



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

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

For the Year Ended June 30, 2022

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STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
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For the Year Ended June 30, 2022

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GALLUP-MCKINLEY COUNTY SCHOOLS
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For the Year Ended June 30, 2022**

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**STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
Official Roster
As of June 30, 2022**

BOARD OF EDUCATION

| NAME | TITLE |
|-----------------------|----------------------|
| Christopher Mortensen | Board President |
| Charles Long | 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 |
| 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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund balance, and the budgetary comparisons for the general fund components of the Gallup-McKinley County Public Schools (the “District”), as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund components for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter**Adoption of New Accounting Guidance**

As discussed in Note 2, to the financial statements, the District has adopted the new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 87 (Leases). Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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 GASB, 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 and Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise the District's basic financial statements. The 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 and other 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 and other 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 14, 2022, 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, P.C.

Hinkle + Landers, PC

Albuquerque, New Mexico

November 14, 2022

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
Statement of Net Position
As of June 30, 2022

| | <u>Gov. Activities</u> |
|--|------------------------|
| Assets | |
| Current assets | |
| Cash and cash equivalents | \$ 106,808,665 |
| Investments - certificates of deposits | 4,898,352 |
| Receivables: | |
| Taxes | 605,815 |
| Due from other governments | 10,480,126 |
| Other | 1 |
| Inventory | 1,108,478 |
| Total current assets | 123,901,437 |
| Noncurrent assets | |
| Restricted cash | 59,919,223 |
| Capital assets, net | 417,813,380 |
| Right-to-use leased assets, net | 176,931 |
| Total noncurrent assets | 477,909,534 |
| Total assets | 601,810,971 |
| Deferred outflows of resources | |
| Pension deferral | 137,201,270 |
| OPEB deferral | 14,684,233 |
| Deferred loss on refunding of debt, net of (\$164,568) | 107,508 |
| Total deferred outflows of resources | 151,993,011 |
| Total assets and deferred outflows of resources | \$ 753,803,982 |

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 Net Position
As of June 30, 2022

| Liabilities | <u>Gov. Activities</u> |
|--|------------------------------|
| Current liabilities | |
| Accounts payable | \$ 2,601,917 |
| Accrued payroll liabilities | 5,519,532 |
| Deposits payable | 102,205 |
| Deferred revenue | 100,000 |
| Accrued interest payable | 366,301 |
| Lease liability, current portion | 15,824 |
| Compensated absences, current portion | 799,588 |
| Bonds payable, current portion | <u>7,575,000</u> |
| Total current liabilities | <u>17,080,367</u> |
| Noncurrent liabilities | |
| Bond underwriter premiums (net amortization of \$205,281) | 2,860,276 |
| Lease liability | 162,809 |
| Compensated absences | 342,681 |
| Bonds payable | 61,435,000 |
| Net pension liability | 168,320,955 |
| Net OPEB liability | <u>53,414,880</u> |
| Total noncurrent liabilities | <u>286,536,601</u> |
| Total liabilities | <u>303,616,968</u> |
| Deferred inflows of resources | |
| Pension deferral | 245,170,721 |
| OPEB deferral | 32,741,377 |
| Deferred gain on refunding of debt, net of (\$7,327) | <u>446,972</u> |
| Total deferred inflows of resources | <u>278,359,070</u> |
| Net position | |
| Net investment in capital assets | 345,601,938 |
| Restricted for: | |
| Debt service | 8,888,807 |
| Capital projects | 25,949,463 |
| Special revenue | 51,543,461 |
| Unrestricted | <u>(260,155,725)</u> |
| Total net position | <u>171,827,944</u> |
| Total liabilities, deferred inflows of resources, and net position | <u><u>\$ 753,803,982</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 Activities
For the Year Ended June 30, 2022

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|------------------------------------|--------------------|----------------------|------------------------------------|----------------------------------|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary Government | | | | | |
| <i>Governmental activities:</i> | | | | | |
| Instruction | \$ 130,522,383 | 894,251 | 79,135,908 | - | (50,492,224) |
| Support services: | | | | | |
| Students | 14,306,371 | - | 4,804,566 | - | (9,501,805) |
| Instruction | 5,166,043 | - | 101,190 | - | (5,064,853) |
| General administration | 2,363,282 | - | - | - | (2,363,282) |
| School administration | 9,472,477 | - | - | - | (9,472,477) |
| Other support services | 4,972 | - | - | - | (4,972) |
| Central services | 7,072,770 | - | - | - | (7,072,770) |
| Operation and maintenance of plant | 32,234,072 | - | - | 8,249,499 | (23,984,573) |
| Student transportation | 6,905,279 | - | 6,099,524 | - | (805,755) |
| Food services operation | 8,349,869 | 683,088 | 8,128,390 | - | 461,609 |
| Community services | 27,263 | - | - | - | (27,263) |
| Interest on long-term obligations | 856,066 | - | - | - | (856,066) |
| Reversions | - | - | - | - | - |
| Total primary government | 217,280,847 | 1,577,339 | 98,269,578 | 8,249,499 | (109,184,431) |

General Revenues:

Taxes

| | |
|---|-----------------------|
| Property taxes, levied for general purposes | \$ 322,356 |
| Property taxes, levied for debt service | 6,470,433 |
| Property taxes, levied for capital projects | 1,177,453 |
| Oil and gas taxes | 1,831 |
| State Equalization Guarantee | 118,739,179 |
| Investment income | (26,378) |
| Miscellaneous income | 299,764 |
| OPEB revenue | 5,736,109 |
| Pension expense | (2,844,021) |
| Gain/(loss) on disposal of assets | (2,547) |
| Total general revenues and transfers | 129,874,179 |
| Change in net position | 20,689,748 |
| Net position, beginning | 151,138,196 |
| Net position, ending | \$ 171,827,944 |

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, 2022

| | General Fund | | | |
|--|----------------------|----------------|----------------|---------------|
| | Operational | Teacherage | Transportation | Instructional |
| | Fund | | | Materials |
| | 11000 | 12000 | 13000 | 14000 |
| Assets | | | | |
| Cash and cash equivalents | \$ 80,661,250 | 320,544 | 405,849 | 28 |
| Restricted cash | - | - | - | - |
| Investments - certificates of deposit | 4,898,352 | - | - | - |
| Receivables: | | | | |
| Taxes | 22,879 | - | - | - |
| Due from other governments | 2,397 | - | - | - |
| Other | - | - | - | - |
| Prepaid expenses | - | - | - | - |
| Inventory | 869,047 | - | - | - |
| Due from other funds | 8,020,583 | - | - | - |
| Total assets | \$ 94,474,508 | 320,544 | 405,849 | 28 |
| Liabilities, deferred inflows of resources, and fund balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 1,952,551 | - | 403 | - |
| Accrued payroll liabilities | 4,313,585 | - | 154,251 | - |
| Deposits held for others | - | 102,205 | - | - |
| Deferred revenue | - | - | - | - |
| Due to other funds | - | - | - | - |
| Total liabilities | 6,266,136 | 102,205 | 154,654 | - |
| Deferred inflows of resources | | | | |
| Deferred inflows - property taxes | 17,262 | - | - | - |
| Total deferred inflows of resources | 17,262 | - | - | - |
| Fund balances | | | | |
| Nonspendable | 869,047 | - | - | - |
| Restricted | - | 218,339 | 251,195 | 28 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | 87,322,063 | - | - | - |
| Total fund balances | 88,191,110 | 218,339 | 251,195 | 28 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 94,474,508 | 320,544 | 405,849 | 28 |

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, 2022

| | Special Revenue Bond 31110 | Non-Major Governmental Funds | Total |
|--|-------------------------------------|------------------------------------|--------------------|
| | <u>31110</u> | <u>Funds</u> | <u>Total</u> |
| Assets | | | |
| Cash and cash equivalents | \$ - | 25,420,992 | 106,808,663 |
| Restricted cash | 25,115,270 | 34,803,953 | 59,919,223 |
| Investments - certificates of deposit | | - | 4,898,352 |
| Receivables: | | | |
| Taxes | - | 582,937 | 605,816 |
| Due from other governments | - | 10,477,729 | 10,480,126 |
| Other | - | 1 | 1 |
| Prepaid expenses | - | - | - |
| Inventory | - | 239,431 | 1,108,478 |
| Due from other funds | - | - | 8,020,583 |
| Total assets | \$ 25,115,270 | 71,525,043 | 191,841,242 |
| Liabilities, deferred inflows of resources, and fund balances | | | |
| Liabilities | | | |
| Accounts payable | \$ - | 648,964 | 2,601,918 |
| Accrued payroll liabilities | - | 1,051,696 | 5,519,532 |
| Deposits held for others | - | - | 102,205 |
| Deferred revenue | - | 100,000 | 100,000 |
| Due to other funds | - | 8,020,583 | 8,020,583 |
| Total liabilities | - | 9,821,243 | 16,344,238 |
| Deferred inflows of resources | | | |
| Deferred inflows - property taxes | - | 437,339 | 454,601 |
| Total deferred inflows of resources | - | 437,339 | 454,601 |
| Fund balances | | | |
| Nonspendable | - | 239,431 | 1,108,478 |
| Restricted | 25,115,270 | 61,027,030 | 86,611,862 |
| Committed | - | - | - |
| Assigned | - | - | - |
| Unassigned | - | - | 87,322,063 |
| Total fund balances | 25,115,270 | 61,266,461 | 175,042,403 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 25,115,270 | 71,525,043 | 191,841,242 |

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, 2022

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

| | |
|--|------------------------------|
| Fund balances - total governmental funds | \$ 175,042,403 |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. | 417,813,380 |
| Right-to-use leased assets (net of amortization) used in governmental activities are not financial resources and therefore are not reported in the funds | (1,702) |
| 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 | 454,601 |
| Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in funds: | |
| Deferred outflow related to pension | 137,201,270 |
| Deferred outflow related to OPEB | 14,684,233 |
| Deferred inflow related to pension | (245,170,721) |
| Deferred inflow related to OPEB | (32,741,377) |
| Deferred loss on refunding of debt | 107,508 |
| Deferred gain on refunding of debt | (446,972) |
| 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 | (366,301) |
| Bonds payable | (69,010,000) |
| Compensated absences | (1,142,269) |
| Bond premium, net | (2,860,276) |
| Net pension liability | (168,320,955) |
| Net OPEB liability | (53,414,880) |
| Rounding | 2 |
| Net position of governmental activities | \$ <u><u>171,827,944</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, 2022**

| | General Fund | | | |
|--|----------------------|----------------|------------------|---------------|
| | Operational | Teacherage | Transportation | Instructional |
| | Fund 11000 | | | 12000 |
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ 328,694 | - | - | - |
| State grants | 120,176,209 | - | 6,134,863 | 28 |
| Federal grants | 31,280,117 | - | - | - |
| Charges for services | 35,278 | 70 | - | - |
| Investment income | (79,109) | - | - | - |
| Miscellaneous | 299,764 | - | - | - |
| <i>Total revenues</i> | <u>152,040,953</u> | <u>70</u> | <u>6,134,863</u> | <u>28</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 82,181,179 | - | - | 860 |
| Support services: | | | | |
| Students | 5,216,532 | - | - | - |
| Instruction | 2,867,391 | - | - | - |
| General administration | 1,025,393 | - | - | - |
| School administration | 8,772,476 | - | - | - |
| Central services | 5,417,458 | - | - | - |
| Operation & maintenance of plant | 23,511,104 | 450 | - | - |
| Student transportation | 2,801 | - | 6,081,973 | - |
| Other support operations | 4,972 | - | - | - |
| Food services operations | - | - | - | - |
| Community services | 27,263 | - | - | - |
| Capital outlay | 3,311,076 | - | - | - |
| Debt service: | | | | |
| Principal | 15,532 | - | - | - |
| Interest | 2,401 | - | - | - |
| Bond issuance costs | - | - | - | - |
| <i>Total expenditures</i> | <u>132,355,578</u> | <u>450</u> | <u>6,081,973</u> | <u>860</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>19,685,375</u> | <u>(380)</u> | <u>52,890</u> | <u>(832)</u> |
| <i>Other financing sources (uses)</i> | | | | |
| Proceeds from issuance of debt | - | - | - | - |
| Premiums on issuance of debt | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net change in fund balance</i> | 19,685,375 | (380) | 52,890 | (832) |
| <i>Fund balance - beginning</i> | <u>68,505,735</u> | <u>218,719</u> | <u>198,305</u> | <u>860</u> |
| <i>Fund balance - ending</i> | <u>\$ 88,191,110</u> | <u>218,339</u> | <u>251,195</u> | <u>28</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, 2022

| | Special Revenue Bond 31110 | Non-Major Governmental Funds | Total |
|--|-------------------------------------|------------------------------------|--------------------|
| | <u>31110</u> | <u>Funds</u> | <u>Total</u> |
| <i>Revenues:</i> | | | |
| Property and other taxes | \$ - | 7,762,300 | 8,090,994 |
| State grants | 360,005 | 10,285,231 | 136,956,336 |
| Federal grants | - | 57,021,804 | 88,301,921 |
| Charges for services | - | 1,541,991 | 1,577,339 |
| Investment income | 5,270 | 47,461 | (26,378) |
| Miscellaneous | - | - | 299,764 |
| <i>Total revenues</i> | <u>365,275</u> | <u>76,658,787</u> | <u>235,199,976</u> |
| <i>Expenditures:</i> | | | |
| <i>Current:</i> | | | |
| Instruction | - | 36,634,809 | 118,816,848 |
| <i>Support services:</i> | | | |
| Students | - | 8,491,508 | 13,708,040 |
| Instruction | - | 2,243,727 | 5,111,118 |
| General administration | - | 1,148,676 | 2,174,069 |
| School administration | - | 694,880 | 9,467,356 |
| Central services | - | 1,342,471 | 6,759,929 |
| Operation & maintenance of plant | - | 536,187 | 24,047,741 |
| Student transportation | - | 249,261 | 6,334,035 |
| Other support operations | - | - | 4,972 |
| Food services operations | - | 8,295,965 | 8,295,965 |
| Community services | - | - | 27,263 |
| Capital outlay | 5,216,794 | 10,939,780 | 19,467,650 |
| <i>Debt service:</i> | | | |
| Principal | - | 9,643,408 | 9,658,940 |
| Interest | - | 879,267 | 881,668 |
| Bond issuance costs | - | - | - |
| <i>Total expenditures</i> | <u>5,216,794</u> | <u>81,099,939</u> | <u>224,755,594</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(4,851,519)</u> | <u>(4,441,152)</u> | <u>10,444,382</u> |
| <i>Other financing sources (uses)</i> | | | |
| Proceeds from issuance of debt | 22,095,000 | 4,390,000 | 26,485,000 |
| Premiums on issuance of debt | 2,654,995 | - | 2,654,995 |
| <i>Total other financing sources (uses)</i> | <u>24,749,995</u> | <u>4,390,000</u> | <u>29,139,995</u> |
| <i>Net change in fund balance</i> | 19,898,476 | (51,152) | 39,584,377 |
| <i>Fund balance - beginning</i> | <u>5,216,794</u> | <u>61,317,613</u> | <u>135,458,026</u> |
| <i>Fund balance - ending</i> | <u>\$ 25,115,270</u> | <u>61,266,461</u> | <u>175,042,403</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, 2022

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

| | | |
|--|----|--------------------------|
| Net change in fund balances - total governmental funds | \$ | 39,584,377 |
| 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 and | | |
| Capital expenditures recorded in capital outlay | | 12,804,078 |
| Loss on disposition of assets | | (2,547) |
| Depreciation expense | | (16,567,814) |
| Amortization expense | | (17,234) |
| 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 | | (118,922) |
| 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 | | (2,844,021) |
| OPEB expense | | 5,736,109 |
| Pension contribution | | 1,602,496 |
| 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 | | 36,640 |
| Change in interest payable | | (62,443) |
| The issuance of long-term obligations (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 | | (26,485,000) |
| Principal payments on bonds, loans, leases payable | | 9,590,980 |
| Premium on issuance of debt | | (2,654,995) |
| Amortization of bond premium | | 138,742 |
| Amortization of bond discount | | (11,727) |
| Amortization of deferred loss on refunding of debt | | (46,296) |
| Amortization of deferred gain on refunding of debt | | 7,327 |
| Rounding | | (2) |
| Change in net position of governmental activities | \$ | <u><u>20,689,748</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 Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Operational Fund (11000)
For the Year Ended June 30, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>(Unfavorable)</u> |
|--|------------------------|---------------------|--------------------|----------------------|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ 364,027 | 364,027 | 329,811 | (34,216) |
| State grants | 116,950,239 | 119,238,689 | 120,208,825 | 970,136 |
| Federal grants | 30,805,072 | 30,805,072 | 60,684,228 | 29,879,156 |
| Charges for services | 46,975 | 46,975 | 32,894 | (14,081) |
| Investment income | 10,000 | 10,000 | 22,539 | 12,539 |
| Miscellaneous | 16,500 | 16,500 | 857,773 | 841,273 |
| <i>Total revenues</i> | <u>148,192,813</u> | <u>150,481,263</u> | <u>182,136,070</u> | <u>31,654,807</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 96,457,817 | 95,187,890 | 81,964,087 | 13,223,803 |
| <i>Support services:</i> | | | | |
| Students | 9,492,292 | 9,070,700 | 5,131,814 | 3,938,886 |
| Instruction | 3,265,991 | 3,290,933 | 2,860,237 | 430,696 |
| General administration | 1,470,417 | 1,540,208 | 1,016,038 | 524,170 |
| School administration | 9,816,920 | 9,316,431 | 8,778,435 | 537,996 |
| Central services | 6,263,095 | 6,455,937 | 5,417,799 | 1,038,138 |
| Operation & maintenance of plant | 22,946,760 | 30,606,698 | 23,598,298 | 7,008,400 |
| Student transportation | 27,433 | 52,930 | 2,801 | 50,129 |
| Other support operations | 5,300,002 | 5,300,002 | 4,972 | 5,295,030 |
| Food services operations | 10,985 | 15,410 | - | 15,410 |
| Community services | 1,200,000 | 300,000 | 27,263 | 272,737 |
| Capital outlay | 23,123,982 | 23,629,027 | 2,580,173 | 21,048,854 |
| <i>Debt service:</i> | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>179,375,694</u> | <u>184,766,166</u> | <u>131,381,917</u> | <u>53,384,249</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(31,182,881)</u> | <u>(34,284,903)</u> | <u>50,754,153</u> | <u>85,039,056</u> |
| <i>Net change in fund balance</i> | <u>(31,182,881)</u> | <u>(34,284,903)</u> | <u>50,754,153</u> | <u>85,039,056</u> |
| Budgeted cash carryover | <u>31,157,881</u> | <u>32,841,704</u> | | |
| <i>Total</i> | <u>\$ (25,000)</u> | <u>(1,443,199)</u> | | |

