



GADSDEN

INDEPENDENT SCHOOL DISTRICT

Financial Statements
For the Year Ended June 30, 2023

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Gadsden Independent School District No. 16

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June 30, 2023

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Gadsden Independent School District No. 16

Official Roster

June 30, 2023

<u>Name</u>		<u>Title</u>
	<u>Board of Education</u>	
Laura Salazar Flores		President
Claudia Rodriguez		Vice President
Arlean Murillo		Secretary
Daniel Castillo		Member
Armando Cano		Member
	<u>Administrative Officials</u>	
Travis L. Dempsey		Superintendent
Ludym Martinez		Associate Superintendent For Finance

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INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E.
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Education and Management
Gadsden Independent School District No. 16
Sunland Park, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of Gadsden Independent School District No. 16, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Gadsden Independent School District No. 16'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, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of Gadsden Independent School District No. 16, as of June 30, 2023, and the respective changes in financial position thereof, 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 Gadsden Independent School District No. 16 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.

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 Gadsden Independent School District No. 16'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 *Government Auditing Standards*, 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 Gadsden Independent School District No. 16'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 Gadsden Independent School District No. 16'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 that the *Management's Discussion and Analysis* on pages 11 through 18 and Schedules A-1 through B-2 and notes to the Required Supplementary Information on pages 90 through 99 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gadsden Independent School District No. 16's basic financial statements. The combining and individual fund financial statements, the combining financial statements for the general fund, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Supporting Schedules I through III required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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 combining and individual fund financial statements, the combining financial statements for the general fund, the Schedule of Expenditures of Federal Awards and the Supporting Schedules I through III required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2023 on our consideration of the Gadsden Independent School District No. 16's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Gadsden Independent School District No. 16's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gadsden Independent School District No. 16's internal control over financial reporting and compliance.



Cordova CPAs LLC
Albuquerque, New Mexico
November 4, 2023

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**State of New Mexico
Gadsden Independent School District No. 16**

Management's Discussion and Analysis

As management of the Gadsden Independent School District No. 16 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year ended June 30, 2023 are as follows:

- The assets of the District exceeded its liabilities at the end of the fiscal year by \$101,645,533 (net position). Of this amount, \$328,339,777 is invested in capital assets, \$42,838,300 is restricted for capital projects and debt service purposes, \$29,735,449 is restricted for special revenue fund purposes and \$(299,267,993) is unrestricted (deficit). The unrestricted (deficit) portion of the net position was impacted by the recognition of a net pension liability of \$226,893,540 as well as a net OPEB liability of \$41,556,053.
- Deferred outflows of resources of \$66,777,165 related to employer contributions subsequent to the measurement date and deferred inflows of resources of \$140,173,389 related to the pension plan are reported in the Statement of Net Position at June 30, 2023. These items are the result of the implementation of GASB 68 as it relates to the District's proportionate share of the NM Educational Retirement Board Pension Plan, a multiple employer cost sharing defined benefit pension plan.
- Deferred outflows of resources of \$15,170,821 related to employer contributions subsequent to the measurement date and deferred inflows of resources of \$38,692,312 related to the OPEB plan are reported in the Statement of Net Position at June 30, 2023. These items are the result of this fiscal year's implementation of GASB 75 as it relates to the District's proportionate share of Post - Employment Benefits for the State Retiree Health Care Plan (Note 11).
- The District's liabilities increased by \$12,090,292 in fiscal year 2023. This increase is due to an increase of \$31,419,791 in the Net Pension liability, an increase of \$2,825,000 in the current portion of bonds payable, and an increase in accrued payroll of \$898,625. As well as increases in accrued interest, unearned revenue, current and non-current compensated accrued absences, and the current portion of leases payable. These increases were offset by smaller increases in accounts payable, non-current portion of bonds payable and bond premium, and the non-current portion of leases payable.
- The change in net position is \$42,153,742 which is reflected in the District's Statement of Activities.
- At June 30, 2023, the fund balance for the operational fund was \$67,515,488, which reflects a decrease of \$947,387 from 2022.
- The District's general obligation bond and lease purchase notes debt balance is \$42,815,000, which reflects a \$915,000 decrease due to the net offset of issuing new debt and retiring old bonds. Voters authorized new bonds in the amount of \$38,000,000 in an election in November 2021, which allows the District to issue new debt over a four-year period beginning with the fiscal year ending June 30, 2022.

