(493,408)	-	-	-	(493,408)
Net Other Financing Sources (Uses)	-	-	-	12,820,209	-	747,518	-	13,567,727
NET CHANGE IN FUND BALANCES	5,548,818	(10)	-	6,338,561	(3,671,604)	116,110	3,217,831	11,549,706
Fund Balances - Beginning	22,737,537	-	-	20,925,500	17,304,578	18,546,957	26,059,518	105,574,090
FUND BALANCES - ENDING	<u>\$ 28,286,355</u>	<u>\$ (10)</u>	<u>\$ -</u>	<u>\$ 27,264,061</u>	<u>\$ 13,632,974</u>	<u>\$ 18,663,067</u>	<u>\$ 29,277,349</u>	<u>\$ 117,123,796</u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$ 11,549,706
---	---------------

Amounts reported for governmental activities in the statement of activities are different because:

Expenses related to the net pension liability not reported in the funds.	130,619,289
Expenses related to the net OPEB liability not reported in the funds.	10,114,156
Unavailable Revenue - Property Taxes	150,062

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation for the period.

Depreciation Expense	(18,758,645)
Capital Outlay	12,447,554
Capital Assets Adjustments	(1,552)
Loss on Disposal of Capital Assets	(27,399)

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. In addition, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Also, governmental funds report issuance of capital lease obligations as other financing sources while it is not accounted for in the statement of activities.

Amortization of Original Issue Premium	518,373
Bond Underwriter Premiums	(5,166,365)
Increase in Accrued Interest Payable	(229,273)
Increase in Accrued Compensated Absences	(808,973)
Bond Proceeds	(12,750,000)
Bond Proceeds on Refunded Bonds	(28,650,000)
Principal Payments from Refunding (paid to escrow agent)	32,998,638
Principal Payments on Bonds	11,571,362
Capital Lease Payments	1,817,653

Change in Net Position of Governmental Activities (Statement of Activities)	\$ 145,394,586
--	----------------

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$1,314,599	\$1,314,599	\$1,360,976	\$ 46,377
State Grants	212,510,972	219,308,986	219,365,477	56,491
Federal Grants	600,000	889,515	902,189	12,674
Charges for Services	50,000	77,783	86,961	9,178
Miscellaneous	525,000	1,298,319	1,326,902	28,583
Interest	350,000	650,501	576,606	(73,895)
Total Revenues	<u>215,350,571</u>	<u>223,539,703</u>	<u>223,619,111</u>	<u>79,408</u>
EXPENDITURES				
Current:				
Instruction	136,007,951	148,405,549	136,363,638	12,041,911
Support Services:				
Students	20,720,281	20,688,580	18,529,492	2,159,088
Instruction	7,808,587	6,896,217	5,896,512	999,705
General Administration	2,780,365	2,889,115	2,023,356	865,759
School Administration	15,206,140	15,254,841	14,402,966	851,875
Central Services	8,355,026	10,508,280	7,745,279	2,763,001
Operation/Maintenance of Plant	25,385,085	25,434,876	24,332,459	1,102,417
Student Transportation	6,657,685	7,167,585	6,634,502	533,083
Other Support Services	10,521,974	7,521,974	-	7,521,974
Food Services Operations	-	30,000	22,817	7,183
Community Services	111,986	139,686	105,928	33,758
Capital Outlay	-	65,500	64,686	814
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>233,555,080</u>	<u>245,002,203</u>	<u>216,121,635</u>	<u>28,880,568</u>
DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES				
	(18,204,509)	(21,462,500)	7,497,476	28,959,976
Designated Cash	<u>18,204,509</u>	<u>21,462,500</u>	<u>-</u>	<u>(21,462,500)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>7,497,476</u>	<u>\$ 7,497,476</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to Revenues			(1,230,489)	
Adjustments to Expenditures			(718,169)	
Net Changes in Fund Balance (GAAP Basis)			<u>\$ 5,548,818</u>	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL – TITLE I IASA SPECIAL REVENUE FUND (24101)
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
State Grants				-
Federal Grants	10,344,527	10,344,527	12,185,443	1,840,916
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total Revenues	<u>10,344,527</u>	<u>10,344,527</u>	<u>12,185,443</u>	<u>1,840,916</u>
EXPENDITURES				
Current:				
Instruction	5,342,787	5,184,520	4,267,791	916,729
Support Services:				
Students	1,143,008	1,245,048	1,082,885	162,163
Instruction	3,455,435	3,427,888	2,977,045	450,843
General Administration	301,297	301,297	252,482	48,815
School Administration	-	90,000	30,516	59,484
Central Services	-	-	-	-
Operation/Maintenance of Plant	12,000	13,620	8,644	4,976
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	90,000	82,154	57,421	24,733
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>10,344,527</u>	<u>10,344,527</u>	<u>8,676,784</u>	<u>1,667,743</u>
DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES				
	-	-	3,508,659	3,508,659
Designated Cash	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>3,508,659</u>	<u>\$ 3,508,659</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to Revenues			(3,444,990)	
Adjustments to Expenditures			(63,679)	
Net Changes in Fund Balance (GAAP Basis)			<u>\$ (10)</u>	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL – ENTITLEMENT IDEA-B SPECIAL REVENUE FUND (24106)
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Federal Grants	7,670,432	7,670,432	9,661,504	1,991,072
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total Revenues	<u>7,670,432</u>	<u>7,670,432</u>	<u>9,661,504</u>	<u>1,991,072</u>
EXPENDITURES				
Current:				
Instruction	2,732,272	2,732,272	2,268,230	464,042
Support Services:				
Students	4,390,376	4,390,376	3,871,779	518,597
Instruction	-	-	-	-
General Administration	230,784	230,784	190,362	40,422
School Administration	10,000	10,000	7,066	2,934
Central Services	-	7,000	35	6,965
Operation/Maintenance of Plant	7,000	7,000	-	7,000
Student Transportation	300,000	300,000	215,390	84,610
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>7,670,432</u>	<u>7,677,432</u>	<u>6,552,862</u>	<u>1,124,570</u>
DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES				
	-	(7,000)	3,108,642	3,115,642
Designated Cash	-	7,000	-	(7,000)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>3,108,642</u>	<u>\$ 3,108,642</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to Revenues			(3,103,061)	
Adjustments to Expenditures			(5,581)	
Net Changes in Fund Balance (GAAP Basis)			<u>\$ -</u>	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
 LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS
 JUNE 30, 2020**

	Agency Funds
ASSETS	
Current Assets:	
Cash	\$ 1,575,365
Accounts Receivable	25,000
Total Assets	\$ 1,600,365
LIABILITIES	
Current Liabilities:	
Deposits Held in Trust for Others	\$ 1,600,365
Total Liabilities	\$ 1,600,365

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Las Cruces Public School District No. 2 (the District) Board was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. 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 forty schools within the District with a total enrollment of approximately 24,000 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 financial statements of the District 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 Standards 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 District's accounting policies are described below.

Reporting Entity

The GASB Codification establishes criteria for determining the government reporting entity and component unit that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Codification, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The District has no component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of financial position and the statement of activities and changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

Separate fund financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. 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 District 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 in 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 District.

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

Governmental funds are used to account for the District's 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. Governmental funds include:

The *General Fund* is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Debt Service Fund* accounts for the services of long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the District 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, which include funds that were not required to be presented as major but were at the discretion of management.

The *General Fund* is made up of the *Operating Fund (11000)*, *Pupil Transportation (13000)* and *Instructional Materials (14000)*. *Fund 13000* is used to account for the State Equalization received from the State Department of Education which is used to pay for the costs associated with transporting school age children. *Fund 14000* is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *Title I IASA Special Revenue Fund (24101)* is used to account for the monies received from the State Department of Education and expended in the Title I program, which provides supplemental educational opportunities for academically disadvantaged children in the area of reading.

The *Entitlement IDEA-B Special Revenue Fund (24106)* is used to account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. 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.

The *Bond Building Capital Projects Fund (31100/31101)* 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 District.

The *Capital Improvements HB-33 (31600)* is used to account for monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of erecting, remodeling, making additions to, providing equipment for or furnishing public school buildings, purchasing or improving public school grounds.

STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Debt Service Fund (41000)* is used to account for the accumulation of resources for the payment of Long-Debt principal and interest.

Additionally, the District reports the following agency fund:

The *Fiduciary Fund* accounts for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or student organizations.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's 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, Charter Schools, and other State and Federal funding 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 bond building, SB-9, and special capital outlay 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.

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

The District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. The District 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 on the statement of activities. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

The District had no required tax abatement disclosures to report in accordance with GASB No. 77 as of June 30, 2020.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

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

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the District are reported at fair value. The State Treasurer's 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.

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "internal balances."

Advances between funds, as reported in the fund financial statements, are classified as nonspendable in the general fund to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Dona Ana County. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the Dona Ana County Treasurer in July and August 2020 is considered "measurable and available" and, accordingly, is recorded as revenue during the year ended June 30, 2020.

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.

Instructional Materials: The New Mexico State Department of Education 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, seventy percent is restricted to the requisition of material listed in the State Board of Education 'State Adopted Instructional Material' list, while thirty percent of each allocation is available for purchases directly from vendors, for which the school district receives cash draw-downs, or transfer to the seventy percent account for requisition of material from the adopted list.

Inventory: Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Inventories are classified as nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets: Capital assets, which include construction in progress, land and land improvements, building and building improvements, equipment, and vehicles 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. However, infrastructure assets have not been included in the June 30, 2020 financial statements of the District, since the District did not own any infrastructure assets as of June 30, 2020. Information technology equipment, including software, is being capitalized and included in equipment and vehicles as the District did not maintain internally developed software. The District expensed the cost of library books when purchased. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2020.

Capital expenditures made on the District's building construction projects by the NM Public School Facilities Authority have been recorded as a revenue and expenditure in the fund financial statements, and have been included as capital assets in the District's government-wide financial statements.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Land Improvements	20 Years
Buildings/Building Improvements	20 - 50 Years
Equipment and Vehicles	4 - 20 Years

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Unearned Revenues: The District may report unearned revenues on its Statement of Net Position and various fund balance sheets. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Compensated Absences: Twelve-month employees are entitled to accumulate annual leave up to 15 days per year, depending on length of service, and the employee's hire date. Upon termination, employees are paid for their accrued annual leave, up to a maximum of 30 days.

Qualified employees are entitled to accumulate sick leave. Employees employed for 182 but not more than 219 days accrue one day per month, not to exceed 10 days per year. Employees employed for 220 days accrue one day per month, not to exceed 11 days per year. Accumulated sick leave is not paid out upon termination.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Long-term Obligations: In the government-wide fund 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 unearned and amortized over the life of the bonds using the effective interest method.

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. During the year, \$6,313,695 was recorded as interest on long-term debt.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District is reporting \$76,487,894 related to the pension plan and \$5,423,341 related to OPEB in this category as of June 30, 2020.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

In addition to liabilities, the statement of financial position 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 a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows that were related to the net pension liability in the amount of \$16,860,804 and net OPEB liability of \$58,557,251 as of June 30, 2020. The District also reported deferred inflows on the fund financial statements related to unavailable property tax revenue of \$2,143,765 as of June 30, 2020.

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

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 Retiree Health Care Authority (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Capital Leases: Leases that substantially transfer all of the risks and benefits of ownership are accounted for as capital leases. Capital leases are included in the capital assets, and where appropriate, are amortized over the shorter of their economic useful lives or lease terms. The related capital lease obligations are included in the long-term liabilities in the government-wide financial statements.

Net Position or Fund Balance: 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.

STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Restricted Net Position: Consists of net position with 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. Descriptions for the related restrictions for net position are restricted for “debt service, capital projects, or other.”

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

The government-wide statement of net position reports \$63,402,353 of restricted net position, which is restricted by enabling legislation.

The District reports fund balance based on generally accepted accounting principles using the following classifications:

- *Nonspendable* – portion of net resources that cannot be spent because of its form or because it must remain intact.
- *Restricted* – amounts constrained by external parties, constitutional provision, or enabling legislation.
- *Committed* – amounts constrained by a government using its highest level of decision-making authority. The Board of Education is the highest level of decision-making authority. There are no committed funds in the current year.
- *Assigned* – amounts a government intends to use for a particular purpose. The Board of Education has the authority to assign.
- *Unassigned* – only the general fund may report positive unassigned fund balance.

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

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

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 District's financial statements include management's estimate of the useful lives of capital assets and the net pension liability and related deferred inflows and outflows.

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 insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Article 8 Section 22-8-25, 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 Director of School Budget and Finance Analysis Bureau. The District received \$214,398,174 in state equalization guarantee distributions during the year ended June 30, 2020.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service, capital outlay and general operating purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available'. The District recognized on the Statement of Revenues, Expenditures, and Changes in Fund Balance \$35,001,155 in tax revenues during the year ended June 30, 2020. 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 1st. Tax notices are sent to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. Dona Ana 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 Distributions: 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 Director of School Budget and Finance Analysis Bureau. 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 twelve attending public school within the school district. The District received \$4,715,050 in transportation distributions during the year ended June 30, 2020.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues (Continued)

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, 70% is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while 30% of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2020 totaled \$1,907,378.

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council (Council) necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase or construction of temporary or permanent classrooms.

The Council approves the District's application for grant assistance from the fund when the Council determines that:

1. A critical need exists requiring action;
2. The residents of the school district have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner;
4. The school district is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

During the year ended June 30, 2020, the District did not receive any funding in special capital outlay funds.

SB-9 State Match: The Director distributes to any school district that has imposed a tax under the Public School Capital Outlay 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 district under the Public School Capital Improvements Act. The distribution is made by December 1st 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 is reduced as necessary.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues (Continued)

Federal Grants: The District 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 operated under its own budget, which has been approved by the Federal Department or the flow through agency (usually the New Mexico Department of Public Education). The various budgets are approved by the Local School Board and the New Mexico Public Education Department.

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department.

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 Finance Analysis Bureau of the Public Education Department. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the cash basis, excluding encumbrances, and secure appropriation of funds for only one year, and are reconciled to the modified accrual GAAP financial statements. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget at the function level, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series,' this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from the School Budget and Finance Analysis Bureau.

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

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

1. In April or May, the local school board submits to the School Budget and Finance Analysis Bureau (SBAF) 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 submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the Public Education Department.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the SBAF and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district 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 District until they have been notified that the budget has been approved by the SBAF 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. The District 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 SBAF.
5. 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 State of New Mexico Public Education Department.
6. 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 school district and approved by the SBAF.
7. Legal budget control for expenditures is by function.
8. 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 Las Cruces Public 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.
9. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.
10. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a cash basis, not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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 line item.