RECONCILIATION FROM BUDGET/ACTUAL TO GAAP

| | |
|---|----------------------|
| Change in fund balance (Budget basis) | \$ 50,754,153 |
| To adjust applicable revenue accruals, deferrals, and transfers | (30,095,118) |
| To adjust applicable expenditure accruals and transfers | <u>(973,660)</u> |
| Change in fund balance (GAAP basis) | <u>\$ 19,685,375</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
Teachergage Fund (12000)
For the Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual | (Unfavorable) |
|--|------------------|------------------|--------------|----------------|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | - | - | - |
| State grants | - | - | - | - |
| Federal grants | - | - | - | - |
| Charges for services | - | - | 70 | 70 |
| Investment income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| <i>Total revenues</i> | <u>-</u> | <u>-</u> | <u>70</u> | <u>70</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | - | - | - |
| Support services: | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General administration | - | - | - | - |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | 215,084 | 135,719 | 450 | 135,269 |
| Student transportation | - | - | - | - |
| Other support operations | 83,000 | 83,000 | - | 83,000 |
| Food services operations | - | - | - | - |
| Community services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>298,084</u> | <u>218,719</u> | <u>450</u> | <u>218,269</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(298,084)</u> | <u>(218,719)</u> | <u>(380)</u> | <u>218,339</u> |
| <i>Net change in fund balance</i> | <u>(298,084)</u> | <u>(218,719)</u> | <u>(380)</u> | <u>218,339</u> |
| Budgeted cash carryover | <u>298,084</u> | <u>218,719</u> | | |
| <i>Total</i> | <u>\$ -</u> | <u>-</u> | | |

RECONCILIATION FROM BUDGET/ACTUAL TO GAAP

| | |
|---|-----------------|
| Change in fund balance (Budget basis) | \$ (380) |
| To adjust applicable revenue accruals, deferrals, and transfers | - |
| To adjust applicable expenditure accruals and transfers | - |
| Change in fund balance (GAAP basis) | <u>\$ (380)</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, 2022

| | Original Budget | Final Budget | Actual | (Unfavorable) |
|--|------------------|------------------|------------------|---------------|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | - | - | - |
| State grants | 5,853,617 | 6,099,524 | 6,134,863 | 35,339 |
| Federal grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| <i>Total revenues</i> | <u>5,853,617</u> | <u>6,099,524</u> | <u>6,134,863</u> | <u>35,339</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | - | - | - |
| Support services: | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General administration | - | - | - | - |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | 5,853,617 | 6,134,863 | 6,134,847 | 16 |
| Other support operations | - | - | - | - |
| Food services operations | - | - | - | - |
| Community services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>5,853,617</u> | <u>6,134,863</u> | <u>6,134,847</u> | <u>16</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>-</u> | <u>(35,339)</u> | <u>16</u> | <u>35,355</u> |
| <i>Net change in fund balance</i> | <u>-</u> | <u>(35,339)</u> | <u>16</u> | <u>35,355</u> |
| Budgeted cash carryover | <u>-</u> | <u>-</u> | | |
| <i>Total</i> | <u>\$ -</u> | <u>(35,339)</u> | | |

RECONCILIATION FROM BUDGET/ACTUAL TO GAAP

| | |
|---|------------------|
| Change in fund balance (Budget basis) | \$ 16 |
| To adjust applicable revenue accruals, deferrals, and transfers | - |
| To adjust applicable expenditure accruals and transfers | <u>52,874</u> |
| Change in fund balance (GAAP basis) | <u>\$ 52,890</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, 2022

| | Original Budget | Final Budget | Actual | (Unfavorable) |
|--|-----------------|--------------|--------------|---------------|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | - | - | - |
| State grants | - | - | 28 | 28 |
| Federal grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| <i>Total revenues</i> | <u>-</u> | <u>-</u> | <u>28</u> | <u>28</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 50,441 | 916 | 916 | - |
| <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>50,441</u> | <u>916</u> | <u>916</u> | <u>-</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(50,441)</u> | <u>(916)</u> | <u>(888)</u> | <u>28</u> |
| <i>Net change in fund balance</i> | <u>(50,441)</u> | <u>(916)</u> | <u>(888)</u> | <u>28</u> |
| Budgeted cash carryover | <u>50,441</u> | <u>916</u> | | |
| <i>Total</i> | <u>\$ -</u> | <u>-</u> | | |

RECONCILIATION FROM BUDGET/ACTUAL TO GAAP

| | |
|---|-----------------|
| Change in fund balance (Budget basis) | \$ (888) |
| To adjust applicable revenue accruals, deferrals, and transfers | - |
| To adjust applicable expenditure accruals and transfers | <u>56</u> |
| Change in fund balance (GAAP basis) | <u>\$ (832)</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
 Custodial Funds
 For the Year Ended June 30, 2022

| | <u>Total Custodial Funds</u> |
|---|--------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 760,513 |
| Other receivables | <u>-</u> |
| Total assets | <u><u>760,513</u></u> |
| LIABILITIES | |
| Accounts payable | <u>1,635</u> |
| Total liabilities | <u>1,635</u> |
| NET POSITION | |
| Restricted for: | |
| Individuals, organizations, and other governments | <u>758,878</u> |
| Total net position | <u><u>\$ 758,878</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
 Custodial Funds
 For the Year Ended June 30, 2022

| | <u>Total Custodial Funds</u> |
|---|--------------------------------------|
| Additions | |
| Student fundraisers and activity fees | \$ <u>686,541</u> |
| Total additions | <u>686,541</u> |
| Deductions | |
| Student activity expenditures and supplies | <u>587,379</u> |
| Total deductions | <u>587,379</u> |
| Net increase (decrease) in fiduciary net position | 99,162 |
| Net position, beginning | <u>659,716</u> |
| Net position, ending | <u><u>\$ 758,878</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, 2022

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 and one academic program 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 14 as amended by GASBs 39, 61, 80, and 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

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
Notes to the Financial Statements
For the Year Ended June 30, 2022

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 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.

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
Notes to the Financial Statements
For the Year Ended June 30, 2022

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 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

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

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:

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
Notes to the Financial Statements
For the Year Ended June 30, 2022

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 *Special Revenue Bond (31110)* is a Capital Project Fund used 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.

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 District's 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

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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.

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

Cash and Cash Equivalents

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.

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.

Investments

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 District holds certificates of deposits, a majority of which have maturities greater than three months from the date of acquisition and are therefore considered investments. 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. The District does not hold investments with the State Treasurer's Investment pool.

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

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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 2022 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund financial statements during the year ended June 30, 2022.

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 estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if

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purchased or constructed. Pursuant to the implementation of GASB 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 |

Deferred Revenue and Unearned Revenue

The District reports unearned and deferred revenue on its financial statements. When resources are received in advance of charges for services being earned (unearned) or 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)(deferred), a liability is reported for the unearned or deferred 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.

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The District has the following deferred outflows of resources during fiscal year 2022:

| <u>Deferred Outflows of Resources</u> | <u>Govt-Wide</u> |
|---|-----------------------|
| Pension deferral | \$ 137,201,270 |
| OPEB deferral | 14,684,233 |
| Deferred loss on refunding of debt, net | <u>107,508</u> |
| Total deferred outflows of resources | <u>\$ 151,993,011</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 2022:

| <u>Deferred Inflows of Resources</u> | <u>Govt-Wide</u> |
|---|-----------------------|
| Pension deferral | \$ 245,170,721 |
| OPEB deferral | 32,741,377 |
| Deferred loss on refunding of debt, net | <u>446,972</u> |
| Total deferred inflows of resources | <u>\$ 278,359,070</u> |

| <u>Deferred Inflows of Resources</u> | <u>Governmental Funds</u> |
|--------------------------------------|-------------------------------|
| Property tax revenue | \$ <u>454,601</u> |
| Total deferred inflows of resources | <u>\$ 454,601</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

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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.

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Leases and Related Right-To-Use Assets

The District has recorded right-to-use lease assets as a result of implementing GASB 87. The right-to-use assets are initially calculated at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over shorter of the useful life of the underlying asset or the lease term.

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/amortization and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted Net Position* – Consists of net position with 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.”

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- 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 \$86,381,731 of restricted net position related to grants of which \$77,492,924 relates to restricted enabling legislation.

Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures/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.

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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.

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 District received \$118,739,179 in state equalization guarantee distributions during the year ended June 30, 2022.

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 \$7,970,242 in tax revenues during the year ended June 30, 2022. 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

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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 \$6,099,524 in transportation distributions during the year ended June 30, 2022.

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, 2022 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;
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;

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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, 2022, the District received \$0 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 \$7,215,352 in state SB-9 matching during the year end June 30, 2022.

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Federal Grants

The District receives revenues from various Federal agencies (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 agency 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 agencies 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.

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.

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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

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during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

9. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service 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, 2022, 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.

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NOTE 3 – CASH AND CASH EQUIVALENTS

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, 2022.

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, 2022, \$137,248,169 of the District's \$137,998,169 was exposed to custodial credit risk. \$92,448,542 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$44,799,627 was uninsured and uncollateralized.

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| <u>Cash</u> | <u>Wells Fargo</u> | <u>Pinnacle Bank</u> | <u>NMFA</u> | <u>Total</u> |
|--|-----------------------|----------------------|-------------------|--------------------|
| Total deposits in bank | \$ 11,702,264 | 126,295,905 | 36,152,787 | 174,150,956 |
| Less: FDIC coverage | <u>(500,000)</u> | <u>(250,000)</u> | <u>-</u> | <u>(750,000)</u> |
| Uninsured public funds | <u>11,202,264</u> | <u>126,045,905</u> | <u>36,152,787</u> | <u>173,400,956</u> |
| Pledged collateral held by pledging bank's trust, but not in the District's name | <u>4,533,559</u> | <u>87,914,983</u> | <u>-</u> | <u>92,448,542</u> |
| Uninsured and uncollateralized public funds | <u>6,668,705</u> | <u>38,130,922</u> | <u>-</u> | <u>44,799,627</u> |
| Total pledged collateral | 4,533,559 | 87,914,983 | - | 92,448,542 |
| 50% pledged collateral requirement per State statute | <u>5,601,132</u> | <u>63,022,953</u> | <u>-</u> | <u>68,624,085</u> |
| Pledged collateral (under) over the requirements | \$ <u>(1,067,573)</u> | <u>24,892,031</u> | <u>-</u> | <u>23,824,458</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, 2022, 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></u> | <u>Per Institution</u> | <u>Reconciling Items</u> | <u>Per Financial Statements</u> |
|---------------|------------------------|--------------------------|---------------------------------|
| Wells Fargo | \$ 11,702,264 | (6,733,086) | 4,969,178 |
| Pinnacle Bank | 126,295,905 | 70,531 | 126,366,436 |
| NMFA Cash | <u>36,152,787</u> | <u>-</u> | <u>36,152,787</u> |
| | <u>\$ 174,150,956</u> | <u>(6,662,555)</u> | <u>167,488,401</u> |

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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 | \$ 106,808,665 |
| Restricted cash | 59,919,223 |
| Custodial funds | 760,513 |
| | \$ 167,488,401 |

NOTE 4 – INVESTMENTS

As of June 30, 2022, the District had the following investments and maturities:

| <u>Investment Type</u> | <u>Maturities</u> | <u>Fair Value</u> | <u>Rating</u> |
|--------------------------|-------------------|-------------------|---------------|
| Certificates of deposits | <3 years | 4,898,352 | N/A |

Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's policy related to investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1-Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2-Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.

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- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3-Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy, the District's assets at fair value as of June 30, 2022:

| <u>Description</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------------|----------------|----------------|----------------|--------------|
| Cash and money market | \$ 9,620 | - | - | 9,620 |
| Taxable fixed income | 4,888,732 | - | - | 4,888,732 |
| Investments at fair value | \$ 4,898,352 | - | - | 4,898,352 |

NOTE 5 – RECEIVABLES

Receivables as of June 30, 2022, are as follows:

| | <u>General Fund</u> | <u>Non-major Funds</u> | <u>Total Governmental</u> |
|----------------------------|-------------------------|----------------------------|-------------------------------|
| Property tax | \$ 22,879 | 582,937 | 605,816 |
| Due from other governments | 2,397 | 10,477,729 | 10,480,126 |
| Other | - | 1 | 1 |
| Total | \$ 25,276 | 11,060,667 | 11,085,943 |

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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 \$454,601 on the governmental fund financial statements.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The District did not have operating transfers for the year ended June 30, 2022.

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, 2022 is as follows:

| | Due From | Due To |
|------------------------------|--------------|-------------|
| Operating | \$ 8,020,583 | - |
| Non-Major Governmental Funds | - | (8,020,583) |
| Total | \$ 8,020,583 | (8,020,583) |

All Interfund balances are to be paid within one year.

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NOTE 7 – CAPITAL ASSETS AND RIGHT-TO-USE LEASED ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2022 follows. Land and construction in progress are not subject to depreciation.

| Primary Government <i>Governmental Activities</i> | Balance 06/30/21 | Additions | Deletions | Adjustments & Transfers | Balance 06/30/22 |
|--|-----------------------|---------------------|------------------|----------------------------|----------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 10,506,641 | - | - | - | 10,506,641 |
| Construction in progress | 19,795,613 | 5,943,156 | - | (918,027) | 24,820,742 |
| Total capital assets not being depreciated | <u>30,302,254</u> | <u>5,943,156</u> | <u>-</u> | <u>(918,027)</u> | <u>35,327,383</u> |
| Capital assets being depreciated: | | | | | |
| Buildings and building improvements | 553,698,514 | 3,567,854 | - | 918,027 | 558,184,395 |
| Furniture, fixtures, and equipment | 43,200,634 | 3,293,068 | (226,533) | - | 46,267,169 |
| Right-to-use leased land | - | 194,165 | - | - | 194,165 |
| Total capital assets being depreciated | <u>596,899,148</u> | <u>7,055,087</u> | <u>(226,533)</u> | <u>918,027</u> | <u>604,645,729</u> |
| Total capital assets | <u>627,201,402</u> | <u>12,998,243</u> | <u>(226,533)</u> | <u>-</u> | <u>639,973,112</u> |
| Less accumulated depreciation/amortization: | | | | | |
| Buildings and building improvement | (183,276,911) | (13,393,623) | - | - | (196,670,534) |
| Furniture, fixtures, and equipment | (22,344,828) | (3,174,191) | 223,986 | - | (25,295,033) |
| Right-to-use leased land | - | (17,234) | - | - | (17,234) |
| Total accumulated depreciation/amort. | <u>(205,621,739)</u> | <u>(16,585,048)</u> | <u>223,986</u> | <u>-</u> | <u>(221,982,801)</u> |
| Total capital assets, net | <u>\$ 421,579,663</u> | <u>(3,586,805)</u> | <u>(2,547)</u> | <u>-</u> | <u>417,990,311</u> |

Depreciation and amortization expense for the year ended June 30, 2022 was charged to governmental activities as follows:

| <u>Type:</u> | |
|------------------|----------------------|
| Instruction | \$ 13,561,990 |
| SS students | 610,707 |
| SS instruction | 54,925 |
| SS general admin | 121,250 |
| SS school admin | 5,121 |
| Central services | 312,842 |
| Operations and | 656,393 |
| Transportation | 1,207,915 |
| Food service | 53,905 |
| Total | <u>\$ 16,585,048</u> |

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Right-to-Use Leased Assets

The District has recorded four right-to-use leased assets. The assets are for leased land. The related leases are discussed in Note 8. The right-to-use leased assets are amortized on a straight-line basis over the terms of the related leases.

NOTE 8 – LONG-TERM OBLIGATIONS

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, 2022 are for governmental activities. Bonds outstanding at June 30, 2022 are comprised of the following:

| <u>GO Bonds</u> | Series 8/6/2013 | Series 10/21/2014 | Series 3/7/2016 | Series 8/4/2017A | Series 8/4/2017B |
|----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 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 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 8/24/2018 | Series 8/2/2019 | Series 5/8/2020 | Series 8/7/2020A | Series 5/13/2022 |
| Original issue: | \$ 6,500,000 | \$ 5,750,000 | \$ 9,260,000 | \$ 5,000,000 | \$ 5,000,000 |
| Principal: | August 1 |
| Interest: | February 1 August 1 |
| Rates: | 1.43% to 2.94% | 1.26% to 2.17% | 0.58% to 0.89% | 0.43% to 1.81% | 0.85% to 1.86% |
| Maturity Date: | 8/1/2030 | 8/1/2031 | 8/1/2027 | 8/1/2034 | 8/1/2027 |
| <u>Revenue Bonds</u> | Series 4/30/2021 | Series 6/29/2022 | | | |
| Original issue: | \$ 5,215,000 | 22,095,000 | | | |
| Principal: | August 1 | June 1 | | | |
| Interest: | February 1 August 1 | December 1 June 1 | | | |
| Rates: | 0.15% to 2.32% | 3.625% to 5.00% | | | |
| Maturity Date: | 8/1/2036 | 6/1/2042 | | | |

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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 loss 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 loss 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 loss is being charged to operations through fiscal year 2028 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 \$908,516.

