



# HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2021**



**STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
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For the Year Ended June 30, 2021**

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GALLUP-MCKINLEY COUNTY SCHOOLS  
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**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Official Roster**  
**As of June 30, 2021**

BOARD OF EDUCATION

NAME	TITLE
Charles Long	Board President
Christopher Mortensen	Board Vice President
Michael W. Schaaf	Board Secretary
Kevin Mitchell	Board Member
Priscilla Benally	Board Member

SCHOOL OFFICIALS

NAME	TITLE
Michael Hyatt	Superintendent
Jvanna Hanks	Deputy Superintendent
Pauletta White	Asst. Superintendent of Student Services
K'Dawn Montano	Asst. Superintendent of Support Services
Wade Bell	Asst. Superintendent of Curriculum & Instruction
Joan Nez	Executive Secretary

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education of  
Gallup-McKinley County Public Schools  
and  
Mr. Brian Colón, New Mexico State Auditor  
Office of the State Auditor

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Gallup-McKinley County Public Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the Gallup-McKinley County Public Schools' basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

### **Opinions**

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Gallup-McKinley County Public Schools, as of June 30, 2021, 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.

**Emphasis of Matter**

As discussed in Note 17 to the financial statements, the 2020 financial statements have been restated to adopt new accounting guidance by implementing the provisions of GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities. Our opinion is not modified with respect to this matter.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America the schedules of the District's proportionate share of the net pension and OPEB liabilities and the District's contributions, as listed as "Required Supplementary Information" in the table of contents, 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.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Supplemental Information**

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise Gallup-McKinley County Public Schools' basic financial statements. The Supplemental Information, as listed in the table of contents, is presented for purposes of additional analysis and is 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as listed in the table of contents under the Federal Compliance Section, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplemental Information, as required by 2.2.2 NMAC, as listed in the table of contents, is also presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplemental information was fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021 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 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 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.



Hinkle + Landers, PC  
Albuquerque, New Mexico  
November 15, 2021

**STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
Statement of Net Position  
As of June 30, 2021**

	Gov. Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 58,405,143
Receivables:	
Taxes	756,280
Due from other governments	45,125,958
Other	556,088
Inventory	1,757,329
Total current assets	106,600,798
Noncurrent assets	
Restricted cash	37,299,886
Bond issuance costs (net amortization of \$97,534)	76,769
Capital assets	
Less: accumulated depreciation	(205,621,739)
Total noncurrent assets	458,956,318
Total assets	565,557,116
Deferred outflows of resources	
Pension deferral	237,563,964
OPEB deferral	18,240,913
Deferred loss on refunding of debt, net of (\$118,272)	153,804
Total deferred outflows of resources	255,958,681
Total assets and deferred outflows of resources	\$ 821,515,797
Liabilities	
Current liabilities	
Accounts payable	\$ 2,393,553
Accrued payroll liabilities	5,376,996
Deposits payable	82,855
Unearned revenue	15,727
Accrued interest payable	303,859
Compensated absences, current portion	825,237
Bonds payable, current portion	5,260,000
Total current liabilities	14,258,227
Noncurrent liabilities	
Bond underwriter premiums (net amortization of \$1,428,044)	928,811
Compensated absences	353,672
Bonds payable	46,775,000
Net pension liability	507,984,794
Net OPEB liability	71,087,093
Total noncurrent liabilities	627,129,370
Total liabilities	641,387,597
Deferred inflows of resources	
Pension deferral	3,025,555
OPEB deferral	25,964,449
Total deferred inflows of resources	28,990,004
Net position	
Net investment in capital assets	368,846,425
Restricted for:	
Debt service	8,796,783
Capital projects	32,674,104
Special revenue	25,063,520
Unrestricted	(284,242,636)
Total net position	151,138,196
Total liabilities, deferred inflows of resources, and net position	\$ 821,515,797

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
<i>Governmental activities:</i>					
Instruction	\$ 104,593,115	244,363	66,592,238	-	(37,756,514)
Support services:					
Students	13,752,672	-	6,802,951	-	(6,949,721)
Instruction	4,192,278	-	116,293	-	(4,075,985)
General administration	1,924,394	-	-	-	(1,924,394)
School administration	8,553,932	-	-	-	(8,553,932)
Other support services	5,774	-	-	-	(5,774)
Central services	5,308,641	-	-	-	(5,308,641)
Operation and maintenance of plant	19,072,992	-	-	20,264,988	1,191,996
Student transportation	6,590,630	-	5,976,887	-	(613,743)
Food services operation	7,121,425	37,520	8,617,367	-	1,533,462
Community services	60,144	-	-	-	(60,144)
Interest on long-term debt	698,631	-	-	-	(698,631)
Reversions	43,829	-	-	-	(43,829)
<b>Total primary government</b>	<b>171,918,457</b>	<b>281,883</b>	<b>88,105,736</b>	<b>20,264,988</b>	<b>(63,265,850)</b>

General Revenues:

Taxes

Property taxes, levied for general purposes	\$ 364,478
Property taxes, levied for debt service	6,566,375
Property taxes, levied for capital projects	1,886,633
Oil and gas taxes	1,573
State Equalization Guarantee	116,872,840
Investment income	68,671
Miscellaneous income	1,958,448
OPEB revenue	2,729,523
Pension expense	(116,845,952)
Gain/(loss) on disposal of assets	63,707
<b>Total general revenues and transfers</b>	<b>13,666,296</b>

Change in net position	(49,599,554)
Net position, beginning	200,737,750
<b>Net position, ending</b>	<b>\$ 151,138,196</b>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**As of June 30, 2021**

	General Fund			
	Operational Fund 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
<i>Assets</i>				
Cash and investments	\$ 37,098,280	301,574	394,126	915
Restricted cash	-	-	-	-
Receivables:				
Taxes	30,239	-	-	-
Due from other governments	29,436,729	-	-	-
Other	553,755	-	269	-
Inventory	1,528,963	-	-	-
Due from other funds	5,832,502	-	-	-
<i>Total assets</i>	<u>\$ 74,480,468</u>	<u>301,574</u>	<u>394,395</u>	<u>915</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 1,694,652	-	53,547	55
Accrued payroll liabilities	4,256,576	-	142,543	-
Deposits held for others	-	82,855	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>5,951,228</u>	<u>82,855</u>	<u>196,090</u>	<u>55</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	23,505	-	-	-
<i>Total deferred inflows of resources</i>	<u>23,505</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	1,528,963	-	-	-
Restricted	-	218,719	198,305	860
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	66,976,772	-	-	-
<i>Total fund balances</i>	<u>68,505,735</u>	<u>218,719</u>	<u>198,305</u>	<u>860</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 74,480,468</u>	<u>301,574</u>	<u>394,395</u>	<u>915</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**As of June 30, 2021**

	Impact Aid Indian Special Education 25147	Non-Major Governmental Funds	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Assets</i>			
Cash and investments	\$ 7,713,391	12,896,853	58,405,139
Restricted cash	-	37,299,885	37,299,885
Receivables:			
Taxes	-	726,041	756,280
Due from other governments	7,315,909	8,373,318	45,125,956
Other	32	2,032	556,088
Inventory	-	228,365	1,757,328
Due from other funds	-	484	5,832,986
<i>Total assets</i>	<u>\$ 15,029,332</u>	<u>59,526,978</u>	<u>149,733,662</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 266	645,032	2,393,552
Accrued payroll liabilities	322,950	654,924	5,376,993
Deposits held for others	-	-	82,855
Unearned revenue	-	15,727	15,727
Due to other funds	-	5,832,986	5,832,986
<i>Total liabilities</i>	<u>323,216</u>	<u>7,148,669</u>	<u>13,702,113</u>
<i>Deferred inflows of resources</i>			
Deferred inflows - property taxes	-	550,018	573,523
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>550,018</u>	<u>573,523</u>
<i>Fund balances</i>			
Nonspendable	-	228,365	1,757,328
Restricted	14,706,116	51,599,926	66,723,926
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	66,976,772
<i>Total fund balances</i>	<u>14,706,116</u>	<u>51,828,291</u>	<u>135,458,026</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 15,029,332</u>	<u>59,526,978</u>	<u>149,733,662</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
Reconciliation of the Total Fund Balance from the Balance Sheet of Governmental Funds  
to the Total Net Position on the Statement of Net Position  
As of June 30, 2021**

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

Fund balances - total governmental funds	\$	135,458,026
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		421,579,663
Other noncurrent assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Bond issuance costs		76,769
Revenues not collected within sixty days after year end are considered "available" revenues and are considered to be "unavailable" revenues in the fund financial statements, but are considered revenue in the Statement of Activities:		
Property taxes		573,523
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in funds:		
Deferred outflow related to pension		237,563,964
Deferred outflow related to OPEB		18,240,913
Deferred inflow related to pension		(3,025,555)
Deferred inflow related to OPEB		(25,964,449)
Deffered loss on refunding of debt		153,804
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:		
Accrued interest payable		(303,859)
Bonds payable		(52,035,000)
Compensated absences		(1,178,909)
Bond premium, net		(928,811)
Net pension liability		(507,984,794)
Net OPEB liability		(71,087,093)
Rounding		4
Net position of governmental activities	\$	<u><u>151,138,196</u></u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	General Fund			
	Operational	Teacherage	Transportation	Instructional
	Fund			Materials
	11000	12000	13000	14000
<i>Revenues:</i>				
Property and other taxes	\$ 372,359	-	-	-
State grants	116,872,840	-	5,976,887	24
Federal grants	33,649,079	-	-	-
Charges for services	44,724	16,567	-	-
Investment income	7,610	-	-	-
Miscellaneous	1,325,686	-	-	-
<i>Total revenues</i>	<u>152,272,298</u>	<u>16,567</u>	<u>5,976,887</u>	<u>24</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	67,085,176	-	-	73,400
<i>Support services:</i>				
Students	5,307,468	-	-	-
Instruction	2,432,042	-	-	-
General administration	897,873	-	-	-
School administration	7,935,861	-	-	-
Central services	3,951,535	-	-	-
Operation & maintenance of plant	17,032,388	57,409	-	-
Student transportation	112,042	-	5,761,269	-
Other support operations	5,774	-	-	-
Food services operations	20,834	-	-	-
Community services	60,144	-	-	-
Capital outlay	1,651,329	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>106,492,466</u>	<u>57,409</u>	<u>5,761,269</u>	<u>73,400</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>45,779,832</u>	<u>(40,842)</u>	<u>215,618</u>	<u>(73,376)</u>
<i>Other financing sources (uses)</i>				
Proceeds from issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(43,945)	-	-	-
Reversion to PED/Grantors	-	-	(24,909)	-
<i>Total other financing sources (uses)</i>	<u>(43,945)</u>	<u>-</u>	<u>(24,909)</u>	<u>-</u>
<i>Net change in fund balance</i>	45,735,887	(40,842)	190,709	(73,376)
<i>Fund balance - beginning</i>	<u>22,769,848</u>	<u>259,561</u>	<u>7,596</u>	<u>74,236</u>
<i>Fund balance - ending</i>	<u>\$ 68,505,735</u>	<u>218,719</u>	<u>198,305</u>	<u>860</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	Impact Aid Indian Special Education 25147	Non-Major Governmental Funds	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Revenues:</i>			
Property and other taxes	\$ -	8,657,060	9,029,419
State grants	-	22,837,083	145,686,834
Federal grants	8,164,775	37,742,874	79,556,728
Charges for services	-	220,590	281,881
Investment income	-	61,062	68,672
Miscellaneous	-	-	1,325,686
<i>Total revenues</i>	<u>8,164,775</u>	<u>69,518,669</u>	<u>235,949,220</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	906,190	26,139,175	94,203,941
<i>Support services:</i>			
Students	4,960,921	6,124,533	16,392,922
Instruction	245,015	1,448,869	4,125,926
General administration	270,369	634,902	1,803,144
School administration	61,136	551,814	8,548,811
Central services	1,166,865	25,184	5,143,584
Operation & maintenance of plant	-	370,538	17,460,335
Student transportation	-	185,656	6,058,967
Other support operations	-	-	5,774
Food services operations	-	7,068,579	7,089,413
Community services	-	-	60,144
Capital outlay	27,402	13,486,074	15,164,805
<i>Debt service:</i>			
Principal	-	15,677,076	15,677,076
Interest	-	897,339	897,339
Bond issuance costs	-	-	-
<i>Total expenditures</i>	<u>7,637,898</u>	<u>72,609,739</u>	<u>192,632,181</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>526,877</u>	<u>(3,091,070)</u>	<u>43,317,039</u>
<i>Other financing sources (uses)</i>			
Proceeds from issuance of debt	-	11,065,000	11,065,000
Transfers in	-	498,909	498,909
Transfers out	-	(454,964)	(498,909)
Reversion to PED/Grantors	-	(18,920)	(43,829)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>11,090,025</u>	<u>11,021,171</u>
<i>Net change in fund balance</i>	526,877	7,998,955	54,338,210
<i>Fund balance - beginning</i>	<u>14,179,239</u>	<u>43,829,336</u>	<u>81,119,816</u>
<i>Fund balance - ending</i>	<u>\$ 14,706,116</u>	<u>51,828,291</u>	<u>135,458,026</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2021**

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

Net change in fund balances - total governmental funds	\$ 54,338,210
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital expenditures recorded in capital outlay	18,955,133
Loss on disposition of assets	(32,694)
Depreciation expense	(14,885,759)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:	
Change in deferred inflows related to property taxes receivable	(210,359)
Governmental funds report OPEB/pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as OBEP/pension expense:	
Pension expense	(116,845,952)
OPEB expense	2,729,523
Pension contribution	1,557,032
Expenses in the Statement of Activities that do not consume current financial resources are not reported as expenditures in the funds:	
Change in compensated absences	(15,476)
Change in interest payable	83,868
The issuance of long-term debt (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Issuance of long-term debt payable	(11,065,000)
Principal payments on bonds and loans payable	15,677,076
Amortization of bond premium	153,635
Amortization of bond discount	(12,795)
Amortization of deferred loss on refunding of debt	(26,000)
Rounding	4
Change in net position of governmental activities	<u>\$ (49,599,554)</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**Operational Fund (11000)**  
**For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<i>Revenues:</i>				
Property and other taxes	\$ 361,655	361,655	457,486	95,831
State grants	91,459,965	94,610,389	116,850,206	22,239,817
Federal grants	30,181,998	30,181,998	4,244,967	(25,937,031)
Charges for services	45,750	45,750	44,711	(1,039)
Investment income	5,000	5,000	7,610	2,610
Miscellaneous	107,000	107,000	939,055	832,055
<i>Total revenues</i>	<u>122,161,368</u>	<u>125,311,792</u>	<u>122,544,035</u>	<u>(2,767,757)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	82,035,871	79,035,837	66,605,143	12,430,694
<i>Support services:</i>				
Students	6,894,459	6,655,841	5,283,491	1,372,350
Instruction	4,005,733	3,657,783	2,432,798	1,224,985
General administration	1,131,863	1,289,093	870,994	418,099
School administration	8,596,294	8,218,031	7,935,411	282,620
Central services	4,147,844	4,394,024	3,975,179	418,845
Operation & maintenance of plant	20,073,121	25,822,865	16,877,441	8,945,424
Student transportation	387,546	390,401	112,042	278,359
Other support operations	3,376,857	3,376,857	5,774	3,371,083
Food services operations	6,212	31,992	20,834	11,158
Community services	300,000	1,250,000	60,144	1,189,856
Capital outlay	4,622,028	4,605,528	1,651,329	2,954,199
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>135,577,828</u>	<u>138,728,252</u>	<u>105,830,580</u>	<u>32,897,672</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(13,416,460)</u>	<u>(13,416,460)</u>	<u>16,713,455</u>	<u>30,129,915</u>
<i>Net change in fund balance</i>	<u>(13,416,460)</u>	<u>(13,416,460)</u>	<u>16,713,455</u>	<u>30,129,915</u>
Budgeted cash carryover	<u>13,416,460</u>	<u>13,416,460</u>		
<i>Total</i>	<u>\$ -</u>	<u>-</u>		

*RECONCILIATION FROM BUDGET/ACTUAL TO GAAP*

Change in fund balance (Budget basis)	\$ 16,713,455
To adjust applicable revenue accruals, deferrals, and transfers	29,728,262
To adjust applicable expenditure accruals and transfers	(705,830)
Change in fund balance (GAAP basis)	<u>\$ 45,735,887</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**Teacherage Fund (12000)**  
**For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	16,567	16,567
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>16,567</u>	<u>16,567</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
<i>Support services:</i>				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	124,412	189,586	63,793	125,793
Student transportation	-	-	-	-
Other support operations	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	120,000	76,360	-	76,360
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>244,412</u>	<u>265,946</u>	<u>63,793</u>	<u>202,153</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(244,412)</u>	<u>(265,946)</u>	<u>(47,226)</u>	<u>218,720</u>
<i>Net change in fund balance</i>	<u>(244,412)</u>	<u>(265,946)</u>	<u>(47,226)</u>	<u>218,720</u>
Budgeted cash carryover	<u>244,412</u>	<u>265,946</u>		
<i>Total</i>	<u>\$ -</u>	<u>-</u>		