The accompanying statements of revenues, expenditures, and changes in fund balance – budget and actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

NOTE 3 CASH AND TEMPORARY INVESTMENTS

State statutes authorize the investment of District 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 District properly followed State investment requirements as of June 30, 2020.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. 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 non-demand 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 of Collateral Pledged by Depository for Public Funds on page 94 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. Additionally, all deposits in non-interest bearing transaction accounts (such as non-interest bearing checking accounts) at participating institutions are fully guaranteed, regardless of dollar amount.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 CASH AND TEMPORARY INVESTMENTS (CONTINUED)

Deposits

NM 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 a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	<u>Bank of America</u>	<u>Citizens Bank of Las Cruces</u>	<u>Demand Deposit US Bank</u>
Total Amount of Deposits	\$ 2,305	\$ 70,551,478	\$ 3,786,113
FDIC Coverage	(2,305)	(250,000)	(250,000)
Total Uninsured Public Funds	<u>\$ -</u>	<u>\$ 70,301,478</u>	<u>\$ 3,536,113</u>
Collateral Requirement (50% of Uninsured Public Funds)	\$ -	\$ 35,150,739	\$ 1,768,057
Pledged Security	-	(47,413,401)	(4,000,000)
Total Under (Over) Collateralized	<u>\$ -</u>	<u>\$ (12,262,662)</u>	<u>\$ (2,231,944)</u>
	<u>Wells Fargo Bank</u>	<u>Total</u>	
Total Amount of Deposits	\$ 18,782,436	\$ 93,122,332	
FDIC Coverage	(250,000)	(752,305)	
Total Uninsured Public Funds	<u>\$ 18,532,436</u>	<u>\$ 92,370,027</u>	
Collateral Requirement (50% of Uninsured Public Funds)	\$ 9,266,218	\$ 46,185,014	
Pledged Security	(19,893,233)	(71,306,634)	
Total Under (Over) Collateralized	<u>\$ (10,627,015)</u>	<u>\$ (25,121,621)</u>	

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2020, \$92,370,027 of the District's bank balances was exposed to custodial credit risk as it was uninsured and uncollateralized. Overall, the District meets and exceeds the 50% requirement by \$25,121,621.

Investments

As a participant in the New Mexico State Treasurer's Local Government Investment Pool (LGIP), the District is not required to categorize the value of shares in accordance with the fair value hierarchy. The District's investment in the LGIP represents a proportionate interest in the Pool's portfolio. The District's portion is not identified with specific investments and is not subject to custodial risk; however, separately issued financial statements of the LGIP disclose the collateral pledged to secure the State Treasurer's cash and investments. The most recent report may be obtained by contacting the New Mexico State Treasurer's Office, P.O. Box 5135, Santa Fe, NM 87502-5135. The District's investment in LGIP at June 30, 2020 was \$39,729,302.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 CASH AND TEMPORARY INVESTMENTS (CONTINUED)

Investments (Continued)

Credit Risk - The State of New Mexico Local Government Investment Pool is authorized by state statute and is rated AAAM by Standard & Poor's. The LGIP is not registered with the United States Securities Exchange Commission. Section 6-10-101, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held for short-term investment in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the pool is voluntary. The District's investment in the LGIP approximates the value of the District's pool share.

Interest Rate Risk – Investments. The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. The District's investments were rated AAA by Moody's Investors Services and S&P and have a weighted average days to maturity (WAM) of 35 days.

Concentration Credit Risk – Investments. For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The investments in the State Pool-4101 LGIP Fund represent 100% of the investment portfolio. Since the District only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the District. The District's policy related to concentration risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10- 63, NMSA 1978).

NOTE 4 RECEIVABLES

	General	Title I IASA	Entitlement IDEA-B Fund	Debt Service	Capital Improvements HB 33	Governmental Funds	Total
Property Taxes	\$ 107,682	\$ -	\$ -	\$ 1,259,154	\$ 821,192	\$ 547,954	\$ 2,735,982
Due From Other Governments	-	2,493,664	1,444,081	-	-	5,603,089	9,540,834
Other	49,463	-	-	3,962	-	1,805	55,230
	<u>\$ 157,145</u>	<u>\$ 2,493,664</u>	<u>\$ 1,444,081</u>	<u>\$ 1,263,116</u>	<u>\$ 821,192</u>	<u>\$ 6,152,848</u>	<u>\$ 12,332,046</u>

The above receivables are deemed 100% collectible.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. Interfund balances as of June 30, 2020 consist of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Activities:		
Major Funds:		
General Fund	\$ 7,944,310	\$ -
Title I IASA	-	2,422,323
IDEA - B - Entitlement Fund	-	1,423,255
Nonmajor Funds:		
Special Revenue Funds	-	3,072,051
Capital Project Funds	-	1,026,681
Total Governmental Activities	<u>\$ 7,944,310</u>	<u>\$ 7,944,310</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2020. Land is not subject to depreciation.

	June 30, 2019	Additions/ Transfers	Deletions/ Transfers	Adjustments/ Reclassifications	June 30, 2020
Capital Assets Not Being Depreciated:					
Construction in Progress	\$ 402,682	\$ 6,479,387	\$ (5,064,949)		\$ 1,817,120
Art	20,700	-	-		20,700
Land	6,799,006	635,611	-		7,434,617
Total Capital Assets Not Being Depreciated	7,222,388	7,114,998	(5,064,949)	-	9,272,437
Capital Assets Used in Governmental Activities:					
Land Improvements	31,574,371	1,999,236	-		33,573,607
Buildings and Building Improvements	560,325,835	3,907,709	-		564,233,544
Equipment and Vehicles	27,615,138	4,490,560	(548,654)		31,557,044
Total Capital Assets Being Depreciated	619,515,344	10,397,505	(548,654)	-	629,364,195
Less Accumulated Depreciation of:					
Land and Land Improvements	(14,525,827)	(1,588,481)	-		(16,114,308)
Buildings and Building Improvements	(168,869,020)	(15,571,848)	-	(1,524)	(184,442,392)
Equipment and Vehicles	(21,495,249)	(1,598,316)	521,255	(28)	(22,572,338)
Total Accumulated Depreciation	(204,890,096)	(18,758,645)	521,255	(1,552)	(223,129,038)
Total Capital Assets	<u>\$ 421,847,636</u>	<u>\$ (1,246,142)</u>	<u>\$ (5,092,348)</u>	<u>\$ (1,552)</u>	<u>\$ 415,507,594</u>

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

Instruction	\$ 115,620
Support Services - Students	5,850
Support Services - Instruction	25,932
Support Services - General Administration	2,811
Support Services - School Administration	470
Central Services	251,394
Operations and Maintenance of Plant	16,498
Food Services	152,725
Capital Outlay	18,085,122
Unallocated	102,223
Total	<u>\$ 18,758,645</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 LONG-TERM DEBT

During the year ended June 30, 2020, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Bonds Payable	\$ 125,185,000	\$ 41,400,000	\$ (44,570,000)	\$ 122,015,000	\$ 10,520,000
Unamortized Bond Premiums	4,343,835	5,166,365	(518,373)	8,991,827	-
Capital Lease	30,222,840	-	(1,817,653)	28,405,187	1,891,797
Compensated Absences	2,879,134	1,748,875	(939,902)	3,688,107	3,688,107
Total Long-Term Debt	<u>\$ 162,630,809</u>	<u>\$ 48,315,240</u>	<u>\$ (47,845,928)</u>	<u>\$ 163,100,121</u>	<u>\$ 16,099,904</u>

The District's general obligation bonds were issued for the purposes of creating, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds and are payable solely from general property taxes that are levied against all taxable property in the District. The bonds are payable out of the Debt Service Fund (Fund 41000). Interest payments are due semi-annually on August 1 and February 1. Interest rates on the bonds range from 2% to 5.25%. Principal payments in varying amounts are due annually on August 1 through 2036.

The annual requirements to amortize the General Obligation Bonds and Bond Anticipation Notes as of June 30, 2020, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 10,520,000	\$ 5,462,905	\$ 15,982,905
2022	8,985,000	7,398,388	16,383,388
2023	8,625,000	6,012,556	14,637,556
2024	8,335,000	3,414,019	11,749,019
2025	8,450,000	3,057,128	11,507,128
2026-2030	44,830,000	9,584,994	54,414,994
2031-2035	30,670,000	2,352,350	33,022,350
2036-2037	1,600,000	48,000	1,648,000
Total	<u>\$ 122,015,000</u>	<u>\$ 37,330,340</u>	<u>\$ 159,345,340</u>

Current General Obligation Bond Refunding

On May 20, 2020, the District issued \$28,650,000 of general obligation bonds, Series of 2020. The purpose of the issue was to provide for the current refunding of the District's outstanding general obligation bonds, Series A of 2011 and Series 2011; and to pay for the costs of issuance. Principal is due August 1 each year and the issue's final maturity date is August 1, 2028. The bonds are payable in periodic installments and bear interest payable semi-annually on February 1 and August 1 at a rate of 5.00%. The bond proceeds were held in escrow until full redemption of the series 2011 and series A of 2011 was done on August 1, 2020. The District currently refunded the general obligation bonds to reduce future debt service payments by \$3,258,346.

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Capital Lease

The District entered into a capital lease for the Early College High School (ECHS) I, Early College High School II, and Court Youth Center (CYC), LLC to acquire facilities for a charter school on August 1, 2010, April 1, 2013, and August 20, 2014, respectively. The total of the transaction (principal) is \$18,000,000 for ECHS I, \$15,500,000 for ECHS II, and \$5,500,000 for CYC. Amortization of the leased buildings included \$1,950,000 in the current year and is included with depreciation expense. Total accumulated depreciation of the leased buildings is \$14,216,667. The remaining balance on ECHS I, ECHS II, and CYC will be paid with equal semi-annual payments of \$730,676, \$567,827, and \$202,806 beginning on August 1, 2012, May 1, 2015, and May 1, 2016, respectively. The District has a bargain purchase option to purchase all three buildings for \$1.00 at the end of the lease. The total remaining capital lease obligation is \$28,405,187, of which \$1,891,797 is considered current. The following represents future minimum lease payments as of June 30, 2020:

<u>Fiscal Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Debt Service</u>
2021	\$ 1,118,950	\$ 1,889,554	\$ 3,008,504
2022	1,041,384	1,967,119	3,008,503
2023	960,568	2,047,936	3,008,504
2024	876,361	2,132,143	3,008,504
2025	788,618	2,219,885	3,008,503
2026-2030	2,492,241	12,550,276	15,042,517
2031-2035	377,613	5,611,758	5,989,371
Total	<u>\$ 7,655,735</u>	<u>\$ 28,418,671</u>	<u>\$ 36,074,406</u>

Compensated Absences

Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2020, compensated absences decreased \$808,973 over the prior year accrual.

Operating Leases

The District leases office equipment and storage units under short-term cancelable operating leases. Rental cost for the year ended June 30, 2020 was \$249,730.

NOTE 8 RISK MANAGEMENT

The District is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The NMPSIA was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District 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, and Student Accident Insurance.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 RISK MANAGEMENT (CONTINUED)

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to 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. Crime insurance has a limit of \$2,000,000 per occurrence with a limit of insurance for faithful performance of \$1,000,000.

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

NOTE 9 OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures as part of the Combined Statements of certain information concerning individual funds including:

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

Major Funds: Title I IASA (Fund 24101) - \$10

Nonmajor Funds:

- Preschool (Fund 24109) - \$250
- Fresh Fruits & Vegetables (Fund 24118) - \$48
- Headstart (Fund 25127) - \$174

- Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2020:

Major Funds: None

Nonmajor Funds: None

NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

Plan Description

ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer 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 agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Plan Description (Continued)

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

Benefits Provided

A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. 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.

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.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 was refunded all member contributions and then becomes reemployed after July 1, 2010, is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

Section 2-11-232.2, 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 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; the member's age and earned service credit add up to the sum of 80 or more; or the member's age is 67 and has earned five or more years of service credit.

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. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, following the later of: 1) the year a member retires; or 2) the year a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3). Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Benefits Provided (Continued)

change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. 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.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

Contributions

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2020, employers contributed 14.15%, and employees earning \$24,000 or less continued to contribute 7.90% and employees earning more than \$24,000 contributed 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$21,261,372 for the year ended June 30, 2020.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2018. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2019, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2019. At June 30, 2020, the District reported a liability of \$354,924,637 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2019. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2020, the District's proportion was 4.6841%, which was an increase from its proportion of 4.6823% measured as of June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$109,364,945. As of June 30, 2020, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (9,302,099)
Changes of Assumptions	50,009,734	-
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	(7,558,705)
Changes in Proportion and Differences Between the		
District Contributions and Proportionate Share of		
Contributions	5,216,788	-
The District's Contributions Subsequent to the		
Measurement Date	21,261,372	-
Total	<u>\$ 76,487,894</u>	<u>\$ (16,860,804)</u>

\$21,261,372 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date June 30, 2019 will be recognized as a reduction of the net pension liability in the fiscal 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:

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Year Ending June 30,	Amount
2021	\$ 42,949,821
2022	(1,837,658)
2023	(1,761,122)
2022	(985,323)
Total	<u>\$ 38,365,718</u>

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2018 valuation were based on the new assumptions adopted by the Board on April 21, 2017 in conjunction with the six-year actuarial experience study for the period ending June 30, 2016.

The total pension liability, net pension liability, and certain sensitivity information were based on an actuarial valuation performed as of June 30, 2018. The total pension liability was rolled forward from the valuation date to the Plan's year ended June 30, 2019 using generally accepted actuarial principles. The roll-forward incorporated the recent legislation changes that were not available for the actuarial valuation performed as of June 30, 2018, but were made during the fiscal year. Specifically, the total pension liability measured as of June 30, 2019 incorporates the following changes to the Plan's provisions:

1. Employers contribute 0.25% more per employees,
2. Short-term substitute teachers working over quarter time and their employers make contributions,
3. Members beginning employment on or after July 1, 2019 have a new tiered retirement calculation increasing the credited service requirement to receive a full benefit,
4. Members who are New Mexico Public Employees Retirement Association are required to make non-refundable contributions,
5. Return to work members are required to make non-refundable contributions, and,
6. Reduction of pay spiking in the final average salary calculation.

The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Actuarial Assumptions (Continued)

Remaining Amortization Period	Amortized over a closed 30-year period from June 30, 2012, ending June 30, 2042
Actuarial Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Composition: 2.50% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.25%
Retirement Age	Experience based table of rates based on age and service. Adopted by NMERB Board on April 21, 2017 in conjunction with the six-year experience study for the period ended June 30, 2016
Mortality	<p>Healthy Males – RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB from the table’s base year of 2000</p> <p>Healthy Females – GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table’s base year of 2012</p>
Other Information	House Bill enacted several changes effective July 1, 2019. The changes included benefit provisions for new hires and employer contributions.

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

- Rate of return projections are the sum of current yield plus projected changes in price (valuation, 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.

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments was 7.29%. Best estimates of geometric real rates of return for each major asset class included in the Plan’s target asset allocation for fiscal year 2019 for 30-year return assumptions are summarized net of fees and inflation in the following table by asset class.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Rate of Return (Continued)

Schedule of Long-Term Rate of Return by Asset Class

Asset Class	2019 Percentage
Cash	0.25 %
U.S. Treasuries	0.97
IG Corp Credit	2.92
Mortgage Backed Securities	0.97
Core Bonds*	1.57
Treasury Inflation Protected Securities	1.22
High-Yield Bonds	3.65
Bank Loans	2.68
Global Bonds (Unhedged)	0.26
Global Bonds (Hedged)	0.42
Emerging Market Debt External	3.41
Emerging Market Debt Local Currency	3.89
Large Cap Equities	4.62
Small/Mid Cap Equities	4.87
International Equities (Unhedged)	4.87
International Equities (Hedged)	5.24
Emerging International Equities	6.33
Private Equity	8.18
Private Debt	5.22
Private Real Assets	6.57
Real Estate	4.26
Commodities	2.68
Hedge Funds	3.90

*Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and Mortgage Backed Securities).

NMERB has adopted a strategic Asset Allocation Plan containing weights, ranges, and benchmarks for each asset class. Over time, this strategy is expected to achieve NMERB's assumed overall rate of return on Plan assets of 7.25%. Achieving the target weights is a long-term goal.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the 2019 measurement date. In particular, the table presents the District's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Continued)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
The District's Proportionate Share of the Net Pension Liability	<u>\$ 479,121,079</u>	<u>\$ 354,924,637</u>	<u>\$ 252,202,374</u>

Payables to the Pension Plan

The payable to the plan as of June 30, 2020, which is related to required contributions outstanding at the end of the period was \$6,614,549.