Basic Financial Statements

In general, the purpose of financial reporting is to provide external parties that read the financial statements with information that will help them to make decisions or draw conclusions about the reporting entity. There are many external parties that read and use the District's financial statements; however, these parties do not always have the same objectives. This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader may understand the District's overall financial position. In accordance with required reporting requirements, the District presents (1) government-wide financial statements and (2) fund financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to that of a private sector business.

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The *statement of net position* presents information on all of the District's assets and deferred outflows, and liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both the *statement of net position* and the *statement of activities* distinguish functions of the District that are primarily supported by property taxes and state revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through fees and charges. The governmental activities of the District include education, pupil transportation, food service and community service. The District does not have any business-type activities.

The *government-wide financial statements* can be found in Exhibit A-1 and Exhibit A-2 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. A reconciliation to facilitate the comparison of the governmental funds and governmental activities has been provided.

The District has eleven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the following funds:

- Operational Fund
- Transportation Fund
- Instructional Materials Fund
- Local Revenue Operational Fund
- Student Activity Fund
- Title I – 24101 Fund
- CRRSA, ESSER II 24308 Fund
- ARP ESSER III 24330 Fund
- Bond Building Fund
- Debt Service Fund
- Other Governmental Funds

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The first ten funds are considered major funds. Individual fund data for each of the funds included in the Other Governmental Funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found in Exhibit B-1 and Exhibit B-2 of this report.

Fiduciary Funds

Fiduciary Funds are used to account for resources held in trust for the benefit of parties outside the District. Fiduciary fund financial statements consist of a statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are not reported in the government-wide financial statements.

The fiduciary fund financial statements can be found in Exhibit D-1 and Exhibit D-2 of this report.

Overview of the District's Financial Position and Operations

The District's overall financial position and operations for the current year are as follows:

Gadsden Independent School District No. 16 Net Position

	Governmental Activities	
	2023	2022
Current and other assets	\$ 190,782,096	\$ 173,812,255
Capital assets	331,672,496	316,511,186
Deferred outflows of resources	81,947,986	187,023,028
Total assets and deferred outflows of resources	\$604,402,578	\$677,346,469
Long-term liabilities	\$299,955,850	\$291,455,435
Other liabilities	23,935,494	20,345,617
Deferred inflows of resources	178,865,701	306,053,626
Total liabilities and deferred inflows of resources	\$502,757,045	\$617,854,678
Net position:		
Invested in capital assets, net of debt	\$328,339,777	\$305,404,888
Restricted for:		
Debt service	24,467,403	22,348,173
Capital projects	18,370,897	11,735,028
Special revenue	29,735,449	27,477,821
Unrestricted (deficit)	(299,267,993)	(307,474,119)
Total net position	\$101,645,533	\$59,491,791

Total Net position of the District's governmental activities increased by 70.86% from 2022. *Unrestricted* net position—the part of net position that is unrestricted in nature and can be used at the discretion of the District and to meet ongoing obligations to creditors and stakeholders, decreased by \$8,206,126 to reflect a deficit of \$(299,267,993) at June 30, 2023 compared to \$(307,474,119) in 2022. This deficit is the result of the implementation of GASB 68 and GASB 75 which require the District to reflect the District's proportionate share of the NM Educational Retirement Board Pension Plan and the NM State Retiree Health Care Plan.

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All other portions of net position are restricted for the stated purpose. The District's net position invested in capital assets, net of related debt reflects a increase of 7.51% from 2022. This indicates that the accumulated depreciation along with the asset value, exceed existing debt. Net Position Invested in Capital Assets increased by \$22,934,889 due to the cost of completed buildings and building projects being more than depreciation expense. The District continues to utilize local Bond Funds and State Matching Funds to construct new schools and make improvements to existing facilities.

Current and other assets increased from 2022 to 2023 by \$16,969,841. This increase was primarily due to an increase in cash in the Capital Project Funds, and Debt Service Funds, and other governmental funds offset by a decrease in cash in the General Fund. The reclassification of Student Activity Funds as assessed by GASB Statement No. 84 to the General Fund contributed to an increase of \$910,809 to the General Fund. Long-term liabilities increased by \$8,500,415 primarily due to a notable increase of \$31,419,791 in the net pension and offset by a decrease of \$18,688,227 in OPEB liabilities.