*RECONCILIATION FROM BUDGET/ACTUAL TO GAAP*

Change in fund balance (Budget basis)	\$ (47,226)
To adjust applicable revenue accruals, deferrals, and transfers	-
To adjust applicable expenditure accruals and transfers	6,384
Change in fund balance (GAAP basis)	<u>\$ (40,842)</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**Transportation Fund (13000)**  
**For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	6,302,408	5,976,887	5,976,887	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>6,302,408</u>	<u>5,976,887</u>	<u>5,976,887</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
<i>Support services:</i>				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	6,302,408	6,001,797	5,750,214	251,583
Other support operations	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>6,302,408</u>	<u>6,001,797</u>	<u>5,750,214</u>	<u>251,583</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(24,910)</u>	<u>226,673</u>	<u>251,583</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>(24,910)</u>	<u>226,673</u>	<u>251,583</u>
Budgeted cash carryover	<u>-</u>	<u>24,910</u>		
<i>Total</i>	<u>\$ -</u>	<u>-</u>		

*RECONCILIATION FROM BUDGET/ACTUAL TO GAAP*

Change in fund balance (Budget basis)	\$ 226,673
To adjust applicable revenue accruals, deferrals, and transfers	-
To adjust applicable expenditure accruals and transfers	<u>(35,964)</u>
Change in fund balance (GAAP basis)	<u>\$ 190,709</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**Instructional Materials Fund (14000)**  
**For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	-	-	24	24
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>24</u>	<u>24</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	74,038	74,235	73,344	891
<i>Support services:</i>				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support operations	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>74,038</u>	<u>74,235</u>	<u>73,344</u>	<u>891</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(74,038)</u>	<u>(74,235)</u>	<u>(73,320)</u>	<u>915</u>
<i>Net change in fund balance</i>	<u>(74,038)</u>	<u>(74,235)</u>	<u>(73,320)</u>	<u>915</u>
Budgeted cash carryover	<u>74,038</u>	<u>74,235</u>		
<i>Total</i>	<u>\$ -</u>	<u>-</u>		

*RECONCILIATION FROM BUDGET/ACTUAL TO GAAP*

Change in fund balance (Budget basis)	\$ (73,320)
To adjust applicable revenue accruals, deferrals, and transfers	-
To adjust applicable expenditure accruals and transfers	(56)
Change in fund balance (GAAP basis)	<u>\$ (73,376)</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**Impact Aid Indian Special Education Fund (25147)**  
**For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	848,866	848,866
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>848,866</u>	<u>848,866</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	7,329,207	3,329,207	2,892,469	436,738
<i>Support services:</i>				
Students	6,326,691	5,926,691	4,960,922	965,769
Instruction	413,642	413,642	245,015	168,627
General administration	461,906	461,906	270,369	191,537
School administration	77,716	77,716	61,136	16,580
Central services	1,166,892	1,166,892	1,166,865	27
Operation & maintenance of plant	85,000	85,000	-	85,000
Student transportation	-	-	-	-
Other support operations	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	4,704,697	27,402	4,677,295
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>15,861,054</u>	<u>16,165,751</u>	<u>9,624,178</u>	<u>6,541,573</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(15,861,054)</u>	<u>(16,165,751)</u>	<u>(8,775,312)</u>	<u>7,390,439</u>
<i>Net change in fund balance</i>	<u>(15,861,054)</u>	<u>(16,165,751)</u>	<u>(8,775,312)</u>	<u>7,390,439</u>
Budgeted cash carryover	<u>15,861,054</u>	<u>16,165,751</u>		
<i>Total</i>	<u>\$ -</u>	<u>-</u>		

*RECONCILIATION FROM BUDGET/ACTUAL TO GAAP*

Change in fund balance (Budget basis)	\$ (8,775,312)
To adjust applicable revenue accruals and deferrals	7,315,909
To adjust applicable expenditure accruals	<u>1,986,280</u>
Change in fund balance (GAAP basis)	<u>\$ 526,877</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**As of June 30, 2021**

	<u>Total Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 661,478
Other receivables	<u>50</u>
Total assets	<u><u>661,528</u></u>
<b>LIABILITIES</b>	
Accounts payable	<u>1,812</u>
Total liabilities	<u>1,812</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, and other governments	<u>659,716</u>
Total net position	<u><u>\$ 659,716</u></u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2021**

	<u>Total Custodial Funds</u>
Additions	
Student fundraisers and activity fees	\$ <u>91,213</u>
Total additions	<u>91,213</u>
Deductions	
Student activity expenditures and supplies	<u>315,526</u>
Total deductions	<u>315,526</u>
Net increase (decrease) in fiduciary net position	(224,313)
Net position, beginning	-
Restatement	<u>884,029</u>
Net position, beginning restated	<u>884,029</u>
Net position, ending	<u><u>\$ 659,716</u></u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 1 – ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Gallup-McKinley County Schools (District) 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 thirty-two schools within the District. In conjunction with the regular education programs, all of these schools offer special education. In addition, the School Board provides transportation for the students.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management, who is responsible for their integrity and objectivity. 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 Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Financial Reporting Entity**

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14 as amended by GASB Statements No. 39, No. 61, No. 80 and No. 90 as well as other applicable GASB Statements. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

**B. Government-wide and fund financial statements**

The government-wide financial statements (the statement of net position and the statement of activities) 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. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is

**STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

reported in three parts – Net investment in capital assets, restricted net position; and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, state equalization, and other items not properly included among program revenues are reported instead as general revenues.

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

All other revenue items are considered to be measurable and available only when cash is received by the government.

The District's fiduciary funds are custodial in nature and do not present results of operations or have a measurement focus. Fiduciary funds use the accrual basis of accounting.

**STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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 general fixed assets, and the servicing of general 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.

The *Debt Service Funds* account for the services of general 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 #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 (in addition to the General Fund), which may include funds that were not required to be presented as major but were at the discretion of management:

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by School tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the District except for those items included in other funds. The General Fund includes the Transportation Fund, which is used to account for the transportation Distribution received from the New Mexico Public Education Department which is used to pay for the costs associated with transporting school age children. It also includes the Instructional Materials Fund, which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students and the Teacherage Fund which is used to account for all financial resources used in the housing of teachers.

The *Impact Aid Indian Education Special Revenue Fund* (25147) is used to account for resources provided to the District which are to be used for supplemental special education for students in federally impacted areas. Funding is provided by PL 81-874.

Additionally, the government reports the following fund types:

*Fiduciary Funds:*

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Districts programs. The District's fiduciary funds are custodial in nature and do not present results of operations or have a measurement focus. Fiduciary funds use the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. When both restricted and unrestricted resources are available for use, it is the District's general policy to use restricted resources first, then unrestricted resources as they are needed.

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D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity

Cash and 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. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the Pool is the same as the fair value of the pool shares.

Restricted Assets

Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended. The District's restricted assets are made up of all capital project and debt service funds.

Receivables and Payables

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in McKinley County. The funds are collected by the County Treasurer and are remitted to the District in the following month. Under the modified accrual method of accounting, the amount remitted by the McKinley County Treasurer's in July and August 2020 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund financial statements during the year ended June 30, 2021.

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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Inventory

Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the General and Food Services funds consists of expendable supplies held for consumption and related supplies. The cost is recorded as an expenditure at the time individual inventory items are purchased. The reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net position.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per section 12-6-10 NMSA 1978, and an

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estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Library books are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Asset Type</u>	<u>Years</u>
Building and building improvements	20-40
Furniture and equipment	3-12

Unearned Revenue

The District reports unearned revenue on its financial statements. When resources are received in advance of charges for services being earned are in advance of any eligibility requirement other than a time requirement being met for government-mandated or voluntary nonexchange transactions (i.e. for intergovernmental revenues), a liability is reported for the unearned revenue.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then.

The District has the following deferred outflows of resources during fiscal year 2021:

<u>Deferred Outflows of Resources</u>	<u>Govt-Wide</u>
Pension deferral	\$ 237,563,964
OPEB deferral	18,240,913
Deferred loss on refunding of debt, net	153,804
Total deferred outflows of resources	\$ <u>255,958,681</u>

In addition to liabilities, the statement of net position and/or the balance sheet for the governmental funds will sometimes report 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 revenue.

The District has the following deferred inflows of resources during fiscal year 2021:

<u>Deferred Inflows of Resources</u>	<u>Govt-Wide</u>
Pension deferral	\$ 3,025,555
OPEB deferral	25,964,449
Total deferred inflows of resources	\$ <u>28,990,004</u>

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Deferred Inflows of Resources	Governmental Funds
Property tax revenue	\$ <u>573,523</u>
Total deferred inflows of resources	\$ <u><u>573,523</u></u>

Compensated Absences

Twelve-month employees are entitled to accumulate annual leave up to 15 days (20 days for Superintendent and Associate Superintendent) per year. Days earned will be prorated based upon hire date. Annual leave is supposed to be taken in the year earned or the succeeding fiscal year; however, a maximum of 15 days (20 days for Superintendent and Associate Superintendent), depending on the employment status of the employee, may be carried over to the succeeding year. Administrators may also choose to put days into the employee’s annual leave bank. Administrative employee’s annual leave bank may accumulate up to a maximum of 30 working days. Any additional days over the 30 days are lost. Once days are banked they may not be withdrawn, except for use under FMLA provisions or other extenuating circumstances approved by the Superintendent. Upon termination, employees are paid for their accrued annual leave, up to a maximum of 30 days.

Qualified employees are entitled to 12 to 15 days of sick leave per year depending upon length of contract and hire date. There is no limit to the amount of sick leave which an employee may accumulate; however, the only employees that are eligible to be paid out are those that are retiring that have provided a written notice of an intent to retire to the personnel office no later than April 15 of the current fiscal year. The rate of payment is determined annually based upon current budgetary consideration and is announced by a memo from the Superintendent.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is 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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of related debt.

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

Net Position and Fund Equity

Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of the District’s fund balances is presented in a schedule as part of ‘other supplemental information’ as indicated in the table of contents.

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,

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notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- *Restricted Net Position* – Consists of net position with constraints “legally enforceable” constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Legally Enforceable is means that a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation, only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment. If it is determined that the restrictions continue to be legally enforceable, then for the purposes of financial reporting, the restricted net position should not reflect and reduction for resources used for purposes not stipulated by the enabling legislation. Descriptions for the related restrictions for net position are restricted for “debt service or capital projects.”
- *Unrestricted Net Position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The Government-wide Statement of Net Position reports \$66,534,407 of restricted net position related to grants of which \$57,737,624 relates to restricted enabling legislation.

*Interfund Transactions*

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

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

*Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Plan (ERP) and additions to/deductions from ERP’s fiduciary net position have been determined on the same basis as they are reported by ERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Postemployment Benefits Other Than Pensions (OPEB)*

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

*Use of Estimates in Preparation of Financial Statements*

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 financials include management’s estimate of the useful lives of capital assets.

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E. Revenues

State Equalization Guarantee

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The Schools received \$116,872,840 in state equalization guarantee distributions during the year ended June 30, 2021.

Tax Revenues

The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available' on a modified accrual basis. The District recognized \$8,817,486 in tax revenues during the year ended June 30, 2021. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

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

Transportation Distribution

School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. 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 \$5,976,887 in transportation distributions during the year ended June 30, 2021.

Instructional Materials

The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2021 totaled \$0.

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 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 shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;

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2. The residents of the school districts 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.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

During the year ended June 30, 2021, the District received \$16,310,842 for public school outlay.

**SB-9 State Match**

The Director shall distribute 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 one hundred percent 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 shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District received \$957,085 in state SB-9 matching during the year end June 30, 2021.

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

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

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

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

Actual expenditures may not exceed the budget at the function level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a '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 Public School Finance Division.

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

The 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 District Budget Planning Unit (DBPU) 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.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board who fixes the estimated budget for the 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 DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The 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 DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the District and approved by the DBPU.
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 Gallup-McKinley County 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.

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9. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.
10. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

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 Administrative Code 6.20.2.9 prohibits the District from exceeding an individual function.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2021, is presented.

The District is required to balance its budgets each year. Accordingly, amounts in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

**NOTE 3 – CASH AND INVESTMENTS**

State statutes authorize the investment of the District's 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, 2021.

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 one hundred percent 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.

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.

**Cash Deposited with Financial Institutions**

Custodial Credit Risk - Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2021, \$81,278,469 of the District's \$81,778,469 was exposed to custodial credit risk. \$57,058,238 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the

**STATE OF NEW MEXICO  
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District's name, and \$24,220,231 was uninsured and uncollateralized.

<u>Cash and investments</u>	<u>Wells Fargo</u>	<u>Pinnacle Bank</u>	<u>NMFA</u>	<u>Total</u>
Total deposits in bank	\$ 4,946,154	76,147,251	16,217,127	97,310,532
Less: FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	-	<u>(500,000)</u>
Uninsured public funds	<u>4,696,154</u>	<u>75,897,251</u>	<u>16,217,127</u>	<u>96,810,532</u>
Pledged collateral held by pledging bank's trust, but not in the District's name	<u>10,785,355</u>	<u>46,272,883</u>	-	<u>57,058,238</u>
Uninsured and uncollateralized public funds	<u>(6,089,201)</u>	<u>29,624,368</u>	-	<u>23,535,167</u>
Total pledged collateral	10,785,355	46,272,883	-	57,058,238
50% pledged collateral requirement per State statute	<u>2,348,077</u>	<u>37,948,626</u>	-	<u>40,296,703</u>
Pledged collateral (under) over the requirements	\$ <u>8,437,278</u>	<u>8,324,258</u>	-	<u>16,761,536</u>

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the District. All deposits are collateralized with eligible securities, as described by New Mexico State Statute, in amounts equal to at least 50% of the District carrying value of the deposits (demand and certificates of deposit). Such collateral, as permitted by the state statutes is held in each respective depository bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation.

As of June 30, 2021, the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

<u>Per Institution</u>	<u>Reconciling Items</u>	<u>Per Financial Statements</u>
Wells Fargo	\$ 4,946,154	34,127
Pinnacle Bank	76,147,251	(978,152)
NMFA Cash	<u>16,217,127</u>	<u>-</u>
	\$ <u>97,310,532</u>	<u>(944,025)</u>
		<u>96,366,507</u>

The amounts reported as cash for the government within the financial statements is displayed as:

<u>Statement of Net Position</u>	<u>Amount</u>
Cash	\$ 58,405,143
Restricted cash	37,299,886
Custodial funds	<u>661,478</u>
	<u>\$ 96,366,507</u>

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**NOTE 4 – RECEIVABLES**

Receivables as of June 30, 2021, are as follows:

	<u>General Fund</u>	<u>Indian Special Education Fund</u>	<u>Non-major Funds</u>	<u>Total Governmental</u>
Property tax	\$ 30,239	-	726,041	756,280
Due from other governments	29,436,729	7,315,909	8,373,318	45,125,956
Other	<u>554,024</u>	<u>32</u>	<u>2,032</u>	<u>556,088</u>
Total	<u>\$ 30,020,992</u>	<u>7,315,941</u>	<u>9,101,391</u>	<u>46,438,324</u>

The above receivables are deemed 100% collectible. In accordance with GASB #33, property tax receivables are presented net of deferred revenue in the amount of \$573,523 on the governmental fund financial statements.

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The District had the following operating transfers for the year ended June 30, 2021.

	<u>Transfers In</u>	<u>Transfers Out</u>
Operating	\$ -	(43,945)
Non-Major		
Governmental Funds	<u>498,909</u>	<u>(454,964)</u>
Total	<u>\$ 498,909</u>	<u>(498,909)</u>

The District records temporary interfund receivable and payables to enable the funds to operate until grant monies are received. The composition of interfund balances as of June 30, 2021 is as follows:

	<u>Due From</u>	<u>Due To</u>
Operating	\$ 5,832,502	-
Non-Major		
Governmental Funds	<u>484</u>	<u>(5,832,986)</u>
Total	<u>\$ 5,832,986</u>	<u>(5,832,986)</u>

All Interfund balances are to be paid within one year.