Pension Plan Fiduciary Net Position

Detailed information about the ERB’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2019 and 2018 which are publicly available at www.nmerb.org.

NOTE 11 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN

Plan Description

The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person’s behalf unless that person retires before the employer’s RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer’s effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 11 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

Contributions

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998 are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees who were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2019, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees who were not members of an enhanced retirement plan during the fiscal year ended June 30, 2019, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act. Contributions to the OPEB plan from the District were \$3,004,876 for the year ended June 30, 2020.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 11 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The total OPEB liability, net OPEB liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2019. Therefore, the employer's portion was established as of the measurement date June 30, 2019. At June 30, 2020, the District reported a liability of \$100,320,805 for its proportionate share of the net OPEB liability. The District's proportion of the net OPEB liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2019. The contribution amounts were defined by Section 10-7C-15, NMSA 1978. At June 30, 2020, the District's proportion was 3.09404%.

For the year ended June 30, 2020, the District recognized pension income of \$7,109,275. As of June 30, 2020, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (25,245,810)
Changes in Proportion and Differences Between the Changes of Assumptions	2,418,465	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(932,736)
The District's Contributions Subsequent to the Measurement Date	3,004,876	-
Total	<u>\$ 5,423,341</u>	<u>\$ (58,557,251)</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date June 30, 2019 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2021	\$ (15,280,822)
2022	(15,280,822)
2023	(13,269,259)
2024	(7,970,757)
Thereafter	(4,337,126)
Total	<u>\$ (56,138,786)</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 11 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Actuarial Assumptions

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

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation	2.50% for ERB; 2.50% for PERA
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 Health Mortality

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:

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 11 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Actuarial Assumptions (Continued)

Asset Class	Long-Term Rate of Return
U.S. Core Fixed Income	2.1 %
U.S. Equity - Large Cap	7.1
Non U.S. - Emerging Markets	10.2
Non U.S. - Developed Equities	7.8
Private Equity	11.8
Credit and Structured Finance	5.3
Real Estate	4.9
Absolute Return	4.1
U.S. Equity - Small/Mid Cap	7.1

The discount rate used to measure the total OPEB liability is 4.16% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates.

For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the OPEB plan'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, 2039. Thus, the 7.25% discount rate, which includes the assumed inflation rate of 2.50%, was used to calculate the net OPEB liability through 2039. Beyond 2039, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.50%) was applied. Thus 4.16% is the blended discount rate.

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

	1% Decrease (3.16%)	Current Discount Rate (4.16%)	1% Increase (5.16%)
The District's Proportionate Share of the OPEB Liability	<u>\$ 122,716,522</u>	<u>\$ 100,320,805</u>	<u>\$ 82,715,663</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 11 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Actuarial Assumptions (Continued)

The following presents the net OPEB liability of the School, as well as what the School's 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 Rate	1% Increase
The District's Proportionate Share of the OPEB Liability	\$ 83,523,537	\$ 100,320,805	\$ 113,769,397

OPEB Plan Fiduciary Net Position

Detailed information about the NMRHCA's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2019 and 2010, which are publicly available at www.nmrhca.org.

Payables to the OPEB Plan

The payable to the plan as of June 30, 2020, which is related to required contributions outstanding at the end of the period was \$810,205.

NOTE 12 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 allowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

The District 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 District's legal counsel that the resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 13 COMMITMENTS

The District has committed to pay several construction contractors for construction of District Facilities as of June 30, 2020. The commitments, in some instances, are projected for which costs will be shared with the New Mexico Public School Facilities Authority.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 JOINT POWERS AGREEMENTS (JPA)

JPA – Community School Initiative Program

Participants	Las Cruces Public Schools No. 2 and City of Las Cruces
Responsible Party	Las Cruces Public Schools No. 2 and City of Las Cruces
Description	To establish a Community Schools Initiative utilizing the combined resources of the Parties together with the resources of other public and private organizations.
Term of Agreement	Indefinite
Amount of Project	Varies
District Contributes	Creation of Partnership and Board.
Audit Responsibility	Las Cruces Public School District No. 2

JPA – Education Services

Participants	Las Cruces Public Schools No. 2 and the New Mexico School for the Deaf
Responsible Party	Las Cruces Public Schools No. 2 and the New Mexico School for the Deaf
Description	To provide special education and related services to students placed with the NMSD by the District in accordance with the agreement.
Term of Agreement	August 12, 2018 to June 30, 2021
Amount of Program	Varies
District Contributes	The District agrees to pay to the New School for the Deaf, an amount not to exceed \$3,500 per student per school year for all eligible students reported by NMSD to the District as of December 1 child count for the 2018-2019, 2019-2020, and 2020-2021 school years, respectively.
Audit Responsibility	Las Cruces Public School District No. 2

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND PENSION CONTRIBUTIONS –
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN –
LAST 10 FISCAL YEARS*
(REQUIRED SUPPLEMENTARY INFORMATION)**

	Measurement Date					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
The District's Proportion of the Net Pension Liability (Asset)	4.68410%	4.68230%	4.57489%	4.46272%	4.73255%	4.69000%
The District's Proportionate Share of the Net Pension Liability (Asset)	\$ 354,924,637	\$ 556,781,845	\$ 508,428,946	\$ 321,156,680	\$ 306,539,866	\$ 267,644,295
The District's Covered Payroll	\$ 136,986,403	\$ 130,856,604	\$ 130,283,547	\$ 127,456,763	\$ 134,530,374	\$ 129,295,745
The District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	259%	425%	390%	252%	228%	207%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.13%	52.17%	52.95%	61.58%	63.97%	66.54%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND PENSION CONTRIBUTIONS –
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN –
LAST 10 FISCAL YEARS* (CONTINUED)
(REQUIRED SUPPLEMENTARY INFORMATION)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 21,261,372	\$ 19,041,110	\$ 18,189,068	\$ 18,109,413	\$ 17,716,490	\$ 18,699,722
Contributions in Relation to the Contractually Required Contribution	<u>21,261,372</u>	<u>19,041,110</u>	<u>18,189,068</u>	<u>18,109,413</u>	<u>17,716,490</u>	<u>18,699,722</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 152,959,511	\$ 136,986,403	\$ 130,856,604	\$ 130,283,547	\$ 127,456,763	\$ 134,530,374
Contributions as a Percentage of Covered Payroll	13.90%	13.90%	13.90%	13.90%	13.90%	13.90%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY AND OPEB CONTRIBUTIONS –
NM RETIREE HEALTH CARE AUTHORITY (NMRHCA) PLAN –
LAST 10 FISCAL YEARS*
(REQUIRED SUPPLEMENTARY INFORMATION)**

	Measurement Date <u>June 30, 2019</u>	Measurement Date <u>June 30, 2018</u>	Measurement Date <u>June 30, 2017</u>
The District's Proportion of the Net OPEB Liability (Asset)	3.09404%	3.06331%	3.03470%
The District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 100,320,805	\$ 133,203,588	\$ 137,522,681
The District's Covered Payroll	\$ 136,936,400	\$ 130,805,300	\$ 130,277,300
The District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	73%	102%	106%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.14%	13.14%	11.34%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 3,004,876	\$ 2,738,728	\$ 2,616,106
Contributions in Relation to the Contractually Required Contribution	<u>3,004,876</u>	<u>2,738,728</u>	<u>2,616,106</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 150,243,800	\$ 136,936,400	\$ 130,805,300
Contributions as a Percentage of Covered Payroll	2%	2%	2%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

Changes of Benefit Terms – Net Pension Liability

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

Changes of Assumptions – Net Pension Liability

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

Actuarial Methods and Assumptions Used – Net OPEB Liability:

Actuarial cost method:	Entry age, level percent of pay
Amortization method:	Level percent of payroll
Remaining amortization period:	30 years open (non-decreasing)
Asset valuation method:	Market value of assets

Actuarial assumptions:

- Investment rate of return 7.25%
- Inflation rate 3.00%
- Salary increases 0.50%-0.75%

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue	Capital Projects	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 18,546,812	\$ 10,042,374	\$ 28,589,186
Investments	-	25,782	25,782
Accounts Receivable:			
Taxes	-	547,954	547,954
Due from Other Governments	4,576,408	1,026,681	5,603,089
Other	1,798	7	1,805
Inventory	523,789	-	523,789
Total Assets	\$ 23,648,807	\$ 11,642,798	\$ 35,291,605
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Accounts Payable	\$ 161,215	\$ 235,417	\$ 396,632
Due to Government	-	215	215
Accrued Expenses	1,089,236	-	1,089,236
Interfund Payables	3,072,051	1,026,681	4,098,732
Total Liabilities	4,322,502	1,262,313	5,584,815
Deferred Inflows of Resources:			
Unavailable Revenues	-	429,441	429,441
Fund Balances:			
Nonspendable	523,789	-	523,789
Restricted by Grantor	18,802,516	-	18,802,516
Restricted for Capital Projects	-	9,951,044	9,951,044
Total Fund Balance	19,326,305	9,951,044	29,277,349
Total Liabilities and Fund Balances	\$ 23,648,807	\$ 11,642,798	\$ 35,291,605

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	Special Revenue	Capital Projects	Total
REVENUES			
Property Taxes	\$ -	\$ 6,974,043	\$ 6,974,043
State Grants	4,508,017	2,067,819	6,575,836
Federal Grants	22,750,386	-	22,750,386
Charges for Services	2,135,893	-	2,135,893
Miscellaneous	13,318	6,356	19,674
Local and Private Sources	1,658,748	680,242	2,338,990
Interest	16,951	122,384	139,335
Total Revenues	<u>31,083,313</u>	<u>9,850,844</u>	<u>40,934,157</u>
EXPENDITURES			
Current:			
Instruction	9,387,384	-	9,387,384
Support Services:			
Students	4,325,379	-	4,325,379
Instruction	1,727,371	-	1,727,371
General Administration	504,533	69,845	574,378
School Administration	12,907	-	12,907
Central Services	2,040	-	2,040
Operation and Maintenance of Plant	10,329	-	10,329
Student Transportation	64,080	-	64,080
Other Support Services	-	-	-
Food Service Operations	14,527,882	-	14,527,882
Community Service	152,149	-	152,149
Facilities, Materials, and Supplies	-	6,932,427	6,932,427
Total Expenditures	<u>30,714,054</u>	<u>7,002,272</u>	<u>37,716,326</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	369,259	2,848,572	3,217,831
OTHER FINANCING SOURCES (USES)			
Operating Transfers in	-	-	-
Operating Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	369,259	2,848,572	3,217,831
Fund Balances - Beginning of Year	<u>18,957,046</u>	<u>7,102,472</u>	<u>26,059,518</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 19,326,305</u></u>	<u><u>\$ 9,951,044</u></u>	<u><u>\$ 29,277,349</u></u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SPECIAL REVENUE FUNDS
JUNE 30, 2020**

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

Food Services (21000) – 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 District. 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-Instructional Materials (23000) – To account for budgeted revenues and expenditures which relate to student activities other than athletics.

Migrant Children Education IASA (24103) – To account for federal resources administered by the State Public Education Department to provide for special educational needs of migratory agricultural workers (P.L. 100-297).

Preschool IDEA-B (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 District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

IDEA-B Early Intervention (24112) – To account for a sub-award from IDEA-B Basic grant (24106) to develop and implement coordinated early intervening educational services. The services are designed to directly benefit nondisabled children who need additional academic and behavioral support to succeed in the general education environment.

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 develop and implement programs for school personnel to heighten awareness of specific problems of homeless children and youth. Authorized by McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

IDEA-B Private Schools (24115) – To account for a sub-award from IDEA-B Basic grant (24106) to assist in providing special education and related services to students with disabilities who are parentally placed in private elementary and secondary schools located in the school district served by the LEA.

Fresh Fruits & Vegetables USDA (24118) – To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2005. Authorized by National School Lunch Act, as amended, 42 U.S.C. 1769.

IDEA-B Risk Pool (24120) – To assist in covering costs of providing special education and related services to children with disabilities, as required per IEPs.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SPECIAL REVENUE FUNDS
JUNE 30, 2020**

Results Driven Accountability (24132) – To support school improvement, with the focus on students with disabilities in grades K-3, through the implementation of the evidence-based practices identified in Results Driven Accountability.

Carl D. Perkins – Nontraditional (Admin) (24139) – To assist in supporting nontraditional students in the work-based learning initiative.

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.

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.

Carl D. Perkins (24174 – Secondary Current) (24175 – Secondary PY Oblig.) (24176 – Secondary Redistribution) – The objective of this grant is to provide secondary and post-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. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

Migrant Regional Recruiting (24187) – To identify and recruit migrant students in New Mexico and support recruitment in other areas as needed. The work is performed through the region as assigned by the Department, and includes accurately documenting the facts of eligibility. Recruiter will assist in the monitoring of student academic progress and provide outreach to the families. In addition, recruiter will work with identified personnel in school districts to identify migrant students.

Student Support and Academic Enrichment Grants (24189) – To support well-rounded educational opportunities, safe and healthy students and effective use of technology.

Comprehensive Support and Improvement (24190) – To support the implementation of evidence-based interventions to improve outcomes for students.

Comprehensive Literacy State Development (24194) – To improve literacy skills of preschool children and significantly increase the percentage of elementary, middle, and high school students to meet the State's language and literacy standards, birth through grade 12.

Headstart (25127) – To account for federal resources administered by the U.S. Department of Health and Human Services to provide comprehensive early childhood development for disadvantaged preschool children and their families. (Community Opportunities, Accountability and Training Act of 1998).

Title XX – Health & Social Services (25129) – To account for federal resources administered through the Human Service Department to provide day care benefits to qualifying low income families with dependent children (P.L. 103-66, P.L. 100-485).

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SPECIAL REVENUE FUNDS
JUNE 30, 2020**

Impact Aid Special Education (25145) – 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.

Safe Routes to School NMDOT (25146) – To account for funds administered by New Mexico Department of Transportation to promote or improve safety of walking of bicycling to school.

Food Stamps Nutrition (25150) – To account for funds administered by the New Mexico State University through New Mexico Human Services Department to promote nutrition education to students and parents.

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.

SCIAD (26136) – To account for funds awarded to support the science advisors (SCIAD) program and math, science and technology projects. Science professionals, teachers, parents and other community supporters are recruited to service as SCIADs to students. Authorization is a grant from the Honeywell Corporation.

Daniels Funds (26141) – To explore how early childhood education can be enhanced in Dona Ana County so that more children have access to high quality early childhood education. More specifically, to explore how partner organization's services in early childhood education can be aligned, expanded and/or become more accessible throughout Dona Ana County. Develop a cadre of "parent educators" who facilitate First Teacher or Abriendo Puertas with a common knowledge curriculum to enhance early childhood education throughout the county, and to improve "Workforce Development for Early Childhood Education."

Spaceport GRT Grant Dona Ana County (26204) – These funds are intended for middle and high school students who will explore aerospace-related topics and participate in activities and programs that enhance learning and promote post-secondary education, leading to careers in science, technology, engineering, and mathematics.

Project Lead the Way (26219) – To offset costs associated with the PLTW Gateway program for computer science at Zia Middle School.

Dual Credit Instructional Materials (27103) – This grant is intended for dual credit instructional materials for the students.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SPECIAL REVENUE FUNDS
JUNE 30, 2020**

2012 GO Bond Public School Library (27107) – The purpose of the 2012 GOB Public School Library Award is to acquire library books and library resources for public school libraries statewide. These funds were made available through Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B(3).

Instructional Materials (27109) – This appropriation is intended specifically for the purchase of instructional materials to make up for shortfalls in past appropriations.

Community Schools Planning Grant (27126) – To be used to conduct an initial school and community needs assessment, to identify community supports and services through asset mapping, and for establishing a site-based leadership in order to implement the community school framework.