Governmental activities increased the District's net position by \$42,153,742. The increase resulted from the District's overall increase in Program Revenues, predominantly Operating Grants and Contributions. The State Equalization Guarantee increased by \$15,061,827, Capital Grants and Contributions increased by \$2,412,235, while Operating Grant and Contribution increased by \$21,204,427. Governmental activities expense increased compared to 2022. Increases were related to expenses in Direct Instruction, Student Support Services, School Administration, and Operation of Maintenance of Plant, and Food Services. Another important note is the District's liquidity which is the ability to convert assets into cash to pay for obligations and commitments. Unrestricted and Restricted Cash and cash equivalents represent approximately 36.51% of the District's assets.

The following are major elements of the District's governmental activities contributing to the increase in the change in net position.

Gadsden Independent School District No. 16 Changes in Net Position

	Governmental Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 2,343,331	\$ 2,016,835
Operating grants and contributions	87,544,333	66,339,906
Capital grants and contributions	8,615,511	6,203,276
General revenues:		
Local property taxes	18,929,003	18,529,207
State Equalization Guarantee	144,649,473	129,587,646
Interest and investment earnings	958,310	101,962
Gain / (Loss) on disposal of assets	12,033	(25,223)
Other	30,381	360,786
Total revenues	\$263,082,375	\$223,114,395

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Gadsden Independent School District No. 16 Changes in Net Position (continued)

Expenses:		
Direct Instruction	\$125,566,721	\$114,740,258
Support services-Student/Instruction/School Admin	37,541,044	34,106,997
Support services-General Administration	2,494,473	2,564,772
Central Services	9,719,100	6,376,631
Operation and maintenance of plant	20,865,994	20,276,019
Food Services	12,963,111	11,467,868
Community Service	60	0
Student Transportation	8,981,985	8,026,903
Interest on long-term debt / Other charges	1,094,159	491,965
Depreciation-facilities acquisition and construction	1,701,986	1,647,032
	<hr/>	<hr/>
Total expenses	\$220,928,633	\$199,698,445
	<hr/>	<hr/>
Change in net position	\$42,153,742	\$23,415,950
Net position – beginning – July 1	59,491,791	36,075,841
Prior period adjustment	0	0
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Net position – ending – June 30	\$101,645,533	\$59,491,791
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As noted in the preceding schedule, the District is heavily dependent on the State Equalization Guarantee which comprises 87.36% of total revenues. Operating Grants and Contributions represent 52.87% of total revenues. Correspondingly, it spends almost 98.51% of total expenditures on direct instruction and support services-student/instruction/school admin., the two primary functions that indicate direct school spending.

The District experienced an increase of \$339,796 in property tax revenues, an increase of \$15,061,827 in the State Equalization Guarantee, and an increase of \$21,204,427 in Operating Grants and Contributions compared to 2022. Due to the economic factors of the communities we serve, the District qualifies for substantial Federal assistance. The ability to obtain Capital Funding from the State is related to the student growth that the District experiences as well as the ranking of its facilities by the NM Public School Facility Authority which determines when facilities are to be replaced, upgraded, or added.

General Fund Budgetary Highlights

Budget to actual comparison schedules are presented for all major funds in Exhibits C-1 to C3. These schedules are prepared on a non-GAAP budgetary basis which is the format allowed by the District’s oversight agency, the New Mexico Public Education Department.

The original expenditure budget for the District’s general funds was increased by \$10,566,800 due to changes in the designated cash balance available for budgeting. The final expenditure budget was \$208,965,636 of which \$154,907,477 was expended in the current year. Of the \$151,214,638 revenue budget, 101.7% of the budgeted amount was received during the year.

The District continues to maintain a strong financial position in the General, Bond Building and Debt Service Funds.

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Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2023 is \$330,801,350. These assets include land and land improvements, building and building improvements, equipment and furniture, vehicles, and construction in progress. Construction in progress consisted of major construction projects currently underway in the District which includes additions and improvements to existing high schools and other various remodel/addition projects throughout the District. Capital Assets increased by approximately 4.98% from the prior year.

Depreciation calculated during 2006 through 2023 as a result of the implementation of GASB 34 resulted in a balance of \$230,954,634 of which \$15,472,583 is for depreciation in the current year. Additional information of the District's capital assets is presented in Note 6 of the financial statements.