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**NOTE 6 – CAPITAL ASSETS**

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

Primary Government <i>Governmental Activities</i>	Balance <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments &amp; Transfers</u>	Balance <u>June 30, 2021</u>
Capital assets not being depreciated:					
Land	\$ 10,506,641	-	-	-	10,506,641
Construction in progress	<u>39,972,666</u>	<u>7,066,940</u>	-	<u>(27,243,993)</u>	<u>19,795,613</u>
Total capital assets not being depreciated	<u>50,479,307</u>	<u>7,066,940</u>	-	<u>(27,243,993)</u>	<u>30,302,254</u>
Capital assets being depreciated:					
Buildings and building improvements	524,483,321	4,617,882	-	24,597,311	553,698,514
Furniture, fixtures, and equipment	<u>33,328,997</u>	<u>7,270,311</u>	<u>(45,356)</u>	<u>2,646,682</u>	<u>43,200,634</u>
Total capital assets being depreciated	<u>557,812,318</u>	<u>11,888,193</u>	<u>(45,356)</u>	<u>27,243,993</u>	<u>596,899,148</u>
Total capital assets	<u>608,291,625</u>	<u>18,955,133</u>	<u>(45,356)</u>	<u>-</u>	<u>627,201,402</u>
Less accumulated depreciation:					
Buildings and building improvement	(170,634,392)	(12,642,519)	-	-	(183,276,911)
Furniture, fixtures, and equipment	<u>(20,114,250)</u>	<u>(2,243,240)</u>	<u>12,662</u>	<u>-</u>	<u>(22,344,828)</u>
Total accumulated depreciation	<u>(190,748,642)</u>	<u>(14,885,759)</u>	<u>12,662</u>	<u>-</u>	<u>(205,621,739)</u>
Total capital assets net of depreciation	<u>\$ 417,542,983</u>	<u>4,069,374</u>	<u>(32,694)</u>	<u>-</u>	<u>421,579,663</u>

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

<u>Type:</u>	
Instruction	\$ 12,727,172
SS students	450,215
SS instruction	66,353
SS general admin	121,250
SS school admin	5,121
Central services	165,058
Operations and maintenance	220,291
Transportation	1,073,058
Food service	<u>57,242</u>
Total	<u>\$ 14,885,759</u>

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**NOTE 7 – LONG-TERM DEBT**

General obligation bonds are secured by and payable solely from the Debt Service Fund.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. All debt is secured with legally pledged revenues. There are no finance-related default consequences, termination event consequences, or subjective acceleration clauses specified in the debt agreements. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2021 are for governmental activities. Bonds outstanding at June 30, 2021 are comprised of the following:

<u>GO Bonds</u>	Series	Series	Series	Series	Series
	<u>8/6/2013</u>	<u>10/21/2014</u>	<u>3/7/2016</u>	<u>8/4/2017A</u>	<u>8/4/2017B</u>
Original issue:	\$ 13,025,000	\$ 9,000,000	\$ 7,750,000	\$ 6,900,000	6,775,000
Principal:	August 1	August 1	August 1	August 1	\$ August 1
Interest:	February 1	February 1	February 1	February 1	February 1
	August 1	August 1	August 1	August 1	August 1
Rates:	3.00% to 5.00%	2.00 to 4.00%	2.00% to 3.00%	0.69% to 2.39%	0.81% to 1.29%
Maturity Date:	8/1/2028	8/1/2027	8/1/2028	8/1/2029	8/1/2022
	Series	Series	Series	Series	
	<u>8/24/2018</u>	<u>8/2/2019</u>	<u>5/8/2020</u>	<u>8/7/2020A</u>	
Original issue:	\$ 6,500,000	\$ 5,750,000	\$ 9,260,000	\$ 5,000,000	
Principal:	August 1	August 1	August 1	August 1	
Interest:	February 1	February 1	February 1	February 1	
	August 1	August 1	August 1	August 1	
Rates:	1.43% to 2.94%	1.26% to 2.17%	0.58% to 0.89%	0.43% to 1.81%	
Maturity Date:	8/1/2030	8/1/2031	8/1/2027	8/1/2034	
	Series				
	<u>4/30/2021</u>				
Original issue:	\$ 5,215,000				
Principal:	August 1				
Interest:	February 1				
	August 1				
Rates:	0.15% to 2.32%				
Maturity Date:	8/1/2036				

**Refunding of Series 2008 and 2009 Bonds**

The advanced refunding of Series 2008 and 2009 Bonds, through the issue of the Series 2017B GO Bond, resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$129,999 which is reported as a deferred outflow on the government-wide statement of net position. This difference is being charged to operations through fiscal year 2023 using the straight-line method. The District completed the advanced refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$371,664.

**Refunding of Series 2010 and 2011 Bonds**

The advanced refunding of Series 2010 and 2011 Bonds, through the issue of the Series 2020 General Obligation Refunding Bonds, resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$142,076 which is reported as a deferred outflow on the government-wide statement of net position. This difference is being charged to operations through fiscal year 2028 using the

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straight-line method. The District completed the advanced refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$908,516.

During the year ended June 30, 2021 the following changes occurred in the liabilities reported in the governmentwide statement of net position:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
General obligation bonds					
GO Bond Series 2010	\$ 1,475,000	-	(1,475,000)	-	-
GO Bond Series 2010	4,125,000	-	(4,125,000)	-	-
GO Bond Series 2011A	4,190,000	-	(4,190,000)	-	-
GO Bond Series 2011B	620,000	-	(620,000)	-	-
GO Bond Series 2013	5,400,000	-	(500,000)	4,900,000	600,000
GO Bond Series 2014	4,150,000	-	(575,000)	3,575,000	575,000
GO Bond Series 2016	5,815,000	-	(600,000)	5,215,000	600,000
GO Bond Series 2017A	5,600,000	-	(350,000)	5,250,000	350,000
GO Bond Series 2017B	4,270,000	-	(1,345,000)	2,925,000	1,780,000
GO Bond Series 2018	5,850,000	-	(500,000)	5,350,000	200,000
GO Bond Series 2019	5,750,000	-	(300,000)	5,450,000	-
GO Bond Series 2020	9,260,000	-	(105,000)	9,155,000	1,155,000
GO Bond Series 2020A	-	5,000,000	-	5,000,000	-
GO Bond Series 2020B	-	850,000	(850,000)	-	-
Subtotal	56,505,000	5,850,000	(15,535,000)	46,820,000	5,260,000
Revenue bonds					
Series 2021	-	5,215,000	-	5,215,000	-
Subtotal	-	5,215,000	-	5,215,000	-
Total bonds payable	56,505,000	11,065,000	(15,535,000)	52,035,000	5,260,000
Compensated Absences	1,163,433	155,055	(139,579)	1,178,909	353,672
Total long-term liabilities	\$ 57,668,433	11,220,055	(15,674,579)	53,213,909	5,613,672

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The annual requirement to amortize the District's bonds outstanding as of June 30, 2021, including interest payments, is as follows:

General Obligation Bonds

GO Bond Series 2013

Fiscal Year Ending	Principal	Interest	Total Debt Service
2022	\$ 600,000	156,125	756,125
2023	600,000	132,125	732,125
2024	700,000	107,875	807,875
2025	750,000	84,375	834,375
2026	750,000	61,406	811,406
2027-2031	1,500,000	50,156	1,550,156
Total	\$ 4,900,000	592,062	5,492,062

GO Bond Series 2014

Fiscal Year Ending	Principal	Interest	Total Debt Service
2022	\$ 575,000	101,125	676,125
2023	500,000	85,000	585,000
2024	500,000	70,000	570,000
2025	500,000	53,750	553,750
2026	500,000	37,500	537,500
2027-2031	1,000,000	30,000	1,030,000
Total	\$ 3,575,000	377,375	3,952,375

GO Bond Series 2016

Fiscal Year Ending	Principal	Interest	Total Debt Service
2022	\$ 600,000	129,163	729,163
2023	675,000	110,038	785,038
2024	655,000	90,088	745,088
2025	625,000	70,888	695,888
2026	665,000	51,538	716,538
2027-2031	1,995,000	64,006	2,059,006
Total	\$ 5,215,000	515,721	5,730,721

GO Bond Series 2017A

Fiscal Year Ending	Principal	Interest	Total Debt Service
2022	\$ 350,000	91,250	441,250
2023	350,000	84,417	434,417
2024	650,000	76,726	726,726
2025	650,000	65,964	715,964
2026	650,000	54,131	704,131
2027-2031	2,600,000	82,749	2,682,749
Total	\$ 5,250,000	455,237	5,705,237

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GO Bond Series 2017B

Fiscal Year Ending	Principal	Interest	Total Debt Service
2022	\$ 1,780,000	25,183	1,805,183
2023	1,145,000	7,385	1,152,385
2024	-	-	-
2025	-	-	-
2026-2030	-	-	-
Total	\$ 2,925,000	32,568	2,957,568

GO Bond Series 2018

Fiscal Year Ending	Principal	Interest	Total Debt Service
2022	\$ 200,000	126,970	326,970
2023	300,000	122,340	422,340
2024	600,000	113,430	713,430
2025	600,000	100,890	700,890
2026	600,000	87,540	687,540
2027-2031	3,050,000	212,595	3,262,595
2032-2036	-	-	-
Total	\$ 5,350,000	763,765	6,113,765

GO Bond Series 2019

Fiscal Year Ending	Principal	Interest	Total Debt Service
2022	\$ -	93,463	93,463
2023	200,000	92,143	292,143
2024	400,000	88,122	488,122
2025	400,000	82,622	482,622
2026	400,000	76,882	476,882
2027-2031	3,300,000	243,535	3,543,535
2032-2036	750,000	8,137	758,137
Total	\$ 5,450,000	684,904	6,134,904

GO Bond Series 2020

Fiscal Year Ending	Principal	Interest	Total Debt Service
2022	\$ 1,155,000	61,282	1,216,282
2023	1,290,000	54,503	1,344,503
2024	1,290,000	46,312	1,336,312
2025	1,225,000	37,905	1,262,905
2026	1,395,000	28,718	1,423,718
2027-2031	2,800,000	24,664	2,824,664
Total	\$ 9,155,000	253,384	9,408,384

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GO Bond Series 2020A			
Fiscal Year			Total Debt
Ending	Principal	Interest	Service
2022	\$ -	52,760	52,760
2023	-	52,760	52,760
2024	-	52,760	52,760
2025	100,000	52,545	152,545
2026	100,000	52,075	152,075
2027-2031	2,350,000	220,430	2,570,430
2032-2036	2,450,000	48,750	2,498,750
Total	\$ 5,000,000	532,080	5,532,080

Revenue Bonds

Series 2021			
Fiscal Year			Total Debt
Ending	Principal	Interest	Service
2022	\$ -	43,945	43,945
2023	320,000	58,137	378,137
2024	335,000	57,562	392,562
2025	335,000	56,691	391,691
2026	335,000	55,434	390,434
2027-2031	1,705,000	243,637	1,948,637
2032-2036	1,805,000	133,972	1,938,972
2037-2041	380,000	4,408	384,408
Total	\$ 5,215,000	653,786	5,868,786

General Obligation Bonds	\$ 46,820,000	4,860,882
Revenue Bonds	5,215,000	653,786
Total	\$ 52,035,000	5,514,668

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, 2021, compensated absences increased \$15,476 over the prior year accrual. See Note 1 for more details.

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**NOTE 8 – OPERATING LEASES**

The District leases one piece of office equipment under short-term cancelable operating leases. Rental cost for the year ended June 30, 2021 was \$2,379.

Additionally, the District has three land leases with the NM State Land Office that extend for a period longer than one year. Annual future minimum lease payments for the next five years are as follows:

Fiscal Year Ending June 30,	Amount
2022	\$ 17,773
2023	18,093
2024	18,263
2025	18,433
2026	18,613
Thereafter	<u>132,625</u>
	<u>\$ 223,800</u>

**NOTE 9 – RISK MANAGEMENT**

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

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

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

**NOTE 10 – PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

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

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

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has the authority

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to set or amend contribution rates and other terms of the Plan. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

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

*Pension Benefit* – A member’s retirement benefit is determined by a formula which includes three component parts: 1) the member’s final average salary (FAS), 2) the number of years of service credit, and 3) a multiplier. For members hired on or before June 30, 2019 (Tiers 1-3 members) the multiplier is 2.35%.

For members hired after June 30, 2019 the multiplier accrues as follows:

<u>Years of Service</u>	<u>Benefit Percentage Earned</u>
10 or less	1.35%
10.25 to 20	2.35%
20.25 to 30	3.35%
30.25 plus	2.40%

FAS is the average of the member’s fiscal annual earnings for the last 20 calendar service quarters (60 months) prior to retirement or the highest average fiscal annual earning for any 20 consecutive calendar quarters.

Summary of Plan Provisions for Retirement Eligibility by Tier

Tier 1: Membership prior to July 1, 2010

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

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

Tier 2: Membership on or after July 1, 2010, but prior to July 1, 2013

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

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

Tier 3: Membership beginning on or after July 1, 2013

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

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

**Tier 4: Membership beginning on or after July 1, 2019**

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

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

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

**Benefit Options** – The Plan has three benefit options available.

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

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

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

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Membership	Age Eligible for COLA
Tier1	65
Tier2	65
Tier3	67
Tier4	67

If a member is eligible for a COLA, the amount depends on the annual change in the Consumer Price Index (CPI) and whether the fund is fully funded (that is, the fund's funded ratio is 100%). Accordingly, if there is no increase in the CPI, or the CPI is negative, the amount of the COLA will be zero (if the CPI is negative, retirement benefits will not be decreased).

When CPI has increased and the fund is fully funded, the COLA will be the same amount as the increase in the CPI except as follows: If the increase in the CPI is 2% or greater, the COLA will be one-half of the CPI increase, not to exceed 4% or to be less than 2%.

However, while the fund is not fully funded, the COLA for retirees will be reduced based on the median annual retirement benefit, calculated after the end of each fiscal year:

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

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

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

Contributions – For the fiscal years ended June 30, 2021 and 2020 educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2021	7-1-20 to 6-30-21	Over \$24k	10.70%	14.15%	24.85%	0.25%
2021	7-1-20 to 6-30-21	\$24K or less	7.90%	14.15%	22.05%	0.25%
2020	7-1-19 to 6-30-20	Over \$24k	10.70%	14.15%	24.85%	0.25%
2020	7-1-19 to 6-30-20	\$24K or less	7.90%	14.15%	22.05%	0.25%

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The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2021 and 2020, the District paid employee and employer contributions of the following, which equal the amount of the required contributions for each fiscal year.

	2021	2020
District contributions	\$ 10,696,517	10,183,542

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

At June 30, 2021, the District reported a liability of \$507,984,794 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2020 using generally accepted actuarial principles. On April 17, 2020, NMERB's Board of Trustees adopted new assumptions presented in the 2020 Actuarial Experience Study. Those new assumptions have been reflected in the roll-forward and in the projections used to determine the single discount rate.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2020, actuarially determined. At June 30, 2020, the District's proportion was 2.5066%, which was an decrease of 0.0219% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$125,112,228. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,153,553	1,958,756
Changes of assumptions	203,553,848	-
Net difference between projected and actual earnings on pension plan investments	17,249,122	-
Change in proportion and differences between the District's contributions and proportionate share of contributions	2,910,924	1,066,799
The District's contributions subsequent to the measurement date	10,696,517	-
Total	\$ 237,563,964	3,025,555

\$10,696,517 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date-will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Amount
2021	\$ 89,752,022
2022	88,134,718
2023	40,678,300
2024	5,276,852
Thereafter	-
	\$ 223,841,892

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

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

Inflation	2.50%
Salary increases	3.25 % composed of 2.50% inflation, plus 0.75% productivity increase rate, plus a step rate promotional increase for members with less than 10 years of service.
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.
Mortality	<i>Healthy males:</i> Based on the RP-2000 Combined Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table's base year of 2000. <i>Healthy females:</i> Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
Other Information	A new set of assumptions was adopted for the June 30, 2020 actuarial valuation. These new assumptions are reflected in the Total Pension Liability as of June 30, 2020 and will be reflected in the actuarially determined employer contribution for the fiscal year ending 2021. These assumptions can be found in the funding valuation as of June 30, 2020 or in the 2020 experience study.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Equities	30.00%	
Fixed Income	26.00%	
Alternatives	43.00%	
Cash	1.00%	
Total	<u>100.00%</u>	<u>7.00%</u>

*Discount rate.* A single discount rate of 3.89% was used to measure the total pension liability as of June 30, 2020. This is a 3.36% percent decrease from the 7.25% rate used in the prior measurement year. The 3.89% was based on a long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.45%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2045. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2045 and the municipal bond rate was applied to all benefit payments after that date.

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

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Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 3.89%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current rate:

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
The District's proportionate share of the net pension liability	\$ 641,529,560	507,984,794	400,539,350

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in separately issued NMERB’S financial reports. The reports can be found on NMERB’s Web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

Payable Changes in the Net Pension Liability. At June 30, 2021, the District reported payables of \$3,386,476 for outstanding contributions due to ERB for the year ended June 30, 2021.

**NOTE 11 – OPEB**

General Information about the OPEB

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

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

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

*Employees covered by benefit terms* – At June 30, 2020, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	52,179
Inactive and eligible for deferred benefit	10,916
Current active members	91,082
	154,177

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Active membership	
State general	17,097
State police and corrections	1,830
Municipal general	17,538
Municipal police	3,159
Municipal FTRE	1,966
Educational Retirement Board	49,492
	<u>91,082</u>

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$1,557,032 for the year ended June 30, 2020.

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

At June 30, 2021, the District reported a liability of \$71,087,093 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2020. At June 30, 2020, the District’s proportion was 1.69299 percent.