Community Schools Implementation Grant (27127) – To implement the community schools framework that includes active family and community engagement, collaborative leadership and practices, expended and enriched learning time and opportunities and integrated student supports, and to hire a community schools coordinator.

Feminine Hygiene Products (27130) – To purchase and dispense free feminine hygiene products. The initial targeted population is homeless and migrant female students but accessibility to the general female student population is allowed.

NM Computer Science Award (27135) – To support professional learning on the conceptual foundations of computer science for K-12 public school teachers. The purpose is to increase access to high quality computer science training programs to ensure that more students master computer science skills leading to rewarding, high paying, and in-demand careers.

New Mexico PreK Program (27149) – To be used as supplements for teachers that have met the award criteria for most outstanding teachers.

K-Plus Transportation (27152) – To allocate funds for expenditures incurred for transporting students to K-5 Plus programs during the summer of 2019.

Breakfast for Elementary Students (27155) – The 2005 Legislative General Appropriations Act allocated \$475,000 to implement Breakfast in the Classroom for elementary schools in need of improvement based on 2004-2005 AYP designation.

NM Grown FVV (27183) – The purpose of the NM Grown FVV appropriation is to provide for the purchase of New Mexico grown fresh fruits and vegetables for school meal programs.

Next Gen CTE (27502) – To support Local Educational Agencies (LEA) in the cost of starting new career technical education (CTE) programs of study.

American Friends Service Committee (AFSC) (28127) – To be used solely for the purpose of procuring local vegetables and fruits from local farmers, prioritizing purchases from farmers who have participated or are currently participating in farmer training programs.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SPECIAL REVENUE FUNDS
JUNE 30, 2020**

Regional Alliance Science/Eng/Math NMSU (28160) – Regional Alliance/ Science/ English/ Math NMSU – To account for funds from NMSU for Teacher Outreach in the science, technology, engineering, and mathematics curriculum.

GRADS Child Care CYFD (28189) – To account for an agreement to provide childcare services in conjunction with the Graduation, Reality, and Dual Role Skills Program. Funding is provided by State of New Mexico Children Youth and Families Department.

GRADS Instruction (28190) – 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. This was fund 25162 in the prior year.

Safe Routes to School DOH (28199) – To account for monies received from the Department of Health to expand opportunities to promote safe routes to schools within the District and to encourage active living for children where they live, learn, and play.

GRADS PLUS (28203) – The purpose of GRADS PLUS funding is to support a shared case management model between the GRADS program, school, and community partners.

Private Dir Grants (Categorical) (29102) – To account for local grants awarded to provide additional funding for specific projects. The French award was used to help students become physically fit.

School Based Health Centers (29130) – To account for funds administered by the Department of Health and the County of Dona Ana in support of providing Primary Care and Mental Health Service on school campus.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
CAPITAL PROJECTS FUNDS
JUNE 30, 2020**

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

Special Capital Outlay – Local (31300) – To account for revenues that are derived from local sources, such as the sale of a building.

Special Capital Outlay – State (31400) – – Direct Appropriation to purchase, install, and equip weight room equipment for Ocate High School.

Capital Improvements SB9 State Match (31700) – 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. Financing is provided by the State of New Mexico's State Equalization Matching. (22-25-1 to 22-25-10 NMSA 1978).

Capital Improvements SB9 Local Fund (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 school board. Financing is provided by a 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 – Local (31703) – 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. Financing is provided by the State of New Mexico's State Equalization Matching. (22-25-1 to 22-25-10 NMSA 1978). This funding used to be 31700 but is now Fund 31703.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	21000	22000	23000	24103	24109	24112
	Food Services	Athletics	Non-Instructional Materials	Migrant Children Education IASA	Preschool IDEA-B	IDEA-B Early Intervention
ASSETS						
Cash and Cash Equivalents	\$ 5,809,706	\$ 593,165	\$ 1,271,422	\$ 3	\$ 7,734	\$ -
Investments	-	-	-	-	-	-
Accounts Receivable:						
Taxes	-	-	-	-	-	-
Due from Other Governments	111,692	-	-	81,607	28,076	65
Interfund Receivables	-	-	-	-	-	-
Other Receivables	1,798	-	-	-	-	-
Inventory	523,789	-	-	-	-	-
Total Assets	\$ 6,446,985	\$ 593,165	\$ 1,271,422	\$ 81,610	\$ 35,810	\$ 65
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Accounts Payable	\$ 68,430	\$ 4,582	\$ 8,562	\$ -	\$ 111	\$ -
Due to Government	-	-	-	-	-	-
Accrued Expenses	376,896	320	-	3	7,734	-
Interfund Payables	-	-	-	81,607	28,215	65
Total Liabilities	445,326	4,902	8,562	81,610	36,060	65
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	523,789	-	-	-	-	-
Restricted by Grantor	5,477,870	588,263	1,262,860	-	(250)	-
Restricted for Capital Projects	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	6,001,659	588,263	1,262,860	-	(250)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,446,985	\$ 593,165	\$ 1,271,422	\$ 81,610	\$ 35,810	\$ 65

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	24113	24115	24118	24120	24132	24139
	Education of Homeless	IDEA-B Private Schools	Fresh Fruits & Vegetables USDA	IDEA-B Risk Pool	Results Driven Accountability	Carl D. Perkins Nontraditional (Admin)
ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ 79	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts Receivable:						
Taxes	-	-	-	-	-	-
Due from Other Governments	5,154	9,562	411	-	3,946	78,712
Interfund Receivables	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total Assets	\$ 5,154	\$ 9,562	\$ 490	\$ -	\$ 3,946	\$ 78,712
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Accounts Payable	\$ -	\$ 438	\$ -	\$ -	\$ -	\$ 18,850
Due to Government	-	-	-	-	-	-
Accrued Expenses	-	-	79	-	-	-
Interfund Payables	5,154	9,124	459	-	3,946	59,862
Total Liabilities	5,154	9,562	538	-	3,946	78,712
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted by Grantor	-	-	(48)	-	-	-
Restricted for Capital Projects	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	-	-	(48)	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,154	\$ 9,562	\$ 490	\$ -	\$ 3,946	\$ 78,712

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	24153	24154	24174	24175	24176	24187
	English Language Acquisition	Teacher/Principal Training & Recruiting	Carl D. Perkins Secondary Current	Carl D. Perkins Secondary PY Obligation	Carl D. Perkins Secondary Redistribution	Migrant Regional Recruiting
ASSETS						
Cash and Cash Equivalents	\$ 4,144	\$ 78,389	\$ 17,757	\$ -	\$ -	\$ 2,124
Investments	-	-	-	-	-	-
Accounts Receivable:						
Taxes	-	-	-	-	-	-
Due from Other Governments	13,302	388,801	75,567	-	-	58,008
Interfund Receivables	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total Assets	\$ 17,446	\$ 467,190	\$ 93,324	\$ -	\$ -	\$ 60,132
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Accounts Payable	\$ -	\$ 3,969	\$ 8,877	\$ -	\$ -	\$ 4,466
Due to Government	-	-	-	-	-	-
Accrued Expenses	4,144	78,389	17,757	-	-	2,124
Interfund Payables	13,302	384,832	66,690	-	-	53,542
Total Liabilities	17,446	467,190	93,324	-	-	60,132
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted by Grantor	-	-	-	-	-	-
Restricted for Capital Projects	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,446	\$ 467,190	\$ 93,324	\$ -	\$ -	\$ 60,132

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	24189	24190	24194	25127	25129	25145
	Student Support and Academic Enrichment Grants	Comprehensive Support and Improvement	Comprehensive Literacy State Development	Headstart	Title XX - Health & Social Services	Impact Aid Special Education
ASSETS						
Cash and Cash Equivalents	\$ 20,281	\$ 3	\$ -	\$ 244,845	\$ 50,401	\$ 4,170
Investments	-	-	-	-	-	-
Accounts Receivable:						
Taxes	-	-	-	-	-	-
Due from Other Governments	117,297	5,062	579,842	694,385	-	-
Interfund Receivables	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total Assets	\$ 137,578	\$ 5,065	\$ 579,842	\$ 939,230	\$ 50,401	\$ 4,170
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ 12,904	\$ -	\$ 2,919
Due to Government	-	-	-	-	-	-
Accrued Expenses	20,281	3	-	244,855	4,220	-
Interfund Payables	117,297	5,062	579,842	681,645	-	-
Total Liabilities	137,578	5,065	579,842	939,404	4,220	2,919
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted by Grantor	-	-	-	(174)	46,181	1,251
Restricted for Capital Projects	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	-	-	-	(174)	46,181	1,251
TOTAL LIABILITIES AND FUND BALANCES	\$ 137,578	\$ 5,065	\$ 579,842	\$ 939,230	\$ 50,401	\$ 4,170

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	25146	25150	25153	26136	26141	26204
	Safe Routes to School NMDOT	Food Stamps Nutrition	Title XIX MEDICAID 3/21 Years	SCIAD	Daniels Funds	Spaceport GRT Grant Dona Ana County
ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ 8,377,683	\$ 61	\$ 417	\$ 1,542,279
Investments	-	-	-	-	-	-
Accounts Receivable:						
Taxes	-	-	-	-	-	-
Due from Other Governments	7,461	933	530,423	-	-	797,670
Interfund Receivables	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total Assets	\$ 7,461	\$ 933	\$ 8,908,106	\$ 61	\$ 417	\$ 2,339,949
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Accounts Payable	\$ -	\$ -	\$ 1,407	\$ -	\$ -	\$ 18,803
Due to Government	-	-	-	-	-	-
Accrued Expenses	-	-	180,100	-	-	52,309
Interfund Payables	7,461	933	-	-	-	-
Total Liabilities	7,461	933	181,507	-	-	71,112
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted by Grantor	-	-	8,726,599	61	417	2,268,837
Restricted for Capital Projects	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	-	-	8,726,599	61	417	2,268,837
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,461	\$ 933	\$ 8,908,106	\$ 61	\$ 417	\$ 2,339,949

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	26219	27103	27107	27109	27126	27127
	Project Lead the Way	Dual Credit Instructional Materials	2012 GO Bond Public School Library	Instructional Materials	Community Schools Planning Grant	Community Schools Implementation Grant
ASSETS						
Cash and Cash Equivalents	\$ 8,152	\$ -	\$ -	\$ 213,807	\$ 1,661	\$ 23
Investments	-	-	-	-	-	-
Accounts Receivable:						
Taxes	-	-	-	-	-	-
Due from Other Governments	-	-	105,439	-	19,603	117,309
Interfund Receivables	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total Assets	\$ 8,152	\$ -	\$ 105,439	\$ 213,807	\$ 21,264	\$ 117,332
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Accounts Payable	\$ 1,200	\$ -	\$ 5,419	\$ -	\$ -	\$ -
Due to Government	-	-	-	-	-	-
Accrued Expenses	-	-	-	-	1,661	23
Interfund Payables	-	-	100,020	-	19,603	117,309
Total Liabilities	1,200	-	105,439	-	21,264	117,332
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted by Grantor	6,952	-	-	213,807	-	-
Restricted for Capital Projects	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	6,952	-	-	213,807	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,152	\$ -	\$ 105,439	\$ 213,807	\$ 21,264	\$ 117,332

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	27130	27135	27149	27152	27155	27183
	Feminine Hygiene Products	NM Computer Science Award	New Mexico PreK Program	K-Plus Transportation	Breakfast for Elementary Students	NM Grown FVV
ASSETS						
Cash and Cash Equivalents	\$ -	\$ 1,865	\$ 81,374	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts Receivable:						
Taxes	-	-	-	-	-	-
Due from Other Governments	11,864	10,994	540,765	-	-	4,350
Interfund Receivables	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total Assets	\$ 11,864	\$ 12,859	\$ 622,139	\$ -	\$ -	\$ 4,350
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Accounts Payable	\$ -	\$ -	\$ 278	\$ -	\$ -	\$ -
Due to Government	-	-	-	-	-	-
Accrued Expenses	-	1,865	81,096	-	-	-
Interfund Payables	11,864	10,994	540,765	-	-	4,350
Total Liabilities	11,864	12,859	622,139	-	-	4,350
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted by Grantor	-	-	-	-	-	-
Restricted for Capital Projects	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,864	\$ 12,859	\$ 622,139	\$ -	\$ -	\$ 4,350

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	27502	28127	28160	28189	28190	28199
	Next Gen CTE	American Friends Service Committee (AFSC)	Regn. Alliance Science/Eng/Math NMSU	GRADS Child Care CYFD	GRADS Instruction	Safe Routes to School DOH
ASSETS						
Cash and Cash Equivalents	\$ 14,072	\$ -	\$ 3,714	\$ 32	\$ 109	\$ 78,979
Investments	-	-	-	-	-	-
Accounts Receivable:						
Taxes	-	-	-	-	-	-
Due from Other Governments	149,289	-	-	-	2,575	10,000
Interfund Receivables	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total Assets	\$ 163,361	\$ -	\$ 3,714	\$ 32	\$ 2,684	\$ 88,979
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Government	-	-	-	-	-	-
Accrued Expenses	14,072	-	-	-	109	232
Interfund Payables	149,289	-	-	-	2,575	-
Total Liabilities	163,361	-	-	-	2,684	232
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted by Grantor	-	-	3,714	32	-	88,747
Restricted for Capital Projects	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	-	-	3,714	32	-	88,747
TOTAL LIABILITIES AND FUND BALANCES	\$ 163,361	\$ -	\$ 3,714	\$ 32	\$ 2,684	\$ 88,979

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUNDS	
	28203	29102	29130		31300	31400
	GRADS PLUS	Private Dir. Grants (Categorical)	School Based Health Centers	Total Special Revenue Funds	Special Capital Outlay - Local	Special Capital Outlay - State
ASSETS						
Cash and Cash Equivalents	\$ 964	\$ 112,574	\$ 4,823	\$ 18,546,812	\$ 2,244,717	\$ -
Investments	-	-	-	-	-	-
Accounts Receivable:						
Taxes	-	-	-	-	-	-
Due from Other Governments	16,244	-	-	4,576,408	-	-
Interfund Receivables	-	-	-	-	-	-
Other Receivables	-	-	-	1,798	-	-
Inventory	-	-	-	523,789	-	-
Total Assets	\$ 17,208	\$ 112,574	\$ 4,823	\$ 23,648,807	\$ 2,244,717	\$ -
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ 161,215	\$ -	\$ -
Due to Government	-	-	-	-	-	-
Accrued Expenses	964	-	-	1,089,236	-	-
Interfund Payables	16,244	-	-	3,072,051	-	-
Total Liabilities	17,208	-	-	4,322,502	-	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	523,789	-	-
Restricted by Grantor	-	112,574	4,823	18,802,516	-	-
Restricted for Capital Projects	-	-	-	-	2,244,717	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	-	112,574	4,823	19,326,305	2,244,717	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,208	\$ 112,574	\$ 4,823	\$ 23,648,807	\$ 2,244,717	\$ -