Refunding of Series 2013 and 2014 Bonds

The advanced refunding of Series 2013 and 2014 Bonds, through the issue of the Series 2022 General Obligation Refunding Bond, resulted in a gain between the reacquisition price and the net carrying amount of the old debt in the amount of \$454,299 which is reported as a deferred inflow on the government-wide statement of net position. This gain will be amortized over the remaining life of the new debt using the straight-line method through fiscal year 2028. 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 \$134,663. The 2022 General Obligation Refunding Bond paid \$4,250,000 of principal on the 2013 and 2014 Bonds. The remaining principal of the Series 2013 and 2014 Bonds were paid by the District in August 2022.

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
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During the year ended June 30, 2022 the following changes occurred in the liabilities reported in the governmentwide statement of net position:

| | Balance June 30, 2021 | Additions | Retirements/ Deletions | Payoff | Balance June 30, 2022 | Due Within One Year |
|-----------------------------|--------------------------|------------|---------------------------|-------------|--------------------------|------------------------|
| General obligation bonds | | | | | | |
| GO Bond Series 2013 | \$ 4,900,000 | - | (600,000) | (2,250,000) | 2,050,000 | 2,050,000 |
| GO Bond Series 2014 | 3,575,000 | - | (575,000) | (2,000,000) | 1,000,000 | 1,000,000 |
| GO Bond Series 2016 | 5,215,000 | - | (600,000) | - | 4,615,000 | 675,000 |
| GO Bond Series 2017A | 5,250,000 | - | (350,000) | - | 4,900,000 | 350,000 |
| GO Bond Series 2017B | 2,925,000 | - | (1,780,000) | - | 1,145,000 | 1,145,000 |
| GO Bond Series 2018 | 5,350,000 | - | (200,000) | - | 5,150,000 | 300,000 |
| GO Bond Series 2019 | 5,450,000 | - | - | - | 5,450,000 | 200,000 |
| GO Bond Series 2020 | 9,155,000 | - | (1,155,000) | - | 8,000,000 | 1,290,000 |
| GO Bond Series 2020A | 5,000,000 | - | - | - | 5,000,000 | - |
| GO Bond Series 2022 | - | 4,390,000 | - | - | 4,390,000 | 45,000 |
| Subtotal | 46,820,000 | 4,390,000 | (5,260,000) | (4,250,000) | 41,700,000 | 7,055,000 |
| Revenue bonds | | | | | | |
| Series 2021 | 5,215,000 | - | - | - | 5,215,000 | 320,000 |
| Series 2022 | - | 22,095,000 | - | - | 22,095,000 | 200,000 |
| Subtotal | 5,215,000 | 22,095,000 | - | - | 27,310,000 | 520,000 |
| Total bonds payable | 52,035,000 | 26,485,000 | (5,260,000) | (4,250,000) | 69,010,000 | 7,575,000 |
| Lease liability | - | 194,165 | (15,532) | - | 178,633 | 15,824 |
| Compensated absences | 1,178,909 | 1,097,243 | (1,133,883) | - | 1,142,269 | 799,588 |
| Net pension liability | 507,984,794 | - | (339,663,839) | - | 168,320,955 | - |
| Net OPEB liability | 71,087,093 | - | (17,672,213) | - | 53,414,880 | - |
| Total long-term liabilities | \$ 632,285,796 | 27,776,408 | (363,745,467) | (4,250,000) | 292,066,737 | 8,390,412 |

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Notes to the Financial Statements
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The annual requirement to amortize the District's bonds outstanding as of June 30, 2022, including interest payments, is as follows:

General Obligation Bonds

GO Bond Series 2013

| Fiscal Year | | | Total Debt |
|-------------|--------------|----------|------------|
| Ending | Principal | Interest | Service |
| 2023 | \$ 2,050,000 | 72,063 | 2,122,063 |
| 2024 | - | - | - |
| 2025 | - | - | - |
| 2026 | - | - | - |
| 2027 | - | - | - |
| Total | \$ 2,050,000 | 72,063 | 2,122,063 |

GO Bond Series 2014

| Fiscal Year | | | Total Debt |
|-------------|--------------|----------|------------|
| Ending | Principal | Interest | Service |
| 2023 | \$ 1,000,000 | 46,250 | 1,046,250 |
| 2024 | - | - | - |
| 2025 | - | - | - |
| 2026 | - | - | - |
| 2027 | - | - | - |
| Total | \$ 1,000,000 | 46,250 | 1,046,250 |

GO Bond Series 2016

| Fiscal Year | | | Total Debt |
|-------------|--------------|----------|------------|
| Ending | Principal | Interest | Service |
| 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 | 665,000 | 34,913 | 699,913 |
| 2028-2032 | 1,330,000 | 29,094 | 1,359,094 |
| Total | \$ 4,615,000 | 386,559 | 5,001,559 |

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GALLUP-MCKINLEY COUNTY SCHOOLS
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GO Bond Series 2017A

| Fiscal Year | | | Total Debt |
|-------------|--------------|----------|------------|
| Ending | Principal | Interest | Service |
| 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 | 650,000 | 41,144 | 691,144 |
| 2028-2032 | 1,950,000 | 35,605 | 1,985,605 |
| Total | \$ 4,900,000 | 357,987 | 5,257,987 |

GO Bond Series 2017B

| Fiscal Year | | | Total Debt |
|-------------|--------------|----------|------------|
| Ending | Principal | Interest | Service |
| 2023 | \$ 1,145,000 | 7,385 | 1,152,385 |
| 2024 | - | - | - |
| 2025 | - | - | - |
| 2026 | - | - | - |
| 2027 | - | - | - |
| Total | \$ 1,145,000 | 7,385 | 1,152,385 |

GO Bond Series 2018

| Fiscal Year | | | Total Debt |
|-------------|--------------|----------|------------|
| Ending | Principal | Interest | Service |
| 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 | 600,000 | 73,410 | 673,410 |
| 2028-2032 | 2,450,000 | 139,185 | 2,589,185 |
| Total | \$ 5,150,000 | 636,795 | 5,786,795 |

GO Bond Series 2019

| Fiscal Year | | | Total Debt |
|-------------|--------------|----------|------------|
| Ending | Principal | Interest | Service |
| 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 | 400,000 | 70,883 | 470,883 |
| 2028-2032 | 3,650,000 | 180,789 | 3,830,789 |
| Total | \$ 5,450,000 | 591,441 | 6,041,441 |

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GO Bond Series 2020

| Fiscal Year | | | Total Debt |
|-------------|--------------|----------|------------|
| Ending | Principal | Interest | Service |
| 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 | 1,360,000 | 18,256 | 1,378,256 |
| 2028-2032 | 1,440,000 | 6,408 | 1,446,408 |
| Total | \$ 8,000,000 | 192,102 | 8,192,102 |

GO Bond Series 2020A

| Fiscal Year | | | Total Debt |
|-------------|--------------|----------|------------|
| Ending | Principal | Interest | Service |
| 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 | 200,000 | 51,150 | 251,150 |
| 2028-2032 | 2,800,000 | 195,313 | 2,995,313 |
| 2033-2037 | 1,800,000 | 22,718 | 1,822,718 |
| Total | \$ 5,000,000 | 479,321 | 5,479,321 |

GO Bond Series 2022

| Fiscal Year | | | Total Debt |
|-------------|--------------|----------|------------|
| Ending | Principal | Interest | Service |
| 2023 | \$ 45,000 | 53,851 | 98,851 |
| 2024 | 35,000 | 74,796 | 109,796 |
| 2025 | 535,000 | 70,421 | 605,421 |
| 2026 | 1,280,000 | 55,651 | 1,335,651 |
| 2027 | 1,255,000 | 34,045 | 1,289,045 |
| 2028-2032 | 1,240,000 | 11,532 | 1,251,532 |
| Total | \$ 4,390,000 | 300,296 | 4,690,296 |

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Revenue Bonds

Series 2021

| Fiscal Year | Total Debt | | | |
|-------------|------------|------------------|----------------|------------------|
| | Ending | Principal | Interest | Service |
| 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 | | 335,000 | 53,810 | 388,810 |
| 2028-2032 | | 1,720,000 | 228,425 | 1,948,425 |
| 2033-2037 | | 1,835,000 | 99,783 | 1,934,783 |
| 2038-2042 | | - | - | - |
| Total | \$ | <u>5,215,000</u> | <u>609,842</u> | <u>5,824,842</u> |

Series 2022

| Fiscal Year | Total Debt | | | |
|-------------|------------|-------------------|-------------------|-------------------|
| | Ending | Principal | Interest | Service |
| 2023 | \$ | 200,000 | 946,039 | 1,146,039 |
| 2024 | | 645,000 | 1,015,826 | 1,660,826 |
| 2025 | | 680,000 | 983,576 | 1,663,576 |
| 2026 | | 715,000 | 949,576 | 1,664,576 |
| 2027 | | 750,000 | 913,826 | 1,663,826 |
| 2028-2032 | | 4,355,000 | 3,967,876 | 8,322,876 |
| 2033-2037 | | 5,575,000 | 2,763,122 | 8,338,122 |
| 2038-2042 | | <u>9,175,000</u> | <u>1,096,941</u> | <u>10,271,941</u> |
| Total | \$ | <u>22,095,000</u> | <u>12,636,782</u> | <u>34,731,782</u> |

| | | | |
|--------------------------|----|-------------------|-------------------|
| General Obligation Bonds | \$ | 41,700,000 | 3,379,745 |
| Revenue Bonds | | <u>27,310,000</u> | <u>13,246,624</u> |
| Total | \$ | <u>69,010,000</u> | <u>16,626,369</u> |

Lease Liability

The District's leasing arrangements at June 30, 2022 are summarized below:

| Classification | # of Lease Contracts | Remaining Lease Terms | Interest Rate |
|-------------------|----------------------|-----------------------|---------------|
| Right-to-use Land | 3 | ~ 5-17.5 years | .75% - 1.75% |

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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

| Fiscal Year | | | | |
|-------------|-------------------|---------------|----------------|--|
| Ending | Principal | Interest | Total | |
| 2023 | \$ 15,824 | 2,268 | 18,092 | |
| 2024 | 16,146 | 2,117 | 18,263 | |
| 2025 | 16,484 | 1,949 | 18,433 | |
| 2026 | 16,831 | 1,782 | 18,613 | |
| 2027 | 17,183 | 1,609 | 18,792 | |
| 2028-2032 | 43,763 | 5,998 | 49,761 | |
| 2033-2037 | 35,542 | 3,098 | 38,640 | |
| Thereafter | 16,860 | 301 | 17,161 | |
| Total | <u>\$ 178,633</u> | <u>19,122</u> | <u>197,755</u> | |

Compensated Absences

Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2022, compensated absences decreased \$36,640 over the prior year accrual. See Note 1 for more details.

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.

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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, 2022, 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.

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 Sections 22-11-1 through 22-11-52, NMSA 1978, as amended.

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

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, 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.

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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.

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Tier 3: Membership beginning on or after July 1, 2013, but prior to July 1, 2019

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

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

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.

Form 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.

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- 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 the member has acquired at least ten years of earned service credit and is found to be 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.

| <u>Membership</u> | <u>Age Eligible for COLA</u> |
|-------------------|------------------------------|
| Tier1 | 65 |
| Tier2 | 65 |
| Tier3 | 67 |
| Tier4 | 67 |

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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, 2022 and 2021 educational employers contributed to the Plan based on the following rate schedule.

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| Fiscal Year | Date Range | Wage Category | Member Rate | Employer Rate | Combined Rate | Increase Over Prior Year |
|----------------|-------------------|------------------|----------------|------------------|------------------|-----------------------------|
| 2022 | 7-1-21 to 6-30-22 | Over \$24k | 10.70% | 15.15% | 25.85% | 1.00% |
| 2022 | 7-1-21 to 6-30-22 | \$24K or less | 7.90% | 15.15% | 23.05% | 1.00% |
| 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% |

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, 2022 and 2021, the District paid employee and employer contributions of the following, which equal the amount of the required contributions for each fiscal year.

| | | |
|---------------------------|-------------------|-------------------|
| | <u>2022</u> | <u>2021</u> |
| District contributions \$ | <u>11,673,792</u> | <u>10,696,517</u> |

Pension Liabilities, Pension Exp., and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a liability of \$168,320,955 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2021 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, 2021, actuarially determined. At June 30, 2021, the District's proportion was 2.3749%, which was a decrease of 0.1317% from its proportion measured as of June 30, 2020.

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For the year ended June 30, 2022, the District recognized pension expense of \$14,594,552. At June 30, 2022 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 | \$ 13,225,663 | 414,495 |
| Changes of assumptions | 112,043,051 | 191,690,801 |
| Net difference between projected and actual earnings on pension plan investments | - | 41,858,007 |
| Change in proportion and differences between the District's contributions and proportionate share of contributions | 258,764 | 11,207,418 |
| The District's contributions subsequent to the measurement date | 11,673,792 | - |
| Total | \$ 137,201,270 | 245,170,721 |

\$11,673,792 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, 2022. 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 |
|---------------------|----------------|
| 2022 | \$ 10,640,954 |
| 2023 | 55,604,586 |
| 2024 | 39,431,218 |
| 2025 | 13,966,485 |
| Thereafter | - |
| | \$ 119,643,243 |

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.

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The total pension liability in the June 30, 2020 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.30% |
| Salary increases | 3.00 % composed of 2.30% inflation, plus 0.70% productivity increase rate, plus a step-rate promotional increase for members with less than 5 years of service. |
| Investment rate of return | 7.00% compounded annually, net of expenses. This is composed of an assumed 2.30% inflation rate and a 4.70% real rate of return. |
| Mortality | Healthy males: 2020 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. Healthy females: 2020 GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. |

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

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

| Asset Class | Target Allocation | Long-Term Expected Rate of Return |
|--------------|----------------------|--------------------------------------|
| Equities | 31.00% | |
| Fixed income | 24.00% | |
| Alternatives | 44.00% | |
| Cash | 1.00% | |
| Total | 100.00% | 7.00% |

Discount rate. A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2021. This is an increase of 3.11% from June 30, 2020. The 7.00% single discount rate was based on a long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 1.92%. Based on the stated assumptions and the projection of cash flows,

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the pension plan’s fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity of the 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 7.00%, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|------------------------|--|------------------------|
| The District's proportionate share of the net pension liability | <u>\$ 238,323,746</u> | <u>168,320,955</u> | <u>110,470,640</u> |

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.

Payable Changes in the Net Pension Liability. At June 30, 2022, the District reported payables of \$3,421,802 for outstanding contributions due to ERB for the year ended June 30, 2022.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (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

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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, 2021, the Fund's measurement date, the following employees were covered by the benefit terms:

| | |
|--|---------|
| Plan membership | |
| Current retirees and surviving spouses | 53,092 |
| Inactive and eligible for deferred benefit | 11,754 |
| Current active members | 92,484 |
| | 157,330 |
| Active membership | |
| State general | 18,691 |
| State police and corrections | 1,919 |
| Municipal general | 20,357 |
| Municipal police | 1,573 |
| Municipal FTRE | 756 |
| Educational Retirement Board | 49,188 |
| | 92,484 |

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

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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 \$1,602,496 for the year ended June 30, 2021.

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

At June 30, 2022, the District reported a liability of \$53,414,880 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2021. At June 30, 2021, the District’s proportion was 1.62338 percent.

For the year ended June 30, 2022, the District recognized OPEB income of \$5,725,283. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 780,996 | 8,518,562 |
| Changes in proportion | 1,606,587 | 3,380,350 |
| Changes of assumptions | 10,694,154 | 19,311,373 |
| Net difference between actual and projected earnings on OPEB plan investments | - | 1,531,092 |
| Contributions subsequent to the measurement | <u>1,602,496</u> | <u>-</u> |
| Total | <u>\$ 14,684,233</u> | <u>32,741,377</u> |

Deferred outflows of resources totaling \$1,602,496 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, 2022. 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 | \$ (7,582,713) |
| 2023 | (4,863,203) |
| 2024 | (3,190,135) |
| 2025 | (1,245,862) |
| 2026 | (2,777,727) |
| | <u>\$ (19,659,640)</u> |

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

| | |
|-----------------------------|---|
| Valuation Date | June 30, 2021 |
| 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 | 2.30% for ERB members, 2.50% for PERA members |
| Projected salary increases | 3.25% to 13.00%, based on years of service, including inflation |
| Investment rate of return | 7.00%, 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: 2020 GRS Southwest Region Teacher Mortality Table, set back one year (and scaled at 95% for males). Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. PERA members: Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%. |

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.

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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% | 0.40% |
| U.S. equity - large cap | 20% | 6.60% |
| Non U.S. - emerging markets | 15% | 9.20% |
| Non U.S. - developed equities | 12% | 7.30% |
| Private equity | 10% | 10.60% |
| Credit and structured finance | 10% | 3.10% |
| Real estate | 5% | 3.70% |
| Absolute return | 5% | 2.50% |
| U.S. equity - small/mid cap | 3% | 6.60% |

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 3.62% as of June 30, 2021. 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, 2052. Thus, the 7.00% discount rate was used to calculate the net OPEB liability through 2052. The index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2052, resulting in a blended discount rate of 3.62%.

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 (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

| 1% Decrease (2.62%) | Current Discount (3.62%) | 1% Increase (4.62%) |
|------------------------|-----------------------------|------------------------|
| \$ 67,114,549 | \$ 53,414,880 | \$ 42,758,041 |

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

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1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
|--------------------|-------------------------------|--------------------|
| \$ 42,962,772 | \$ 53,414,880 | \$ 61,831,965 |

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2021.

Payable Changes in the Net OPEB Liability. At June 30, 2022, the District reported payables of \$0 for outstanding contributions due to NMRHCA for the year ended June 30 2022.

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, 2022, 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 intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

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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, 2022.
- B. Excess of expenditures over appropriations. The District did not have funds which exceeded approved budgetary authority for the year ended June 30, 2022.

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 14, 2022, which is the date the financial statements were available to be issued.