For the year ended June 30, 2021, the District recognized OPEB income of \$2,717,643. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	12,623,164
Changes in proportion	2,341,324	716,704
Changes of assumptions	13,954,905	12,624,581
Net difference between actual and projected earnings on OPEB plan investments	387,652	-
Contributions subsequent to the measurement date	1,557,032	-
Total	<u>\$ 18,240,913</u>	<u>25,964,449</u>

Deferred outflows of resources totaling \$1,557,032 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

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<u>Year Ended June 30:</u>	<u>Amount</u>
2022	\$ (5,553,186)
2023	(4,452,504)
2024	(1,612,035)
2025	149,705
2026	<u>2,187,452</u>
	<u>\$ (9,280,568)</u>

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

Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions	
Inflation	2.50% for ERB members, 2.50% for PERA members
Projected salary 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 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-2000 Combined Healthy Mortality

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	20.0%	2.10%
U.S. equity - large cap	20.0%	7.10%
Non U.S. - emerging markets	15.0%	10.20%
Non U.S. - developed equities	12.0%	7.80%
Private equity	10.0%	11.80%
Credit and structured finance	10.0%	5.30%
Real estate	5.0%	4.90%
Absolute return	5.0%	4.10%
U.S. equity - small/mid cap	3.0%	7.10%

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Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 2.86% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2039. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2040. The index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2041, resulting in a blended discount rate of 2.86%.

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 District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.86 percent) or 1-percentage-point higher (3.86 percent) than the current discount rate:

1% Decrease (1.86%)	Current Discount (2.86%)	1% Increase (3.86%)
\$ 88,361,548	\$ 71,087,093	\$ 57,735,725

The following presents the net OPEB liability of the District, as well as what the District'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 Trend Rate	1% Increase
\$ 58,349,209	\$ 71,087,093	\$ 80,749,116

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

Payable Changes in the Net OPEB Liability. At June 30, 2021, the District reported payables of \$0 for outstanding contributions due to NMRHCA for the year ended June 30 2021.

**NOTE 12 – CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the 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 resolution of these matters will not have a material adverse effect on the financial condition of the District.

**NOTE 13 - GASB 77 DISCLOSURE**

The District has no tax abatement agreements as of June 30, 2021, and therefore no disclosures under GASB 77 are required.

**NOTE 14 – CONCENTRATIONS**

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of

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For the Year Ended June 30, 2021**

intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

**NOTE 15 – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

- A. Deficit fund balance of individual funds. The District had no deficit fund balance at June 30, 2021.
- B. Excess of expenditures over appropriations. The District did not have funds which exceeded approved budgetary authority for the year ended June 30, 2021.

**NOTE 16 – EVALUATION OF SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the statement of financial position/balance sheet date but before the financial statements are issued. The District recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position/balance sheet, including the estimates inherent in the process of preparing the financial statements. The District’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position/balance sheet but arose after the statement of financial position/balance sheet date and before financial statements are available to be issued. The District has evaluated subsequent events through November 15, 2021, which is the date the financial statements were available to be issued.

**NOTE 17 – RESTATEMENT**

During the year ended June 30, 2021, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by reclassifying amounts formerly classified as “Deposits held in trust for others” and reclassifying those amounts to the new presentation “Net Position – Restricted for individuals, organizations, and other governments.” Beginning net position has been restated to reflect this change.

	(New Presentation) Statement of Net Position - Fiduciary Fund	(Old Presentation) Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
Net Position, July 1, 2020, as previously reported	\$ -	-
Deposits held in trust for others	-	884,029
Change in accounting principles	<u>884,029</u>	<u>(884,029)</u>
Net Position, July 1, 2020, as previously reported	<u>\$ 884,029</u>	<u>-</u>

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**NOTE 18 – COMMITMENTS**

The District has various contracts (primarily construction) they are committed to complete totaling approximately \$70,861,806 as of June 30, 2021. The funding to cover these commitments is through legislative grants and cash reserves.

<u>Project</u>	<u>Remaining Commitment</u>	<u>Remaining State Project</u>	<u>Expensed as of June 30, 2021</u>	<u>Percent Complete</u>	<u>Estimated Date of Completion</u>
Ramah Teacherage Project	800,000	8,000,000	-	11%	12/31/2021
Red Rock Elementary - Replacement	6,168,600	24,674,400	3,745	1%	6/30/2023
Roosevelt Elementary Replace Building w/Parking Lot	-	3,000	741,168	96%	12/31/2021
Tohatchi High - Replacement	6,285,000	25,140,000	4,368	1%	12/31/2023
Tse Yi Gai Fiber (Internet Infrastructure) Project	3,684,135	-	16,462	1%	6/30/2021
Angelo DiPaolo Stadium Construction work	-	-	122,898	32%	6/30/2022
	<u>\$ 16,937,735</u>	<u>57,817,400</u>	<u>888,641</u>		

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF GALLUP-MCKINLEY COUNTY SCHOOLS PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN  
LAST 10 FISCAL YEARS\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	Measurement Date as of						
	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
The District's proportion of the net pension liability (asset) (%)	\$ 2.5066%	2.5285%	2.5111%	2.3382%	2.4606%	0.0869%	0.0863%
The District's proportionate share of the net pension liability (asset) (\$)	\$ 507,984,794	191,593,609	298,606,780	259,850,668	177,074,725	154,763,267	137,629,661
The District's covered payroll	\$ 76,953,360	81,101,835	73,262,892	70,090,712	74,410,830	72,788,378	66,487,317
The District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	660%	236%	408%	371%	238%	213%	207%
Plan fiduciary net position as a percentage of the total pension liability	39.11%	64.13%	52.17%	52.95%	61.58%	63.97%	66.54%

\**Governmental Accounting Standards Board Statement 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2015, the year the statement's requirements became

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF GALLUP-MCKINLEY COUNTY SCHOOLS CONTRIBUTIONS  
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN  
LAST 10 FISCAL YEARS\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutory required contribution	\$ 10,696,517	11,273,155	10,183,542	9,742,609	9,260,840	9,764,821	9,437,099
Contributions in relation to the statutorily required contribution	\$ 10,696,517	11,273,155	10,183,542	9,742,609	9,260,840	9,764,821	9,437,099
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\**Governmental Accounting Standards Board Statement 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2015, the year the statement's requirements became effective.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended June 30, 2021

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

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

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF GALLUP-MCKINLEY COUNTY SCHOOL'S PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY  
LAST 10 FISCAL YEARS\***

	2021	2020	2019	2018
	Measurement Date as of			
	6/30/2020	6/30/2019	6/30/2018	6/30/2017
The District's proportion of the net OPEB liability (%)	1.69299%	1.70975%	1.67134%	1.63411%
The District's proportionate share of OPEB liability (\$)	\$ 71,087,093	55,436,742	72,675,793	74,052,522
The District's covered payroll	\$ 72,766,682	71,346,647	71,710,794	68,071,260
The District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	97.69%	77.70%	101.35%	108.79%
Plan fiduciary net position as a percentage of the total pension liability	16.50%	18.92%	13.14%	11.34%

\*This schedule is presented to illustrate the requirement to show information for 10 years; However, until a full 10-year trend is compiled, the statement only requires presentation of information for available years.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For The Year Ended June 30, 2021**

*Changes in benefit provisions* . There were no modifications to the benefit provisions as this is the fourth year of adoption of the OPEB accounting standard.

*Changes in assumptions and methods* . In the June 30, 2019 actuarial valuation rolled forward to the measurement date of June 30, 2020, changes in assumptions and differences between expected and actual experience include adjustments resulting from an decrease in the discount rate from 4.16% to 2.86%, changes in medical carrier election assumptions based on recent enrollment, and updated Medicare Advantage trends to reflect 2020 and 2021 premiums.

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF GALLUP-MCKINLEY COUNTY SCHOOL'S CONTRIBUTIONS  
OPEB**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,557,032	1,513,409	2,611,749	5,189,066
Contributions in relation to the contractually required contribution	1,557,032	1,513,409	2,579,859	2,604,333
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>31,890</u>	<u>2,584,733</u>
The District's covered payroll	\$ 78,396,846	71,346,647	71,710,794	68,071,260
Contributions as a percentage of covered payroll	1.99%	2.12%	3.60%	3.83%

\*This schedule is presented to illustrate the requirement to show information for 10 years; However, until a full 10-year trend is compiled, the statement only requires presentation of information for available years.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended June 30, 2021

*Changes in benefit provisions.* There were no modifications to the benefit provisions as this is the fourth year of adoption of the OPEB accounting standard.

*Changes in assumptions and methods.* In the June 30, 2019 actuarial valuation rolled forward to the measurement date of June 30, 2020, changes in assumptions and differences between expected and actual experience include adjustments resulting from an decrease in the discount rate from 4.16% to 2.86%, changes in medical carrier election assumptions based on recent enrollment, and updated Medicare Advantage trends to reflect 2020 and 2021 premiums.

**SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
For the Year Ended June 30, 2021**

NONMAJOR SPECIAL REVENUE FUNDS

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 Service Fund (21000) - to account for Federal and Local sources of income relating to the food service programs. The Cafeteria Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22- 13-13.

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) -

Non-Budgeted Activity – to account for funds paid to the Schools for student activity travel. Accumulated funds are used to replace activity buses. Funding authority is the New Mexico Public Education Department.

Non-Budgeted Scholarship – to provide college scholarships to a designated number of high school graduates meeting certain criteria from revenues generated from the annual Paul Hanson Memorial Golf Tournament. Funding authority is the New Mexico Public Education Department.

Non-Budgeted Autism Program – to provide funds for parents of autistic students to attend conferences about parenting autistic children. These funds were raised from a golf tournament organized by the parents. Funding authority is the New Mexico Public Education Department.

Non-Budgeted Miyamura Scholarship – to provide college scholarships to designated graduates from Miyamura High School funds donated to the school. Funding authority is the New Mexico Public Education Department.

Non-Budgeted Thoreau Night School– to account for the tuition fees collected from Thoreau Night School students. These fees pay for supplies and materials, and wages for Night School Staff. Funding authority is the New Mexico Public Education Department.

Title I (24101) – This fund is used to provide supplemental educational opportunities for academically disadvantaged children in the area where they reside. Authority for the creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-382.

Entitlement IDEA-B (24106) is used to account for a program funded by a Federal grant to assist the schools in providing free appropriate public education to all handicapped children. Funding authorized by individuals with Disabilities 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.

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.

Education of Homeless (24113) – To provide tutoring and remedial academic services to homeless children and youth within the District. Funding is by the New Mexico Public Education Department.

Private Schools Share IDEA-B (24115) – Under 34 CFR §§ 300.132-300.133, local educational agencies (LEA) must spend a proportionate amount of their IDEA-B Basic Entitlement and, if applicable, Preschool sub-grant funds for special education and related services (“equitable participation services” to students with

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disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district served by the LEA. The private schools must be nonprofit institutions. Children aged three through five are considered to be parentally-placed private school children with disabilities only if they are enrolled in a private school that meets the definition of elementary school I n34 CFR §300.13. New Mexico State law defines an elementary school as “a public school providing instruction for grades kindergarten through eight, unless there is a junior high school program approved by the state board [department], in which case it means a public school providing instruction for grades kindergarten through six” 22-1-3(A) NMSA 1978.

Fresh Fruits and Vegetables (24118) – 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. National School Lunch Act, as amended, 42 U.S.C. 1769.

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. Authority for creation of this fund is the elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, and Sections 3101, 3129.

Teacher/Principal Training and 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. Authority for creation of the fund is the Rehabilitation Act of 1973, as amended, Title III, Section 303 (b)-(d). 20 U.S.C. 777a and 797a.

Rural and Low-Income Schools (24160) –The purpose of the program is to provide rural districts with financial assistance for initiatives aimed at improving student achievement. Eligible school districts are allowed to pay for activities authorized under Titles I-IV of the ESEA, as well as parental involvement activities.

Carl D Perkins Secondary (24174) – To provide federal funds to expand and improve vocational education programs and to provide equal access in vocational education to special needs populations. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1998, as amended, Public Law 105-332.

USDA School Equipment Grant (24183) – To account for funds administered through the New Mexico Public Education Department (PED) for the purchase of new kitchen equipment. This subaward is based upon reimbursable expenditures. All funds for the USDA School Equipment Grant are to be spent for kitchen equipment purchases over \$1,000.

Student Support & Enrichment Program (24189) – Supports well-rounded educational opportunities, safe and healthy students and effective use of technology (ESEA sections 4107, 4108 and 4109).

Title I – Comprehensive Support and Improvement (24190) - The purpose of the Comprehensive Support and Improvement (CSI) Planning Grant, authorized by the Elementary and Secondary Education Act (ESEA), is to provide public school districts with additional funds and resources to assist CSI identified schools in completing a needs assessment, engaging stakeholders, reviewing resource inequities and selecting an evidence-based improvement strategy in order to develop or refine an improvement plan. Funds are intended to supplement and support comprehensive school reform by funding specific initiatives designed to promote targeted and sustainable school improvement and aligned with the school’s NM DASH Annual and 90-day Plans.

Title I - High School Redesign (24191) - The High School Transformation Partnership is a collaboration between the Priority Schools Bureau (PSB) and College and Career Readiness Bureau (CCRB) to provide high impact support and accountability to 10 New Mexico CSI high schools around the planning, implementation, and monitoring of evidence-based redesigns, leading to path changing outcomes for students and

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communities. Competitive grant funding can be used to support the participation and implementation in the High School Transformation Partnership.”

CARES Act - ESSER I (24301) – The New Mexico Public Education Department (PED) sub-awarded the Coronavirus Aid, Relief and Economic Security (CARES) Act - Elementary and Secondary School Emergency Relief Fund to address the impact that the Novel Coronavirus Disease 2019 (COVID-19) has had, and continues to have, on elementary and secondary schools.

CARES Act - GEER (24305) – The New Mexico Public Education Department (PED) sub-awarded the Coronavirus Aid, Relief and Economic Security (CARES) Act - Governor’s Emergency Education Relief (GEER) for the purpose of providing internet access for students without access at home.

CARES/GEER HEPA (24306) – The New Mexico Public Education Department (PED) sub-awarded this funding through the Elementary and Secondary School Emergency Relief Fund and the Governors Emergency Education Relief Fund for the purpose of in-room HEPA air purification units.

ESSER II SEA Reserve Fund (24312) – The New Mexico Public Education Department (PED) subawarded this funding through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - Elementary and Secondary School Emergency Relief (ESSER II SEA Reserve) Fund for the purpose of paying Retention Stipends to eligible employees.

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 39a) and 3(b)): where there is a significant decrease (Section 3 (c)) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

Title XIX – Medicaid 3/21 Years (25153) – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for the creation of this fund is the Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56; 42 U.S.C. 1396 et seq., as amended; Public Law 92-223; Public Law 92-603; Public Law 93-66; Public Law 93-233; Public Law 96-499; Public Law 97-35; Public Law 97-248; Public Law 98-369, Public Law 99-272; Public Law 99-509; Public Law 100-93; Public Law 100- 202; Public Law 100-203; Public Law 100-360; Public Law 100-436; Public Law 100-485, Public Law 100-647; Public Law 101-166; Public Law 101-234; Public Law 101-239; Public Law 101-508; Public Law 101-517; Public Law 102- 234; Public Law 102-170; Public Law 102-394; Public Law 103-66; Public Law 103-112; Public Law 103-333; Public Law 104-91; Public Law 104-191; Public Law 104-193; Public Law 104-208, 104-134; Balanced Budget Act of 1997, Public Law 105-33; Public Law 106-113, Public Law 106-554; Public Law 108-27; Public Law 108-173; Public Law 109-91; Public Law 109-171; Public Law 109-432; Public Law 110-28.

Child Care Block Grant CYFD (25157) – To account for funds received for the transition assistance program funding through the Children, Youth and Families Department and the State of New Mexico.

Child and Adult Food Program (25171) – To implement educational, mental health, social services, law enforcement and juvenile justice services for youth. Funding authority is the Elementary and Secondary Educational Act of 1965.

Indian Education Formula Grant (25184)- To account for a program funded by a Federal grant to develop and carry out supplementary elementary and secondary school programs designed to meet the special educational

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and culturally related academic needs of Indian children, for example to: 1) Improve academic performance, 2) Reduce school dropout rates and improve attendance, and 3) Integrate the value of cultural education into the school curriculum for Indian children. Funding authorized by Indian Education Act of 1988, Title V, Part C, Subpart 1, as amended, Public Law 100-297 and 93-638, U.S.C. 2601-2606.

Navajo Nations (25201) – To help organizations to develop new or expand existing capacity to provide screening, referrals for medical treatment, education, and eligibility assistance for eligible individuals. Section 417C of the Public Health Service Act 42 U.S.C. 285a-9, as amended by the Radiation Exposure Compensation Act Amendments of 2000 (Pubic Law 106-245).

W.K. Kellogg Foundation (26121) – To account for funds provided under the grant agreement which aims to improve the quality of education by providing increased access to technology in rural areas while incorporating processes across the district for culturally responsive teaching by developing bilingual language instruction in a distance learning approach.

2012 GO Bond Public School Acquisition (27107) – This award allows schools to acquire library resources, including library books for public school libraries. The funding was made available through Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10. Paragraph B(3).

Instructional Materials Fund (27109) - To account for the special appropriation monies received from the New Mexico Pubic Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. The funding was made available through House Bill 2 (2019), Section 5, Special Appropriation (114).