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020**

	CAPITAL PROJECT FUNDS				
	31700	31701	31703	Total Capital Project Funds	Total All Non-Major Funds
	Capital Improvements SB9 State Match	Capital Improvements SB9 Local Fund	SB-9 State Match Cash - Local		
ASSETS					
Cash and Cash Equivalents	\$ -	\$ 6,956,519	\$ 841,138	\$ 10,042,374	\$ 28,589,186
Investments	-	25,782	-	25,782	25,782
Accounts Receivable:				-	
Taxes	-	547,954	-	547,954	547,954
Due from Other Governments	1,026,681	-	-	1,026,681	5,603,089
Interfund Receivables	-	-	-	-	-
Other Receivables	-	7	-	7	1,805
Inventory	-	-	-	-	523,789
Total Assets	\$ 1,026,681	\$ 7,530,262	\$ 841,138	\$ 11,642,798	\$ 35,291,605
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Accounts Payable	\$ -	\$ 235,417	\$ -	\$ 235,417	\$ 396,632
Due to Government	-	215	-	215	215
Accrued Expenses	-	-	-	-	1,089,236
Interfund Payables	1,026,681	-	-	1,026,681	4,098,732
Total Liabilities	1,026,681	235,632	-	1,262,313	5,584,815
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	-	429,441	-	429,441	429,441
				-	
FUND BALANCES					
Nonspendable	-	-	-	-	523,789
Restricted by Grantor	-	-	-	-	18,802,516
Restricted for Capital Projects	-	6,865,189	841,138	9,951,044	9,951,044
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	-	6,865,189	841,138	9,951,044	29,277,349
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,026,681	\$ 7,530,262	\$ 841,138	\$ 11,642,798	\$ 35,291,605

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	21000	22000	23000	24103	24109	24112
	Food Services	Athletics	Non-Instructional Materials	Migrant Children Education IASA	Preschool IDEA-B	IDEA-B Early Intervention
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	39,782	-	-	-	-	-
Federal Grants	11,650,572	-	-	122,646	123,946	182,095
Charges for Services	788,446	461,396	886,051	-	-	-
Miscellaneous	-	-	13,318	-	-	-
Local and Private Sources	-	-	-	-	-	-
Interest	5,638	366	1,686	-	-	-
Total Revenues	<u>12,484,438</u>	<u>461,762</u>	<u>901,055</u>	<u>122,646</u>	<u>123,946</u>	<u>182,095</u>
EXPENDITURES						
Current:						
Instruction	-	380,532	770,147	106,848	120,582	176,792
Support Services:						
Students	-	-	-	311	-	-
Instruction	-	-	-	11,915	-	-
General Administration	290,000	-	-	3,572	3,614	5,303
School Administration	-	-	-	-	-	-
Central Services	-	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-
Food Service Operations	13,964,904	-	-	-	-	-
Community Service	-	-	-	-	-	-
Facilities, Materials, and Supplies	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Total Expenditures	<u>14,254,904</u>	<u>380,532</u>	<u>770,147</u>	<u>122,646</u>	<u>124,196</u>	<u>182,095</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,770,466)	81,230	130,908	-	(250)	-
OTHER FINANCING SOURCES (USES)						
Proceeds from Bond Issues	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,770,466)	81,230	130,908	-	(250)	-
Fund Balances - Beginning of Year	<u>7,772,125</u>	<u>507,033</u>	<u>1,131,952</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,001,659</u>	<u>\$ 588,263</u>	<u>\$ 1,262,860</u>	<u>\$ -</u>	<u>\$ (250)</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	24113	24115	24118	24120	24132	24139
	Education of Homeless	IDEA-B Private Schools	Fresh Fruits & Vegetables USDA	IDEA-B Risk Pool	Results Driven Accountability	Carl D. Perkins Nontraditional (Admin)
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-	-	-
Federal Grants	37,101	9,562	235,129	51,528	11,364	78,712
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Local and Private Sources	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Revenues	37,101	9,562	235,129	51,528	11,364	78,712
EXPENDITURES						
Current:						
Instruction	6,209	9,296	-	23,797	10,827	76,968
Support Services:						
Students	29,811	-	-	27,731	18	-
Instruction	-	-	-	-	188	-
General Administration	1,081	266	-	-	331	1,744
School Administration	-	-	-	-	-	-
Central Services	-	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-
Food Service Operations	-	-	235,177	-	-	-
Community Service	-	-	-	-	-	-
Facilities, Materials, and Supplies	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Total Expenditures	37,101	9,562	235,177	51,528	11,364	78,712
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(48)	-	-	-
OTHER FINANCING SOURCES (USES)						
Proceeds from Bond Issues	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	(48)	-	-	-
Fund Balances - Beginning of Year	-	-	-	-	-	-
FUND BALANCES - END OF YEAR	\$ -	\$ -	\$ (48)	\$ -	\$ -	\$ -

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	24153	24154	24174	24175	24176	24187
	English Language Acquisition	Teacher/Principal Training & Recruiting	Carl D. Perkins Secondary Current	Carl D. Perkins Secondary PY Obligation	Carl D. Perkins Secondary Redistribution	Migrant Regional Recruiting
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-	-	-
Federal Grants	95,325	1,283,344	211,752	3,942	19,913	88,428
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Local and Private Sources	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Revenues	<u>95,325</u>	<u>1,283,344</u>	<u>211,752</u>	<u>3,942</u>	<u>19,913</u>	<u>88,428</u>
EXPENDITURES						
Current:						
Instruction	36,580	308,783	194,044	3,930	19,913	3,999
Support Services:						
Students	-	4,356	5,786	12	-	83,999
Instruction	55,960	925,817	1,366	-	-	-
General Administration	2,785	37,834	5,547	-	-	-
School Administration	-	6,554	3,248	-	-	-
Central Services	-	-	1,761	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-	430
Student Transportation	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-
Community Service	-	-	-	-	-	-
Facilities, Materials, and Supplies	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Total Expenditures	<u>95,325</u>	<u>1,283,344</u>	<u>211,752</u>	<u>3,942</u>	<u>19,913</u>	<u>88,428</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Proceeds from Bond Issues	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	24189	24190	24194	25127	25129	25145
	Student Support and Academic Enrichment Grants	Comprehensive Support and Improvement	Comprehensive Literacy State Development	Headstart	Title XX - Health & Social Services	Impact Aid Special Education
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-	-	-
Federal Grants	482,496	33,470	579,842	3,660,607	73,342	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Local and Private Sources	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Revenues	<u>482,496</u>	<u>33,470</u>	<u>579,842</u>	<u>3,660,607</u>	<u>73,342</u>	<u>-</u>
EXPENDITURES						
Current:						
Instruction	127,138	27,715	578,842	2,235,521	51,306	8,875
Support Services:						
Students	297,785	4,780	-	1,051,821	-	-
Instruction	14,803	-	1,000	271,196	-	-
General Administration	14,104	975	-	91,524	-	81
School Administration	3,105	-	-	-	-	-
Central Services	-	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	8,027	-	-
Student Transportation	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-
Community Service	25,561	-	-	2,692	-	-
Facilities, Materials, and Supplies	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Total Expenditures	<u>482,496</u>	<u>33,470</u>	<u>579,842</u>	<u>3,660,781</u>	<u>51,306</u>	<u>8,956</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(174)	22,036	(8,956)
OTHER FINANCING SOURCES (USES)						
Proceeds from Bond Issues	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	(174)	22,036	(8,956)
Fund Balances - Beginning of Year	-	-	-	-	24,145	10,207
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (174)</u>	<u>\$ 46,181</u>	<u>\$ 1,251</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	25146	25150	25153	26136	26141	26204
	Safe Routes to School NMDOT	Food Stamps Nutrition	Title XIX MEDICAID 3/1 Years	SCIAD	Daniels Funds	Spaceport GRT Grant Dona Ana County
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-	-	-
Federal Grants	30,169	23,252	3,661,849	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Local and Private Sources	-	-	-	-	2,000	1,546,635
Interest	-	-	7,738	-	-	1,523
Total Revenues	<u>30,169</u>	<u>23,252</u>	<u>3,669,587</u>	<u>-</u>	<u>2,000</u>	<u>1,548,158</u>
EXPENDITURES						
Current:						
Instruction	-	-	-	-	-	864,705
Support Services:						
Students	30,169	-	2,581,057	-	2,140	-
Instruction	-	-	-	-	-	156,521
General Administration	-	585	-	-	-	30,078
School Administration	-	-	-	-	-	-
Central Services	-	-	279	-	-	-
Operation and Maintenance of Plant	-	-	1,872	-	-	-
Student Transportation	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-
Food Service Operations	-	22,667	-	-	-	-
Community Service	-	-	-	-	-	-
Facilities, Materials, and Supplies	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Total Expenditures	<u>30,169</u>	<u>23,252</u>	<u>2,583,208</u>	<u>-</u>	<u>2,140</u>	<u>1,051,304</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1,086,379	-	(140)	496,854
OTHER FINANCING SOURCES (USES)						
Proceeds from Bond Issues	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	1,086,379	-	(140)	496,854
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>7,640,220</u>	<u>61</u>	<u>557</u>	<u>1,771,983</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,726,599</u>	<u>\$ 61</u>	<u>\$ 417</u>	<u>\$ 2,268,837</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	26219	27103	27107	27109	27126	27127
	Project Lead the Way	Dual Credit Instructional Materials	2012 GO Bond Public School Library	Instructional Materials	Community Schools Planning Grant	Community Schools Implementation Grant
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	116,726	105,439	1,901,034	42,879	119,403
Federal Grants	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Local and Private Sources	5,000	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Revenues	<u>5,000</u>	<u>116,726</u>	<u>105,439</u>	<u>1,901,034</u>	<u>42,879</u>	<u>119,403</u>
EXPENDITURES						
Current:						
Instruction	8,048	116,726	-	1,687,227	5,194	26,103
Support Services:						
Students	-	-	-	-	-	6,994
Instruction	-	-	105,439	-	-	95
General Administration	-	-	-	-	-	-
School Administration	-	-	-	-	-	-
Central Services	-	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-
Community Service	-	-	-	-	37,685	86,211
Facilities, Materials, and Supplies	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Total Expenditures	<u>8,048</u>	<u>116,726</u>	<u>105,439</u>	<u>1,687,227</u>	<u>42,879</u>	<u>119,403</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,048)	-	-	213,807	-	-
OTHER FINANCING SOURCES (USES)						
Proceeds from Bond Issues	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3,048)	-	-	213,807	-	-
Fund Balances - Beginning of Year	10,000	-	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ 6,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,807</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	26219	27103	27107	27109	27126	27127
	Project Lead the Way	Dual Credit Instructional Materials	2012 GO Bond Public School Library	Instructional Materials	Community Schools Planning Grant	Community Schools Implementation Grant
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	116,726	105,439	1,901,034	42,879	119,403
Federal Grants	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Local and Private Sources	5,000	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Revenues	<u>5,000</u>	<u>116,726</u>	<u>105,439</u>	<u>1,901,034</u>	<u>42,879</u>	<u>119,403</u>
EXPENDITURES						
Current:						
Instruction	8,048	116,726	-	1,687,227	5,194	26,103
Support Services:						
Students	-	-	-	-	-	6,994
Instruction	-	-	105,439	-	-	95
General Administration	-	-	-	-	-	-
School Administration	-	-	-	-	-	-
Central Services	-	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-
Community Service	-	-	-	-	37,685	86,211
Facilities, Materials, and Supplies	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Total Expenditures	<u>8,048</u>	<u>116,726</u>	<u>105,439</u>	<u>1,687,227</u>	<u>42,879</u>	<u>119,403</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,048)	-	-	213,807	-	-
OTHER FINANCING SOURCES (USES)						
Proceeds from Bond Issues	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3,048)	-	-	213,807	-	-
Fund Balances - Beginning of Year	10,000	-	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ 6,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,807</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	27130	27135	27149	27152	27155	27183
	Feminine Hygiene Products	NM Computer Science Award	New Mexico PreK Program	K-Plus Transportation	Breakfast for Elementary Students	NM Grown FVV
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	23,162	10,994	1,536,586	64,080	276,512	22,459
Federal Grants	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Local and Private Sources	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Revenues	<u>23,162</u>	<u>10,994</u>	<u>1,536,586</u>	<u>64,080</u>	<u>276,512</u>	<u>22,459</u>
EXPENDITURES						
Current:						
Instruction	-	10,994	1,192,550	-	-	-
Support Services:						
Students	23,162	-	148,760	-	-	-
Instruction	-	-	180,241	-	-	-
General Administration	-	-	15,035	-	-	-
School Administration	-	-	-	-	-	-
Central Services	-	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-	-
Student Transportation	-	-	-	64,080	-	-
Other Support Services	-	-	-	-	-	-
Food Service Operations	-	-	-	-	276,512	22,459
Community Service	-	-	-	-	-	-
Facilities, Materials, and Supplies	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Total Expenditures	<u>23,162</u>	<u>10,994</u>	<u>1,536,586</u>	<u>64,080</u>	<u>276,512</u>	<u>22,459</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Proceeds from Bond Issues	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS					
	27502	28127	28160	28189	28190	28199
	Next Gen CTE	American Friends Service Committee (AFSC)	Regn. Alliance Science/Eng/Math NMSU	GRADS Child Care CYFD	GRADS Instruction	Safe Routes to School DOH
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	157,593	6,163	-	1,402	5,087	50,000
Federal Grants	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Local and Private Sources	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Revenues	<u>157,593</u>	<u>6,163</u>	<u>-</u>	<u>1,402</u>	<u>5,087</u>	<u>50,000</u>
EXPENDITURES						
Current:						
Instruction	157,593	-	-	1,400	5,087	-
Support Services:						
Students	-	-	-	-	-	26,687
Instruction	-	-	-	-	-	-
General Administration	-	-	-	-	-	-
School Administration	-	-	-	-	-	-
Central Services	-	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-
Food Service Operations	-	6,163	-	-	-	-
Community Service	-	-	-	-	-	-
Facilities, Materials, and Supplies	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Total Expenditures	<u>157,593</u>	<u>6,163</u>	<u>-</u>	<u>1,400</u>	<u>5,087</u>	<u>26,687</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	2	-	23,313
OTHER FINANCING SOURCES (USES)						
Proceeds from Bond Issues	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	2	-	23,313
Fund Balances - Beginning of Year	-	-	3,714	30	-	65,434
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,714</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 88,747</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS		
	28203	29102	29130	31300	31400	
	GRADS PLUS	Private Dir. Grants (Categorical)	School Based Health Centers	Total Special Revenue Funds	Special Capital Outlay	Special Capital Outlay - State
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	28,716	-	-	4,508,017	-	200,000
Federal Grants	-	-	-	22,750,386	-	-
Charges for Services	-	-	-	2,135,893	-	-
Miscellaneous	-	-	-	13,318	-	-
Local and Private Sources	-	105,113	-	1,658,748	680,242	-
Interest	-	-	-	16,951	29,448	-
Total Revenues	<u>28,716</u>	<u>105,113</u>	<u>-</u>	<u>31,083,313</u>	<u>709,690</u>	<u>200,000</u>
EXPENDITURES						
Current:						
Instruction	28,716	4,397	-	9,387,384	-	-
Support Services:						
Students	-	-	-	4,325,379	-	-
Instruction	-	2,830	-	1,727,371	-	-
General Administration	-	74	-	504,533	-	-
School Administration	-	-	-	12,907	-	-
Central Services	-	-	-	2,040	-	-
Operation and Maintenance of Plant	-	-	-	10,329	-	-
Student Transportation	-	-	-	64,080	-	-
Other Support Services	-	-	-	-	-	-
Food Service Operations	-	-	-	14,527,882	-	-
Community Service	-	-	-	152,149	-	-
Facilities, Materials, and Supplies	-	-	-	-	-	200,000
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Total Expenditures	<u>28,716</u>	<u>7,301</u>	<u>-</u>	<u>30,714,054</u>	<u>-</u>	<u>200,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	97,812	-	369,259	709,690	-
OTHER FINANCING SOURCES (USES)						
Proceeds from Bond Issues	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	97,812	-	369,259	709,690	-
Fund Balances - Beginning of Year	-	14,762	4,823	18,957,046	1,535,027	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 112,574</u>	<u>\$ 4,823</u>	<u>\$ 19,326,305</u>	<u>\$ 2,244,717</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	CAPITAL PROJECT FUNDS				
	31700	31701	31703		
	Capital Improvements SB9 State Match	Capital Improvements SB9 Local Fund	SB-9 State Match Cash - Local	Total Capital Project Funds	Total All Non-Major Funds
REVENUES					
Property Taxes	\$ -	\$ 6,974,043	\$ -	\$ 6,974,043	\$ 6,974,043
State Grants	1,026,681	-	841,138	2,067,819	6,575,836
Federal Grants	-	-	-	-	22,750,386
Charges for Services	-	-	-	-	2,135,893
Miscellaneous	-	6,356	-	6,356	19,674
Local and Private Sources	-	-	-	680,242	2,338,990
Interest	-	92,936	-	122,384	139,335
Total Revenues	<u>1,026,681</u>	<u>7,073,335</u>	<u>841,138</u>	<u>9,850,844</u>	<u>40,934,157</u>
EXPENDITURES					
Current:					
Instruction	-	-	-	-	9,387,384
Support Services:					
Students	-	-	-	-	4,325,379
Instruction	-	-	-	-	1,727,371
General Administration	-	69,845	-	69,845	574,378
School Administration	-	-	-	-	12,907
Central Services	-	-	-	-	2,040
Operation and Maintenance of Plant	-	-	-	-	10,329
Student Transportation	-	-	-	-	64,080
Other Support Services	-	-	-	-	-
Food Service Operations	-	-	-	-	14,527,882
Community Service	-	-	-	-	152,149
Facilities, Materials, and Supplies	1,026,681	5,705,746	-	6,932,427	6,932,427
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Total Expenditures	<u>1,026,681</u>	<u>5,775,591</u>	<u>-</u>	<u>7,002,272</u>	<u>37,716,326</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	1,297,744	841,138	2,848,572	3,217,831
OTHER FINANCING SOURCES (USES)					
Proceeds from Bond Issues	-	-	-	-	-
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	1,297,744	841,138	2,848,572	3,217,831
Fund Balances - Beginning of Year	<u>-</u>	<u>5,567,445</u>	<u>-</u>	<u>7,102,472</u>	<u>26,059,518</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 6,865,189</u>	<u>\$ 841,138</u>	<u>\$ 9,951,044</u>	<u>\$ 29,277,349</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING BALANCE SHEET – GENERAL FUND
JUNE 30, 2020**