NOTE 17 – COMMITMENTS

The District has various contracts (primarily construction) they are committed to complete totaling approximately \$24,820,742 as of June 30, 2022. 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 06/30/22</u> | <u>Percent Complete</u> | <u>Est. Date of Completion</u> |
|--|---------------------------------|------------------------------------|------------------------------------|-----------------------------|------------------------------------|
| Ramah Teacherage Project | \$ - | - | 4,659,815 | 99% | 6/29/2022 |
| Red Rock Elementary - Replacement | 6,168,600 | 24,674,400 | 682,878 | 2% | 6/30/2024 |
| Tohatchi High - Replacement | 6,285,000 | 25,140,000 | 63,752 | 1% | 12/31/2023 |
| Tse Yi Gai Fiber (Internet Infrastructure) Project | 3,684,135 | - | 16,462 | 1% | 10/16/2023 |
| Angelo DiPaolo Stadium Construction work | - | - | 156,782 | 99% | 6/30/2022 |
| Thoreau Elementary Project | - | - | 18,644,800 | 99% | 10/31/2022 |

**STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
Notes to the Financial Statements
For the Year Ended June 30, 2022**

NOTE 17 – COMMITMENTS, CONTINUED

| <u>Project</u> | <u>Remaining Commitment</u> | <u>Remaining State Project</u> | <u>Expensed as of 06/30/22</u> | <u>Percent Complete</u> | <u>Est. Date of Completion</u> |
|---|---------------------------------|------------------------------------|------------------------------------|-----------------------------|------------------------------------|
| Tohatchi High Baseball Field | 344,906 | - | 64,902 | 16% | 8/31/2023 |
| Gallup High Building Improvements - Stucco | 51,728 | - | 240,747 | 82% | 10/31/2022 |
| Parent Portable | 20,000 | - | 2,945 | 13% | 2/28/2023 |
| Hiroshi Miyamura Bleacher Replacement | 7,006 | - | 39,220 | 85% | 11/30/2022 |
| Miyamura High - Replacement of Goals | 9,720 | - | 36,141 | 79% | 9/30/2022 |
| Crownpoint Middle - Demolition of Buildings | 9,708 | 38,832 | 29,124 | 38% | 9/30/2022 |
| Navajo Elementary - Install new flooring | - | - | 104,457 | 99% | 7/31/2022 |
| P21-003 Gallup High | 9,265 | - | 17,714 | 66% | 8/31/2022 |
| Twin Lakes - Replace Electrical Pedestals | 127,626 | - | 15,570 | 11% | 6/30/2023 |
| SSC - Electrical and Engineering Services | 13,076 | - | 19,418 | 60% | 10/31/2022 |
| Rocky View - Project | 615,359 | 2,461,437 | 1,320 | <1% | 12/25/2023 |
| Indian Hills Elementary - Drainage | 7,969 | - | 24,695 | 76% | 8/31/2022 |
| Totals | <u>\$ 17,354,098</u> | <u>52,314,669</u> | <u>24,820,742</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*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Measurement Date as of | | | | | | | |
| | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 |
| The District's proportion of the net pension liability (asset) (%) | \$ 2.3749% | 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) (\$) | \$ 168,320,955 | 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 | \$ 75,593,760 | 79,668,940 | 73,262,892 | 70,090,712 | 66,624,748 | 70,250,511 | 67,892,799 | 66,487,317 |
| The District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 223% | 638% | 262% | 426% | 390% | 252% | 228% | 207% |
| Plan fiduciary net position as a percentage of the total pension liability | 69.77% | 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 effective.

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*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------|------------|------------|------------|-----------|-----------|-----------|-----------|
| Statutory required contribution | \$ 11,673,792 | 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 contributions | \$ 11,673,792 | 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) | \$ - | - | - | - | - | - | - | - |

**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, 2022

Changes in benefit provisions . Other than the employer contribution increases attributable to Senate Bill 42, there were no modifications to the benefit provisions with an actuarial impact that were reflected in the actuarial valuation as of June 30, 2020.

Changes in assumptions and methods . Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the plan's actuary. The Board adopted new assumptions on April 17, 2020, in conjunction with the six-year actuarial experience study period ending June 30, 2019. No changes have been made to the assumptions since the prior valuation. The calculation of the funding policy contribution has been updated to reflect an open group projection, recognizing new hire benefits as well as anticipated cost-of-living adjustments less than the assumed 1.80% while the plan is less than fully funded.

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*

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|------------------------|------------------|------------------|------------------|------------------|
| | Measurement Date as of | | | | |
| | <u>6/30/2021</u> | <u>6/30/2020</u> | <u>6/30/2019</u> | <u>6/30/2018</u> | <u>6/30/2017</u> |
| The District's proportion of the net OPEB liability (%) | 1.62338% | 1.69299% | 1.70975% | 1.67134% | 1.63411% |
| The District's proportionate share of OPEB liability (\$) | \$ 53,414,880 | 71,087,093 | 55,436,742 | 72,675,793 | 74,052,522 |
| The District's covered payroll | \$ 74,906,712 | 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 | 71.31% | 97.69% | 77.70% | 101.35% | 108.79% |
| Plan fiduciary net position as a percentage of the total pension liability | 25.39% | 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.

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

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------|-------------|-------------|---------------|------------------|
| Contractually required contribution | \$ 1,602,496 | 1,557,032 | 1,513,409 | 2,611,749 | 5,189,066 |
| Contributions in relation to the contractually required contribution | 1,602,496 | 1,557,032 | 1,513,409 | 2,579,859 | 2,604,333 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>31,890</u> | <u>2,584,733</u> |
| The District's covered payroll | \$ 80,124,800 | 78,396,846 | 71,346,647 | 71,710,794 | 68,071,260 |
| Contributions as a percentage of covered payroll | 2.00% | 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, 2022

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

Changes in assumptions and methods . In the June 30, 2021 actuarial valuation and the total OPEB liability measured as of June 30, 2021, changes in assumptions include adjustments resulting from an decrease in the discount rate from 2.86% to 3.62%.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
For the Year Ended June 30, 2022

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.

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
For the Year Ended June 30, 2022

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 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 in 34 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.

STATE OF NEW MEXICO
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For the Year Ended June 30, 2022

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.

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.

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).

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.

ESSER II (24308) – The New Mexico Public Education Department (PED) sub-awarded the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) 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.

ESSER II Air Quality (24316) – The New Mexico Public Education Department (PED) sub-awarded this funding through the Elementary and Secondary School Emergency Relief Fund for air quality improvements related to COVID-19.

ARPA ESSER III (24330) – The New Mexico Public Education Department (PED) sub-awarded this funding through the American Rescue Plan (ARP) Act, Elementary and Secondary School Emergency Relief Fund, to help schools to return safely to in-person instruction, maximize in-person instructional time, sustain the safe operation of schools, and address the academic,

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
For the Year Ended June 30, 2022

social, emotional, and mental health impacts of the COVID-19 pandemic on New Mexico's students.

ARPA ESSER HCY (24350) - The New Mexico Public Education Department (PED) sub-awarded this funding through the American Rescue Plan (ARP) Act, Elementary and Secondary School Emergency Relief Fund, to identify homeless children and youth, to provide homeless children and youth with wrap-around services to address the challenges of COVID-19, and to enable homeless children and youth to attend school and fully participate in school activities. This funding was split into two tranches, this being the first.

ARPA ESSER HCY II (24355) - The New Mexico Public Education Department (PED) sub-awarded this funding through the American Rescue Plan (ARP) Act, Elementary and Secondary School Emergency Relief Fund, to identify homeless children and youth, to provide homeless children and youth with wrap-around services to address the challenges of COVID-19, and to enable homeless children and youth to attend school and fully participate in school activities. This funding was split into two tranches, this being the second.

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.

Impact Aid Indian Education (25147) - 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.

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

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
For the Year Ended June 30, 2022

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 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 Nation (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 (Public Law 106-245).

2012 GO Bond Student Library (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).

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
For the Year Ended June 30, 2022

Instructional Materials Fund (27109) - To account for the special appropriation 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. The funding was made available through House Bill 2 (2019), Section 5, Special Appropriation (114).

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.

School Bus Appropriation (27178) – Appropriation from the State of New Mexico passed through the New Mexico Public Education Department (PED), Laws of 2020, Chapter 81, Section 87, to purchase and equip 1 district-owned bus. Appropriation reverts 6/30/24.

NM Grown Hunger Initiative (27183) – The purpose of the New Mexico Grown Fresh Fruit and Vegetable Grant, or New Mexico Grown Grant, is to encourage school districts across New Mexico to purchase fresh fruit and vegetables that are grown in the state for school meals. The Public Education Department will work to foster links between schools and local farms and/or farm organizations so that freshly harvested local foods become a staple in the diets of New Mexico students. The funding for New Mexico Grown is made available through a SY22-23 state appropriation.

School Bus Camera Appropriation (27405) – The New Mexico Public Education Department has granted funds for the purchase of school bus cameras. The funding was made available in HB-349 during the 2020 legislative session.

Family Income Index (27407) – Appropriation from the State of New Mexico passed through the New Mexico Public Education Department (PED), Laws of 2021, Section V, Item (107), to provide student support and services to schools serving the highest concentration of students living in poverty. The funds are statutorily required to be spent on literacy interventions, math interventions, and other student supports and services.

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
For the Year Ended June 30, 2022

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).

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.

NM Schools COVID-19 Testing (28211) – Federal funding, distributed by the New Mexico Department of Health (NM DOH), to support the prevention, mitigation, and response of COVID-19 through screening and testing of students and staff.

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.

**STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
For the Year Ended June 30, 2022**

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.

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.

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
For the Year Ended June 30, 2022

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.

**STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
For the Year Ended June 30, 2022**

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.

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
Combining Balance Sheet
Non-Major Governmental Funds
As of June 30, 2022

| | Special Revenue Funds | Capital Projects Funds | Debt Service | Total |
|--|-----------------------------|------------------------------|------------------|-------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 25,420,992 | - | - | 25,420,992 |
| Restricted cash | - | 26,033,176 | 8,770,777 | 34,803,953 |
| Receivables: | | | | |
| Taxes | - | 110,681 | 472,256 | 582,937 |
| Due from other governments | 10,477,729 | - | - | 10,477,729 |
| Other | 1 | - | - | 1 |
| Inventory | 37,093 | 202,338 | - | 239,431 |
| Due from other funds | - | - | - | - |
| <i>Total assets</i> | <u>35,935,815</u> | <u>26,346,195</u> | <u>9,243,033</u> | <u>71,525,043</u> |
| <i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i> | | | | |
| <i>Liabilities</i> | | | | |
| Accounts payable | 335,345 | 313,619 | - | 648,964 |
| Accrued payroll liabilities | 1,051,696 | - | - | 1,051,696 |
| Deferred revenue | 100,000 | - | - | 100,000 |
| Due to other funds | 8,020,583 | - | - | 8,020,583 |
| <i>Total liabilities</i> | <u>9,507,624</u> | <u>313,619</u> | <u>-</u> | <u>9,821,243</u> |
| <i>Deferred inflows of resources</i> | | | | |
| Deferred inflows - property taxes | - | 83,113 | 354,226 | 437,339 |
| <i>Total deferred inflows of resources</i> | <u>-</u> | <u>83,113</u> | <u>354,226</u> | <u>437,339</u> |
| <i>Fund balances</i> | | | | |
| Nonspendable | 37,093 | 202,338 | - | 239,431 |
| Restricted | 26,391,098 | 25,747,125 | 8,888,807 | 61,027,030 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| <i>Total fund balances</i> | <u>26,428,191</u> | <u>25,949,463</u> | <u>8,888,807</u> | <u>61,266,461</u> |
| <i>Total liabilities, deferred inflows of resources, and fund balances</i> | <u>\$ 35,935,815</u> | <u>26,346,195</u> | <u>9,243,033</u> | <u>71,525,043</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
For the Year Ended June 30, 2022

| | Special Revenue Funds | Capital Projects Funds | Debt Service | Total |
|--|-----------------------------|------------------------------|--------------------|--------------------|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | 1,474,493 | 6,287,807 | 7,762,300 |
| State grants | 2,443,212 | 7,842,019 | - | 10,285,231 |
| Federal grants | 56,974,329 | 47,475 | - | 57,021,804 |
| Charges for services | 1,541,991 | - | - | 1,541,991 |
| Investment income | 5,965 | 41,496 | - | 47,461 |
| <i>Total revenues</i> | <u>60,965,497</u> | <u>9,405,483</u> | <u>6,287,807</u> | <u>76,658,787</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 36,634,809 | - | - | 36,634,809 |
| Support services: | | | - | |
| Students | 8,491,508 | - | - | 8,491,508 |
| Instruction | 2,243,727 | - | - | 2,243,727 |
| General administration | 1,070,767 | 14,801 | 63,108 | 1,148,676 |
| School administration | 694,880 | - | - | 694,880 |
| Central services | 1,342,471 | - | - | 1,342,471 |
| Operation & maintenance of plant | 536,187 | - | - | 536,187 |
| Student transportation | 249,261 | - | - | 249,261 |
| Food services operations | 8,295,965 | - | - | 8,295,965 |
| Capital outlay | 41,251 | 10,898,529 | - | 10,939,780 |
| Debt service: | | | | |
| Principal | - | - | 9,643,408 | 9,643,408 |
| Interest | - | - | 879,267 | 879,267 |
| <i>Total expenditures</i> | <u>59,600,826</u> | <u>10,913,330</u> | <u>10,585,783</u> | <u>81,099,939</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>1,364,671</u> | <u>(1,507,847)</u> | <u>(4,297,976)</u> | <u>(4,441,152)</u> |
| <i>Other financing sources (uses)</i> | | | | |
| Proceeds from issuance of debt | - | - | 4,390,000 | 4,390,000 |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>4,390,000</u> | <u>4,390,000</u> |
| <i>Net change in fund balances</i> | 1,364,671 | (1,507,847) | 92,024 | (51,152) |
| <i>Fund balance - beginning of year</i> | <u>25,063,520</u> | <u>27,457,310</u> | <u>8,796,783</u> | <u>61,317,613</u> |
| <i>Fund balances - end of year</i> | <u>\$ 26,428,191</u> | <u>25,949,463</u> | <u>8,888,807</u> | <u>61,266,461</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, 2022

| | Food Services 21000 | Athletics 22000 | Non-Instructional Materials 23000 | Title I 24101 |
|--|---------------------------|--------------------|---|------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 4,335,010 | 202,263 | 634,168 | - |
| Restricted cash | - | - | - | - |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Due from other governments | 1,534,410 | - | - | 1,515,247 |
| Other | 1 | - | - | - |
| Inventory | 37,093 | - | - | - |
| Due from other funds | - | - | - | - |
| Total assets | \$ 5,906,514 | 202,263 | 634,168 | 1,515,247 |
| <i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i> | | | | |
| <i>Liabilities</i> | | | | |
| Accounts payable | \$ 256,619 | - | - | - |
| Accrued payroll liabilities | 30,934 | - | 15,218 | 296,801 |
| Deferred revenue | - | - | - | - |
| Due to other funds | - | - | - | 1,218,446 |
| Total liabilities | 287,553 | - | 15,218 | 1,515,247 |
| <i>Deferred inflows of resources</i> | | | | |
| Deferred inflows - property taxes | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| <i>Fund balances</i> | | | | |
| Nonspendable | 37,093 | - | - | - |
| Restricted | 5,581,868 | 202,263 | 618,950 | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | 5,618,961 | 202,263 | 618,950 | - |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 5,906,514 | 202,263 | 634,168 | 1,515,247 |

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, 2022

| | Entitlement IDEA-B 24106 | Preschool IDEA-B 24109 | Education of Homeless 24113 | Private Schools Share IDEA-B 24115 |
|--|--------------------------------|------------------------------|-----------------------------------|--|
| Assets | | | | |
| Cash and cash equivalents | \$ - | - | - | - |
| Restricted cash | - | - | - | - |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Due from other governments | 650,076 | 31,867 | 366 | 35,747 |
| Other | - | - | - | - |
| Inventory | - | - | - | - |
| Due from other funds | - | - | - | - |
| Total assets | \$ 650,076 | 31,867 | 366 | 35,747 |
| <i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i> | | | | |
| <i>Liabilities</i> | | | | |
| Accounts payable | \$ - | 7,677 | - | - |
| Accrued payroll liabilities | 79,155 | 3,686 | - | 4,804 |
| Deferred revenue | - | - | - | - |
| Due to other funds | 570,921 | 20,504 | 366 | 30,943 |
| Total liabilities | 650,076 | 31,867 | 366 | 35,747 |
| <i>Deferred inflows of resources</i> | | | | |
| Deferred inflows - property taxes | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| <i>Fund balances</i> | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | - | - | - | - |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 650,076 | 31,867 | 366 | 35,747 |

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, 2022

| | Fresh Fruits & Vegetables 24118 | English Language Acquisition 24153 | Teacher/Principal Training/Recruiting 24154 | Carl D Perkins Secondary 24174 |
|--|---------------------------------------|---|---|---|
| Assets | | | | |
| Cash and cash equivalents | \$ - | - | - | - |
| Restricted cash | - | - | - | - |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Due from other governments | 150,018 | 237,273 | 350,781 | 57,411 |
| Other | - | - | - | - |
| Inventory | - | - | - | - |
| Due from other funds | - | - | - | - |
| Total assets | \$ 150,018 | 237,273 | 350,781 | 57,411 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | - | - | - |
| Accrued payroll liabilities | - | - | 7,093 | - |
| Deferred revenue | - | - | - | - |
| Due to other funds | 150,018 | 237,273 | 343,688 | 57,411 |
| Total liabilities | 150,018 | 237,273 | 350,781 | 57,411 |
| Deferred inflows of resources | | | | |
| Deferred inflows - property taxes | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| Fund balances | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | - | - | - | - |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 150,018 | 237,273 | 350,781 | 57,411 |