Capital Appropriation (Buses) (27118) - This award allows schools to purchase and equip 18 district-owned school buses. The funding was made available through House Bill 2, Laws of 2019, Chapter 277, Section 57

Volkswagen Mitigation (GOB) (27121) – The account for NM PED appropriation for the replacement of 44 diesel-fueled school buses. The source of funds will come from the VW mitigation settlement and state general obligation bonds which will be disbursed on a reimbursement basis.

Feminine Hygiene (27130) – State appropriated funding for feminine hygiene products allocated through the 2019 legislative session (Laws of 2019, Section 25A [HB548] and Laws of 2019, Chapter 279, Section 60A [HB 548]).

Curriculum Development (27136) - The New Mexico Legislature appropriated funding for curriculum development through the 2019 legislative session (Laws of 2019, Chapter 279, Section 25A {HB548}). Based upon this authority, PED has determined funding in the amount of \$50,000.00 for Gallup-McKinley County Schools. This funding is to be used specifically for curriculum development. This award is based upon reimbursable expenditures.

Pre-K Initiative (27149) – To account for funds received to prepare children for success in school, begin to close the achievement gap between students, and help meet the vision of a seamless education system – Pre-Kindergarten through higher education. Authority for the creation of this fund is the New Mexico Public Education Department.

Indian Education Act (27150) – To develop and evaluate the relationship between improved academic performance of American Indian students who experience a culturally relevant education curriculum. Authority for creation of this funds is the New Mexico Public Education Department.

Career and Technical Education (27502) – The account for NM PED appropriation for the Next Gen Career and Technical Education. The funding was made available through appropriation contained in the Laws of 2019, Chapter 271, Section 4, Subsection K, Item B, Section 5, Item (103).

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Volkswagen Mitigation (27543) – The account for NM PED appropriation for the replacement of 44 diesel-fueled school buses. The source of funds will come from the VW mitigation settlement and state general obligation bonds which will be disbursed on a reimbursement basis.

GRADS – Child Care (28189) – To account for a program funded by the Public Education Department for the purpose to establish and maintain in –school, family and consumer science instructional and intervention program for pregnant and parenting students which focuses on knowledge and skills related to positive self, pregnancy, parenting and economic independence. Special Revenue fund established by the local school board.

GRADS – Instruction (28190) – To account for a program funded by the Public Education Department for the purpose to establish and maintain an in-school, family and consumer science instructional and intervention program for pregnant and parenting students, which focuses on knowledge and skills related to positive self, pregnancy, parenting and economic independence. Special Revenue fund established by the local school board.

CYPD Parents as Teacher Model (28193) – The purpose of this fund is to provide funds to implement a high quality Parents as Teachers model for home visiting services in McKinley County. Gallup-McKinley County Schools will provide home visiting services, using the Parents as Teachers model, to 45-60 families, teen parents and parents with young children, in McKinley County. Funds are provided by New Mexico Children, Youth and Family Department (CYFD) through a federal grant awarded to CYFD.

GRADS Plus (28203) – The purpose of this fund is to support a shared case management model between Central High School GRADS program and school and community partners. Authority for the creation of this fund is the New Mexico GRADS System.

Private Dir. Grants (29102) –This was a private grant provided by the Marathon Petroleum company to provide equipment and training for Construction and Welding program support.

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NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Bond Building (31100) - 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.

Special Revenue Bond (31110) – To account for bond proceeds plus 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. Funding authority is the New Mexico Public Education Department.

Public School Capital Outlay (31200) – To account for the 20 percent of the operational property tax revenues that have been set aside for capital outlay projects. Funding authority is the New Mexico Public Education Department.

Special Revenue Bond (31400) – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of specific capital outlay projects.

Special Capital Outlay – State (31500) – To account for 20 percent of the operational property tax revenues that have been set aside for capital outlay projects.

Capital Improvements Capital Projects Fund (31700) – To account for funds received from the New Mexico Public School Facilities Authority (PFSA) for: capital expenditures for an adequate education program, core administrative function of the public-school facilities authority and for project management expense upon approval of the council; and for the purpose of demolishing abandoned school district facilities. Funding authority is Chapter 22, Article 24, NMSA 1978.

Capital Improvements SB9 Local Fund (31701) - The fund is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10, NMSA 1978). Per the NM Public Education Department state SB9 funds will be separated by local and state funding sources. State SB9 funds will use fund number 31700.

Capital Improvements Capital Projects Fund (31703) – To account for funds received from the New Mexico Public School Facilities Authority (PFSA) for: capital expenditures for an adequate education program, core administrative function of the public-school facilities authority and for project management expense upon approval of the council; and for the purpose of demolishing abandoned school district facilities. Rather than cost reimbursement, cash will be forwarded to schools. Funding authority is Chapter 22, Article 24, NMSA 1978.

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For the Year Ended June 30, 2021**

**NONMAJOR DEBT SERVICE FUNDS**

Debt Service Fund (41000) -To account for the accumulation of resources for the payment of General Long-Term Debt principal and interest.

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**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**As of June 30, 2021**

	Special Revenue Funds	Capital Projects Funds	Debt Service	Total
<i>Assets</i>				
Cash and investments	\$ 9,079,412	3,817,441	-	12,896,853
Restricted cash	-	28,645,814	8,654,071	37,299,885
Receivables:				
Taxes	-	413,300	312,741	726,041
Due from other governments	7,638,773	734,331	214	8,373,318
Other	2,032	-	-	2,032
Inventory	25,016	203,349	-	228,365
Due from other funds	484	-	-	484
<i>Total assets</i>	<u>16,745,717</u>	<u>33,814,235</u>	<u>8,967,026</u>	<u>59,526,978</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	492,840	152,192	-	645,032
Accrued payroll liabilities	654,924	-	-	654,924
Unearned revenue	15,727	-	-	15,727
Due to other funds	5,224,822	608,164	-	5,832,986
<i>Total liabilities</i>	<u>6,388,313</u>	<u>760,356</u>	<u>-</u>	<u>7,148,669</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	-	379,775	170,243	550,018
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>379,775</u>	<u>170,243</u>	<u>550,018</u>
<i>Fund balances</i>				
Nonspendable	25,016	203,349	-	228,365
Restricted	10,332,388	32,470,755	8,796,783	51,599,926
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>10,357,404</u>	<u>32,674,104</u>	<u>8,796,783</u>	<u>51,828,291</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 16,745,717</u>	<u>33,814,235</u>	<u>8,967,026</u>	<u>59,526,978</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2021**

	Special Revenue Funds	Capital Projects Funds	Debt Service	Total
<i>Revenues:</i>				
Property and other taxes	\$ -	1,651,740	7,005,320	8,657,060
State grants	2,572,095	20,264,988	-	22,837,083
Federal grants	37,742,874	-	-	37,742,874
Charges for services	220,590	-	-	220,590
Investment income	3,866	57,196	-	61,062
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>40,539,425</u>	<u>21,973,924</u>	<u>7,005,320</u>	<u>69,518,669</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	26,139,175	-	-	26,139,175
Support services:			-	
Students	6,124,533	-	-	6,124,533
Instruction	1,448,869	-	-	1,448,869
General administration	533,936	16,218	84,748	634,902
School administration	551,814	-	-	551,814
Central services	25,184	-	-	25,184
Operation & maintenance of plant	370,538	-	-	370,538
Student transportation	185,656	-	-	185,656
Food services operations	7,068,579	-	-	7,068,579
Capital outlay	1,558	13,484,516	-	13,486,074
Debt service:				
Principal	-	-	15,677,076	15,677,076
Interest	-	-	897,339	897,339
<i>Total expenditures</i>	<u>42,449,842</u>	<u>13,500,734</u>	<u>16,659,163</u>	<u>72,609,739</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,910,417)</u>	<u>8,473,190</u>	<u>(9,653,843)</u>	<u>(3,091,070)</u>
<i>Other financing sources (uses)</i>				
Proceeds from issuance of debt	-	11,065,000	-	11,065,000
Transfers in	-	454,964	43,945	498,909
Transfers out	-	-	(454,964)	(454,964)
Reversion to PED/Grantors	(18,920)	-	-	(18,920)
<i>Total other financing sources (uses)</i>	<u>(18,920)</u>	<u>11,519,964</u>	<u>(411,019)</u>	<u>11,090,025</u>
<i>Net change in fund balances</i>	(1,929,337)	19,993,154	(10,064,862)	7,998,955
<i>Fund balance - beginning of year</i>	<u>12,286,741</u>	<u>12,680,950</u>	<u>18,861,645</u>	<u>43,829,336</u>
<i>Fund balances - end of year</i>	<u>\$ 10,357,404</u>	<u>32,674,104</u>	<u>8,796,783</u>	<u>51,828,291</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**As of June 30, 2021**

	Food Services 21000	Athletics 22000	Non-Instructional Materials 23000	Title I 24101
<i>Assets</i>				
Cash and investments	\$ 4,650,846	417,717	324,692	-
Restricted cash	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from other governments	655,173	-	-	1,902,517
Other	451	-	629	-
Prepaid expenses	-	-	-	-
Inventory	25,016	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 5,331,486</u>	<u>417,717</u>	<u>325,321</u>	<u>1,902,517</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 481,549	-	-	190
Accrued payroll liabilities	31,757	-	4,265	279,596
Interest payable	-	-	-	-
Other liabilities	-	-	-	-
Deposits held for others	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	1,622,731
<i>Total liabilities</i>	<u>513,306</u>	<u>-</u>	<u>4,265</u>	<u>1,902,517</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	25,016	-	-	-
Restricted	4,793,164	417,717	321,056	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>4,818,180</u>	<u>417,717</u>	<u>321,056</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 5,331,486</u>	<u>417,717</u>	<u>325,321</u>	<u>1,902,517</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**As of June 30, 2021**

	Entitlement IDEA B 24106	Preschool IDEA-B 24109	Education of Homeless 24113	Private Schools Share IDEA-B 24115
<i>Assets</i>				
Cash and investments	\$ -	-	-	-
Restricted cash	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from other governments	1,874,552	101,165	644	34,218
Other	-	-	-	-
Prepaid expenses	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 1,874,552</u>	<u>101,165</u>	<u>644</u>	<u>34,218</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 4,985	-	-	-
Accrued payroll liabilities	90,855	3,557	-	9,829
Interest payable	-	-	-	-
Other liabilities	-	-	-	-
Deposits held for others	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	1,778,712	97,608	644	24,389
<i>Total liabilities</i>	<u>1,874,552</u>	<u>101,165</u>	<u>644</u>	<u>34,218</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,874,552</u>	<u>101,165</u>	<u>644</u>	<u>34,218</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**As of June 30, 2021**

	Fresh Fruits & Vegetables 24118	English Language Acquisition 24153	Teacher/Principal Training/Recruiting 24154	Rural and Low Income Schools 24160
<i>Assets</i>				
Cash and investments	\$ -	-	-	-
Restricted cash	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from other governments	3,976	62,567	225,689	206,513
Other	-	-	-	-
Prepaid expenses	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 3,976</u>	<u>62,567</u>	<u>225,689</u>	<u>206,513</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	37	3,406	-
Accrued payroll liabilities	-	1,222	7,447	-
Interest payable	-	-	-	-
Other liabilities	-	-	-	-
Deposits held for others	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	3,976	61,308	214,836	206,513
<i>Total liabilities</i>	<u>3,976</u>	<u>62,567</u>	<u>225,689</u>	<u>206,513</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 3,976</u>	<u>62,567</u>	<u>225,689</u>	<u>206,513</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**As of June 30, 2021**

	Carl D Perkins Secondary 24174	USDA 2010 Equipment Assist. Program 24183	Student Support & Enrichment Program 24189	Comprehensive Support and Improvement 24190
<i>Assets</i>				
Cash and investments	\$ -	-	-	-
Restricted cash	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from other governments	42	25,000	42,671	42,126
Other	-	-	-	-
Prepaid expenses	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 42</u>	<u>25,000</u>	<u>42,671</u>	<u>42,126</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	-	-	-	936
Interest payable	-	-	-	-
Other liabilities	-	-	-	-
Deposits held for others	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	42	25,000	42,671	41,190
<i>Total liabilities</i>	<u>42</u>	<u>25,000</u>	<u>42,671</u>	<u>42,126</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 42</u>	<u>25,000</u>	<u>42,671</u>	<u>42,126</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**As of June 30, 2021**

	Title I High School Redesign 24191	CARES Act 24301	CARES GEER 24305	ESSER GEER HEPA 24306
<i>Assets</i>				
Cash and investments	\$ -	-	-	-
Restricted cash	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from other governments	160,462	261,808	193,165	-
Other	-	952	-	-
Prepaid expenses	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 160,462</u>	<u>262,760</u>	<u>193,165</u>	<u>-</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	952	-	-
Accrued payroll liabilities	7,197	30	-	-
Interest payable	-	-	-	-
Other liabilities	-	-	-	-
Deposits held for others	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	153,265	261,778	193,165	-
<i>Total liabilities</i>	<u>160,462</u>	<u>262,760</u>	<u>193,165</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 160,462</u>	<u>262,760</u>	<u>193,165</u>	<u>-</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**As of June 30, 2021**

	CRRSA 24312	Impact Aid Special Education 25145	Title XIX Medicaid 3/21 Years 25153	Child Care Block Grant CYFD 25157
<i>Assets</i>				
Cash and investments	\$ -	692,145	2,902,316	57,361
Restricted cash	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from other governments	58,854	975,240	179,885	-
Other	-	-	-	-
Prepaid expenses	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 58,854</u>	<u>1,667,385</u>	<u>3,082,201</u>	<u>57,361</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	138	1,583	-
Accrued payroll liabilities	-	22,119	1,264	-
Interest payable	-	-	-	-
Other liabilities	-	-	-	-
Deposits held for others	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	58,854	-	-	-
<i>Total liabilities</i>	<u>58,854</u>	<u>22,257</u>	<u>2,847</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	1,645,128	3,079,354	57,361
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>1,645,128</u>	<u>3,079,354</u>	<u>57,361</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 58,854</u>	<u>1,667,385</u>	<u>3,082,201</u>	<u>57,361</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**As of June 30, 2021**

	Child and Adult Food Program 25171	Indian Education Formula Grant 25184	Navajo Nation 25201	Kellogg Foundation 26121
<i>Assets</i>				
Cash and investments	\$ 10,821	-	-	15,727
Restricted cash	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from other governments	-	72,951	54,448	-
Other	-	-	-	-
Prepaid expenses	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	484	-	-
<i>Total assets</i>	<u>\$ 10,821</u>	<u>73,435</u>	<u>54,448</u>	<u>15,727</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	-	73,435	3,658	-
Interest payable	-	-	-	-
Other liabilities	-	-	-	-
Deposits held for others	-	-	-	-
Unearned revenue	-	-	-	15,727
Due to other funds	-	-	50,790	-
<i>Total liabilities</i>	<u>-</u>	<u>73,435</u>	<u>54,448</u>	<u>15,727</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	10,821	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>10,821</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 10,821</u>	<u>73,435</u>	<u>54,448</u>	<u>15,727</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**As of June 30, 2021**

	2012 GO Bond Student Library SB-66 27107	Instructional Material Special Appropriation 27109	Capital Appropriation Buses 27118	Volkswagen Mitigation (GOB) 27121
<i>Assets</i>				
Cash and investments	\$ -	7,787	-	-
Restricted cash	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from other governments	-	-	18,425	-
Other	-	-	-	-
Prepaid expenses	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>7,787</u>	<u>18,425</u>	<u>-</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	-	-	-	-
Interest payable	-	-	-	-
Other liabilities	-	-	-	-
Deposits held for others	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	18,425	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>18,425</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	7,787	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>7,787</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>7,787</u>	<u>18,425</u>	<u>-</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**As of June 30, 2021**

	Feminine Hygiene 27130	Curriculum Development 27136	Pre-K Initiative 27149	Indian Education Act 27150
<i>Assets</i>				
Cash and investments	\$ -	-	-	-
Restricted cash	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from other governments	-	-	360,360	25,611
Other	-	-	-	-
Prepaid expenses	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>-</u>	<u>360,360</u>	<u>25,611</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	-	-	98,181	3,026
Interest payable	-	-	-	-
Other liabilities	-	-	-	-
Deposits held for others	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	262,179	22,585
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>360,360</u>	<u>25,611</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>-</u>	<u>360,360</u>	<u>25,611</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**As of June 30, 2021**

	Career and Technical Education 27502	Volkswagen Mitigation Trust Fund 27543	GRADS Child Care 28189	GRADS Instruction 28190
<i>Assets</i>				
Cash and investments	\$ -	-	-	-
Restricted cash	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from other governments	46,305	-	-	-
Other	-	-	-	-
Prepaid expenses	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 46,305</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	-	-	-	-
Interest payable	-	-	-	-
Other liabilities	-	-	-	-
Deposits held for others	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	46,305	-	-	-
<i>Total liabilities</i>	<u>46,305</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 46,305</u>	<u>-</u>	<u>-</u>	<u>-</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**As of June 30, 2021**