	General Fund (Sub-Funds)			Total General Fund
	11000	13000	14000	
	General Fund	Pupil Transportation	Instructional Materials	
ASSETS				
Cash and Cash Equivalents	\$ 12,033,690	\$ -	\$ 117,573	\$ 12,151,263
Investments	21,700,000	-	-	21,700,000
Accounts Receivable:				
Taxes	107,682	-	-	107,682
Due from Other Governments	-	-	-	-
Due from Other Funds	7,944,310	-	-	7,944,310
Other	49,463	-	-	49,463
Inventory	230,773	-	-	230,773
	<u>42,065,918</u>	<u>-</u>	<u>117,573</u>	<u>42,183,491</u>
Total Assets	<u>\$ 42,065,918</u>	<u>\$ -</u>	<u>\$ 117,573</u>	<u>\$ 42,183,491</u>
LIABILITIES				
Accounts Payable	\$ 978,454	\$ -	\$ -	\$ 978,454
Due to Government	-	-	-	-
Accrued Expenses	12,834,211	-	-	12,834,211
Due to Other Funds	-	-	-	-
Total Liabilities	<u>13,812,665</u>	<u>-</u>	<u>-</u>	<u>13,812,665</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	84,471	-	-	84,471
FUND BALANCES				
Nonspendable	230,773	-	-	230,773
Restricted by Grantor	-	-	117,573	117,573
Restricted for Debt Service	-	-	-	-
Restricted for Capital Projects	-	-	-	-
Assigned	25,714,646	-	-	25,714,646
Unassigned	2,223,363	-	-	2,223,363
Total Fund Balances	<u>28,168,782</u>	<u>-</u>	<u>117,573</u>	<u>28,286,355</u>
	<u>\$ 42,065,918</u>	<u>\$ -</u>	<u>\$ 117,573</u>	<u>\$ 42,183,491</u>
Total Liabilities and Fund Balances	<u>\$ 42,065,918</u>	<u>\$ -</u>	<u>\$ 117,573</u>	<u>\$ 42,183,491</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (DEFICIT) – GENERAL FUND
YEAR ENDED JUNE 30, 2020**

	General Fund (Sub-Funds)			Total General Fund
	11000	13000	14000	
	General Fund	Pupil Transportation	Instructional Materials	
REVENUES				
Property Taxes	\$ 1,358,749	\$ -	\$ -	\$ 1,358,749
State Grants	215,310,550	4,715,050	6,344	220,031,944
Federal Grants	-	-	-	-
Charges for Services	87,909	-	-	87,909
Miscellaneous	374,146	-	-	374,146
Local and Private Sources	-	-	-	-
Interest	535,874	-	-	535,874
Total Revenues	<u>217,667,228</u>	<u>4,715,050</u>	<u>6,344</u>	<u>222,388,622</u>
EXPENDITURES				
Current:				
Instruction	136,093,750	-	689,463	136,783,213
Support Services:				
Students	18,571,452	-	-	18,571,452
Instruction	5,898,046	-	-	5,898,046
General Administration	2,029,842	-	-	2,029,842
School Administration	14,398,443	-	-	14,398,443
Central Services	8,063,702	-	-	8,063,702
Operations and Maintenance of Plant	24,267,170	-	-	24,267,170
Student Transportation	1,919,452	4,715,050	-	6,634,502
Other Support Services	-	-	-	-
Food Service Operations	22,817	-	-	22,817
Community Service	105,931	-	-	105,931
Facilities, Materials, and Supplies	64,686	-	-	64,686
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond Issuance Costs	-	-	-	-
Total Expenditures	<u>211,435,291</u>	<u>4,715,050</u>	<u>689,463</u>	<u>216,839,804</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	6,231,937	-	(683,119)	5,548,818
OTHER FINANCING SOURCES (USES)				
Bond Issuance Premiums	-	-	-	-
Proceeds from Bond Issues	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	6,231,937	-	(683,119)	5,548,818
Fund Balances - Beginning	21,936,845	-	800,692	22,737,537
FUND BALANCES - ENDING	<u>\$ 28,168,782</u>	<u>\$ -</u>	<u>\$ 117,573</u>	<u>\$ 28,286,355</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
(REQUIRED BY 2.2.2 NMAC)
YEAR ENDED JUNE 30, 2020**

	Balance June 30, 2019	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2020
Alameda Elementary	\$ 13,933	\$ 4,860	\$ 5,060	\$ -	\$ 13,733
BT Washington Elementary	-	-	-	-	-
Cesar Chavez	1,759	-	-	-	1,759
Columbia Elementary	209	-	-	-	209
Conlee Elementary	3,630	2,724	2,605	-	3,749
Dona Ana Elementary	535	240	120	-	655
Desert Hills Elementary	17,121	2,918	3,529	-	16,510
East Picacho Elementary	34,710	19,427	17,683	-	36,454
Fairacres Elementary	3,101	4,709	3,186	-	4,624
Hermosa Height Elementary	2,404	656	1,799	-	1,261
Highland Elementary	6,427	679	1,509	-	5,597
Hillrise Elementary	496	-	-	-	496
Jornada Elementary	2,867	-	-	-	2,867
Loma Heights Elementary	507	-	-	-	507
MacArthur Elementary	85	-	-	-	85
Mesilla Elementary	2,190	175	90	-	2,275
Mesilla Park Elementary	358	177	202	-	333
Monte Vista Elementary	159	55	-	-	214
Sunrise Elementary	227	-	-	-	227
Tombaugh Elementary	2,225	1,782	-	-	4,007
University Hills Elementary	65	-	-	-	65
Valley View Elementary	-	-	-	-	-
White Sands Elem/Mid	5,543	6,835	4,478	-	7,900
Camino Real Mid School	29,697	39,040	47,862	-	20,875
Lynn Mid School	47,522	71,551	40,719	-	78,354
Mesa Mid School	1,453	182	1,152	-	483
Picacho Mid School	13,840	17,821	20,002	-	11,659
Sierra Mid School	30,920	23,009	18,026	-	35,903
Vista Mid School	10,372	12,040	13,875	-	8,537
Zia Mid School	2,209	13,856	9,958	-	6,107
Centennial High School	59,670	46,788	60,873	-	45,585
Las Cruces High School	92,113	96,996	103,783	-	85,326
Mayfield High School	125,057	88,200	67,984	-	145,273
Oate High School	50,794	76,457	78,768	-	48,483
Rio Grande Preparatory High School	9,484	863	1,120	-	9,227
Early College High School	49,412	46,642	44,163	-	51,891
District	297,532	666,498	69,577	-	894,453
Expendable Trust	38,210	3,597	17,729	-	24,078
Non-Expendable Trust	500	-	-	-	500
Certificates of Deposit	5,103	1	-	-	5,104
Accounts Receivable	-	25,000	-	-	25,000
Total All Schools	\$ 962,439	\$ 1,273,778	\$ 635,852	\$ -	\$ 1,600,365
Liabilities - Funds Held for the Benefit of Others*					<u>\$ 1,600,365</u>

* The FDIC has issued an option that, due to the fiduciary nature of these funds, each school is independently insured at each financial institution up to a maximum of \$250,000. District policy states that no school can maintain more than \$250,000 in any one financial institution.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS
(REQUIRED BY 2.2.2 NMAC)
JUNE 30, 2020**

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Face Value or Fair Market Value	
<u>Citizens Bank of Las Cruces</u>					
	US T-BILLS	8/27/2020	N/A	\$ 2,999,046	
	US T-BILLS	11/27/2020	N/A	2,997,676	
	FFCB	1/6/2021	N/A	2,013,702	
	US T-BILLS	2/25/2021	N/A	2,996,271	
	FHLB	9/10/2021	N/A	1,551,080	
	FHLB	12/10/2021	N/A	2,832,265	
	FHLB	2/28/2022	N/A	1,074,909	
	FHLB	3/11/2022	N/A	2,583,060	
	FHLB	1/27/2023	N/A	2,622,423	
	FHLB	6/9/2023	N/A	2,026,491	
	FFCB	6/9/2023	N/A	2,173,221	
	FHLB	12/8/2023	N/A	2,126,829	
	FHLB	12/26/2023	N/A	3,225,860	
	FHLB	3/8/2024	N/A	2,206,813	
	FHLB	3/8/2024	N/A	1,357,236	
	FHLB	10/6/2027	N/A	2,351,043	
	FHLB	12/8/2028	N/A	2,175,301	
	FHLB	3/27/2029	N/A	3,481,311	
	FHLB	4/9/2029	N/A	1,140,514	
	FHLB	5/1/2029	N/A	1,159,450	
	FHLB	5/1/2029	N/A	<u>2,318,900</u>	
Location of Safekeeper: P.O. Box 2018, Las Cruces, NM 88004				Total Citizens Bank of Las Cruces	47,413,401
<u>US Bank National Association</u>					
	Letter of Credit	7/31/2020	530464	<u>4,000,000</u>	
Location of Safekeeper: 221 E. 4th Street, Suite 600, Cincinnati, OH 45202				Total US Bank	4,000,000
<u>Wells Fargo Bank</u>					
	FMAC	12/1/1950	3133KHLN4	17,899,852	
	FNMA	1/1/1950	3140K3BC5	657,417	
	FNMA	5/1/1936	31418B3U8	<u>1,335,964</u>	
Location of Safekeeper: 101 Barclay Street, 4th Floor East New York, NY 10286				Total Wells Fargo Bank	<u>19,893,233</u>
				Total	<u>\$ 71,306,634</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF CASH AND TEMPORARY INVESTMENTS
(REQUIRED BY 2.2.2 NMAC)
JUNE 30, 2020**

Bank Account Type	Bank of America	Wells Fargo Bank	Citizens	US Bank	Total
Checking - Accounts Payable Clearing	\$ -	\$ 3,308,709	\$ -	\$ -	\$ 3,308,709
Checking - Payroll Clearing	-	15,473,727	-	-	15,473,727
Certificate of Deposit	2,305	-	-	-	2,305
Checking - Food Service	-	-	5,450,650	-	5,450,650
Checking - Operational Account	-	-	10,756,438	-	10,756,438
Checking - Bond Building Account	-	-	54,344,390	-	54,344,390
Checking - Debt Service	-	-	-	330,547	330,547
Checking - Activity	-	-	-	2,236,514	2,236,514
Checking - Activity Investment	-	-	-	1,219,052	1,219,052
Checking - Federal Programs Direct Account	-	-	-	-	-
Total on Deposit	<u>2,305</u>	<u>18,782,436</u>	<u>70,551,478</u>	<u>3,786,113</u>	<u>93,122,332</u>
Reconciling Items	-	(18,781,102)	13,774,034	7,427	(4,999,641)
Reconciled Balance - June 30, 2020	<u>\$ 2,305</u>	<u>\$ 1,334</u>	<u>\$ 84,325,512</u>	<u>\$ 3,793,540</u>	88,122,691
Investments with State of New Mexico Treasurer's Office					39,729,302
Plus: Petty Cash					71
Plus: Cash with Fiscal Agent					85,375
Subtotal					<u>127,937,439</u>
Less: Fiduciary Funds Cash					<u>(1,575,365)</u>
Cash and Investments per Government-Wide Financial Statements					<u>\$126,362,074</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
CASH RECONCILIATION SCHEDULE
(REQUIRED BY 2.2.2 NMAC)
YEAR ENDED JUNE 30, 2020**

	Operational Account 11000	Pupil Transportation 13000	Instructional Materials 14000	Food Services 21000	Athletics Fund 22000	Student Activity 23000	Projects Account 24000	Direct Account 25000	Grants Fund 26000	State Flowthrough Fund 27000
June 30, 2019 Cash Available to Budget	\$ 20,722,034	\$ -	\$ 740,466	\$ 6,490,443	\$ 507,158	\$ 1,149,420	\$ (12,315,938)	\$ 6,455,065	\$ 1,432,561	\$ (1,366,223)
2019-2020 Revenue	218,837,491	4,715,050	66,570	12,635,826	461,762	899,730	25,953,313	7,456,664	1,107,714	4,783,477
2019-2020 Expenditures	(210,717,122)	(4,715,050)	(689,463)	(13,693,850)	(380,417)	(777,728)	(18,891,962)	(6,353,844)	(1,041,675)	(4,157,641)
Permanent Cash Transfers/Reversions	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-
June 30, 2020 Cash Available to Budget	28,842,403	-	117,573	5,432,419	588,503	1,271,422	(5,254,587)	7,557,885	1,498,600	(740,387)
June 30, 2020 Payroll Liabilities	12,834,211	-	-	376,896	320	-	889,601	429,175	52,309	98,717
June 30, 2020 Temporary Interfund Loans	(7,944,310)	-	-	-	-	-	5,254,629	690,039	-	954,194
June 30, 2020 Adjustments/Reconciling Differences	1,386	-	-	391	4,342	-	143	-	-	278
June 30, 2020 Cash (Book Balance)	<u>\$ 33,733,690</u>	<u>\$ -</u>	<u>\$ 117,573</u>	<u>\$ 5,809,706</u>	<u>\$ 593,165</u>	<u>\$ 1,271,422</u>	<u>\$ 889,786</u>	<u>\$ 8,677,099</u>	<u>\$ 1,550,909</u>	<u>\$ 312,802</u>
Reconciliation to PED Cash Report Line 7										
June 30, 2020 Cash (Book Balance)	\$ 33,733,690	\$ -	\$ 117,573	\$ 5,809,706	\$ 593,165	\$ 1,271,422	\$ 889,786	\$ 8,677,099	\$ 1,550,909	\$ 312,802
June 30, 2020 Payroll Liabilities	(12,834,211)	-	-	(376,896)	(320)	-	(889,601)	(429,175)	(52,309)	(98,717)
June 30, 2020 Temporary Interfund Loans	7,944,310	-	-	-	-	-	(5,254,629)	(690,039)	-	(954,194)
Audit adjustments and reclassifications	(1,386)	-	-	(391)	(4,342)	-	(143)	-	-	(278)
Line 7 PED Cash Report June 30, 2020 *	<u>\$ 28,842,403</u>	<u>\$ -</u>	<u>\$ 117,573</u>	<u>\$ 5,432,419</u>	<u>\$ 588,503</u>	<u>\$ 1,271,422</u>	<u>\$ (5,254,587)</u>	<u>\$ 7,557,885</u>	<u>\$ 1,498,600</u>	<u>\$ (740,387)</u>