Long-term obligations

At the end of the current year, the district had \$44,870,264 in long-term debt related to governmental activities. Of this debt, \$42,815,000 was related to general obligation bonds and \$0.00 was related to educational technology lease purchase notes, and 2,055,264 was related to compensated absences outstanding at year end. The debt position of the District is summarized below and is more fully analyzed in Note 7 of the financial statements.

	Governmental Activities				
	Balance 7/1/22	Additions	Deletions	Balance 6/30/23	Amounts Due In One Year
Compensated Absences	\$ 1,755,980	\$ 960,277	\$ 660,993	\$ 2,055,264	\$ 657,744
Lease Purchase Notes	-	2,815,000	2,815,000	-	-
General Obligation Bonds	43,730,000	9,500,000	10,415,000	42,815,000	13,240,000
Total Long Term Debt	<u>\$45,485,980</u>	<u>\$13,275,277</u>	<u>\$13,890,993</u>	<u>\$44,870,264</u>	<u>\$13,897,744</u>

The District issued General Obligation Bonds in the amount of \$9,500,000 in October 2022. On August 15, 2022 the District reduced the general obligation bond debt principal by \$10,415,000, in accordance with scheduled bond payments.

Overall, the District decreased its debt balances by \$615,716, which was due to the issuance of new bonds and a decrease in debt payment activity described above.

The most recent issuances by the District have received the following credit ratings:

- The \$9,500,000 bonds issued in October 2014 received a Moody's rating of Enhanced Aa1 and an A2 underlying rating.
- The \$9,500,000 bonds issued in October 2015 received a Moody's rating of Enhanced Aa1 and an A1 underlying rating.
- The \$9,500,000 bonds issued in October 2016 received a Moody's rating of Enhanced Aa1 and an A1 underlying rating.

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- The \$9,500,000 bonds issued October 2017 were privately placed with the New Mexico Finance Authority.
- The \$9,500,000 bonds issued October 2018 were privately placed with the New Mexico Finance Authority.
- The \$9,500,000 bonds issued October 2019 were privately placed with the New Mexico Finance Authority.
- The \$9,500,000 bonds issued October 2020 were privately placed with the New Mexico Finance Authority.
- The \$9,500,000 bonds issued October 2021 were privately placed with the New Mexico Finance Authority.
- The \$9,500,000 bonds issued October 2022 were privately placed with the New Mexico Finance Authority.
- The \$9,500,000 bonds issued October 2023 were privately placed with the New Mexico Finance Authority.

Relevant Current Economic Factors, Decisions and Conditions

The district is experiencing a positive surge of economic surplus due to COVID relief funds. The District received three COVID relief financial packages since March 2020; an allocation of approximately \$7.8 million in CARES funds which expired in September of 2022, \$31.4 million in ESSER II funds schedule to end in September of 2023, and \$67.8 million in APR ESSER funds ending in September 2024.

The vast majority of funds have already been committed to critical needs such as addressing student mental health and reversing learning loss. Gadsden has also committed ARP ESSER funds to pioneer the construction of a wireless mesh network through an internet service provider that will build, maintain, and provide internet services for Gadsden students. This project will help close the digital divide for students in our community.

The upcoming school year is pivotal as the continue to make budgetary decisions to continue recovery once federal relief fund expire. The district is preparing for the upcoming economic effects related the phasing out of COVID relief funds, continuing enrollment declines, and inflation combined with a tight labor market.

With respect to property taxes, the District's tax rate has remained stable over the last few years due to the bond program implemented by the District. As old debt is retired, new debt is issued, thereby maintaining a non-residential rate of approximately \$14.4 per \$1,000 assessed valuation.

In February 2014 new bonds in the amount of \$38,000,000 were approved by voters. This debt authorization will be sold over a four-year period from 2014 to 2017. \$9,500,000 of this debt authorization was sold in 2014, \$9,500,000 of this debt authorization was sold in 2015, \$9,500,000 of this debt authorization was sold in 2016, and the remaining debt authorization amount of \$9,500,000 was sold in October 2017.

In February 2018 new bonds in the amount of \$38,000,000 were approved by voters. This debt authorization will be sold over a four-year period from 2018 to 2021. \$9,500,000 of this debt authorization was sold in 2018, \$9,500,000 of this debt authorization was sold in 2019, \$9,500,000 of this debt authorization was sold in 2020, and the remaining debt authorization amount of \$9,500,000 was sold in October 2021. In February 2018 the continuation of the \$2.00 mill levy for capital improvements was approved by voters.