	CYFD Parents as Teacher Model 28193	GRADS Plus 28203	Private Direct Grants 29102	Total
<i>Assets</i>				
Cash and investments	\$ -	-	-	9,079,412
Restricted cash	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from other governments	54,406	-	-	7,638,773
Other	-	-	-	2,032
Prepaid expenses	-	-	-	-
Inventory	-	-	-	25,016
Due from other funds	-	-	-	484
<i>Total assets</i>	<u>\$ 54,406</u>	<u>-</u>	<u>-</u>	<u>16,745,717</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	492,840
Accrued payroll liabilities	16,550	-	-	654,924
Interest payable	-	-	-	-
Other liabilities	-	-	-	-
Deposits held for others	-	-	-	-
Unearned revenue	-	-	-	15,727
Due to other funds	37,856	-	-	5,224,822
<i>Total liabilities</i>	<u>54,406</u>	<u>-</u>	<u>-</u>	<u>6,388,313</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	25,016
Restricted	-	-	-	10,332,388
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,357,404</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 54,406</u>	<u>-</u>	<u>-</u>	<u>16,745,717</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**For the Year Ended June 30, 2021**

	Food Service 21000	Athletics 22000	Non-Instructional Materials 23000	Title I 24101
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	8,617,367	-	-	8,183,161
Charges for services	37,518	122,928	60,144	-
Investment income	3,810	56	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>8,658,695</u>	<u>122,984</u>	<u>60,144</u>	<u>8,183,161</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	235,668	92,703	7,015,442
<i>Support services:</i>				
Students	-	-	-	721
Instruction	-	-	-	982,996
General administration	-	-	-	184,002
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	7,035,947	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,035,947</u>	<u>235,668</u>	<u>92,703</u>	<u>8,183,161</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,622,748</u>	<u>(112,684)</u>	<u>(32,559)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Reversion to PED/Grantors	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	1,622,748	(112,684)	(32,559)	-
<i>Fund balance - beginning of year</i>	<u>3,195,432</u>	<u>530,401</u>	<u>353,615</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ 4,818,180</u>	<u>417,717</u>	<u>321,056</u>	<u>-</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**For the Year Ended June 30, 2021**

	Entitlement IDEA B 24106	Preschool IDEA-B 24109	Education of Homeless 24113	Private Schools Share IDEA-B 24115
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	5,120,882	183,504	49,441	116,293
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>5,120,882</u>	<u>183,504</u>	<u>49,441</u>	<u>116,293</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	4,237,050	175,938	-	111,853
<i>Support services:</i>				
Students	778,082	4,739	48,066	4,440
Instruction	-	-	-	-
General administration	105,750	2,827	1,375	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,120,882</u>	<u>183,504</u>	<u>49,441</u>	<u>116,293</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Reversion to PED/Grantors	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**For the Year Ended June 30, 2021**

	Fresh Fruits & Vegetables 24118	English Language Acquisition 24153	Teacher/Principal Training/Recruiting 24154	Rural and Low Income Schools 24160
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	7,632	306,852	959,584	206,513
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>7,632</u>	<u>306,852</u>	<u>959,584</u>	<u>206,513</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	299,168	357,591	200,771
<i>Support services:</i>				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	7,684	25,651	5,742
School administration	-	-	551,814	-
Central services	-	-	24,528	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	7,632	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,632</u>	<u>306,852</u>	<u>959,584</u>	<u>206,513</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Reversion to PED/Grantors	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**For the Year Ended June 30, 2021**

	Carl D Perkins Secondary 24174	USDA 2010 Equipment Assist. Program 24183	Student Support & Enrichment Program 24189	Comprehensive Support and Improvement 24190
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	267,388	25,000	893,795	269,398
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>267,388</u>	<u>25,000</u>	<u>893,795</u>	<u>269,398</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	265,601	-	885,486	264,151
<i>Support services:</i>				
Students	-	-	-	265
Instruction	-	-	-	-
General administration	1,787	-	8,309	4,982
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	25,000	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>267,388</u>	<u>25,000</u>	<u>893,795</u>	<u>269,398</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Reversion to PED/Grantors	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**For the Year Ended June 30, 2021**

	Title I High School Redesign 24191	CARES Act 24301	CARES GEER 24305	ESSER GEER HEPA 24306
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	522,159	6,468,400	325,154	256,850
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>522,159</u>	<u>6,468,400</u>	<u>325,154</u>	<u>256,850</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	512,254	5,735,295	325,154	256,850
<i>Support services:</i>				
Students	-	322,973	-	-
Instruction	-	-	-	-
General administration	9,905	39,594	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	370,538	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>522,159</u>	<u>6,468,400</u>	<u>325,154</u>	<u>256,850</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Reversion to PED/Grantors	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**For the Year Ended June 30, 2021**

	CRRSA 24312	Impact Aid Special Education 25145	Title XIX Medicaid 3/21 Years 25153	Child Care Block Grant CYFD 25157
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	58,854	1,093,257	1,447,566	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>58,854</u>	<u>1,093,257</u>	<u>1,447,566</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	891,499	644	-
<i>Support services:</i>				
Students	57,700	495,740	3,894,831	-
Instruction	-	465,873	-	-
General administration	1,154	29,826	14,342	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>58,854</u>	<u>1,882,938</u>	<u>3,909,817</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(789,681)</u>	<u>(2,462,251)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Reversion to PED/Grantors	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>(789,681)</u>	<u>(2,462,251)</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>2,434,809</u>	<u>5,541,605</u>	<u>57,361</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>1,645,128</u>	<u>3,079,354</u>	<u>57,361</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**For the Year Ended June 30, 2021**

	Child and Adult Food Program 25171	Indian Education Formula Grant 25184	Navajo Nation 25201	Kellog Foundation 26121
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	-	-	-	234,273
Federal grants	-	1,846,724	131,918	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>1,846,724</u>	<u>131,918</u>	<u>234,273</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	1,794,720	-	227,759
<i>Support services:</i>				
Students	-	-	128,266	-
Instruction	-	-	-	-
General administration	-	51,348	3,652	6,514
School administration	-	-	-	-
Central services	-	656	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>1,846,724</u>	<u>131,918</u>	<u>234,273</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Reversion to PED/Grantors	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>10,821</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ 10,821</u>	<u>-</u>	<u>-</u>	<u>-</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**For the Year Ended June 30, 2021**

	2012 GO Bond Student Library SB-66 27107	Instructional Material Special Appropriation 27109	Capital Appropriation Buses 27118	Volkswagon Mitigation (GOB) 27121
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	11,792	-	1,558	82,391
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>11,792</u>	<u>-</u>	<u>1,558</u>	<u>82,391</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	11,792	114,569	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	82,391
Food services operations	-	-	-	-
Capital outlay	-	-	1,558	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>11,792</u>	<u>114,569</u>	<u>1,558</u>	<u>82,391</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(114,569)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Reversion to PED/Grantors	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	(114,569)	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>122,356</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>7,787</u>	<u>-</u>	<u>-</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**For the Year Ended June 30, 2021**

	Feminine Hygiene 27130	Curriculum Development 27136	Pre-K Initiative 27149	Indian Education Act 27150
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	14,190	44,950	1,849,836	75,522
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>14,190</u>	<u>44,950</u>	<u>1,849,836</u>	<u>75,522</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	44,950	1,831,006	75,522
Support services:				
Students	14,190	-	-	-
Instruction	-	-	-	-
General administration	-	-	18,830	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>14,190</u>	<u>44,950</u>	<u>1,849,836</u>	<u>75,522</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Reversion to PED/Grantors	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**For the Year Ended June 30, 2021**

	Career and Technical Education 27502	Volkswagen Mitigation Trust Fund 27543	GRADS Child Care 28189	GRADS Instruction 28190
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	152,630	103,265	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>152,630</u>	<u>103,265</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	152,630	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	103,265	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>152,630</u>	<u>103,265</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Reversion to PED/Grantors	-	-	(3,050)	(15,870)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(3,050)</u>	<u>(15,870)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(3,050)</u>	<u>(15,870)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,050</u>	<u>15,870</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds - Special Revenue Funds**  
**For the Year Ended June 30, 2021**

	CYFD Parents as Teacher Model 28193	GRADS Plus 28203	Private Direct Grants 29102	Total
<i>Revenues:</i>				
Property and other taxes	\$ -	-	-	-
State grants	-	1,688	-	2,572,095
Federal grants	385,182	-	-	37,742,874
Charges for services	-	-	-	220,590
Investment income	-	-	-	3,866
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>385,182</u>	<u>1,688</u>	<u>-</u>	<u>40,539,425</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	23,109	26,139,175
<i>Support services:</i>				
Students	374,520	-	-	6,124,533
Instruction	-	-	-	1,448,869
General administration	10,662	-	-	533,936
School administration	-	-	-	551,814
Central services	-	-	-	25,184
Operation & maintenance of plant	-	-	-	370,538
Student transportation	-	-	-	185,656
Food services operations	-	-	-	7,068,579
Capital outlay	-	-	-	1,558
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>385,182</u>	<u>-</u>	<u>23,109</u>	<u>42,449,842</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>1,688</u>	<u>(23,109)</u>	<u>(1,910,417)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Reversion to PED/Grantors	-	-	-	(18,920)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,920)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>1,688</u>	<u>(23,109)</u>	<u>(1,929,337)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>(1,688)</u>	<u>23,109</u>	<u>12,286,741</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>10,357,404</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Capital Project Funds**  
**As of June 30, 2021**

	Bond Building 31100	Special Revenue Bond 31110	Public School Capital Outlay 31200	Special Cap. Outlay State 31400	Special Cap. Outlay Federal 31500
<i>Assets</i>					
Cash and investments	\$ -	-	-	-	-
Restricted cash	11,521,685	5,216,794	9,743,003	-	2,164,332
Receivables:					
Taxes	-	-	-	-	-
Due from other governments	-	-	-	12,673	-
Other	-	-	-	-	-
Inventory	-	-	-	-	-
Due from other funds	-	-	-	-	-
<i>Total assets</i>	<u>\$ 11,521,685</u>	<u>5,216,794</u>	<u>9,743,003</u>	<u>12,673</u>	<u>2,164,332</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 11,174	-	3,931	-	6,085
Due to other funds	-	-	-	12,673	-
<i>Total liabilities</i>	<u>11,174</u>	<u>-</u>	<u>3,931</u>	<u>12,673</u>	<u>6,085</u>
<i>Deferred inflows of resources</i>					
Deferred inflows - property taxes	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>					
Nonspendable	-	-	-	-	-
Restricted	11,510,511	5,216,794	9,739,072	-	2,158,247
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>11,510,511</u>	<u>5,216,794</u>	<u>9,739,072</u>	<u>-</u>	<u>2,158,247</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 11,521,685</u>	<u>5,216,794</u>	<u>9,743,003</u>	<u>12,673</u>	<u>2,164,332</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Capital Project Funds**  
**As of June 30, 2021**

	Capital Improvement SB-9 31700	Capital Improvement SB9- Local 31701	Capital Improvement SB9- State 31703	Total
<i>Assets</i>				
Cash and investments	\$ -	1,885,353	1,932,088	3,817,441
Restricted cash	-	-	-	28,645,814
Receivables:				
Taxes	-	413,300	-	413,300
Due from other governments	721,658	-	-	734,331
Other	-	-	-	-
Inventory	-	203,349	-	203,349
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 721,658</u>	<u>2,502,002</u>	<u>1,932,088</u>	<u>33,814,235</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 126,167	4,835	-	152,192
Due to other funds	595,491	-	-	608,164
<i>Total liabilities</i>	<u>721,658</u>	<u>4,835</u>	<u>-</u>	<u>760,356</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	-	379,775	-	379,775
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>379,775</u>	<u>-</u>	<u>379,775</u>
<i>Fund balances</i>				
Nonspendable	-	203,349	-	203,349
Restricted	-	1,914,043	1,932,088	32,470,755
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>2,117,392</u>	<u>1,932,088</u>	<u>32,674,104</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 721,658</u>	<u>2,502,002</u>	<u>1,932,088</u>	<u>33,814,235</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds - Capital Project Funds**  
**For the Year Ended June 30, 2021**

	Bond Building 31100	Special Revenue Bond 31110	Public School Capital Outlay 31200	Special Cap. Outlay State 31400	Special Cap. Outlay Federal 31500
<i>Revenues:</i>					
Property and other taxes	\$ -	-	-	-	-
State grants	2,984,388	-	16,310,842	12,673	-
Federal grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	55,760	1,436	-	-	-
Miscellaneous	-	-	-	-	-
<i>Total revenues</i>	<u>3,040,148</u>	<u>1,436</u>	<u>16,310,842</u>	<u>12,673</u>	<u>-</u>
<i>Expenditures:</i>					
Current:					
Instruction	-	-	-	-	-
Support services:					
General administration	-	-	-	-	-
Capital outlay	4,426,592	-	6,571,770	12,673	256,838
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>4,426,592</u>	<u>-</u>	<u>6,571,770</u>	<u>12,673</u>	<u>256,838</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,386,444)</u>	<u>1,436</u>	<u>9,739,072</u>	<u>-</u>	<u>(256,838)</u>
<i>Other financing sources (uses)</i>					
Proceeds from issuance of debt	5,850,000	5,215,000	-	-	-
Transfers in	454,964	-	-	-	-
Transfers out	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>6,304,964</u>	<u>5,215,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	4,918,520	5,216,436	9,739,072	-	(256,838)
<i>Fund balance - beginning of year</i>	<u>6,591,991</u>	<u>358</u>	<u>-</u>	<u>-</u>	<u>2,415,085</u>
<i>Fund balance - end of year</i>	<u>\$ 11,510,511</u>	<u>5,216,794</u>	<u>9,739,072</u>	<u>-</u>	<u>2,158,247</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds - Capital Project Funds**  
**For the Year Ended June 30, 2021**

	Capital Improvement SB-9 31700	Capital Improvement SB9- Local 31701	Capital Improvement SB9- State 31703	Total
<i>Revenues:</i>				
Property and other taxes	\$ -	1,651,740	-	1,651,740
State grants	957,085	-	-	20,264,988
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	57,196
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>957,085</u>	<u>1,651,740</u>	<u>-</u>	<u>21,973,924</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services:				
General administration	-	16,218	-	16,218
Capital outlay	957,085	1,259,558	-	13,484,516
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>957,085</u>	<u>1,275,776</u>	<u>-</u>	<u>13,500,734</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>375,964</u>	<u>-</u>	<u>8,473,190</u>
<i>Other financing sources (uses)</i>				
Proceeds from issuance of debt	-	-	-	11,065,000
Transfers in	-	-	-	454,964
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,519,964</u>
<i>Net change in fund balances</i>	-	375,964	-	19,993,154
<i>Fund balance - beginning of year</i>	-	1,741,428	1,932,088	12,680,950
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>2,117,392</u>	<u>1,932,088</u>	<u>32,674,104</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
Combining Balance Sheet  
Non-Major Governmental Funds - Debt Service Funds  
As of June 30, 2021**

	<u>Debt Service 41000</u>
<i>Assets</i>	
Cash and investments	\$ -
Restricted cash	8,654,071
Receivables:	
Taxes	312,741
Due from other governments	214
Other	-
Inventory	-
Due from other funds	-
<i>Total assets</i>	<u>\$ 8,967,026</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	
<i>Liabilities</i>	
Accounts payable	\$ -
Due to other funds	-
<i>Total liabilities</i>	<u>-</u>
<i>Deferred inflows of resources</i>	
Deferred inflows - property taxes	<u>170,243</u>
<i>Total deferred inflows of resources</i>	<u>170,243</u>
<i>Fund balances</i>	
Nonspendable	-
Restricted	8,796,783
Committed	-
Assigned	-
Unassigned	-
<i>Total fund balances</i>	<u>8,796,783</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 8,967,026</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds - Debt Service Funds**  
**For the Year Ended June 30, 2021**

	<u>Debt Service 41000</u>
<i>Revenues:</i>	
Property and other taxes	\$ 7,005,320
State grants	-
Federal grants	-
Charges for services	-
Investment income	-
Miscellaneous	-
<i>Total revenues</i>	<u>7,005,320</u>
<i>Expenditures:</i>	
Current:	
Instruction	-
Support services:	
General administration	84,748
Capital outlay	-
Debt service:	
Principal	15,677,076
Interest	<u>897,339</u>
<i>Total expenditures</i>	<u>16,659,163</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(9,653,843)</u>
<i>Other financing sources (uses)</i>	
Proceeds from issuance of debt	-
Transfers in	43,945
Transfers out	<u>(454,964)</u>
<i>Total other financing sources (uses)</i>	<u>(411,019)</u>
<i>Net change in fund balances</i>	(10,064,862)
<i>Fund balance - beginning of year</i>	<u>18,861,645</u>
<i>Fund balance - end of year</i>	<u>\$ 8,796,783</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Fiduciary Net Position**  
**As of June 30, 2021**

	<u>Chee Dodge</u>	<u>Catherine A. Miller</u>	<u>Chief Manuelito</u>	<u>Crownpoint Elem.</u>	<u>Crownpoint Mid.</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,125	1,515	15,618	6,140	8,630
Other receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 7,125</u>	<u>1,515</u>	<u>15,618</u>	<u>6,140</u>	<u>8,630</u>
<b>LIABILITIES</b>					
Accounts payable	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Restricted for:					
Individuals, organizations, and other governments	<u>7,125</u>	<u>1,515</u>	<u>15,618</u>	<u>6,140</u>	<u>8,630</u>
Total net position	<u>\$ 7,125</u>	<u>1,515</u>	<u>15,618</u>	<u>6,140</u>	<u>8,630</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Fiduciary Net Position**  
**As of June 30, 2021**