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, 2022

| | Student Support & Enrichment Program 24189 | CARES Act 24301 | ESSER II 24308 | ESSER II Air Quality 24316 |
|--|---|-----------------------|-------------------|----------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ - | - | - | - |
| Restricted cash | - | - | - | - |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Due from other governments | 213,804 | 1,345 | 1,007,823 | - |
| Other | - | - | - | - |
| Inventory | - | - | - | - |
| Due from other funds | - | - | - | - |
| Total assets | \$ 213,804 | 1,345 | 1,007,823 | - |
| <i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i> | | | | |
| <i>Liabilities</i> | | | | |
| Accounts payable | \$ 2,500 | - | 3,988 | - |
| Accrued payroll liabilities | - | - | - | - |
| Deferred revenue | - | - | - | - |
| Due to other funds | 211,304 | 1,345 | 1,003,835 | - |
| Total liabilities | 213,804 | 1,345 | 1,007,823 | - |
| <i>Deferred inflows of resources</i> | | | | |
| Deferred inflows - property taxes | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| <i>Fund balances</i> | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | - | - | - | - |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 213,804 | 1,345 | 1,007,823 | - |

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, 2022

| | ARPA ESSER III 24330 | ARPA ESSER HCY 24350 | ARPA ESSER HCY II 24355 | Impact Aid Special Education 25145 |
|--|----------------------------|----------------------------|-------------------------------|---|
| <i>Assets</i> | | | | |
| Cash and cash equivalents | \$ - | - | - | 1,932,868 |
| Restricted cash | - | - | - | - |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Due from other governments | 3,444,123 | 22,368 | 41,251 | - |
| Other | - | - | - | - |
| Inventory | - | - | - | - |
| Due from other funds | - | - | - | - |
| <i>Total assets</i> | <u>\$ 3,444,123</u> | <u>22,368</u> | <u>41,251</u> | <u>1,932,868</u> |
| <i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i> | | | | |
| <i>Liabilities</i> | | | | |
| Accounts payable | \$ 55,031 | - | - | 95 |
| Accrued payroll liabilities | 49,083 | - | - | 10,033 |
| Deferred revenue | - | - | - | - |
| Due to other funds | 3,340,009 | 22,368 | 41,251 | - |
| <i>Total liabilities</i> | <u>3,444,123</u> | <u>22,368</u> | <u>41,251</u> | <u>10,128</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 | - | - | - | 1,922,740 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| <i>Total fund balances</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,922,740</u> |
| <i>Total liabilities, deferred inflows of resources, and fund balances</i> | <u>\$ 3,444,123</u> | <u>22,368</u> | <u>41,251</u> | <u>1,932,868</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, 2022

| | Impact Aid Indian Special Education 25147 | Title XIX Medicaid 3/21 Years 25153 | Child Care Block Grant CYFD 25157 | Child and Adult Food Program 25171 |
|--|--|--|--|---|
| Assets | | | | |
| Cash and cash equivalents | \$ 14,535,557 | 3,612,944 | 57,361 | 10,821 |
| Restricted cash | - | - | - | - |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Due from other governments | - | 203,828 | - | - |
| Other | - | - | - | - |
| Inventory | - | - | - | - |
| Due from other funds | - | - | - | - |
| Total assets | \$ 14,535,557 | 3,816,772 | 57,361 | 10,821 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 7,000 | 2,435 | - | - |
| Accrued payroll liabilities | 341,901 | 3,898 | - | - |
| Deferred revenue | - | - | - | - |
| Due to other funds | - | - | - | - |
| Total liabilities | 348,901 | 6,333 | - | - |
| Deferred inflows of resources | | | | |
| Deferred inflows - property taxes | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| Fund balances | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 14,186,656 | 3,810,439 | 57,361 | 10,821 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | 14,186,656 | 3,810,439 | 57,361 | 10,821 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 14,535,557 | 3,816,772 | 57,361 | 10,821 |

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, 2022

| | Indian Education Formula Grant 25184 | Navajo Nation 25201 | 2012 GO Bond Student Library SB-66 27107 | Instructional Material Spec. Approp. 27109 |
|--|---|---------------------------|---|---|
| Assets | | | | |
| Cash and cash equivalents | \$ - | - | - | - |
| Restricted cash | - | - | - | - |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Due from other governments | 92,999 | 60,996 | 9,056 | - |
| Other | - | - | - | - |
| Inventory | - | - | - | - |
| Due from other funds | - | - | - | - |
| Total assets | \$ 92,999 | 60,996 | 9,056 | - |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | - | - | - |
| Accrued payroll liabilities | 90,321 | 4,004 | - | - |
| Deferred revenue | - | - | - | - |
| Due to other funds | 2,678 | 56,992 | 9,056 | - |
| Total liabilities | 92,999 | 60,996 | 9,056 | - |
| Deferred inflows of resources | | | | |
| Deferred inflows - property taxes | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| Fund balances | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | - | - | - | - |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 92,999 | 60,996 | 9,056 | - |

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, 2022

| | Pre-K Initiative 27149 | Indian Education Act 27150 | School Bus Appropriation 27178 | NM Grown Hunger Initiative 27183 |
|--|------------------------------|-------------------------------------|---|---|
| Assets | | | | |
| Cash and cash equivalents | \$ - | - | - | - |
| Restricted cash | - | - | - | - |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Due from other governments | 498,099 | 27,840 | 100,410 | - |
| Other | - | - | - | - |
| Inventory | - | - | - | - |
| Due from other funds | - | - | - | - |
| Total assets | \$ 498,099 | 27,840 | 100,410 | - |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | - | - | - |
| Accrued payroll liabilities | 93,369 | - | - | - |
| Deferred revenue | - | - | - | - |
| Due to other funds | 404,730 | 27,840 | 100,410 | - |
| Total liabilities | 498,099 | 27,840 | 100,410 | - |
| Deferred inflows of resources | | | | |
| Deferred inflows - property taxes | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| Fund balances | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | - | - | - | - |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 498,099 | 27,840 | 100,410 | - |

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, 2022

| | School Bus Camera Appropriation 27405 | Family Income Index 27407 | Career and Technical Education 27502 | CYFD Parents as Teacher Model 28193 |
|--|--|------------------------------------|---|--|
| Assets | | | | |
| Cash and cash equivalents | \$ - | - | - | - |
| Restricted cash | - | - | - | - |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Due from other governments | 2,468 | 124,083 | - | 64,040 |
| Other | - | - | - | - |
| Inventory | - | - | - | - |
| Due from other funds | - | - | - | - |
| Total assets | \$ 2,468 | 124,083 | - | 64,040 |
| <i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i> | | | | |
| <i>Liabilities</i> | | | | |
| Accounts payable | \$ - | - | - | - |
| Accrued payroll liabilities | - | - | - | 21,396 |
| Deferred revenue | - | - | - | - |
| Due to other funds | 2,468 | 124,083 | - | 42,644 |
| Total liabilities | 2,468 | 124,083 | - | 64,040 |
| <i>Deferred inflows of resources</i> | | | | |
| Deferred inflows - property taxes | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| <i>Fund balances</i> | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | - | - | - | - |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 2,468 | 124,083 | - | 64,040 |

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, 2022

| | GRADS Plus 28203 | NM Schools COVID-19 Testing 28211 | Private Direct Grants 29102 | Total |
|--|------------------------|--|--------------------------------------|-------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ - | 100,000 | - | 25,420,992 |
| Restricted cash | - | - | - | - |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Due from other governments | - | - | - | 10,477,729 |
| Other | - | - | - | 1 |
| Inventory | - | - | - | 37,093 |
| Due from other funds | - | - | - | - |
| Total assets | \$ - | 100,000 | - | 35,935,815 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | - | - | 335,345 |
| Accrued payroll liabilities | - | - | - | 1,051,696 |
| Deferred revenue | - | 100,000 | - | 100,000 |
| Due to other funds | - | - | - | 8,020,583 |
| Total liabilities | - | 100,000 | - | 9,507,624 |
| Deferred inflows of resources | | | | |
| Deferred inflows - property taxes | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| Fund balances | | | | |
| Nonspendable | - | - | - | 37,093 |
| Restricted | - | - | - | 26,391,098 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | - | - | - | 26,428,191 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ - | 100,000 | - | 35,935,815 |

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, 2022

| | Food Service 21000 | Athletics 22000 | Non-Instructional Materials 23000 | Title I 24101 |
|--|----------------------------|-----------------------|---|------------------|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | - | - | - |
| State grants | - | - | - | - |
| Federal grants | 8,128,390 | - | - | 7,878,681 |
| Charges for services | 683,088 | 68,096 | 790,807 | - |
| Investment income | 5,933 | 32 | - | - |
| <i>Total revenues</i> | <u>8,817,411</u> | <u>68,128</u> | <u>790,807</u> | <u>7,878,681</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | 283,582 | 492,913 | 6,652,690 |
| <i>Support services:</i> | | | | |
| Students | - | - | - | 657 |
| Instruction | - | - | - | 1,034,302 |
| General administration | - | - | - | 191,032 |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Food services operations | 8,016,630 | - | - | - |
| Capital outlay | - | - | - | - |
| <i>Debt service:</i> | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>8,016,630</u> | <u>283,582</u> | <u>492,913</u> | <u>7,878,681</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>800,781</u> | <u>(215,454)</u> | <u>297,894</u> | <u>-</u> |
| <i>Other financing sources (uses)</i> | | | | |
| Proceeds from issuance of debt | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net change in fund balances</i> | 800,781 | (215,454) | 297,894 | - |
| <i>Fund balance - beginning of year</i> | <u>4,818,180</u> | <u>417,717</u> | <u>321,056</u> | <u>-</u> |
| <i>Fund balance - end of year</i> | <u>\$ <u>5,618,961</u></u> | <u><u>202,263</u></u> | <u><u>618,950</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, 2022

| | 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 | 2,705,775 | 115,530 | 21,882 | 101,190 |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>2,705,775</u> | <u>115,530</u> | <u>21,882</u> | <u>101,190</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 1,887,490 | 109,010 | - | 87,000 |
| <i>Support services:</i> | | | | |
| Students | 748,277 | 3,729 | 21,307 | 11,530 |
| Instruction | - | - | - | - |
| General administration | 70,008 | 2,791 | 575 | 2,660 |
| 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>2,705,775</u> | <u>115,530</u> | <u>21,882</u> | <u>101,190</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Other financing sources (uses)</i> | | | | |
| Proceeds from issuance of debt | - | - | - | - |
| <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, 2022

| | Fresh Fruits & Vegetables 24118 | English Language Acquisition 24153 | Teacher/Principal Training/Recruiting 24154 | Carl D Perkins Secondary 24174 |
|--|---------------------------------------|---|---|---|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | - | - | - |
| State grants | - | - | - | - |
| Federal grants | 238,374 | 237,273 | 1,393,887 | 227,905 |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>238,374</u> | <u>237,273</u> | <u>1,393,887</u> | <u>227,905</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | 231,035 | 920,430 | 227,596 |
| <i>Support services:</i> | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General administration | - | 6,238 | 36,646 | 309 |
| School administration | - | - | 410,190 | - |
| Central services | - | - | 26,621 | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Food services operations | 238,374 | - | - | - |
| Capital outlay | - | - | - | - |
| <i>Debt service:</i> | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>238,374</u> | <u>237,273</u> | <u>1,393,887</u> | <u>227,905</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Other financing sources (uses)</i> | | | | |
| Proceeds from issuance of debt | - | - | - | - |
| <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, 2022

| | Student Support & Enrichment Program 24189 | CARES Act 24301 | ESSER II 24308 | ESSER II Air Quality 24316 |
|--|---|-----------------------|-------------------|----------------------------------|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | - | - | - |
| State grants | - | - | - | - |
| Federal grants | 582,341 | 608,402 | 7,524,624 | 263,081 |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>582,341</u> | <u>608,402</u> | <u>7,524,624</u> | <u>263,081</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 567,097 | 608,402 | 5,838,004 | 263,081 |
| <i>Support services:</i> | | | | |
| Students | - | - | 495,253 | - |
| Instruction | - | - | 101,975 | - |
| General administration | 15,244 | - | 132,976 | - |
| School administration | - | - | 210,528 | - |
| Central services | - | - | 85,527 | - |
| Operation & maintenance of plant | - | - | 486,017 | - |
| Student transportation | - | - | 146,383 | - |
| Food services operations | - | - | 27,961 | - |
| Capital outlay | - | - | - | - |
| <i>Debt service:</i> | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>582,341</u> | <u>608,402</u> | <u>7,524,624</u> | <u>263,081</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Other financing sources (uses)</i> | | | | |
| Proceeds from issuance of debt | - | - | - | - |
| <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, 2022

| | ARPA ESSER III 24330 | ARPA ESSER HCY 24350 | ARPA ESSER HCY II 24355 | Impact Aid Special Education 25145 |
|--|----------------------------|----------------------------|-------------------------------|---|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | - | - | - |
| State grants | - | - | - | - |
| Federal grants | 14,056,117 | 28,418 | 41,251 | 975,240 |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>14,056,117</u> | <u>28,418</u> | <u>41,251</u> | <u>975,240</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 13,668,917 | 2,258 | - | 89,348 |
| <i>Support services:</i> | | | | |
| Students | 97,978 | 26,160 | - | 46,198 |
| Instruction | 32,381 | - | - | 543,797 |
| General administration | 208,272 | - | - | 18,285 |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | 48,569 | - | - | - |
| Student transportation | - | - | - | - |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | 41,251 | - |
| <i>Debt service:</i> | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>14,056,117</u> | <u>28,418</u> | <u>41,251</u> | <u>697,628</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>277,612</u> |
| <i>Other financing sources (uses)</i> | | | | |
| Proceeds from issuance of debt | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net change in fund balances</i> | - | - | - | 277,612 |
| <i>Fund balance - beginning of year</i> | - | - | - | 1,645,128 |
| <i>Fund balance - end of year</i> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>1,922,740</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, 2022

| | Impact Aid Indian Special Education 25147 | Title XIX Medicaid 3/21 Years 25153 | Child Care Block Grant CYFD 25157 | Child and Adult Food Program 25171 |
|--|--|--|--|---|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | - | - | - |
| State grants | - | - | - | - |
| Federal grants | 7,510,737 | 1,961,379 | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>7,510,737</u> | <u>1,961,379</u> | <u>-</u> | <u>-</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 720,196 | 31,148 | - | - |
| <i>Support services:</i> | | | | |
| Students | 5,305,363 | 1,174,001 | - | - |
| Instruction | 419,178 | - | - | - |
| General administration | 279,374 | 25,145 | - | - |
| School administration | 74,162 | - | - | - |
| Central services | 1,230,323 | - | - | - |
| Operation & maintenance of plant | 1,601 | - | - | - |
| Student transportation | - | - | - | - |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| <i>Debt service:</i> | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>8,030,197</u> | <u>1,230,294</u> | <u>-</u> | <u>-</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(519,460)</u> | <u>731,085</u> | <u>-</u> | <u>-</u> |
| <i>Other financing sources (uses)</i> | | | | |
| Proceeds from issuance of debt | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net change in fund balances</i> | (519,460) | 731,085 | - | - |
| <i>Fund balance - beginning of year</i> | <u>14,706,116</u> | <u>3,079,354</u> | <u>57,361</u> | <u>10,821</u> |
| <i>Fund balance - end of year</i> | <u>\$ <u>14,186,656</u></u> | <u><u>3,810,439</u></u> | <u><u>57,361</u></u> | <u><u>10,821</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, 2022

| | Indian Education Formula Grant 25184 | Navajo Nation 25201 | 2012 GO Bond Student Library SB-66 27107 | Instructional Material Spec. Approp. 27109 |
|--|---|---------------------------|---|---|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | - | - | - |
| State grants | - | - | 112,094 | - |
| Federal grants | 1,797,676 | 132,883 | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>1,797,676</u> | <u>132,883</u> | <u>112,094</u> | <u>-</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 1,750,415 | - | - | 7,787 |
| <i>Support services:</i> | | | | |
| Students | - | 129,389 | - | - |
| Instruction | - | - | 112,094 | - |
| General administration | 47,261 | 3,494 | - | - |
| 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>1,797,676</u> | <u>132,883</u> | <u>112,094</u> | <u>7,787</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(7,787)</u> |
| <i>Other financing sources (uses)</i> | | | | |
| Proceeds from issuance of debt | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net change in fund balances</i> | - | - | - | (7,787) |
| <i>Fund balance - beginning of year</i> | - | - | - | 7,787 |
| <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, 2022

| | Pre-K Initiative 27149 | Indian Education Act 27150 | School Bus Appropriation 27178 | NM Grown Hunger Initiative 27183 |
|--|------------------------------|-------------------------------------|---|---|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | - | - | - |
| State grants | 1,711,959 | 74,906 | 100,410 | 13,000 |
| Federal grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>1,711,959</u> | <u>74,906</u> | <u>100,410</u> | <u>13,000</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 1,693,129 | 74,906 | - | - |
| <i>Support services:</i> | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General administration | 18,830 | - | - | - |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | 100,410 | - |
| Food services operations | - | - | - | 13,000 |
| Capital outlay | - | - | - | - |
| <i>Debt service:</i> | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>1,711,959</u> | <u>74,906</u> | <u>100,410</u> | <u>13,000</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Other financing sources (uses)</i> | | | | |
| Proceeds from issuance of debt | - | - | - | - |
| <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, 2022

| | School Bus Camera Appropriation 27405 | Family Income Index 27407 | Career and Technical Education 27502 | CYFD Parents as Teacher Model 28193 |
|--|--|------------------------------------|---|--|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | - | - | - |
| State grants | 2,468 | 373,127 | 55,248 | - |
| Federal grants | - | - | - | 443,293 |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>2,468</u> | <u>373,127</u> | <u>55,248</u> | <u>443,293</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | 373,127 | 55,248 | - |
| <i>Support services:</i> | | | | |
| Students | - | - | - | 431,666 |
| Instruction | - | - | - | - |
| General administration | - | - | - | 11,627 |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | 2,468 | - | - | - |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| <i>Debt service:</i> | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>2,468</u> | <u>373,127</u> | <u>55,248</u> | <u>443,293</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Other financing sources (uses)</i> | | | | |
| Proceeds from issuance of debt | - | - | - | - |
| <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, 2022