On November 20, 2021, the district voters approved \$38,000,000 in new bonds. This debt authorization will be sold over a four-year period from 2022, 2023, 2024 and 2025. The debt amount to be issued will be dependent on the available bonding capacity which is impacted by the assessed valuation of the property within the boundaries of the District. Construction needs continue to grow due to changes in the student population as well as the aging of facilities. This requires funding from taxpayers as well as continued support through direct legislative appropriations and legislative funded matching funds from the State.

State of New Mexico
Gadsden Independent School District No. 16

Request for Information

This financial report is designed to provide various interested parties with a general overview of the district's finances and to show the district's accountability for the money it receives. If you have any questions about this report or require additional information, contact the district's Finance Department as follows:

Ludym Martinez
Chief Financial Officer
(575) 882-6243
lumartinez@gisd.k12.nm.us

Physical Address:

4950 McNutt
Sunland Park, NM 88063

Mailing Address:

P. O. Drawer 70
Anthony, NM 88021

**BASIC
FINANCIAL STATEMENTS**

Gadsden Independent School District No. 16

Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 134,635,974
Receivables:	
Property taxes	2,241,764
Due from other governments	28,923,451
Other	17,783
Inventory	<u>2,338,745</u>
Total current assets	<u>168,157,717</u>
Noncurrent assets	
Restricted cash and cash equivalents	22,610,989
Bond discounts, net of accumulated amortization of \$194,243	13,390
Right of use assets, net	871,146
Capital assets	561,755,984
Less: accumulated depreciation	<u>(230,954,634)</u>
Total noncurrent assets	<u>354,296,875</u>
<i>Total assets</i>	<u>522,454,592</u>
Deferred outflows of resources	
Deferred outflows - pension	66,777,165
Deferred outflows - OPEB	<u>15,170,821</u>
<i>Total deferred outflows of resources</i>	<u>81,947,986</u>
<i>Total assets and deferred outflows of resources</i>	<u><u>\$ 604,402,578</u></u>

The accompanying notes are an integral part of these financial statements.

	Governmental Activities
Liabilities	
Current liabilities	
Accounts payable	\$ 1,622,162
Accrued payroll	7,577,187
Unearned revenue	51,511
Accrued interest	258,713
Accrued compensated absences	657,744
Current portion of leases payable	528,177
Current portion of bonds payable	13,240,000
	<hr/>
Total current liabilities	23,935,494
	<hr/>
Noncurrent liabilities	
Accrued compensated absences	1,397,520
Bonds payable	29,575,000
Bond premium, net of accumulated amortization of \$1,931,204	164,703
Noncurrent portion of leases payable	369,034
Net pension liability	226,893,540
Net OPEB Liability	41,556,053
	<hr/>
Total noncurrent liabilities	299,955,850
	<hr/>
<i>Total liabilities</i>	323,891,344
	<hr/>
Deferred inflows of resources	
Deferred inflows - pension	140,173,389
Deferred inflows - OPEB	38,692,312
	<hr/>
<i>Total deferred inflows of resources</i>	178,865,701
	<hr/>
Net position	
Net investment in capital assets	328,339,777
Restricted for:	
Debt service	24,467,403
Capital projects	18,370,897
Special revenue	29,735,449
Unrestricted	(299,267,993)
	<hr/>
<i>Total net position</i>	101,645,533
	<hr/>
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 604,402,578
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

Gadsden Independent School District No. 16

Statement of Activities

For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental Activities:			
Instruction	\$ 125,566,721	\$ 1,499,813	\$ 45,930,332
Support services - students	19,124,419	228,429	6,995,412
Support services - instruction	8,371,668	99,994	3,062,225
Support services - general administration	2,494,473	29,795	912,439
Support services - school administration	10,044,957	119,980	3,674,287
Central services	9,719,100	116,088	3,555,094
Operation and maintenance of plant	20,865,994	249,231	7,632,452
Student transportation	8,981,985	-	5,860,023
Food services operations	12,963,111	-	9,922,047
Community services operations	60	1	22
Depreciation - unallocated	1,701,986	-	-
Interest and other charges	1,094,159	-	-
<i>Total governmental activities</i>	<u>\$ 220,928,633</u>	<u>\$ 2,343,331</u>	<u>\$ 87,544,333</u>

General Revenues:

Taxes:

Property taxes, levied for operating programs

Property taxes, levied for debt services

Property taxes, levied for capital projects

State equalization guarantee

Investment income

Miscellaneous income

Gain on disposition of assets

Total general revenues

Change in net position

Net position - beginning

Net position, ending

The accompanying notes are an integral part of these financial statements.