	<u>Crownpoint High</u>	<u>David Skeet</u>	<u>Del Norte</u>	<u>Gallup Central</u>	<u>Gallup High</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 37,187	4,657	12,116	8,017	144,617
Other receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>
Total assets	<u>\$ 37,187</u>	<u>4,657</u>	<u>12,116</u>	<u>8,017</u>	<u>144,667</u>
<b>LIABILITIES</b>					
Accounts payable	<u>\$ 500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Restricted for:					
Individuals, organizations, and other governments	<u>36,687</u>	<u>4,657</u>	<u>12,116</u>	<u>8,017</u>	<u>144,667</u>
Total net position	<u>\$ 36,687</u>	<u>4,657</u>	<u>12,116</u>	<u>8,017</u>	<u>144,667</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Fiduciary Net Position**  
**As of June 30, 2021**

	<u>Gallup Mid.</u>	<u>Indian Hills</u>	<u>Jefferson</u>	<u>J.F.K. Mid.</u>	<u>Lincoln</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 18,574	14,245	24,577	21,150	22,838
Other receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 18,574</u>	<u>14,245</u>	<u>24,577</u>	<u>21,150</u>	<u>22,838</u>
<b>LIABILITIES</b>					
Accounts payable	<u>\$ -</u>	<u>91</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>91</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Restricted for:					
Individuals, organizations, and other governments	<u>18,574</u>	<u>14,154</u>	<u>24,577</u>	<u>21,150</u>	<u>22,838</u>
Total net position	<u>\$ 18,574</u>	<u>14,154</u>	<u>24,577</u>	<u>21,150</u>	<u>22,838</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Fiduciary Net Position**  
**As of June 30, 2021**

	<u>Academy - UNM G</u>	<u>Miyamura High</u>	<u>Navajo Elem.</u>	<u>Navajo Mid.</u>	<u>Pine High</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 253	90,115	6,466	2,600	10,246
Other receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 253</u>	<u>90,115</u>	<u>6,466</u>	<u>2,600</u>	<u>10,246</u>
<b>LIABILITIES</b>					
Accounts payable	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Restricted for:					
Individuals, organizations, and other governments	<u>253</u>	<u>90,115</u>	<u>6,466</u>	<u>2,600</u>	<u>10,246</u>
Total net position	<u>\$ <u>253</u></u>	<u><u>90,115</u></u>	<u><u>6,466</u></u>	<u><u>2,600</u></u>	<u><u>10,246</u></u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Fiduciary Net Position**  
**As of June 30, 2021**

	<u>Ramah Elem.</u>	<u>Ramah High</u>	<u>Red Rock</u>	<u>Stagecoach</u>	<u>Thoreau Elem.</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,992	37,633	4,753	11,738	5,520
Other receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 5,992</u>	<u>37,633</u>	<u>4,753</u>	<u>11,738</u>	<u>5,520</u>
<b>LIABILITIES</b>					
Accounts payable	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>339</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>339</u>	<u>-</u>
<b>NET POSITION</b>					
Restricted for:					
Individuals, organizations, and other governments	<u>5,992</u>	<u>37,633</u>	<u>4,753</u>	<u>11,399</u>	<u>5,520</u>
Total net position	<u>\$ 5,992</u>	<u>37,633</u>	<u>4,753</u>	<u>11,399</u>	<u>5,520</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Fiduciary Net Position**  
**As of June 30, 2021**

	<u>Thoreau Mid</u>	<u>Thoreau High</u>	<u>Tohatchi Elem.</u>	<u>Tohatchi Mid</u>	<u>Tohatchi High</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,222	48,183	12,691	10,727	29,859
Other receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 12,222</u>	<u>48,183</u>	<u>12,691</u>	<u>10,727</u>	<u>29,859</u>
<b>LIABILITIES</b>					
Accounts payable	<u>\$ 632</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>632</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Restricted for:					
Individuals, organizations, and other governments	<u>11,590</u>	<u>47,933</u>	<u>12,691</u>	<u>10,727</u>	<u>29,859</u>
Total net position	<u>\$ 11,590</u>	<u>47,933</u>	<u>12,691</u>	<u>10,727</u>	<u>29,859</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Fiduciary Net Position**  
**As of June 30, 2021**

	Tse' Yi' Gai <u>High</u>	Turpen <u>Turpen</u>	Twin Lakes <u>Lakes</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,137	9,826	4,511	661,478
Other receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>
Total assets	<u>\$ 11,137</u>	<u>9,826</u>	<u>4,511</u>	<u>661,528</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>1,812</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,812</u>
<b>NET POSITION</b>				
Restricted for:				
Individuals, organizations, and other governments	<u>11,137</u>	<u>9,826</u>	<u>4,511</u>	<u>659,716</u>
Total net position	<u>\$ 11,137</u>	<u>9,826</u>	<u>4,511</u>	<u>659,716</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2021**

	<u>Chee Dodge</u>	<u>Catherine A. Miller</u>	<u>Chief Manuelito</u>	<u>Crownpoint Elem.</u>	<u>Crownpoint Mid.</u>
<b>Additions</b>					
Student fundraisers and activity fees	\$ 204	179	219	26	3
Total additions	<u>204</u>	<u>179</u>	<u>219</u>	<u>26</u>	<u>3</u>
<b>Deductions</b>					
Student activity expenditures and supplies	<u>1</u>	<u>101</u>	<u>1,814</u>	<u>2,160</u>	<u>780</u>
Total deductions	<u>1</u>	<u>101</u>	<u>1,814</u>	<u>2,160</u>	<u>780</u>
Net increase (decrease) in fiduciary net position	203	78	(1,595)	(2,134)	(777)
Net position, beginning	-	-	-	-	-
Restatements	<u>6,922</u>	<u>1,437</u>	<u>17,213</u>	<u>8,274</u>	<u>9,407</u>
Net position, beginning restated	<u>6,922</u>	<u>1,437</u>	<u>17,213</u>	<u>8,274</u>	<u>9,407</u>
Net position, ending	<u>\$ 7,125</u>	<u>1,515</u>	<u>15,618</u>	<u>6,140</u>	<u>8,630</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2021**

	Crownpoint High	David Skeet	Del Norte	Gallup Central	Gallup High
<b>Additions</b>					
Student fundraisers and activity fees	\$ 508	59	122	3,972	42,422
Total additions	<u>508</u>	<u>59</u>	<u>122</u>	<u>3,972</u>	<u>42,422</u>
<b>Deductions</b>					
Student activity expenditures and supplies	11,829	-	3,705	8,463	149,044
Total deductions	<u>11,829</u>	<u>-</u>	<u>3,705</u>	<u>8,463</u>	<u>149,044</u>
Net increase (decrease) in fiduciary net position	(11,321)	59	(3,583)	(4,491)	(106,622)
Net position, beginning	-	-	-	-	-
Restatements	48,008	4,598	15,699	12,508	251,289
Net position, beginning restated	<u>48,008</u>	<u>4,598</u>	<u>15,699</u>	<u>12,508</u>	<u>251,289</u>
Net position, ending	<u>\$ 36,687</u>	<u>4,657</u>	<u>12,116</u>	<u>8,017</u>	<u>144,667</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2021**

	<u>Gallup Mid.</u>	<u>Indian Hills</u>	<u>Jefferson</u>	<u>J.F.K. Mid.</u>	<u>Lincoln</u>
<b>Additions</b>					
Student fundraisers and activity fees	\$ 4,444	6,151	105	1,970	2,107
Total additions	<u>4,444</u>	<u>6,151</u>	<u>105</u>	<u>1,970</u>	<u>2,107</u>
<b>Deductions</b>					
Student activity expenditures and supplies	5,092	8,038	3,766	7,420	6,222
Total deductions	<u>5,092</u>	<u>8,038</u>	<u>3,766</u>	<u>7,420</u>	<u>6,222</u>
Net increase (decrease) in fiduciary net position	(648)	(1,887)	(3,661)	(5,450)	(4,115)
Net position, beginning	-	-	-	-	-
Restatements	<u>19,222</u>	<u>16,041</u>	<u>28,238</u>	<u>26,600</u>	<u>26,953</u>
Net position, beginning restated	<u>19,222</u>	<u>16,041</u>	<u>28,238</u>	<u>26,600</u>	<u>26,953</u>
Net position, ending	<u>\$ 18,574</u>	<u>14,154</u>	<u>24,577</u>	<u>21,150</u>	<u>22,838</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2021**

	McKinley Academy - UNM G	Miyamura High	Navajo Elem.	Navajo Mid.	Navajo Pine High
<b>Additions</b>					
Student fundraisers and activity fees	\$ -	11,738	2	2	1,768
Total additions	<u>-</u>	<u>11,738</u>	<u>2</u>	<u>2</u>	<u>1,768</u>
<b>Deductions</b>					
Student activity expenditures and supplies	-	17,673	1	3,998	11,267
Total deductions	<u>-</u>	<u>17,673</u>	<u>1</u>	<u>3,998</u>	<u>11,267</u>
Net increase (decrease) in fiduciary net position	-	(5,935)	1	(3,996)	(9,499)
Net position, beginning	-	-	-	-	-
Restatements	253	96,050	6,465	6,596	19,745
Net position, beginning restated	<u>253</u>	<u>96,050</u>	<u>6,465</u>	<u>6,596</u>	<u>19,745</u>
Net position, ending	<u>\$ 253</u>	<u>90,115</u>	<u>6,466</u>	<u>2,600</u>	<u>10,246</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2021**

	<u>Ramah Elem.</u>	<u>Ramah High</u>	<u>Red Rock</u>	<u>Stagecoach</u>	<u>Thoreau Elem.</u>
<b>Additions</b>					
Student fundraisers and activity fees	\$ 38	4,285	241	1,312	3
Total additions	<u>38</u>	<u>4,285</u>	<u>241</u>	<u>1,312</u>	<u>3</u>
<b>Deductions</b>					
Student activity expenditures and supplies	3,583	11,755	3,645	2,868	3,926
Total deductions	<u>3,583</u>	<u>11,755</u>	<u>3,645</u>	<u>2,868</u>	<u>3,926</u>
Net increase (decrease) in fiduciary net position	(3,545)	(7,470)	(3,404)	(1,556)	(3,923)
Net position, beginning	-	-	-	-	-
Restatements	<u>9,537</u>	<u>45,103</u>	<u>8,157</u>	<u>12,955</u>	<u>9,443</u>
Net position, beginning restated	<u>9,537</u>	<u>45,103</u>	<u>8,157</u>	<u>12,955</u>	<u>9,443</u>
Net position, ending	<u>\$ 5,992</u>	<u>37,633</u>	<u>4,753</u>	<u>11,399</u>	<u>5,520</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2021**

	<u>Thoreau Mid</u>	<u>Thoreau High</u>	<u>Tohatchi Elem.</u>	<u>Tohatchi Mid</u>	<u>Tohatchi High</u>
<b>Additions</b>					
Student fundraisers and activity fees	\$ 135	4,039	5	195	4,775
Total additions	<u>135</u>	<u>4,039</u>	<u>5</u>	<u>195</u>	<u>4,775</u>
<b>Deductions</b>					
Student activity expenditures and supplies	947	16,894	4,256	1,578	12,523
Total deductions	<u>947</u>	<u>16,894</u>	<u>4,256</u>	<u>1,578</u>	<u>12,523</u>
Net increase (decrease) in fiduciary net position	(812)	(12,855)	(4,251)	(1,383)	(7,748)
Net position, beginning	-	-	-	-	-
Restatements	<u>12,402</u>	<u>60,788</u>	<u>16,942</u>	<u>12,110</u>	<u>37,607</u>
Net position, beginning restated	<u>12,402</u>	<u>60,788</u>	<u>16,942</u>	<u>12,110</u>	<u>37,607</u>
Net position, ending	<u>\$ 11,590</u>	<u>47,933</u>	<u>12,691</u>	<u>10,727</u>	<u>29,859</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2021**

	Tse' Yi' Gai <u>High</u>	<u>Turpen</u>	Twin <u>Lakes</u>	<u>Total</u>
<b>Additions</b>				
Student fundraisers and activity fees	\$ 5	126	53	91,213
Total additions	<u>5</u>	<u>126</u>	<u>53</u>	<u>91,213</u>
<b>Deductions</b>				
Student activity expenditures and supplies	8,455	2,044	1,678	315,526
Total deductions	<u>8,455</u>	<u>2,044</u>	<u>1,678</u>	<u>315,526</u>
Net increase (decrease) in fiduciary net position	(8,450)	(1,918)	(1,625)	(224,313)
Net position, beginning	-	-	-	-
Restatements	<u>19,587</u>	<u>11,744</u>	<u>6,136</u>	<u>884,029</u>
Net position, beginning restated	<u>19,587</u>	<u>11,744</u>	<u>6,136</u>	<u>884,029</u>
Net position, ending	<u>\$ 11,137</u>	<u>9,826</u>	<u>4,511</u>	<u>659,716</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**OTHER SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Schedule of Cash, Investments, and Pledged Collateral**  
**By Bank and Account**  
**As of June 30, 2021**

Account Name	Account Type	Wells Fargo Bank, NA	Pinnacle Bank	New Mexico Finance Authority	Reconciling Items	Book Balance
Cash, cash equivalents, and investments						
Food Services	Checking*	\$ 4,656,635	-	-	(1,045)	4,655,590
Non-Budgeted	Checking	289,519	-	-	35,172	324,691
Athletic	Checking*	-	418,278	-	(561)	417,717
Federal Projects	Checking*	-	9,653,908	-	1,722,127	11,376,035
Operational	Checking*	-	44,347,700	-	(2,716,591)	41,631,109
Bond Building	Reserves	-	21,042,301	-	40,459	21,082,760
NMFA - PPRF - 5493	Reserves	-	-	5,217,402	-	5,217,402
NMFA - PPRF - 5311	Reserves	-	-	4,961,429	-	4,961,429
NMFA - PPRF - 3736	Reserves	-	-	252,537	-	252,537
NMFA - PPRF - 3749	Reserves	-	-	21,891	-	21,891
NMFA - PPRF - 5155	Reserves	-	-	11,149	-	11,149
NMFA - PPRF - 4978	Reserves	-	-	5,752,694	-	5,752,694
NMFA - PPRF - 4757	Reserves	-	-	25	-	25
Agency Funds - Student Activities	Checking*	-	685,064	-	(23,586)	661,478
Subtotal cash and investments		<u>4,946,154</u>	<u>76,147,251</u>	<u>16,217,127</u>	<u>(944,025)</u>	<u>96,366,507</u>
Total amount of deposit in bank		4,946,154	76,147,251	-		
FDIC coverage		(250,000)	(250,000)	-		
Total uninsured public funds		4,696,154	75,897,251	-		
50% Collateral Requirement (Section 6-10-17 NMSA 1978)		2,348,077	37,948,626	-		
102% Collateral Requirement (Section 6-10-10(H) NMSA 1978)		-	-	-		
		<u>2,348,077</u>	<u>37,948,626</u>	<u>-</u>		
Pledged security at:						
BNY Mellon	FMAC FEPC	3132A46H6	3.5%	2/1/2042	973,013	-
BNY Mellon	FMAC FEPC	3132A5D36	3.5%	7/1/2045	1,005,067	-
BNY Mellon	FNMA FEPC	3133KGU55	3.0%	10/1/2049	4,129,345	-
BNY Mellon	FMAC FEPC	3133KGM3	3.0%	11/1/2049	3,369,514	-
BNY Mellon	FNMA FNMS	3140JNA26	3.5%	4/1/2049	1,137,207	-
BNY Mellon	FNMA FNMS	3140K0SR0	3.0%	12/1/2049	171,209	-
Fed Reserve Bank/US Bank FHLB		3130A3VD3	2.62%	6/11/2027	-	10,807,242
Fed Reserve Bank/US Bank FHLB		3133XHFY2	5.37%	9/30/2022	-	10,650,400
Fed Reserve Bank/US Bank GNMA15134LV		38379HW59	3.5%	12/20/2026	-	2,247,882
Fed Reserve Bank/US Bank FNMA1095 KA		31398NEZ3	2.5%	7/25/2040	-	276,350
Fed Reserve Bank/US Bank FNMA136 VH		3136ABP80	3.5%	2/25/2026	-	2,094,453
Fed Reserve Bank/US Bank GNMA1894P		38380XSL2	3.0%	5/20/2043	-	7,948,493
Fed Reserve Bank/US Bank FHLM4290VA		3137B7F38	3.5%	1/15/2027	-	3,871,668
Fed Reserve Bank/US Bank FHHK070A1		3137AFJJ4	2.0%	4/25/2017	-	8,374,185
Fed Reserve Bank/US Bank FNMA11104CA		3136A1EH4	2.0%	10/25/2021	-	2,210
Total collateral					<u>10,785,355</u>	<u>46,272,883</u>
Amount over/(under) collateralized					<u>\$ 8,437,278</u>	<u>8,324,258</u>
Amount over/(under) collateralized & insured					<u>\$ 3,741,124</u>	<u>(67,572,994)</u>
Total book balance					<u>\$ 4,980,281</u>	<u>75,169,099</u>