| | GRADS Plus 28203 | NM Schools COVID-19 Testing 28211 | Private Direct Grants 29102 | Total |
|--|------------------------|--|--------------------------------------|-------------------|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | - | - | - |
| State grants | - | - | - | 2,443,212 |
| Federal grants | - | - | - | 56,974,329 |
| Charges for services | - | - | - | 1,541,991 |
| Investment income | - | - | - | 5,965 |
| <i>Total revenues</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>60,965,497</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | - | - | 36,634,809 |
| <i>Support services:</i> | | | | |
| Students | - | - | - | 8,491,508 |
| Instruction | - | - | - | 2,243,727 |
| General administration | - | - | - | 1,070,767 |
| School administration | - | - | - | 694,880 |
| Central services | - | - | - | 1,342,471 |
| Operation & maintenance of plant | - | - | - | 536,187 |
| Student transportation | - | - | - | 249,261 |
| Food services operations | - | - | - | 8,295,965 |
| Capital outlay | - | - | - | 41,251 |
| <i>Debt service:</i> | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>59,600,826</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,364,671</u> |
| <i>Other financing sources (uses)</i> | | | | |
| Proceeds from issuance of debt | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net change in fund balances</i> | - | - | - | 1,364,671 |
| <i>Fund balance - beginning of year</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>25,063,520</u> |
| <i>Fund balance - end of year</i> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>26,428,191</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, 2022

| | Bond Building 31100 | Public School Capital Outlay 31200 | Special Cap. Outlay State 31400 | Special Cap. Outlay Federal 31500 |
|--|---------------------------|---|--|--|
| <i>Assets</i> | | | | |
| Cash and cash equivalents | \$ - | - | - | - |
| Restricted cash | 11,547,739 | 4,364,591 | - | 1,867,700 |
| <i>Receivables:</i> | | | | |
| Taxes | - | - | - | - |
| Due from other governments | - | - | - | - |
| Other | - | - | - | - |
| Inventory | - | - | - | - |
| Due from other funds | - | - | - | - |
| <i>Total assets</i> | <u>\$ 11,547,739</u> | <u>4,364,591</u> | <u>-</u> | <u>1,867,700</u> |
| <i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i> | | | | |
| <i>Liabilities</i> | | | | |
| Accounts payable | \$ 103,156 | - | - | 6,473 |
| Due to other funds | - | - | - | - |
| <i>Total liabilities</i> | <u>103,156</u> | <u>-</u> | <u>-</u> | <u>6,473</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 | 11,444,583 | 4,364,591 | - | 1,861,227 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| <i>Total fund balances</i> | <u>11,444,583</u> | <u>4,364,591</u> | <u>-</u> | <u>1,861,227</u> |
| <i>Total liabilities, deferred inflows of resources, and fund balances</i> | <u>\$ 11,547,739</u> | <u>4,364,591</u> | <u>-</u> | <u>1,867,700</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, 2022

| | Capital Improvement SB-9 31700 | Capital Improvement SB9- Local 31701 | Capital Improvement SB9- State 31703 | Total |
|--|---|---|---|-------------------|
| <i>Assets</i> | | | | |
| Cash and cash equivalents | \$ - | - | - | - |
| Restricted cash | 1 | 870,406 | 7,382,739 | 26,033,176 |
| <i>Receivables:</i> | | | | |
| Taxes | - | 110,681 | - | 110,681 |
| Due from other governments | - | - | - | - |
| Other | - | - | - | - |
| Inventory | - | 202,338 | - | 202,338 |
| Due from other funds | - | - | - | - |
| <i>Total assets</i> | <u>\$ 1</u> | <u>1,183,425</u> | <u>7,382,739</u> | <u>26,346,195</u> |
| <i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i> | | | | |
| <i>Liabilities</i> | | | | |
| Accounts payable | \$ - | 203,990 | - | 313,619 |
| Due to other funds | - | - | - | - |
| <i>Total liabilities</i> | <u>-</u> | <u>203,990</u> | <u>-</u> | <u>313,619</u> |
| <i>Deferred inflows of resources</i> | | | | |
| Deferred inflows - property taxes | - | 83,113 | - | 83,113 |
| <i>Total deferred inflows of resources</i> | <u>-</u> | <u>83,113</u> | <u>-</u> | <u>83,113</u> |
| <i>Fund balances</i> | | | | |
| Nonspendable | - | 202,338 | - | 202,338 |
| Restricted | 1 | 693,984 | 7,382,739 | 25,747,125 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| <i>Total fund balances</i> | <u>1</u> | <u>896,322</u> | <u>7,382,739</u> | <u>25,949,463</u> |
| <i>Total liabilities, deferred inflows of resources, and fund balances</i> | <u>\$ 1</u> | <u>1,183,425</u> | <u>7,382,739</u> | <u>26,346,195</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, 2022

| | Bond Building 31100 | Public School Capital Outlay 31200 | Special Cap. Outlay State 31400 | Special Cap. Outlay Federal 31500 |
|--|---------------------------|---|--|--|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | - | - | - |
| State grants | 626,667 | - | - | - |
| Federal grants | - | - | - | 47,475 |
| Charges for services | - | - | - | - |
| Investment income | 41,496 | - | - | - |
| <i>Total revenues</i> | <u>668,163</u> | <u>-</u> | <u>-</u> | <u>47,475</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | - | - | - |
| <i>Support services:</i> | | | | |
| General administration | - | - | - | - |
| Capital outlay | 734,091 | 5,374,481 | - | 344,495 |
| <i>Debt service:</i> | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>734,091</u> | <u>5,374,481</u> | <u>-</u> | <u>344,495</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(65,928)</u> | <u>(5,374,481)</u> | <u>-</u> | <u>(297,020)</u> |
| <i>Other financing sources (uses)</i> | | | | |
| Proceeds from issuance of debt | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net change in fund balances</i> | (65,928) | (5,374,481) | - | (297,020) |
| <i>Fund balance - beginning of year</i> | <u>11,510,511</u> | <u>9,739,072</u> | <u>-</u> | <u>2,158,247</u> |
| <i>Fund balance - end of year</i> | <u>\$ 11,444,583</u> | <u>4,364,591</u> | <u>-</u> | <u>1,861,227</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, 2022

| | Capital Improvement SB-9 31700 | Capital Improvement SB9- Local 31701 | Capital Improvement SB9- State 31703 | Total |
|--|---|---|---|--------------------|
| <i>Revenues:</i> | | | | |
| Property and other taxes | \$ - | 1,474,493 | - | 1,474,493 |
| State grants | 1,764,701 | - | 5,450,651 | 7,842,019 |
| Federal grants | - | - | - | 47,475 |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | 41,496 |
| <i>Total revenues</i> | <u>1,764,701</u> | <u>1,474,493</u> | <u>5,450,651</u> | <u>9,405,483</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | - | - | - |
| <i>Support services:</i> | | | | |
| General administration | - | 14,801 | - | 14,801 |
| Capital outlay | 1,764,700 | 2,680,762 | - | 10,898,529 |
| <i>Debt service:</i> | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>1,764,700</u> | <u>2,695,563</u> | <u>-</u> | <u>10,913,330</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>1</u> | <u>(1,221,070)</u> | <u>5,450,651</u> | <u>(1,507,847)</u> |
| <i>Other financing sources (uses)</i> | | | | |
| Proceeds from issuance of debt | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net change in fund balances</i> | 1 | (1,221,070) | 5,450,651 | (1,507,847) |
| <i>Fund balance - beginning of year</i> | <u>-</u> | <u>2,117,392</u> | <u>1,932,088</u> | <u>27,457,310</u> |
| <i>Fund balance - end of year</i> | <u>\$ 1</u> | <u>896,322</u> | <u>7,382,739</u> | <u>25,949,463</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, 2022

| | | Debt Service <u>41000</u> |
|--|----|---------------------------------|
| <i>Assets</i> | | |
| Cash and cash equivalents | \$ | - |
| Restricted cash | | 8,770,777 |
| <i>Receivables:</i> | | |
| Taxes | | 472,256 |
| Due from other governments | | - |
| Other | | - |
| Inventory | | - |
| Due from other funds | | - |
| <i>Total assets</i> | \$ | <u>9,243,033</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>354,226</u> |
| <i>Total deferred inflows of resources</i> | | <u>354,226</u> |
| <i>Fund balances</i> | | |
| Nonspendable | | - |
| Restricted | | 8,888,807 |
| Committed | | - |
| Assigned | | - |
| Unassigned | | - |
| <i>Total fund balances</i> | | <u>8,888,807</u> |
| <i>Total liabilities, deferred inflows of resources, and fund balances</i> | \$ | <u><u>9,243,033</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 - Debt Service Funds
For the Year Ended June 30, 2022

| | | Debt Service <u>41000</u> |
|--|----|---------------------------------|
| <i>Revenues:</i> | | |
| Property and other taxes | \$ | 6,287,807 |
| State grants | | - |
| Federal grants | | - |
| Charges for services | | - |
| Investment income | | - |
| Miscellaneous | | - |
| <i>Total revenues</i> | | <u>6,287,807</u> |
| <i>Expenditures:</i> | | |
| <i>Current:</i> | | |
| Instruction | | - |
| Support services: | | |
| General administration | | 63,108 |
| Capital outlay | | - |
| Debt service: | | |
| Principal | | 9,643,408 |
| Interest | | <u>879,267</u> |
| <i>Total expenditures</i> | | <u>10,585,783</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | | <u>(4,297,976)</u> |
| <i>Other financing sources (uses)</i> | | |
| Proceeds from issuance of debt | | 4,390,000 |
| Transfers in | | - |
| Transfers out | | <u>-</u> |
| <i>Total other financing sources (uses)</i> | | <u>4,390,000</u> |
| <i>Net change in fund balances</i> | | 92,024 |
| <i>Fund balance - beginning of year</i> | | <u>8,796,783</u> |
| <i>Fund balance - end of year</i> | \$ | <u><u>8,888,807</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
Custodial Funds
As of June 30, 2022

| | <u>Chee Dodge</u> | <u>Catherine A. Miller</u> | <u>Chief Manuelito</u> | <u>Crownpoint Elem.</u> | <u>Crownpoint Mid.</u> |
|---|-----------------------|--------------------------------|----------------------------|-----------------------------|----------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,756 | 2,329 | 11,383 | 4,941 | 7,030 |
| Other receivables | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 1,756</u> | <u>2,329</u> | <u>11,383</u> | <u>4,941</u> | <u>7,030</u> |
| LIABILITIES | | | | | |
| Accounts payable | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | | |
| Restricted for: | | | | | |
| Individuals, organizations, and other governments | <u>1,756</u> | <u>2,329</u> | <u>11,383</u> | <u>4,941</u> | <u>7,030</u> |
| Total net position | <u>\$ 1,756</u> | <u>2,329</u> | <u>11,383</u> | <u>4,941</u> | <u>7,030</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
Custodial Funds
As of June 30, 2022

| | <u>Crownpoint High</u> | <u>David Skeet</u> | <u>Del Norte</u> | <u>Gallup Central</u> | <u>Gallup High</u> |
|---|----------------------------|------------------------|----------------------|---------------------------|------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 53,846 | 5,109 | 10,741 | 7,339 | 202,718 |
| Other receivables | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 53,846</u> | <u>5,109</u> | <u>10,741</u> | <u>7,339</u> | <u>202,718</u> |
| LIABILITIES | | | | | |
| Accounts payable | <u>\$ 225</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>16</u> |
| Total liabilities | <u>225</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>16</u> |
| NET POSITION | | | | | |
| Restricted for: | | | | | |
| Individuals, organizations, and other governments | <u>53,621</u> | <u>5,109</u> | <u>10,741</u> | <u>7,339</u> | <u>202,702</u> |
| Total net position | <u>\$ 53,621</u> | <u>5,109</u> | <u>10,741</u> | <u>7,339</u> | <u>202,702</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
Custodial Funds
As of June 30, 2022

| | <u>Gallup</u> <u>Mid.</u> | <u>Indian</u> <u>Hills</u> | <u>Jefferson</u> | <u>J.F.K.</u> <u>Mid.</u> | <u>Lincoln</u> |
|---|------------------------------|-------------------------------|------------------|------------------------------|----------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 17,915 | 11,758 | 12,369 | 16,390 | 14,646 |
| Other receivables | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 17,915</u> | <u>11,758</u> | <u>12,369</u> | <u>16,390</u> | <u>14,646</u> |
| LIABILITIES | | | | | |
| Accounts payable | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | | |
| Restricted for: | | | | | |
| Individuals, organizations, and other governments | <u>17,915</u> | <u>11,758</u> | <u>12,369</u> | <u>16,390</u> | <u>14,646</u> |
| Total net position | <u>\$ 17,915</u> | <u>11,758</u> | <u>12,369</u> | <u>16,390</u> | <u>14,646</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
Custodial Funds
As of June 30, 2022

| | Academy - UNM G | Miyamura High | Navajo Elem. | Navajo Mid. | Pine High |
|---|--------------------|------------------|-----------------|----------------|---------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 568 | 133,206 | 5,767 | 2,614 | 18,345 |
| Other receivables | - | - | - | - | - |
| Total assets | <u>\$ 568</u> | <u>133,206</u> | <u>5,767</u> | <u>2,614</u> | <u>18,345</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | 283 | - | - | - |
| Total liabilities | <u>-</u> | <u>283</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | | |
| Restricted for: | | | | | |
| Individuals, organizations, and other governments | <u>568</u> | <u>132,923</u> | <u>5,767</u> | <u>2,614</u> | <u>18,345</u> |
| Total net position | <u>\$ 568</u> | <u>132,923</u> | <u>5,767</u> | <u>2,614</u> | <u>18,345</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
Custodial Funds
As of June 30, 2022

| | <u>Ramah Elem.</u> | <u>Ramah High</u> | <u>Red Rock</u> | <u>Stagecoach</u> | <u>Thoreau Elem.</u> |
|---|------------------------|-----------------------|---------------------|-------------------|--------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 6,841 | 35,862 | 4,739 | 13,543 | 2,168 |
| Other receivables | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 6,841</u> | <u>35,862</u> | <u>4,739</u> | <u>13,543</u> | <u>2,168</u> |
| LIABILITIES | | | | | |
| Accounts payable | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | | |
| Restricted for: | | | | | |
| Individuals, organizations, and other governments | <u>6,841</u> | <u>35,862</u> | <u>4,739</u> | <u>13,543</u> | <u>2,168</u> |
| Total net position | <u>\$ 6,841</u> | <u>35,862</u> | <u>4,739</u> | <u>13,543</u> | <u>2,168</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
Custodial Funds
As of June 30, 2022

| | <u>Thoreau Mid</u> | <u>Thoreau High</u> | <u>Tohatchi Elem.</u> | <u>Tohatchi Mid</u> | <u>Tohatchi High</u> |
|---|------------------------|-------------------------|---------------------------|-------------------------|--------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 11,499 | 51,329 | 15,157 | 13,633 | 46,743 |
| Other receivables | - | - | - | - | - |
| Total assets | <u>\$ 11,499</u> | <u>51,329</u> | <u>15,157</u> | <u>13,633</u> | <u>46,743</u> |
| LIABILITIES | | | | | |
| Accounts payable | - | 48 | - | - | - |
| Total liabilities | <u>-</u> | <u>48</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | | |
| Restricted for: | | | | | |
| Individuals, organizations, and other governments | <u>11,499</u> | <u>51,281</u> | <u>15,157</u> | <u>13,633</u> | <u>46,743</u> |
| Total net position | <u>\$ 11,499</u> | <u>51,281</u> | <u>15,157</u> | <u>13,633</u> | <u>46,743</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
Custodial Funds
As of June 30, 2022

| | Tse' Yi' Gai <u>High</u> | Turpen <u>Turpen</u> | Twin Lakes <u>Twin Lakes</u> | <u>Total</u> |
|---|-----------------------------|-------------------------|--|----------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 6,360 | 8,208 | 3,661 | 760,513 |
| Other receivables | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 6,360</u> | <u>8,208</u> | <u>3,661</u> | <u>760,513</u> |
| LIABILITIES | | | | |
| Accounts payable | <u>\$ -</u> | <u>1,063</u> | <u>-</u> | <u>1,635</u> |
| Total liabilities | <u>-</u> | <u>1,063</u> | <u>-</u> | <u>1,635</u> |
| NET POSITION | | | | |
| Restricted for: | | | | |
| Individuals, organizations, and other governments | <u>6,360</u> | <u>7,145</u> | <u>3,661</u> | <u>758,878</u> |
| Total net position | <u>\$ 6,360</u> | <u>7,145</u> | <u>3,661</u> | <u>758,878</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
Custodial Funds
For the Year Ended June 30, 2022

| | <u>Chee Dodge</u> | <u>Catherine A. Miller</u> | <u>Chief Manuelito</u> | <u>Crownpoint Elem.</u> | <u>Crownpoint Mid.</u> |
|---|------------------------|--------------------------------|----------------------------|-----------------------------|----------------------------|
| ADDITIONS | | | | | |
| Student fundraisers and activity fees | \$ 809 | 928 | 9,574 | 1,119 | 855 |
| Total additions | <u>809</u> | <u>928</u> | <u>9,574</u> | <u>1,119</u> | <u>855</u> |
| DEDUCTIONS | | | | | |
| Student activity expenditures and supplies | <u>6,178</u> | <u>114</u> | <u>13,809</u> | <u>2,318</u> | <u>2,455</u> |
| Total deductions | <u>6,178</u> | <u>114</u> | <u>13,809</u> | <u>2,318</u> | <u>2,455</u> |
| Net increase (decrease) in fiduciary net position | (5,369) | 814 | (4,235) | (1,199) | (1,600) |
| Net position, beginning | <u>7,125</u> | <u>1,515</u> | <u>15,618</u> | <u>6,140</u> | <u>8,630</u> |
| Net position, ending | <u><u>\$ 1,756</u></u> | <u><u>2,329</u></u> | <u><u>11,383</u></u> | <u><u>4,941</u></u> | <u><u>7,030</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 Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2022