<u>Program Revenues</u> <u>Capital Grants and</u> <u>Contributions</u>	<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u> <u>Governmental</u> <u>Activities</u>
\$ 5,514,226	\$ (72,622,350)
839,843	(11,060,735)
367,639	(4,841,810)
109,544	(1,442,695)
441,121	(5,809,569)
426,811	(5,621,107)
916,324	(12,067,987)
-	(3,121,962)
-	(3,041,064)
3	(34)
-	(1,701,986)
-	(1,094,159)
<u>\$ 8,615,511</u>	<u>(122,425,458)</u>
	448,715
	16,210,874
	2,269,414
	144,649,473
	958,310
	30,381
	<u>12,033</u>
	<u>164,579,200</u>
	42,153,742
	<u>59,491,791</u>
	<u>\$ 101,645,533</u>

The accompanying notes are an integral part of these financial statements.

Gadsden Independent School District No. 16

Balance Sheet
Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>Title I 24101</u>	<u>CRRSA, ESSER II 24308</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 48,402,163	\$ -	\$ -
Receivables:			
Property taxes	49,337	-	-
Due from other governments	569,131	3,782,359	6,147,988
Other	17,783	-	-
Inventory	1,778,558	-	-
Due from other funds	25,580,609	-	-
<i>Total assets</i>	<u>\$ 76,397,581</u>	<u>\$ 3,782,359</u>	<u>\$ 6,147,988</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 721,969	\$ 4,190	\$ -
Accrued payroll	6,226,801	391,460	149,631
Unearned revenue	-	-	-
Due to other funds	531,389	3,386,709	5,998,357
<i>Total liabilities</i>	<u>7,480,159</u>	<u>3,782,359</u>	<u>6,147,988</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	41,395	-	-
<i>Total deferred inflows of resources</i>	<u>41,395</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable:			
Inventory	1,778,558	-	-
Spendable:			
Restricted for:			
Food services	-	-	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	452,817	-	-
Debt service	-	-	-
Committed for:			
Subsequent year's expenditures	56,150,587	-	-
Assigned	10,494,065	-	-
Unassigned	-	-	-
<i>Total fund balances</i>	<u>68,876,027</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 76,397,581</u>	<u>\$ 3,782,359</u>	<u>\$ 6,147,988</u>

The accompanying notes are an integral part of these financial statements.

ARP, ESSER III 24330	Bond Building Capital Projects Fund 31100	Debt Service Fund 41000	Other Governmental Funds	Total
\$ -	\$ 41,064,740	\$ 20,087,007	\$ 47,693,053	\$ 157,246,963
-	-	1,616,546	575,881	2,241,764
8,489,271	-	-	9,934,702	28,923,451
-	-	-	-	17,783
-	-	-	560,187	2,338,745
-	-	-	-	25,580,609
<u>\$ 8,489,271</u>	<u>\$ 41,064,740</u>	<u>\$ 21,703,553</u>	<u>\$ 58,763,823</u>	<u>\$ 216,349,315</u>
\$ 35,274	\$ 560,000	\$ -	\$ 300,729	\$ 1,622,162
72,593	-	-	736,702	7,577,187
-	-	-	51,511	51,511
8,381,404	-	-	7,282,750	25,580,609
<u>8,489,271</u>	<u>560,000</u>	<u>-</u>	<u>8,371,692</u>	<u>34,831,469</u>
-	-	1,219,234	464,757	1,725,386
-	-	1,219,234	464,757	1,725,386
-	-	-	560,187	2,338,745
-	-	-	11,806,959	11,806,959
-	-	-	2,337,163	2,337,163
-	-	-	15,032,791	15,032,791
-	40,504,740	-	17,599,810	58,557,367
-	-	20,484,319	2,592,115	23,076,434
-	-	-	-	56,150,587
-	-	-	-	10,494,065
-	-	-	(1,651)	(1,651)
<u>-</u>	<u>40,504,740</u>	<u>20,484,319</u>	<u>49,927,374</u>	<u>179,792,460</u>
<u>\$ 8,489,271</u>	<u>\$ 41,064,740</u>	<u>\$ 21,703,553</u>	<u>\$ 58,763,823</u>	<u>\$ 216,349,315</u>

The accompanying notes are an integral part of these financial statements.