* May include rounding errors when compared to PED Cash Report

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
CASH RECONCILIATION SCHEDULE
(REQUIRED BY 2.2.2 NMAC) (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	State Direct Account 28000	Local/State Account 29000	Bond Building Fund 31100	Special Capital Outlay 31300	Special Capital Outlay 31400	Capital Improve. HB 33 31600	Capital Improve. State SB9 31700	Capital Improve. Local SB9 31701	Debt Service 41000	Total Primary Government
June 30, 2019 Cash Available to Budget	\$ 46,630	\$ 19,585	\$ 21,187,547	\$ 1,535,027	\$ -	\$ 17,152,086	\$ (814,648)	\$ 5,682,923	\$ 18,223,085	86,847,221
2019-2020 Revenue	85,097	107,823	13,317,101	709,690	-	10,802,174	1,655,786	7,083,810	16,930,965	327,610,043
2019-2020 Expenditures	(68,053)	(10,011)	(4,395,420)	-	-	(13,313,157)	(1,026,681)	(5,784,647)	(16,791,942)	(302,808,663)
Permanent Cash Transfers/Reversions	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-
June 30, 2020 Cash Available to Budget	63,674	117,397	30,109,228	2,244,717	-	14,641,103	(185,543)	6,982,086	18,362,108	111,648,601
June 30, 2020 Payroll Liabilities	1,305	-	-	-	-	-	-	215	-	14,682,749
June 30, 2020 Temporary Interfund Loans	18,819	-	-	-	-	-	1,026,681	-	-	52
June 30, 2020 Adjustments/Reconciling Differences	-	-	-	-	-	-	-	24,132	-	30,672
June 30, 2020 Cash (Book Balance)	\$ 83,798	\$ 117,397	\$ 30,109,228	\$ 2,244,717	\$ -	\$ 14,641,103	\$ 841,138	\$ 6,982,301	\$ 18,386,240	\$ 126,362,074
Reconciliation to PED Cash Report Line 7										
June 30, 2020 Cash (Book Balance)	\$ 83,798	\$ 117,397	\$ 30,109,228	\$ 2,244,717	\$ -	\$ 14,641,103	\$ 841,138	\$ 6,982,301	\$ 18,386,240	\$ 126,362,074
June 30, 2020 Payroll Liabilities	(1,305)	-	-	-	-	-	-	(215)	-	(14,682,749)
June 30, 2020 Temporary Interfund Loans	(18,819)	-	-	-	-	-	(1,026,681)	-	-	(52)
Audit adjustments and reclassifications	-	-	-	-	-	-	-	-	(24,132)	(30,672)
Line 7 PED Cash Report June 30, 2020 *	\$ 63,674	\$ 117,397	\$ 30,109,228	\$ 2,244,717	\$ -	\$ 14,641,103	\$ (185,543)	\$ 6,982,086	\$ 18,362,108	\$ 111,648,601

* May include rounding errors when compared to PED Cash Report

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Pass-Through Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Direct U.S. Department of Health and Human Services				
Head Start	93.600	25127	\$ -	\$ 3,660,781
Pass-Through State of New Mexico Human Services Department:				
Social Services Block Grant	93.667	25129	-	51,306
Total U.S. Department of Health and Human Services			-	3,712,087
U.S. Department of Education				
Pass-Through State of New Mexico Department of Education:				
Special Education - Grants to States	84.027	24106	-	6,558,443
Special Education - Grants to States	84.027	24112	-	182,095
Special Education - Grants to States	84.027	24120	-	51,528
Special Education - Grants to States	84.027	24132	-	11,364
IDEA Private School Share	84.027	24115	-	9,562
Special Education - Preschool Grants	84.173	24109	-	124,196
Total Special Education Cluster (IDEA)			-	6,937,188
Special Education - Comprehensive Literacy State Development	84.371	24194		579,842
Special Education - Impact Aid	84.041	25145	-	8,956
Title I Grants to Local Educational Agencies	84.010	24101	-	8,740,463
Comprehensive Support and Improvement	84.010	24190		33,470
Total Title I Grants to Local Educational Agencies				8,773,933
Migrant Education - State Grant Program	84.011	24103	-	122,646
Migrant Education - State Grant Program	84.011	24187	-	88,428
Total Migrant Education - State Grant Program			-	211,074
Career and Technical Education - Basic Grants to States	84.048	24174	-	211,752
Career and Technical Education - Basic Grants to States	84.048	24175	-	3,942
Career and Technical Education - Basic Grants to States	84.048	24176	-	19,913
Career and Technical Education - Basic Grants to States	84.048	24139	-	78,712
Total Career and Technical Education - Basic Grants to States			-	314,319
Education for Homeless Children and Youth	84.196	24113	-	37,101
English Language Acquisition State Grants	84.365	24153	-	95,325
Improving Teacher Quality State Grants	84.367	24154	-	1,283,344
Title IV Student Support and Academic Enrichment	84.424	24189	-	482,496
Total U.S. Department of Education			-	18,723,578
U.S. Department of Transportation				
Pass-Through State of New Mexico Department of Education:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	25146	-	30,169
Total U.S. Department of Transportation			-	30,169

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Pass-Through Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Pass-Through State of New Mexico Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	21000	\$ -	\$ 2,843,699
National School Lunch Program	10.555	21000	-	5,602,295
Pass-Through State of New Mexico Children, Youth and Families Dept.:				
Summer Food Service Program for Children	10.559	21000		2,385,581
Pass-Through State of New Mexico Human Services Department:				
National School Lunch Program - Commodities	10.555	21000	-	818,997
Total Child Nutrition Cluster			-	11,650,572
Fresh Fruit and Vegetable Program	10.582	24118	-	235,177
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition	10.561	25150	-	23,252
Total U.S. Department of Agriculture			-	11,909,001
Total Federal Assistance			\$ -	\$ 34,374,835

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:
Primary Government**

Total Federal Awards Expended per Schedule of Expenditures of Federal Awards	\$ 34,374,835
Total Expenditures Funded by Other Sources	273,938,979
Total Expenditures, Governmental Funds	<u>\$ 308,313,814</u>

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Las Cruces Public Schools (District) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations 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 District, it is not intended to and does not present the financial position, changes in net position or cash flow of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), where certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10% de minimis indirect cost rate allowed under the uniform guidance.

NOTE 3. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the District did not provide any federal awards to subrecipients.



**INDEPENDENT AUDITORS' 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**

Board of Education
State of New Mexico
Las Cruces Public School District No. 2 and
Mr. Brian Colón, Esq., New Mexico State Auditor

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and each major special revenue fund and the aggregate remaining fund information of Las Cruces Public School District No. 2 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

Board of Education
State of New Mexico
Las Cruces Public School District No. 2 and
Mr. Brian Colón, Esq., New Mexico State Auditor

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-006, 2020-007, 2020-008, and 2020-009.

The District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's 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 results 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.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 16, 2020



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

Board of Education
State of New Mexico
Las Cruces Public School District No. 2
and Mr. Brian Colón, Esq., New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited Las Cruces Public School District No. 2 (the District)'s 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 District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's 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* 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 noncompliance 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 District's 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 District's compliance.

Opinion on Each Major Federal Program

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

Board of Education
State of New Mexico
Las Cruces Public School District No. 2 and
Mr. Brian Colón, Esq., New Mexico State Auditor

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-002, 2020-003, 2020-004, and 2020-005. Our opinion on each major federal program is not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the District 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 District's 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 District's 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, noncompliance 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 noncompliance 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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-002, 2020-003, 2020-004, and 2020-005, that we consider to be significant deficiencies.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Board of Education
State of New Mexico
Las Cruces Public School District No. 2 and
Mr. Brian Colón, Esq., New Mexico State Auditor

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 16, 2020

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness (es) identified? x yes no
 - Significant deficiency (ies) identified? yes x none reported
3. Noncompliance material to financial Statements noted? Yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness (es) identified? yes x no
 - Significant deficiency (ies) identified? x yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
10.553/10.555/10.556/10.559	Child Nutrition Cluster
93.600	Headstart
84.367	Title II
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u> 1,030,594 </u>
Auditee qualified as low-risk auditee?	<u> x </u> yes <u> </u> no

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

2020-001 (Previously 2019-001) Internal Controls over Financial Close and Reporting

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: During our audit, we identified the following misstatements:

- During our testing of repairs and maintenance transactions, we identified 1 out of 31 disbursements which totaled \$19,657 that was not properly identified by the District as capital assets.
- In testing subsequent receipts, we identified a cash receipt identified with a July 2020 food claim, which improperly overstated accounts receivables and revenues by \$453,583.
- Through analytical procedures, we identified an overstatement associated with unemployment taxes held in the District agency fund. A correction will be made in the subsequent audit year.
- During our reconciliation of year-end inventory counts against the physical observation held on June 29, 2020, we identified an inventory item that was improperly excluded from the listing. Further review of the physical count sheets against the final listing identified a total of four inventory items that were not listed, with a total approximate value of \$11,600. It was identified that a reconciliation is not completed by the warehouse physical counts against the final listing to ensure completeness and accuracy of the listing.

Management's Progress for Repeat Findings: Management failed to implement adequate controls to resolve the finding and will work toward corrective action during FY2021.

Criteria or specific requirement: Per NMAC 6.20.2.11, 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 the District's basic financial statements in accordance with GAAP.

Context: See "Condition."

Effect: Misstatements of the District's financial statements.

Cause: Lack of adequate management oversight and lack of effective internal controls surrounding the year-end financial close and reporting process.

Recommendation: We recommend management review the internal controls surrounding the year-end financial reporting and close process and make necessary changes to ensure reconciliations are reviewed and completed.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings (Continued)

**2020-001 (Previously 2019-001) Internal Controls over Financial Close and Reporting
(Continued)**

Views of responsible officials and planned corrective actions: Management will establish formal written closing procedures for the year-end financial close and ensure proper controls are in place. These procedures will include proper reviews, reconciliations, and internal controls, which will assist in identifying any exceptions prior to year-end. Additional resources will be allocated to the appropriate areas to facilitate the closing process. The Chief Financial Officer will ensure the corrective action plan is completed by June 30, 2022.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Program

2020-002 Special Provisions Testing – Free and Reduced Price Applications (NSLP)

Federal Agency: U.S. Department of Agriculture

Federal Program Title: National School Breakfast and Lunch Program

CFDA Number: 10.553/ 10.555/ 10.556

Pass-Through Agency: New Mexico Public Education Department

Pass-Through Number(s): 21000

Award Period: 7/1/2019-6/30/2020

Type of Finding:

- Significant Deficiency in Internal Control over Compliance, Other Matter

Criteria or specific requirement: Per 7 CFR sections 245.6(c)(3)(iii), changes resulting from verification or administrative reviews. The local educational agency must change the children's eligibility status when a change is required as a result of verification activities conducted under §245.6a or as a result of a review conducted in accordance with §210.18 of this chapter.

Condition: During testing over Special Provisions - Verification of Free and Reduced Price Applications, we noted that on 8 applications included in our sample, the District properly processed the verification testing by the October 1st filing date and processed the student eligibility status changes to "Paid", which is the required status change for non-response verifications. However, we noted that subsequent to the effective status change, the eligibility status on these 8 applications was reverted back to their original status prior to the non-response verification due to an update by the Meals Plus vendor effective February 24, 2020. Although Nutrition Services followed the appropriate verification process, there are currently no controls in place to ensure that student status changes are not made subsequent to the November 15th effective date. In addition, there are no periodic reviews or user logs to identify any changes made to student eligibility status to ensure they have been authorized and not subject to error.

Questioned costs: None.

Context: As required, the District verified the current free and reduced price eligibility of households by November 15, 2019 from a sample selection of applications that was approved by the District for free and reduced meals. The District's sample for verification included a sample of 30 error-prone applications of the 51 total identified error-prone applications. Our sample selection included testing 8 of these applications to verify that they were verified by District and the District subsequently made the changes to eligibility status based on documentation and other information obtained through the verification process.

Cause: Management oversight.

Effect: Noncompliance with grant requirements.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Program (Continued)

2020-002 Special Provisions Testing – Free and Reduced Price Applications (NSLP) (Continued)

Recommendation: We recommend the Department create internal controls to ensure verification results are audited subsequent to the November 15th effective date. In addition, we recommend that the District work with the software vendor to ensure controls are established to reduce such errors.

Views of responsible officials: The Nutrition Services Department will create written processes and procedures, including proper controls, to ensure changes in student meal status are verified and correct. Regular audits of student meal status will be conducted to ensure that improper subsequent changes do not occur. The Executive Director of Nutrition Services will ensure the corrective action plan is completed by June 30, 2021.

2020-003 (Previously 2019-005) Policies on Internal Control

Federal Agency: U.S. Department of Agriculture

Federal Program Title: National School Breakfast and Lunch Program

CFDA Number: 10.553/ 10.555/ 10.556

Pass-Through Agency: New Mexico Public Education Department

Pass-Through Number(s): 21000

Award Period: 7/1/2019-6/30/2020

Type of Finding:

- Significant Deficiency in Internal Control over Compliance, Other Matter

Criteria or specific requirement: Per §200.303, the non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations, and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section III –Findings and Questioned Costs – Major Federal Program (Continued)

2020-003 (Previously 2019-005) Policies on Internal Control (Continued)

Criteria or specific requirement (Continued):

- (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

Condition: During our audit of the National School Breakfast and Lunch Program, we noted while the District does have policies and controls in place, the District lacks formal written internal control polices or procedures associated with the Federal program.

Management's Progress for Repeat Findings: Management failed to implement adequate controls to resolve the finding and will work toward corrective action during FY2021.

Questioned costs: None.

Context: Management has communicated that no formal policies have been implemented.

Cause: Management oversight.

Effect: Noncompliance with grant requirements.

Recommendation: We recommend the Department create formal written policies and implement internal controls to ensure the program meets grant requirements.

Views of responsible officials: The Nutrition Services Department will create written processes and procedures for all operating areas. These written processes and procedures will be reviewed by management to ensure proper controls, accounting, and oversight are included. Management will provide additional oversight, audits, and support to ensure these process and procedures are followed. The Executive Director of Nutrition Services will ensure the corrective action plan is completed by June 30, 2022.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Program (Continued)

2020-004 Payroll Disbursements – Allowable Cost

Federal agency: U.S. Department of Education

Federal program title: Supporting Effective Instruction State Grant

CFDA Number: 84.367

Pass-Through Agency: New Mexico Public Education Department

Pass-Through Number(s): 24154

Award Period: 7/1/2019-6/30/2020

Type of Finding:

- Significant Deficiency in Internal Control over Compliance, Other Matter

Criteria or specific requirement: Per §200.430 Compensation-personal services, charges to Federal awards for salaries and wages must be based on records that comply with the established accounting policies and procedures of the non-Federal entity be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated and reasonably reflect the total activity for which the employee is compensated by the non-Federal entity.