| | <u>Crownpoint High</u> | <u>David Skeet</u> | <u>Del Norte</u> | <u>Gallup Central</u> | <u>Gallup High</u> |
|---|----------------------------|------------------------|----------------------|---------------------------|------------------------|
| ADDITIONS | | | | | |
| Student fundraisers and activity fees | \$ 52,116 | 635 | 12,128 | 493 | 283,395 |
| Total additions | <u>52,116</u> | <u>635</u> | <u>12,128</u> | <u>493</u> | <u>283,395</u> |
| DEDUCTIONS | | | | | |
| Student activity expenditures and supplies | 35,182 | 183 | 13,503 | 1,171 | 225,360 |
| Total deductions | <u>35,182</u> | <u>183</u> | <u>13,503</u> | <u>1,171</u> | <u>225,360</u> |
| Net increase (decrease) in fiduciary net position | 16,934 | 452 | (1,375) | (678) | 58,035 |
| Net position, beginning | <u>36,687</u> | <u>4,657</u> | <u>12,116</u> | <u>8,017</u> | <u>144,667</u> |
| Net position, ending | <u>\$ 53,621</u> | <u>5,109</u> | <u>10,741</u> | <u>7,339</u> | <u>202,702</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
Custodial Funds
For the Year Ended June 30, 2022

| | Gallup Mid. | Indian Hills | Jefferson | J.F.K. Mid. | Lincoln |
|---|-------------------------|----------------------|----------------------|----------------------|----------------------|
| ADDITIONS | | | | | |
| Student fundraisers and activity fees | \$ 5,173 | 925 | 1,221 | 3,348 | 1,550 |
| Total additions | <u>5,173</u> | <u>925</u> | <u>1,221</u> | <u>3,348</u> | <u>1,550</u> |
| DEDUCTIONS | | | | | |
| Student activity expenditures and supplies | 5,832 | 3,321 | 13,429 | 8,108 | 9,742 |
| Total deductions | <u>5,832</u> | <u>3,321</u> | <u>13,429</u> | <u>8,108</u> | <u>9,742</u> |
| Net increase (decrease) in fiduciary net position | (659) | (2,396) | (12,208) | (4,760) | (8,192) |
| Net position, beginning | <u>18,574</u> | <u>14,154</u> | <u>24,577</u> | <u>21,150</u> | <u>22,838</u> |
| Net position, ending | <u><u>\$ 17,915</u></u> | <u><u>11,758</u></u> | <u><u>12,369</u></u> | <u><u>16,390</u></u> | <u><u>14,646</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 Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2022

| | McKinley Academy - UNM G | Miyamura High | Navajo Elem. | Navajo Mid. | Navajo Pine High |
|---|--------------------------------|------------------|-----------------|----------------|------------------------|
| ADDITIONS | | | | | |
| Student fundraisers and activity fees | \$ 315 | 113,896 | 456 | 14 | 15,408 |
| Total additions | <u>315</u> | <u>113,896</u> | <u>456</u> | <u>14</u> | <u>15,408</u> |
| DEDUCTIONS | | | | | |
| Student activity expenditures and supplies | - | 71,088 | 1,155 | - | 7,309 |
| Total deductions | <u>-</u> | <u>71,088</u> | <u>1,155</u> | <u>-</u> | <u>7,309</u> |
| Net increase (decrease) in fiduciary net position | 315 | 42,808 | (699) | 14 | 8,099 |
| Net position, beginning | <u>253</u> | <u>90,115</u> | <u>6,466</u> | <u>2,600</u> | <u>10,246</u> |
| Net position, ending | <u>\$ 568</u> | <u>132,923</u> | <u>5,767</u> | <u>2,614</u> | <u>18,345</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
Custodial Funds
For the Year Ended June 30, 2022

| | <u>Ramah Elem.</u> | <u>Ramah High</u> | <u>Red Rock</u> | <u>Stagecoach</u> | <u>Thoreau Elem.</u> |
|---|------------------------|-----------------------|---------------------|-------------------|--------------------------|
| ADDITIONS | | | | | |
| Student fundraisers and activity fees | \$ 5,210 | 24,807 | 1,473 | 3,726 | 843 |
| Total additions | <u>5,210</u> | <u>24,807</u> | <u>1,473</u> | <u>3,726</u> | <u>843</u> |
| DEDUCTIONS | | | | | |
| Student activity expenditures and supplies | <u>4,361</u> | <u>26,578</u> | <u>1,487</u> | <u>1,582</u> | <u>4,195</u> |
| Total deductions | <u>4,361</u> | <u>26,578</u> | <u>1,487</u> | <u>1,582</u> | <u>4,195</u> |
| Net increase (decrease) in fiduciary net position | 849 | (1,771) | (14) | 2,144 | (3,352) |
| Net position, beginning | <u>5,992</u> | <u>37,633</u> | <u>4,753</u> | <u>11,399</u> | <u>5,520</u> |
| Net position, ending | <u>\$ 6,841</u> | <u>35,862</u> | <u>4,739</u> | <u>13,543</u> | <u>2,168</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
Custodial Funds
For the Year Ended June 30, 2022

| | <u>Thoreau Mid</u> | <u>Thoreau High</u> | <u>Tohatchi Elem.</u> | <u>Tohatchi Mid</u> | <u>Tohatchi High</u> |
|---|------------------------|-------------------------|---------------------------|-------------------------|--------------------------|
| ADDITIONS | | | | | |
| Student fundraisers and activity fees | \$ 1,407 | 61,176 | 9,113 | 14,669 | 51,809 |
| Total additions | <u>1,407</u> | <u>61,176</u> | <u>9,113</u> | <u>14,669</u> | <u>51,809</u> |
| DEDUCTIONS | | | | | |
| Student activity expenditures and supplies | <u>1,498</u> | <u>57,828</u> | <u>6,647</u> | <u>11,763</u> | <u>34,925</u> |
| Total deductions | <u>1,498</u> | <u>57,828</u> | <u>6,647</u> | <u>11,763</u> | <u>34,925</u> |
| Net increase (decrease) in fiduciary net position | (91) | 3,348 | 2,466 | 2,906 | 16,884 |
| Net position, beginning | <u>11,590</u> | <u>47,933</u> | <u>12,691</u> | <u>10,727</u> | <u>29,859</u> |
| Net position, ending | <u>\$ 11,499</u> | <u>51,281</u> | <u>15,157</u> | <u>13,633</u> | <u>46,743</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
Custodial Funds
For the Year Ended June 30, 2022

| | Tse' Yi' Gai | | Twin | |
|---|-----------------|---------------|--------------|----------------|
| | <u>High</u> | <u>Turpen</u> | <u>Lakes</u> | <u>Total</u> |
| ADDITIONS | | | | |
| Student fundraisers and activity fees | \$ 31 | 4,955 | 2,964 | 686,541 |
| Total additions | <u>31</u> | <u>4,955</u> | <u>2,964</u> | <u>686,541</u> |
| DEDUCTIONS | | | | |
| Student activity expenditures and supplies | <u>4,808</u> | <u>7,636</u> | <u>3,814</u> | <u>587,379</u> |
| Total deductions | <u>4,808</u> | <u>7,636</u> | <u>3,814</u> | <u>587,379</u> |
| Net increase (decrease) in fiduciary net position | (4,777) | (2,681) | (850) | 99,162 |
| Net position, beginning | <u>11,137</u> | <u>9,826</u> | <u>4,511</u> | <u>659,716</u> |
| Net position, ending | <u>\$ 6,360</u> | <u>7,145</u> | <u>3,661</u> | <u>758,878</u> |

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

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
Schedule of Cash, Investments, and Pledged Collateral
By Bank and Account
As of June 30, 2022

| Account Name | Account Type | Wells Fargo Bank, NA | Pinnacle Bank | New Mexico Finance Authority | Moreton Capital | Reconciling Items | Book Balance |
|---|-----------------|------------------------|----------------------|------------------------------|------------------|--------------------|--------------------|
| Cash, cash equivalents, and investments | | | | | | | |
| Food Services | Checking* | \$ 4,194,324 | - | - | - | 140,686 | 4,335,010 |
| Non-Budgeted | Checking | 315,103 | - | - | - | 319,065 | 634,168 |
| Payroll Clearing | Checking | 452,437 | - | - | - | (452,437) | - |
| AP Clearing | Checking | 6,740,400 | - | - | - | (6,740,400) | - |
| Athletic | Checking* | - | 202,263 | - | - | - | 202,263 |
| Federal Projects | Checking* | - | 22,474,956 | - | - | (2,325,404) | 20,149,552 |
| Operational | Checking* | - | 87,268,823 | - | - | 2,471,994 | 89,740,817 |
| Bond Building | Reserves | - | 15,512,663 | - | - | 628 | 15,513,291 |
| NMFA - PPRF - 5493 | Reserves | - | - | 231 | - | - | 231 |
| NMFA - PPRF - 5311 | Reserves | - | - | 4,977,477 | - | - | 4,977,477 |
| NMFA - PPRF - 3736 | Reserves | - | - | 253,188 | - | - | 253,188 |
| NMFA - PPRF - 3749 | Reserves | - | - | 21,924 | - | - | 21,924 |
| NMFA - PPRF - 5155 | Reserves | - | - | 11,166 | - | - | 11,166 |
| NMFA - PPRF - 4978 | Reserves | - | - | 5,771,302 | - | - | 5,771,302 |
| NMFA - PPRF - 4757 | Reserves | - | - | 25 | - | - | 25 |
| NMFA - PPRF - 5742 | Reserves | - | - | 6,605 | - | - | 6,605 |
| NMFA - PPRF - 5743 | Reserves | - | - | 25,110,869 | - | - | 25,110,869 |
| Custodial Funds - Student Activities | Checking* | - | 837,200 | - | - | (76,687) | 760,513 |
| GMCS Investment - Government Account | Investment-CD's | - | - | - | 4,898,352 | - | 4,898,352 |
| Subtotal cash and investments | | <u>11,702,264</u> | <u>126,295,905</u> | <u>36,152,787</u> | <u>4,898,352</u> | <u>(6,662,555)</u> | <u>172,386,753</u> |
| Total amount of deposit in bank | | 11,702,264 | 126,295,905 | - | - | | |
| FDIC coverage | | (500,000) | (250,000) | - | - | | |
| Total uninsured public funds | | <u>11,202,264</u> | <u>126,045,905</u> | - | - | | |
| 50% Collateral Requirement (Section 6-10-17 NMSA 1978) | | 5,601,132 | 63,022,953 | - | - | | |
| 102% Collateral Requirement (Section 6-10-10(H) NMSA 1978) | | - | - | - | - | | |
| | | <u>5,601,132</u> | <u>63,022,953</u> | - | - | | |
| Pledged security at: | | | | | | | |
| BNY Mellon FNMA FNMS 3140XDN85 3.5% | 5/1/2047 | 75,039 | - | - | - | | |
| BNY Mellon GNMA G2SF 36179TZ57 4.0% | 6/20/1948 | 2,371,690 | - | - | - | | |
| BNY Mellon GNMA G2SF 36179US90 4.0% | 10/20/2048 | 544,856 | - | - | - | | |
| BNY Mellon GNMA G2SF 36179VKM1 3.5% | 11/1/2049 | 380,806 | - | - | - | | |
| BNY Mellon GNMA G2SP 3622AAYG3 2.5% | 4/1/2049 | 1,161,168 | - | - | - | | |
| Fed Reserve Bank/US Bank FNMA 21 52 AB 3136BGNH9 1.5% | 4/25/2039 | - | 10,603,410 | - | - | | |
| Fed Reserve Bank/US Bank FHLB 3130A3VD3 2.62% | 6/11/2027 | - | 9,661,638 | - | - | | |
| Fed Reserve Bank/US Bank FHLB 3133XHFY2 5.37% | 9/30/2022 | - | 10,081,900 | - | - | | |
| Fed Reserve Bank/US Bank GNMA 15 134 LV 38379HW59 3.5% | 12/20/2026 | - | 1,787,339 | - | - | | |
| Fed Reserve Bank/US Bank FNMA 10 95 KA 31398NEZ3 2.5% | 7/25/2040 | - | 173,900 | - | - | | |
| Fed Reserve Bank/US Bank FNMA 13 6 VH 3136ABP80 3.5% | 2/25/2026 | - | 1,598,955 | - | - | | |
| Fed Reserve Bank/US Bank GNMA 18 94 P 38380XSL2 3.0% | 5/20/2043 | - | 4,541,456 | - | - | | |
| Fed Reserve Bank/US Bank FNMA 15 H14 FA 3136AQHQ6 1.62 | 10/25/2025 | - | 5,074,859 | - | - | | |
| Fed Reserve Bank/US Bank FHHS K070 A1 3137AFJJ4 2.0% | 4/25/2027 | - | 7,072,822 | - | - | | |
| Fed Reserve Bank/US Bank GNMA 22 63 CD 38383RDN4 2.5% | 11/20/2051 | - | 11,445,306 | - | - | | |
| Fed Reserve Bank/US Bank FNMA 21 45 BC 3136BHV63 1.25% | 4/25/2027 | - | 13,931,392 | - | - | | |
| Fed Reserve Bank/US Bank GNMA 21 193 WG 38383DREO 1.2! | 2/20/2050 | - | 11,942,006 | - | - | | |
| Total collateral | | <u>4,533,559</u> | <u>87,914,983</u> | - | - | | |
| Amount over/(under) collateralized | | <u>\$ (1,067,573)</u> | <u>24,892,031</u> | - | - | | |
| Amount over/(under) collateralized & insured | | <u>\$ (12,269,837)</u> | <u>(101,153,875)</u> | - | - | | |
| Total book balance | | <u>\$ 4,969,178</u> | <u>126,366,436</u> | <u>36,152,787</u> | <u>4,898,352</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, 2022

| | 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, 2021 | \$ 37,098,280 | 301,574 | 394,126 | 915 | 4,650,846 | 417,717 | 986,170 |
| Current year receipts | 182,136,070 | 70 | 6,134,863 | 28 | 7,363,273 | 68,128 | 1,478,028 |
| Current year disbursements | (131,381,917) | (450) | (6,134,847) | (915) | (7,746,873) | (283,582) | (1,080,293) |
| Permanent cash transfers/reversions | (5,000,000) | - | - | - | - | - | - |
| Net cash | 82,852,433 | 301,194 | 394,142 | 28 | 4,267,246 | 202,263 | 1,383,905 |
| Adjustments: | | | | | | | |
| Payroll liabilities | 57,009 | - | 11,707 | - | (823) | - | 10,953 |
| Other adjustments | (60,111) | 19,350 | - | - | 68,587 | - | (177) |
| Total outstanding loans | (2,188,081) | - | - | - | - | - | - |
| Cash balance - June 30, 2022 | \$ 80,661,250 | 320,544 | 405,849 | 28 | 4,335,010 | 202,263 | 1,394,681 |

| | 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, 2021 | \$ - | 11,376,035 | 15,727 | 7,787 | - | - | 16,738,479 |
| Current year receipts | 33,451,496 | 20,618,525 | - | 2,131,958 | 533,659 | - | 25,156,766 |
| Current year disbursements | (35,955,535) | (11,881,104) | - | (2,451,001) | (443,293) | - | (5,232,236) |
| Permanent cash transfers/reversions | - | - | (15,727) | - | - | - | - |
| Net cash | (2,504,039) | 20,113,456 | - | (311,256) | 90,366 | - | 36,663,009 |
| Adjustments: | | | | | | | |
| Payroll liabilities | 39,953 | 26,732 | - | (7,838) | 4,846 | - | - |
| Other adjustments | 1,085 | 18,727 | - | - | - | - | - |
| Total outstanding loans | 2,463,001 | (9,364) | - | 319,094 | 4,788 | - | - |
| Cash balance - June 30, 2022 | \$ - | 20,149,551 | - | - | 100,000 | - | 36,663,009 |

| | PUBLIC SCHOOL CAPITAL OUTLAY 31200 | SPECIAL CAPITAL OUTLAY STATE 31400 | SPECIAL CAPITAL OUTLAY FEDERAL 31500 | CAPITAL IMPROV. SB9- STATE 31700 | CAPITAL IMPROV. SB9- LOCAL 31701 | CAPITAL IMPROV. SB9- ST. MATCH 31703 | DEBT SERVICE FUND 41000 |
|-------------------------------------|--|--|--|--|--|--|-------------------------------|
| Cash balance - June 30, 2021 | \$ 9,743,003 | - | 2,164,332 | - | 1,885,353 | 1,932,088 | 8,654,071 |
| Current year receipts | - | 12,673 | 47,475 | 2,486,359 | 1,480,452 | 5,450,651 | 10,702,489 |
| Current year disbursements | (5,378,412) | - | (344,107) | (1,890,867) | (2,495,399) | - | (10,585,783) |
| Permanent cash transfers/reversions | - | - | - | - | - | - | - |
| Net cash | 4,364,591 | 12,673 | 1,867,700 | 595,492 | 870,406 | 7,382,739 | 8,770,777 |
| Adjustments: | | | | | | | |
| Payroll liabilities | - | - | - | - | - | - | - |
| Other adjustments | - | - | - | - | - | - | - |
| Total outstanding loans | - | (12,673) | - | (595,491) | - | - | - |
| Cash balance - June 30, 2022 | \$ 4,364,591 | - | 1,867,700 | 1 | 870,406 | 7,382,739 | 8,770,777 |

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, 2022

| | Operational Fund | | | | Special Revenue Bond 31110 | Non-Major Governmental Funds | Total |
|----------------------------|--------------------------|---------------------|-------------------------|-------------------------------------|-------------------------------------|------------------------------------|--------------------|
| | General Fund 11000 | Teacherage 12000 | Transportation 13000 | Instructional Materials 14000 | | | |
| | | | | | | | |
| Fund Balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventory | \$ 869,047 | - | - | - | - | 239,431 | 1,108,478 |
| Prepaid expenses | - | - | - | - | - | - | - |
| Subtotal nonspendable | <u>869,047</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>239,431</u> | <u>1,108,478</u> |
| Restricted for: | | | | | | | |
| Student instruction | - | - | - | 28 | - | 16,728,346 | 16,728,374 |
| Central office services | - | - | - | - | - | 3,810,439 | 3,810,439 |
| School food services | - | - | - | - | - | 5,592,689 | 5,592,689 |
| Teacherage | - | 218,339 | - | - | - | - | 218,339 |
| Student transportation | - | - | 251,195 | - | - | - | 251,195 |
| Capital projects | - | - | - | - | 25,115,270 | 25,747,125 | 50,862,395 |
| Debt service | - | - | - | - | - | 8,888,807 | 8,888,807 |
| Extracurricular activities | - | - | - | - | - | 259,624 | 259,624 |
| Unassigned | <u>87,322,063</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>87,322,063</u> |
| Total fund balances | <u>\$ 88,191,110</u> | <u>218,339</u> | <u>251,195</u> | <u>28</u> | <u>25,115,270</u> | <u>61,266,461</u> | <u>175,042,403</u> |

Fund Balance Classification Policies and Procedures:

The District has defined various categories of fund balance as required by GASB 54.