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Gadsden Independent School District No. 16
 Reconciliation of the Balance Sheet to the Statement of Net Position
 Governmental Funds
 June 30, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances - total governmental funds	\$ 179,792,460
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	330,801,350
Right of use asset, net of accumulated amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds	871,146
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	1,725,386
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows - pension	66,777,165
Deferred outflows - OPEB	15,170,821
Deferred inflows - pension	(140,173,389)
Deferred inflows - OPEB	(38,692,312)
Liabilities, including bonds payable, and net pension and OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences not due and payable	(2,055,264)
Accrued interest payable	(258,713)
Leases payable	(897,211)
Bonds payable	(42,815,000)
Bond discounts (net of amortization)	13,390
Bond premiums (net of amortization)	(164,703)
Net pension liability	(226,893,540)
Net OPEB Liability	(41,556,053)
<i>Total net position - governmental activities</i>	\$ 101,645,533

The accompanying notes are an integral part of these financial statements.

Gadsden Independent School District No. 16
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Title I 24101</u>	<u>CRRSA, ESSER II 24308</u>
<i>Revenues</i>			
Property taxes	\$ 445,634	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	1,254,631	11,978,075	10,456,288
Federal direct	27,568	-	-
Local sources	-	-	-
State flowthrough	1,762,033	-	-
State direct	144,649,473	-	-
Transportation distribution	5,860,023	-	-
Charges for services	907,690	-	-
Investment income	75,842	-	-
Miscellaneous	9,339	-	-
<i>Total revenues</i>	<u>154,992,233</u>	<u>11,978,075</u>	<u>10,456,288</u>
<i>Expenditures</i>			
Current:			
Instruction	96,176,872	8,912,208	984,470
Support services - students	13,359,733	1,392,584	233,741
Support services - instruction	5,565,344	783,497	23,317
Support services - general administration	836,804	277,169	195,096
Support services - school administration	9,321,089	14,376	-
Central services	4,603,323	334,893	3,586,655
Operation and maintenance of plant	18,396,800	28,303	4,653,349
Student transportation	7,135,679	235,045	779,660
Food services operations	-	-	-
Community services operations	60	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>155,395,704</u>	<u>11,978,075</u>	<u>10,456,288</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(403,471)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Bond proceeds	-	-	-
Proceeds from sale of capital assets	18,431	-	-
<i>Total other financing sources (uses)</i>	<u>18,431</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(385,040)	-	-
<i>Fund balances - beginning</i>	<u>69,261,067</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 68,876,027</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

ARP ESSER III 24330	Bond Building Capital Projects Fund 31100	Debt Service Fund 41000	Other Governmental Funds	Total
\$ -	\$ -	\$ 13,753,304	\$ 4,805,630	\$ 19,004,568
26,571,060	-	-	17,628,335	67,888,389
-	-	-	2,572,678	2,600,246
-	-	-	1,390,631	1,390,631
-	-	-	16,178,609	17,940,642
-	396,722	-	83,191	145,129,386
-	-	-	-	5,860,023
-	-	-	1,435,641	2,343,331
-	726,786	-	155,682	958,310
-	-	-	21,042	30,381
26,571,060	1,123,508	13,753,304	44,271,439	263,145,907
7,095,641	-	-	13,835,741	127,004,932
862,350	-	-	2,049,112	17,897,520
177,494	-	-	1,296,034	7,845,686
595,486	-	137,101	292,636	2,334,292
-	-	-	9,517	9,344,982
696,833	-	-	127	9,221,831
15,791,404	101,841	-	4,619,126	43,590,823
-	-	-	212,052	8,362,436
1,351,852	-	-	10,770,138	12,121,990
-	-	-	-	60
-	4,280,073	-	3,144,201	7,424,274
-	-	10,415,000	2,815,000	13,230,000
-	-	606,392	204	606,596
26,571,060	4,381,914	11,158,493	39,043,888	258,985,422
-	(3,258,406)	2,594,811	5,227,551	4,160,485
-	9,500,000	-	2,815,000	12,315,000
-	-	-	-	18,431
-	9,500,000	-	2,815,000	12,333,431
-	6,241,594	2,594,811	8,042,551	16,493,916
-	34,263,146	17,889,508	41,884,823	163,298,544
\$ -	\$ 40,504,740	\$ 20,484,319	\$ 49,927,374	\$ 179,792,460

The accompanying notes are an integral part of these financial statements.