Condition: During our audit of the program payroll disbursements, we noted the following:

- One payroll transaction out of 40 tested for which the District Human Resources Department was unable to provide an approved and signed contract for a salary and a salary adjustment.

Questioned costs: None.

Context: See “Condition.”

Cause: Management oversight.

Effect: Noncompliance with applicable grant regulations and District Policy.

Recommendation: We recommend the District maintain adequate records to ensure the adequacy as it relates to the federal program requirements and establish an effective control to ensure compliance with District policy.

Views of responsible officials: The Human Resources Department will implement additional reviews, reports, and audits of employee contracts to ensure compliance with federal programs. The Chief Human Resources Officer will ensure the corrective action is completed by June 30, 2021.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Program (Continued)

2020-005 Special Provisions Testing – Private School Children

Federal Agency: U.S. Department of Education

Federal Program Title: Supporting Effective Instruction State Grant

CFDA Number: 84.367

Pass-Through Agency: New Mexico Public Education Department

Pass-Through Number(s): 24154

Award Period: 7/1/2019-6/30/2020

Type of Finding:

- Significant Deficiency in Internal Control over Compliance, Other Matter

Criteria or specific requirement: Per §200.63(e) – Consultation:

(1) (i) The LEA must maintain in its records and provide to the SEA a written affirmation, signed by officials of each private school with participating children or appropriate private school representatives, that the required consultation has occurred.

(ii) The LEA's written affirmation must provide the option for private school officials to indicate their belief that timely and meaningful consultation has not occurred or that the program design is not equitable with respect to eligible private school children.

(2) If the officials of the private schools do not provide the affirmations within a reasonable period of time, the LEA must submit to the SEA documentation that the required consultation occurred.

Condition: During review of the Title II application, we noted 5 of the 6 private schools within the District area were awarded funds. As part of the special provisions testing, the District was unable to provide consultation documentation for one of the five private schools in order to determine if the District conducted timely consultations with each individual private school over the planned services to be provided under the program grant.

Questioned costs: None.

Context: See "Condition."

Cause: Management oversight.

Effect: Noncompliance with applicable grant regulations and District Policy.

Recommendation: We recommend the District enhance internal controls and perform a thorough review of applications to ensure applications are complete and meet the grant equitable services requirements.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section III –Findings and Questioned Costs – Major Federal Program (Continued)

2020-005 Special Provisions Testing – Private School Children (Continued)

Views of responsible officials: The Instruction Department will implement procedures to ensure consultations with private schools are completed and documented. The Instruction Department leadership will review completed consultation documentation and provide copies to the Finance Department. The Deputy Superintendent of Instruction will ensure the corrective action plan is completed by June 30, 2021.

STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

Section IV –Other Findings

2020-006 (Previously 2018-002) District Processing Time of Lunch Applications

Type of Finding:

- Other Noncompliance

Criteria or specific requirement: Per District policy, student applications for free and reduced lunches are to be processed by the District within 10 days of receipt.

Condition: During our review of participant files, 7 out of 40 participant applications were processed more than 10 days after the “Received date” stamp on the paperwork. Although the program has no formal “written policies”, applications are to be processed within 10 days of receipt per the District’s internal procedures.

Management’s Progress for Repeat Findings: Management failed to implement adequate controls to resolve the finding and will work toward corrective action during FY2021.

Context: See “Condition.”

Cause: Management oversight.

Effect: Noncompliance with District policy.

Recommendation: We recommend the District review the policy and establish controls and procedures to ensure the Department is in compliance with District policy.

Views of responsible officials: The Nutrition Services department implemented an online application program in August 2020 to expedite the processing of applications. Nutrition Services staff will continue to establish procedures to ensure the Department is in compliance with District policy. The Executive Director of Nutrition Services will ensure the corrective action plan is completed by June 30, 2021.

2020-007 (Previously 2018-005) Fuel Cards

Type of Finding:

- Other Noncompliance

Condition: During testing over fuel cards and purchase cards, it was identified that supporting receipts were not maintained and unable to be provided for the monthly card statements tested. Each department is to obtain all charge/receipt slips to review the transactions and reconcile to the monthly statement prior to sending over to Accounts Payable to be paid.

Management’s Progress for Repeat Findings: Management failed to implement adequate controls to resolve the finding and will work toward corrective action during FY2021.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section IV –Other Findings (Continued)

2020-007 (Previously 2018-005) Fuel Cards (Continued)

Criteria or specific requirement: The Las Cruces Public School’s (District) P-Card Policy and Procedures Manual states the Liaison shall “Ensure timely reconciliations and/or approvals each month. Receive and review all Cardholder charge slips, receipts, and reconcile to the monthly statement and then forward to Accounts Payable.”

Context: “See Condition.”

Effect: Noncompliance with District P-Card Policy and possible abuse or unsupported fuel and purchasing costs.

Cause: Management oversight and lack of controls over the District’s fuel cards and purchase cards.

Recommendation: We recommend the District hold periodic audits and request supporting receipts and signed reconciliation of the statement from the respective departments prior to approving cash disbursement in order to ensure compliance with District policy.

Views of responsible officials and planned corrective actions: Management is in the process of implementing the state’s fuel card system. New procedures and guidance will be developed. Random audits are being conducted to ensure procedures are being followed. The Chief Financial Officer will ensure the corrective action plan is completed by June 30, 2022.

2020-008 (Previously 2017-005) Internal Control over Cash Deposits

Type of Finding:

- Other Noncompliance

Condition: During testing of 22 cash receipts we identified the following:

- 3 out of 22 receipts, totaling \$941, which were not deposited within 24 hours of receipt.
- 1 out of 22 receipts, totaling \$415, in which the supporting documents did not reconcile to the cash receipt slip. Recalculation of the receipt slip sales noted a possible receipt shortage or lack of additional documentation in order to reconcile to the cash receipt.
- 1 out of 22 cash receipts, totaling \$440, for which the District was unable to provide supporting cash receipt packet aside from the bank deposit slip. A pre-numbered receipt slip and check or cash log to support the deposited funds were not provided. We were unable to determine if the funds were recorded correctly and the receipt date of the funds in order to test compliance with NMAC 6.2.2.14.

Management’s Progress for Repeat Findings: Management failed to implement adequate controls to resolve the finding and will work toward corrective action during FY2021.

STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

Section IV –Other Findings (Continued)

2020-008 (Previously 2017-005) Internal Control over Cash Deposits (Continued)

Criteria or specific requirement: NMAC 6.20.2.14, states that money received and receipted shall be deposited within twenty-four (24) hours or one banking day. Per NMAC 6.20.2.14, school districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the applicable state and federal laws and regulations. The school district shall issue a pre-numbered receipt for all money received. Pre-numbered receipts are to be controlled and secured.

Context: See “Condition.”

Effect: Noncompliance with state statute.

Cause: Management oversight.

Recommendation: We recommend that the District provide training over proper cash handling procedures at the school sites and complete random audits to ensure the schools comply with state statute. In addition, we recommend that cash receipt support be reviewed prior to cash receipt posting in the GL in order to identify individuals who are not following the cash receipt procedures.

Views of responsible officials and planned corrective actions: Management is currently working on reviewing internal controls for potential weakness and developing comprehensive procedures for cash handling, and working on procedures for audit and planning for unannounced audits. The District is continuing to update and revise its policies, regulations, procedures, and forms regarding cash controls. Ongoing training on proper cash handling procedures will be conducted. The Chief Financial Officer will ensure the corrective action plan is completed by June 30, 2022.

2020-009 IT General Controls

Type of Finding: Other Matters

Condition: During our review of Information Technology (IT) general controls over the significant financial related applications, we noted the following:

- The District does not conduct a regular risk assessment related to the information systems. This would consist of management’s process of identifying, analyzing, and managing risks related to information systems over the existence, completeness, and accuracy of financial information.
- The District IT Department does not maintain and could not provide a termination listing in order to complete testing over the de-provisioning process. As a listing is not maintained, terminated employees could not be cross-referenced against Human Resources listing to ensure a complete listing and verify all terminated employees were properly and timely removed.
- Periodic audits or review of user accounts and their access level are not performed on a regular basis for critical applications.
- The District has no security information and event management (SIEM) solutions to retain or monitor security logs.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section IV –Other Findings (Continued)

2020-009 IT General Controls (Continued)

Condition (Continued):

- It was identified that an administrator access, which could include generic accounts was provided to non-privileged users and these administrator accounts are not closely monitored. The use of generic accounts by more than one person is a violation of non-repudiation.
- Physical access to the data center is provided to senior staff for TSS and physical plant staff for routine building maintenance, and local fire rescue and local law enforcement in the event of an emergency.
- The District does not have an overall business continuity plan formalized to address the business and IT needs of the District in the event of a disaster.
- The District does not have an incident response plan in place to assist IT department to detect, respond, and recover from network security incidents. In October 2019, the District were victims of a ransomware attack, which disrupted system operations and exposure to confidential information before the servers were shut down.

Criteria or specific requirement: In accordance with ISACA’s Control Objectives for Information and related Technology (COBIT) framework 5.0:

- (AP012 Manage Risk) provides that the need to maintain integrity of information and protect IT assets requires a risk management process.
- (DSS05 Manage Security Services) provides the need to maintain the level of information security acceptable to the organization in accordance with the security policy. This process includes establishing and maintaining security measures and related management procedures to protect information.
- (DSS04 Manage Continuity) provides a plan that enables the business and IT to respond to incidents and disruptions in order to continue operation of critical business process and required IT services. This process includes establishing and maintaining up-to-date continuity plan reflecting current business requirements.
- (DSS02 Manage Service Requests and Incidents) provides timely and effective response to user requests and resolutions of all types of incidents. Restore normal service; record and fulfil user requests; and record, investigate, diagnose, escalate and resolve incidents.

Context: See “Condition.”

Effect: With the items identified above, there is an increase to the District for the following:

- Security threats and vulnerabilities, maturity level of existing security controls and tool usage, enhance enterprise-wide security policies are not identified timely and mitigate.
- Unauthorized or improper user access may exist or failure to timely disable user access at time of separation.
- The District may not identify all old and unused user accounts, users with improper access to the system, and/or unauthorized system users.
- Unauthorized or malicious activity that occurs on the District’s network remains undetected for an extended period of time.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section IV –Other Findings (Continued)

2020-009 IT General Controls (Continued)

Effect (Continued):

- Unauthorized personnel or personnel with no business reason to be in the data center may corrupting valuable equipment and/or data.
- Although the District has taken various measures to address brief interruptions to systems processing (such as regular back-ups and redundancy), the lack of an incident response plan in place could result in loss of confidential data, revenue and reputations.

Cause: Lack of management oversight and no formal policies and resources. Lack of a strong IT awareness throughout the District was a factor in falling victim to the ransomware attack.

Recommendation: With threats to cybersecurity growing and the recent ransomware attack, we have identified the following recommendations:

- The District should incorporate risk assessment evaluation as it is critical to data protection and business continuity, and should be carried out periodically in order to detect new risks and improve security strategies.
- IT Department should create controls over documentation, monitoring, auditing, and record retention of security logs, terminations, and status changes of its user.
- Review of generic user accounts and identify each account to a specific individual with specific privileged access. In addition, to keeping service accounts secure with limited access, remove unnecessary rights and provide limit time frames.
- The District should review the physical safeguards and access authorization to the data center.
- The District should develop both a disaster recovery portion and business resumptions portion of a business continuity plan. The plan should address how the District will maintain critical business processes.
- Lastly, the District should develop an incident response plan to mitigate the risks of being a victim of cybersecurity attack. The incident response plan should layout what defines a breach, the roles and responsibilities of the security team, steps needed to address a security incident, tools for managing a breach, how the incident will be investigated and communicated, and the notification requirements following a data breach.

Views of responsible officials and planned corrective actions: The Information Technology (IT) Department has implemented the following measures:

- NM PED has contracted with RiskSense to perform regular risk assessments and penetration tests throughout the state for school districts. IT has already started the initial engagement and expect to have a risk assessment and penetration test completed by early 2021. Risk assessments will continue on a periodic basis in the future.
- IT with work with appropriate staff in Finance and HR to develop an interim solution for termination and resignation related account deactivations. HR will begin providing a list to IT via email until a permanent system is in place. Documentation will occur within the SCSM change control system and ticketing system. Additional controls will be in place upon completion of the migration to the Microsoft Identity Management system allowing for better logging and automated monitoring.

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section IV –Other Findings (Continued)

2020-009 IT General Controls (Continued)

Views of responsible officials and planned corrective actions (Continued):

- IT system administrators will be performing regular audits of accounts with elevated access and will document those activities in the ticketing system.
- IT has proposed an initial solution for log auditing and security monitoring additions to the existing firewall ecosystem. This solution includes endpoint, server, firewall and network device log aggregation and analysis. This solution would be fully functional by February 2021 pending approval from LCPS administration. Review and approval is expected to occur no later than December 7th 2020.
- Domain Admin access has been reviewed and corrected. The account in question has been de-provisioned. Service accounts will be monitored regularly and documented within the district ticketing system.
- Data Center access will be reduced to only 4 staff members (2 System Administrators, 1 Network Administrator, and the IT Director) within Enterprise Operations. PPD and other personnel are now required to have an escort. Emergency responder access will be removed. These changes required assistance from the access control vendor and will be complete within the week.
- IT has developed a new Incident Response and Disaster Recovery plan which will be presented to the Information Technology Security Advisory Council on November 18th for formal adoption. A business continuity plan will be developed by LCPS administration with support from the IT Department and ITSAC with expected completion by January 2021. LCPS intends to work with a third party on the development of this plan and will include revisions to the IR/DR plans if necessary.

The Director of Information Technology will ensure the corrective action plan is completed by June 30, 2022.

**STATE OF NEW MEXICO
 LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 YEAR ENDED JUNE 30, 2020**

Section V – Prior Year Financial Statement Findings

2019-001 Internal Controls over Financial Close and Reporting
 (Significant Deficiency in Internal Control over Financial Reporting) Repeated as 2020-001

Section VI – Prior Year Findings and Questioned Costs – Major Federal Programs

Finding #	Status
2019-002 Payroll Disbursements – Allowable Costs (Significant Deficiency, Instance of Noncompliance)	Resolved, Title I
2019-003 Special Provisions Testing – Participation of Private Schools (Significant Deficiency, Instance of Noncompliance)	Resolved, Title I
2019-005 Policies on Internal Control (Significant Deficiency, Instance of Noncompliance)	Repeated as 2020-003

Section VII – Prior Year Other Findings

Finding #	Status
2019-004 District Processing Lunch Applications (Other Noncompliance)	Repeated as 2020-006
2019-006 IT General Controls (Other Matters)	Resolved
2019-007 Fuel Cards (Other Noncompliance)	Repeated as 2020-006
2019-008 Internal Control over Cash Deposits (Other Noncompliance)	Repeated as 2020-007

**STATE OF NEW MEXICO
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
EXIT CONFERENCE
JUNE 30, 2020**

An exit conference was held with the District on November 12, 2020. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2

Dr. Karen Trujillo, Superintendent
Edward Ellison, Chief Financial Officer
Melissa Zuniga, Controller
Sean Berman, Chief of Staff
Maria Flores, Board Member
Carol Cooper, Board Member

CLIFTONLARSONALLEN LLP

Matt Bone, CPA, CGFM, CGMA, Engagement Principal
Elizabeth Nunez, CPA, Engagement Manager

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditors' Report. Management reviewed and approved the financial statements.