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, 2022

| | Joint Powers Agreement | Participants | Responsible Party | Description | Beginning and Ending Dates | Total estimated project amount and amount applicable to Agency | Amount contributed by District during current FY | Audit Responsibility |
|----|--|---|---------------------------------|---|---|--|--|----------------------|
| 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 | 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 |
| 8 | 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 |
| 9 | 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 |
| 10 | MOU - Zuni Tribal Language Program | Zuni Tribal Council | All | To maintain tribal jurisdiction over the parameters and implementation of Zuni language programs as primarily an oral language and insure by agreement that schools and districts will assist to preserve the integrity of the language and cultural knowledge. | 9/10/18 - either party upon thirty (30) days written notice to the other party, may terminate | N/A | N/A | Each participant |

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, 2022

| | Joint Powers Agreement | Participants | Responsible Party | Description | Beginning and Ending Dates | Total estimated project amount and amount applicable to Agency | Amount contributed by District during current FY | Audit Responsibility |
|----|--|--|-------------------|---|----------------------------|--|--|----------------------|
| 11 | MOU - National Indian Youth Council | National Indian Youth Council, Inc. | All | To assist GMCS in locating qualified employees by providing internship opportunities in all school professions. To provide staffing to support GMCS efforts in meeting the operational needs of its schools and facilities. | 11/5/2021 - Unknown | N/A | N/A | Each participant |
| 12 | GIMC | GIMC-Gallup Service Unit | All | To provide select services to such HIS-eligible students to address the unmet health needs and promote healthier lifestyles, in a location easily accessible to students. | 2/22/2017 - 2/22/2022 | N/A | N/A | Each participant |
| 13 | Memo of Agreement for dual enrollment between Navajo Technical University and GMCS | Navajo Technical University - McKinley Academy | All | Offer college level courses that may be counted toward both high school and college graduation requirements at the high school level during the school day. | 7/1/2018 - 11/30/2022 | N/A | N/A | Each participant |
| 14 | University of New Mexico Health Sciences Center Affiliation Agreement | UNM Health Sciences Center | All | The school offers its students a program in the field of occupational therapy and wished to provide students enrolled in the program with coordinated fieldwork, educational, research and public service experience. | 12/1/2019 - 12/1/2024 | N/A | N/A | Each participant |
| 15 | Educational Products and Services Agreement between GMCS and K12 Virtual Schools LLC | K12 Virtual Schools LLC | All | Utilize technology-based applications combined with teacher/student/parent involvement to provide full-time virtual on-line school program. Service grades K through 12. | 6/16/2020 - 6/30/2026 | N/A | N/A | Each participant |
| 16 | Agreement between Concordia University and GMCS | Concordia University | All | Supplement academic preparation for the practice of the profession with clinical experience provided by the facility. | 8/24/2020 - 12/31/2025 | N/A | N/A | Each participant |
| 17 | MOU between GMCS and Navajo Headstart | Navajo Nation Headstart | All | Administer a formal evaluation in all areas of suspected disabilities to determine eligibility for special education services within 30-calendar days upon receipt of referral from NN Head Start Program | 3/1/2021 - 6/30/2025 | N/A | N/A | Each participant |
| 18 | Agreement between Crownpoint Healthcare Facility and GMCS | Crownpoint Healthcare Facility | All | To offer services to address needs of many Native American/Alaskan Native school aged students. Offer services to address these unmet needs in a location easily accessible to Native American school aged students. | 7/14/2021 - 6/30/2022 | N/A | N/A | Each participant |

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, 2022

| | Joint Powers Agreement | Participants | Responsible Party | Description | Beginning and Ending Dates | Total estimated project amount and amount applicable to Agency | Amount contributed by District during current FY | Audit Responsibility |
|----|---|---|-------------------|---|----------------------------|--|--|----------------------|
| 19 | Education Agreement between The University of Kentucky and GMCS | University of Kentucky | All | Supervise students assigned to non-clinical experiences. | 7/15/2021 - 7/15/2022 | N/A | N/A | Each participant |
| 20 | MOU bewteen Fort Defiance Indian Hospital Board, Inc and GMCS | Ft. Defiance Indian Hospital Board | All | NPS agrees to provide, operate and fund the school-based health services at no cost to FDIHB. FDIHB agrees to provide various services listed in the MOU. | 7/16/2021 - 8/30/2023 | N/A | N/A | Each participant |
| 21 | MOU between New Mexico Lions Operation Kidsight, Inc. and GMCS | Gallup Lion's Club | All | Provide free photo eye screening to 3 - 7 year old children in New Mexico with the goal to identify amblyogenic risk factors, provide funds for eye exams and treatment for referred children whose families have no insurance and cannot afford it. | 8/23/2021 - 12/31/2025 | N/A | N/A | Each participant |
| 22 | Contract with Al Zuni Hotels for McKinney Vento | Days Inn - Gallup | All | Days Inn agrees to provide lodging for qualified McKinney Vento students referred over by GMCS with proper documentation provided by both GMCS and the party. | 9/13/2021 - Unknown | Room Fee \$500 for a 2 week stay | N/A | Each participant |
| 23 | MOU - Silver Stallion Bicycle & Coffee Works and GMCS | Silver Stallion Bikes | All | Facilitate the learning of bicycle recreation with students in an effort to improve school attendance. To provide a nurturing environment, promote safety, healthy habits. | 12/6/2021 - 9/30/2023 | N/A | N/A | Each participant |
| 24 | MOU - UNM - Gallup and GMCS | UNM-Gallup | All | Provide GMCS high school students with the opportunity to enroll in college-level academic or career-technical courses. | 2/1/2022 - 2/1/2027 | N/A | N/A | Each participant |
| 25 | MOU - Sexual Assault Services of Northwest New Mexico and GMCS | Sexual Assault Services of Northwest New Mexico, Gallup | All | Provide community prevention and education on sexual assault. Offer presentations to middle and high schools in the fall and spring of 2022 - 2023 school year. | Fall 2022 - Spring 2023 | N/A | N/A | Each participant |
| 26 | MOU between Gallup Head Start and GMCS | Gallup Headstart | All | To provide the highest quality of services to children and families. Seeks to foster the continuance of family centered services and to advocate for the shared responsibility of creating healthy families within communities. | Unknown | N/A | N/A | Each participant |
| 27 | Nizhoni Network MOU Concerning the Transition of Children | Dungarvin New Mexico, Navajo Nation Growing in Beauty, New Mexico School for the Deaf, GMCS, NM School for the Blind and Visually impaired, Midwest CAP Head Start, Ramah Early Childhood | All | Early Childhood intervention services. Free Appropriate Public Education is available to all children with disabilities. Early Head Start and Head Start Programs for children ages birth to five years. Support services for children who are deaf and hard of hearing. Support services for eligible children who have a visual impairment. | 8/23/21 - 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 components of the Gallup-McKinley County Public Schools, (District) as of and for the year ended June 30, 2022, 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 14, 2022.

Report on 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 14, 2022



**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

Opinion on Each Major Federal Program

We have audited the District’s compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

November 14, 2022

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

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

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.

Albuquerque, NM

November 14, 2022

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

| 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 | \$ 443,293 |
| Total U.S. Department of Health and Human Services | | | <u>443,293</u> |
| U.S. Department of Education | | | |
| Direct | | | |
| Impact Aid | 84.041 | 11000 | 10,385,885 |
| Impact Aid | 84.041 | 25145 | 697,629 |
| Impact Aid | 84.041 | 25147 | 8,030,197 |
| Impact Aid | 84.041 | 31500 | 344,494 |
| Career and Technical Education - Basic Grants to States | 84.048 | 24174 | 227,905 |
| Indian Education Grants to Local Educational Agencies | 84.060 | 25184 | 1,797,676 |
| Special Education Cluster (IDEA): | | | |
| Passed through the Navajo Nation | | | |
| Special Education Grants to States | 84.027 | 25201 | 132,883 |
| Passed through State of New Mexico PED | | | |
| Special Education Grants to States | 84.027 | 24115 | 101,190 |
| Special Education Grants to States | 84.027 | 24106 | 2,705,775 |
| Special Education Preschool Grants | 84.173 | 24109 | 115,530 |
| Total Special Education Cluster (IDEA) | | | <u>3,055,378</u> |
| Passed through State of New Mexico PED | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 24101 | 7,878,681 |
| Education for Homeless Children and Youth | 84.196 | 24113 | 21,882 |
| English Language Acquisition State Grants | 84.365 | 24153 | 237,273 |
| Supporting Effective Instruction State Grants | 84.367 | 24154 | 1,393,887 |
| Student Support and Academic Enrichment Program | 84.424A | 24189 | 582,341 |
| Education Stabilization Fund (CARES Act) Cluster: | | | |
| COVID-19 - Elementary & Secondary School Emergency Relief (ESSER) Fund | * 84.425D | 24301 | 608,402 |
| COVID-19 - Elementary & Secondary School Emergency Relief (ESSER II) Fund | * 84.425D | 24308 | 7,524,624 |
| COVID-19 - ESSER II - Air Quality | * 84.425D | 24316 | 263,081 |
| COVID-19 - American Rescue Plan - ESSER | * 84.425U | 24330 | 14,056,117 |
| COVID-19 - American Rescue Plan - ESSER - Homesless Children & Youth | * 84.425W | 24350 | 28,418 |
| COVID-19 - American Rescue Plan - ESSER - Homesless Children & Youth II | * 84.425W | 24355 | 41,251 |
| Total Education Stabilization Fund Under the CARES Act Cluster | | | <u>22,521,893</u> |
| Total U.S. Department of Education | | | <u>57,175,121</u> |
| U.S. Department of Agriculture | | | |
| Direct | | | |
| Child Nutrition Cluster | | | |
| National School Lunch Program | 10.555 | 21000 | 7,441,279 |
| National School Lunch Program | 10.555 | 21000 | 575,351 |
| Total Child Nutrition Cluster | | | <u>8,016,630</u> |
| Passed through State of New Mexico PED | | | |
| Fruit and Vegetable Program | 10.582 | 24118 | 238,374 |
| Rural Development, Forestry, and Communities | 10.672 | 11000 | 122,429 |
| Total U.S. Department of Agriculture | | | <u>8,377,433</u> |
| Total Federal Financial Assistance | | | <u>\$ 65,995,847</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, 2022

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

| | | |
|--|----|--------------------|
| Federal revenue per fund financials | \$ | 88,301,921 |
| Federal expenditures per SEFA | | 65,995,847 |
| Difference | | <u>22,306,074</u> |
| Less: Non-cost reimbursement grants | | |
| Impact Aid Funds: 11000, 25145, 25147, 31500 | | (20,232,935) |
| Other Grants. Funds: 21000, 25153 | | <u>(2,073,139)</u> |
| Net difference | \$ | <u><u>-</u></u> |

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, 2022 was \$575,351 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, 2022

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? | None |
| 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)? | No |
|---|-----------|

4. Identification of major programs:

| ALN | Name of Federal Programs | Funding Source |
|-------------|----------------------------------|-------------------------|
| 84.425D,U,W | Education Stabilization Fund Act | U.S. Dept. of Education |

- | | |
|---|--------------------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$1,978,418 |
| 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, 2022**

B. SUMMARY OF AUDIT FINDINGS

| <u>Reference #</u> | <u>Finding</u> | Status of Current and Prior Year Findings | Type of Finding* |
|------------------------------|--------------------------------|--|---------------------|
| <u>Prior Year Findings</u> | | | |
| 2021-001 | Bank Reconciliation Process | Resolved | B |
| <u>Current Year Findings</u> | | | |
| 2022-001 | Undercollaterized Bank Account | Current | G |
| 2022-002 | Lack of Control over Payrates | Current | C |

* 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
- 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. Other non-compliance with State Audit Rule, NM State Statutes, NMAC, or other
- 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, 2022**

PRIOR YEAR FINDINGS

Resolved, see Summary of Audit Findings

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

CURRENT YEAR FINDINGS

2022-001—UNDERCOLLATERALIZED BANK ACCOUNT

Type of Finding: (G) Other non-compliance with State Audit Rule, NM State Statutes, NMAC, or other entity compliance

Statement of Condition

For the year ended June 30, 2022, the District did not have sufficient pledged collateral for the bank deposit amounts in excess of FDIC coverage. The undercollateralized amount totaled \$1,067,573.

Criteria

Section 6-10-17 NMSA 1978 requires any public money on deposit with a depository bank to have an aggregate value of securities (specified in Section 6-10-16 NMSA 1978) or a depository bond (in accordance with Subsection B of Section 6-10-16 NMSA 1978) in the amount of one-half the amount of public money to be received.

Effect

The District was not in compliance with Section 6-10-17 NMSA 1978.

Cause

Deposits for Gallup McKinley County School District increased on 06/30/2022 and on 7/1/2022 and Wells Fargo Bank was not notified. Additional collateral was pledged on 07/01/2022 and on 7/5/2022. The District did not confirm its account balances and ensure that its depository institutions were in compliance with Section 6-10-17 NMSA 1978.

Recommendation

The District should monitor and maintain collateral required in accordance with state regulations. In particular, when large cash deposits are expected, the District should contact the bank and request additional collateral.

View of Responsible Officials

For the last three (3) days of each month, we will review the bank account balances for any deposits and transfers, and we will project collateral required to be in compliance with Section

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

6-10-17 NMSA 1978. In June, the last month of the fiscal year, we will monitor account balances for any deposits and transfers ten (10) days out. If we project that additional collateral will be needed, we will contact our Financial Institution representative(s), in writing, to ensure that we are in compliance.

Corrective Action Plan Timeline:

This will begin November 28th, 2022 and will be the practice going forward.

Designation of Employee Position Responsible for Meeting Deadline:

Controller and Accounting Supervisor

2022-002—LACK OF CONTROL OVER PAYRATES

Type of Finding: (C) Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters) Involving Internal Control Over Financial Reporting

Statement of Condition

Of a sample of 50 employees selected for testing, 4 employees appear to have been paid based on an incorrect payrate for after school programs. This resulted in the employees being underpaid by a total of \$69.64. for the pay periods tested.

Criteria

Payroll calculations should be based on a current board approved pay rate in their employee file.

Effect

Employees may be compensated at a higher or lower payrate than what has been approved by the board.

Cause

Schools were not notified of changes to approved payrates for after school programs. Payroll review did not verify that payrates for non-contract hours were correct.

Recommendation

It is recommended that the client keeps documentation for all employees, including all current approved pay rates, in an official employee file. When payrates are changed, we recommend

STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

that a letter or form be signed by the Board and placed in the employee file. This information should be entered into the payroll system and disseminated to appropriate personnel. Payroll should be reviewed for accuracy and to ensure that proper payrates are being paid before payroll is approved.

View of Responsible Officials

On September 12th, 2022 K'Dawn Montano, Assistant Superintendent of Personnel, released a memo stating that the GMCS Executive Leadership Team, consisting of the Superintendent, Deputy Superintendent, and Assistant Superintendents, approved the non-contract rate for Certified Staff and Classified Staff for non-contract work relating to After Hours Academy, effective September 12, 2022. Going forward, there will be a flat rate that is used for these programs. Whether the employee's regular hourly rate is more or less than the flat rate, they will still be paid at the flat rate. This is to ensure that employees are not mistakenly paid at a lower rate than what was approved.

The following rates have been approved for the 2022-2023 school year:

- Certified Staff \$50.00 per hour, flat rate no matter the employee's hourly rate.
- Classified Staff \$25.00 per hour, flat rate no matter the employee's hourly rate.

In comparison, the rates for 2021-2022 for Summer School and After-Hours Tutoring were:

- Certified Staff \$40.00 per hour or hourly rate, whichever is higher.
- Classified Staff \$20.00 per hour or hourly rate, whichever is higher.

Corrective Action Plan Timeline:

This action took place in September 2022 and is currently in effect. This will be in effect for the remainder of the 2022-2023 school year, or until further notice.

Designation of Employee Position Responsible for Meeting Deadline:

None, this action plan has already taken effect. The Executive Leadership team will discuss if this needs to be updated later on, and notice of any changes will be provided at that time.

**STATE OF NEW MEXICO
GALLUP-MCKINLEY COUNTY SCHOOLS
Exit Conference
For the Year Ended June 30, 2022**

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.

EXIT CONFERENCE

A remote exit conference was held on November 14, 2022. The following individuals were in attendance:

Gallup-McKinley County Schools Officials

| | |
|-------------------|-------------------------|
| Mike Hyatt | Superintendent |
| Jvanna Hanks | Deputy Superintendent |
| Priscilla Benally | GMCS Board of Education |
| Chris Kline | Director of Accounting |
| Jennifer Lee | Controller |
| JR Houston | Accounting Supervisor |

Hinkle + Landers, P.C.

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