\*denotes interest bearing account

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Cash Reconciliation**  
**As of June 30, 2021**

	OPERATIONAL FUND 11000	TEACHERAGE FUND 12000	TRANSPORTATION FUND 13000	INST. MATERIALS FUND 14000	FOOD SERVICES FUND 21000	ATHLETICS FUND 22000	NON-INSTRUCT. FUND 23000
Cash balance - June 30, 2020	\$ 18,223,794	358,207	179,155	74,236	3,340,063	530,401	361,900
Current year receipts	122,544,036	16,567	5,976,887	24	7,685,642	122,985	150,727
Current year disbursements	(105,830,579)	(63,793)	(5,750,214)	(73,345)	(6,360,122)	(235,669)	(408,232)
Permanent cash transfers/reversions	(43,945)	-	-	-	-	-	-
Net cash	34,893,306	310,981	405,828	915	4,665,583	417,717	104,395
Adjustments:							
Payroll liabilities	171,078	-	13,207	-	2,687	-	(4,020)
Other adjustments	(300,367)	(9,407)	(24,909)	-	(17,424)	-	885,795
Total outstanding loans	2,334,263	-	-	-	-	-	-
Cash balance - June 30, 2021	\$ 37,098,280	301,574	394,126	915	4,650,846	417,717	986,170

	FEDERAL FLOWTHROUGH FUND 24000	FEDERAL DIRECT FUND 25000	LOCAL GRANTS FUND 26000	STATE FLOWTHROUGH FUND 27000	STATE DIRECT FUND 28000	LOCAL OR STATE FUND 29000	BOND BUILDING FUND 31100
Cash balance - June 30, 2020	\$ -	24,330,833	-	122,356	18,920	23,109	6,637,602
Current year receipts	15,609,960	4,361,883	258,546	2,216,395	399,332	-	11,122,196
Current year disbursements	(17,115,227)	(17,393,852)	(234,273)	(1,937,151)	(385,182)	(23,109)	(1,476,283)
Permanent cash transfers/reversions	-	-	-	-	-	-	454,964
Net cash	(1,505,267)	11,298,864	24,273	401,600	33,070	-	16,738,479
Adjustments:							
Payroll liabilities	27,357	69,291	-	14,557	(3,805)	-	-
Other adjustments	4,743	15,761	-	(114,569)	(17,232)	-	-
Total outstanding loans	1,473,167	(7,882)	(8,546)	(293,801)	(12,033)	-	-
Cash balance - June 30, 2021	\$ -	11,376,034	15,727	7,787	-	-	16,738,479

	PUBLIC SCHOOL CAPITAL OUTLAY FUND 31200	SPECIAL CAPITAL OUTLAY STATE FUND 31400	SPECIAL CAPITAL OUTLAY FEDERAL FUND 31500	CAPITAL IMPROV. SB9- STATE FUND 31700	CAPITAL IMPROV. SB9- LOCAL FUND 31701	CAPITAL IMPROV. SB9- ST. MATCH FUND 31703	DEBT SERVICE FUND 41000
Cash balance - June 30, 2020	\$ -	-	2,415,085	-	1,035,653	1,932,088	17,248,309
Current year receipts	16,310,842	665,908	-	650,176	2,001,507	-	8,475,945
Current year disbursements	(6,567,839)	(349,557)	(250,753)	(845,877)	(1,151,807)	-	(16,659,164)
Permanent cash transfers/reversions	-	-	-	-	-	-	(411,019)
Net cash	9,743,003	316,351	2,164,332	(195,701)	1,885,353	1,932,088	8,654,071
Adjustments:							
Payroll liabilities	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-
Total outstanding loans	-	(316,351)	-	195,701	-	-	-
Cash balance - June 30, 2021	\$ 9,743,003	-	2,164,332	-	1,885,353	1,932,088	8,654,071

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Schedule of Fund Balances**  
**As of June 30, 2021**

	Operational Fund				Impact Aid Indian Special Education 25147	Non-Major Governmental Funds	Total
	General Fund 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000			
Fund Balances:							
Nonspendable:							
Inventory	\$ 1,528,963	-	-	-	-	228,365	1,757,328
Prepaid expenses	-	-	-	-	-	-	-
Subtotal nonspendable	<u>1,528,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,365</u>	<u>1,757,328</u>
Restricted for:							
Student instruction	-	-	-	860	14,706,116	1,973,971	16,680,947
Student support services	-	-	-	-	-	-	-
Central office services	-	-	-	-	-	3,079,354	3,079,354
Student activities	-	-	-	-	-	-	-
School food services	-	-	-	-	-	4,803,985	4,803,985
Teacherage	-	218,719	-	-	-	-	218,719
Student transportation	-	-	198,305	-	-	-	198,305
Capital projects	-	-	-	-	-	32,470,755	32,470,755
Debt service	-	-	-	-	-	8,796,783	8,796,783
Extracurricular activities	-	-	-	-	-	475,078	475,078
Unassigned	<u>66,976,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,976,772</u>
Total fund balances	<u>\$ 68,505,735</u>	<u>218,719</u>	<u>198,305</u>	<u>860</u>	<u>14,706,116</u>	<u>51,828,291</u>	<u>135,458,026</u>

**Fund Balance Classification Policies and Procedures:**

The District has implemented GASB Statement No. 54 and has defined the various categories reported in fund balance.

For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is a resolution of the Board of Education.

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed.

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

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
Schedule of Joint Powers Agreements  
For the Year Ended June 30, 2021**

	<u>Joint Powers Agreement</u>	<u>Participants</u>	<u>Responsible Party</u>	<u>Description</u>	<u>Beginning and Ending Dates</u>	<u>Total estimated project amount and amount applicable to Agency</u>	<u>Amount contributed by District during current FY</u>	<u>Audit Responsibility</u>
1	Cooperative Procurement Agreement	City of Gallup McKinley County	All	To conduct cooperative procurement utilizing services of each entity.	5/2/2002 until notified.	None	None	Each participant
2	Resolution of the intergovernmental Relations Committee of the Navajo Nation Counsel	Navajo Nation of Dine Education	Navajo Nation of Dine Education	To collaborate on and endorse a relevant curriculum that increases the awareness of students, teachers and employee to cultural diversity and provides opportunities for staff development to enhance that relationship.	5/2/2002 until notified.	Unknown	None	Each participant
3	JPA Shared use of facilities	City of Gallup	All	To share both school district and city recreational, training, and educational facilities.	1977 until unknown.	None	None	Each participant
4	MOU - NM Mathematics, Engineering, Science Achievement, Inc (MESA)	MESA	All	Stipends to be provided to MESA advisor working with a minimum of 20 students.	9/6/2014 until unknown.	Unknown	Unknown	Each participant
5	Aquatics Center Operations	City of Gallup	All	To operate the Aquatics Center Swimming Facility	4/4/04 until withdrawn.	\$8,250,000	\$2,250,000	City of Gallup
6	MOU - Desert View's Family Support Services	Desert View Family Counseling	All	Works with families in their homes and in their neighborhoods to help them meet the basic needs of their children.	1/16/2020 until withdrawn.	Unknown	Unknown	Each participant
7	Agreement to perform various services	Fleisher Consulting, LLC	All	Strategy development, strategic development of budget, guidance on legislative processes.	11/30/20-12/31/21 unless terminated.	\$31,715	\$31,715	Each participant
8	Agreement to perform various services	Jim Smith Consulting, LLC	All	Strategy development, strategic development of budget, guidance on legislative processes.	11/30/20-12/31/21 unless terminated.	\$31,715	\$31,715	Each participant
9	Contract agreement	Western New Mexico University	All	The development and implementation of the practicum experience for social work.	1/22/20-1 year then auto renewal, reviewed every 5 years.	Unknown	Unknown	Each participant
10	MOU - Big Brothers Big Sisters Mountain Region	Big Brothers Big Sisters Mountain Region (BBBSMR)	All	Provide children, who choose to participate in the BBBS school-based program, a one-to-one mentor relationship in a supervised school setting as well as to promote the BBBS mentoring programs.	12/3/20 - until unknown.	N/A	N/A	Each participant

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**FEDERAL COMPLIANCE SECTION**



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

To the Board of Education of  
Gallup-McKinley County Public Schools  
and  
Mr. Brian Colón, New Mexico State Auditor  
Office of the 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 aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue funds of the Gallup-McKinley County Public Schools, (District) as of and for the year ended June 30, 2021, 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 15, 2021.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District 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 no

November 15, 2021

instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**The District's Response to Findings**

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



Hinkle + Landers, P.C.  
Albuquerque, NM 87102  
November 15, 2021



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

To the Board of Education of  
Gallup-McKinley County Public Schools  
and  
Mr. Brian Colón, New Mexico State Auditor  
Office of the State Auditor

**Report on Compliance for Each Major Federal Program**

We have audited the Gallup-McKinley County Public Schools’ (District) 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, 2021. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor’s 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, 2021.

**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 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Hinkle + Landers, P.C.  
Albuquerque, NM  
November 15, 2021

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

Federal Grantor/Program Title	ALN	Project/ Pass-Through Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through State of New Mexico HHS			
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	28193	\$ 385,182
Total U.S. Department of Health and Human Services			<u>385,182</u>
U.S. Department of Education			
Direct			
Impact Aid	84.041	25145	1,882,937
Impact Aid	84.041	25147	7,637,898
Impact Aid	84.041	31500	256,839
Career and Technical Education - Basic Grants to States	84.048	24174	267,388
Indian Education Grants to Local Educational Agencies	* 84.060	25184	1,846,724
Special Education Cluster (IDEA):			
Passed through the Navajo Nation			
Special Education Grants to States	* 84.027	25201	131,918
Passed through State of New Mexico PED			
Special Education Grants to States	* 84.027	24115	116,293
Special Education Grants to States	* 84.027	24106	5,120,882
Special Education Preschool Grants	* 84.173	24109	183,505
Total Special Education Cluster (IDEA)			<u>5,552,598</u>
Passed through State of New Mexico PED			
Title I Grants to Local Educational Agencies	84.010	24101	8,183,161
Title I Grants to Local Educational Agencies	84.010	24190	269,398
Title I Grants to Local Educational Agencies	84.010	24191	522,159
Education for Homeless Children and Youth	84.196	24113	49,441
English Language Acquisition State Grants	84.365	24153	306,852
Supporting Effective Instruction State Grants	84.367	24154	959,584
Rural Education	84.358	24160	206,513
Student Support and Academic Enrichment Program	84.424A	24189	893,795
Education Stabilization Fund (CARES Act) Cluster:			
Elementary and Secondary School Emergency Relief (ESSER) Fund	* 84.425D	24301	6,468,400
Governor's Emergency Education Relief (GEER) Fund	* 84.425C	24305	325,154
CARES - ESSER/GEER	* 84.425C,D	24306	256,850
Elementary and Secondary School Emergency Relief (ESSER) Fund	* 84.425D	24312	58,854
Total Education Stabilization Fund Under th CARES Act Cluster			<u>7,109,258</u>
Total U.S. Department of Education			<u>35,944,545</u>
U.S. Department of Agriculture			
Direct			
Child Nutrition Cluster			
National School Lunch Program	* 10.555	21000	6,520,612
National School Lunch Program	* 10.555	21000	515,335
Total Child Nutrition Cluster			<u>7,035,947</u>
Passed through State of New Mexico PED			
Child Nutrition Discretionary Grants Limited Availability	10.579	24183	25,000
Fruit and Vegetable Program	10.582	24118	7,632
Rural Development, Forestry, and Communities	10.672	11000	105,294
Total U.S. Department of Agriculture			<u>7,173,873</u>
Total Federal Financial Assistance			<u>\$ 43,503,600</u>

\* = Denotes major program

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

Federal revenue per fund financials	\$	79,556,728
Federal expenditures per SEFA		43,503,600
Difference		36,053,128
Less: Non-cost reimbursement grants		
Impact Aid Funds: 11000, 25145, 25147, 31500		(33,024,142)
Other Grants. Funds: 21000, 25153		(3,028,986)
Net difference	\$	-

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant expenditure activity for the financial statements of the organization. The schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance.

Note 2 - Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch program. The value of received for the year ended June 30, 2021 was \$515,335 and is reported in the Schedule of Expenditures of Federal under the Department of Agriculture Commodities program, ALN 10.555. Commodities are recorded as revenues and expenditures in the food service fund.

Note 3 - Subrecipients

The District did not provide any federal awards to subrecipients during the year.

Note 4 - Indirect Cost Rate

The organization did not use the 10 percent de minimis indirect cost rate.

**STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- |  |            |
|--|------------|
| 1. Type of auditor's report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weakness identified?   | None       |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes        |
| c. Noncompliance material to the financial statements noted?                     | None       |

Federal Awards:

- |   |            |
|---|------------|
| 1. Internal control over major programs:  |            |
| a. Material weaknesses identified?  | None       |
| b. Significant deficiencies identified not considered to be material weaknesses?                                      | None       |
| 2. Type of auditor's report issued on compliance for major programs   | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)? | None       |
| 4. Identification of major programs:  |            |

ALN	Name of Federal Programs	Funding Source
84.060	Indian Education Grants to Local Educational Agencies	U.S. Education Dept.
84.425C,D	Education Stabilization Fund Under the CARES Act – GEER I and II and ESSER I and II	U.S. Education Dept.
10.555, 10.559	Child Nutrition Cluster	U.S. Dept. Agriculture
84.027, 84.173	Special Education Cluster (IDEA)	U.S. Education Dept.

- |   |             |
|---|-------------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$1,305,108 |
| 6. Auditee qualified as low-risk auditee?                                   | Yes         |

**STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021**

B. SUMMARY OF AUDIT FINDINGS

<u>Reference #</u>	<u>Finding</u>	<u>Status of Current and Prior Year Findings</u>	<u>Type of Finding*</u>
<u>Prior Year Findings</u>			
	None	N/A	N/A
<u>Current Year Findings</u>			
2021-001	Bank Reconciliation Process	Current	B

\* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters) Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance related to Federal Awards
- G. Non-compliance with State Audit Rule, NM State Statutes, NMAC, or other entity Compliance
- H. Instance of Material Non-Compliance

**STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021**

**PRIOR YEAR FINDINGS**

None

**STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021**

**CURRENT YEAR FINDINGS**

**2021-001—BANK RECONCILIATION PROCESS**

**Type of Finding:** (B)-Significant Deficiency in Internal Control Over Financial Reporting

**Statement of Condition**

While testing revenue transactions, we noted two deposits had been received in the District's bank account in the month of June 2021 but were not posted in the general ledger until July 2021. The deposits had been labeled as 'outstanding items' on the bank reconciliation. The omission resulted in understated revenue and cash balances totaling \$893,355.

**Criteria**

Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

**Effect**

There is an increased risk of unauthorized transactions, whether due to error or fraud, to go unnoticed if bank statements are not thoroughly reviewed.

**Cause**

On a monthly basis, the Controller reviews the bank statement and receipts any deposit amounts that were not already entered in the GL. The District typically do not receipt nor post into the GL until they have received information on the deposit amount. This process may take a couple days and, in this case, extended beyond the fiscal year end. When the June deposit information was finally verified in July, the deposit was erroneously posted in July.

**Recommendation**

The District should ensure cash activity is complete before preparing and reviewing bank reconciliations. Additionally, the District should consider using a reconciliation module in its accounting software to save time and reduce errors.

**View of Responsible Officials**

The Director of Accounting will continue printing out the Bank Statement and provide it to the Controller, and the Controller will receipt and post into the GL. With Food Services, we will go ahead and receipt and enter into the GL immediately, instead of waiting until we receive all supporting documentation. We can add this documentation to the GL after it has been posted. If we gather any information that does not support the deposit amount, or if some information is incorrect, we can always make adjustments as needed. This will ensure that we are receipting and depositing into the GL the same month as what was recorded on the Bank Statement, rather than it being an outstanding item.

**Corrective Action Plan Timeline:**

This will begin in December in 2021, and will be the practice going forward.

**Designation of Employee Position Responsible for Meeting Deadline:**

Director of Accounting

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**Exit Conference**  
**For the Year Ended June 30, 2021**

A. AUDITOR PREPARED FINANCIAL STATEMENTS

The accompanying financial statements are the responsibility of the District and are based on information from the District's financial records. Assistance was provided by Hinkle + Landers, PC to the District in preparing the financial statements.

B. EXIT CONFERENCE

A remote exit conference was held on November 15, 2021. The following individuals were in attendance:

Gallup-McKinley County Schools Officials

Mike Hyatt	Superintendent
Jvanna Hanks	Deputy Superintendent
Chris Mortensen	GMCS Board Vice President
Chris Kline	Director of Accounting
Jennifer Lee	Controller

Hinkle + Landers, P.C.

Farley Vener, CPA, CFE, CGMA	President & Managing Shareholder
Maclen Enriquez, CPA	Senior Audit Manager