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Gadsden Independent School District No. 16
 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, 2023

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

Net change in fund balances - total governmental funds	\$ 16,493,916
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Book value of capital assets disposed	(6,398)
Capital expenditures	31,158,345
Depreciation expense	(15,472,583)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivable	(75,565)
--	----------

Expenses in the Statement of Activities that are not paid from current financial resources are not reported as expenditures in the funds:

Amortization expense on right of use asset	(518,054)
--	-----------

Governmental funds report District pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension expense:

District pension contributions subsequent to measurement date	17,510,532
District OPEB contributions subsequent to measurement date	2,042,213
Net Pension expense	(18,925,853)
Net OPEB income	8,754,477

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Bond proceeds	(12,315,000)
Current year amortization of bond premiums and discounts	98,931
Increase in accrued interest payable	(34,522)
Increase in accrued compensated absences not due and payable	(299,284)
Principal payments on bonds and lease purchase notes	13,230,000
Principal payments on leases	512,587

<i>Change in net position of governmental activities</i>	<u>\$ 42,153,742</u>
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The accompanying notes are an integral part of these financial statements.

Gadsden Independent School District No. 16

Exhibit C-1

General Fund

Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 415,143	\$ 415,143	\$ 449,368	\$ 34,225
Intergovernmental revenue:	-	-	-	-
Federal flowthrough	155,000	155,000	1,254,631	1,099,631
Federal direct	-	-	27,568	27,568
Local sources	-	-	-	-
State flowthrough	-	-	1,762,033	1,762,033
State direct	143,616,138	144,649,472	144,649,473	1
Transportation distribution	5,860,023	5,860,023	5,327,290	(532,733)
Charges for services	120,000	120,000	240,540	120,540
Investment income	15,000	15,000	75,842	60,842
Miscellaneous	-	-	9,339	9,339
Total revenues	150,181,304	151,214,638	153,796,084	2,581,446
<i>Expenditures</i>				
Current:				
Instruction	102,627,205	112,029,565	95,880,961	16,148,604
Support services - students	14,693,568	16,520,313	13,356,072	3,164,241
Support services - instruction	5,592,221	6,292,558	5,563,029	729,529
Support services - general administration	1,102,109	1,142,031	850,482	291,549
Support services - school administration	8,926,647	9,919,496	9,313,748	605,748
Central services	6,688,886	7,199,571	4,605,475	2,594,096
Operation and maintenance of plant	19,956,130	26,564,942	18,201,941	8,363,001
Student transportation	8,228,300	8,228,300	7,135,679	1,092,621
Other support services	30,553,090	20,888,180	-	20,888,180
Community services operations	30,680	30,680	60	30,620
Capital outlay	-	150,000	-	150,000
Total expenditures	198,398,836	208,965,636	154,907,447	54,058,189
<i>Excess (deficiency) of revenues over expenditures</i>	(48,217,532)	(57,750,998)	(1,111,363)	56,639,635
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	48,217,532	57,750,998	-	(57,750,998)
Proceeds from sale of capital assets	-	-	18,431	18,431
Total other financing sources (uses)	48,217,532	57,750,998	18,431	(57,732,567)
<i>Net change in fund balance</i>	-	-	(1,092,932)	(1,092,932)
<i>Fund balance - beginning of year</i>	-	-	67,420,743	67,420,743
<i>Plus ending fund balance student activity funds</i>	-	-	907,722	907,722
Fund balance - end of year	\$ -	\$ -	\$ 67,235,533	\$ 67,235,533
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,092,932)
Adjustments to revenues for taxes and intergovernmental revenue				565,397
Adjustments to expenditures for supplies and payroll expenditures				32,810
Plus increase from student activity funds				109,685
Net change in fund balance (GAAP Basis)				\$ (385,040)

The accompanying notes are an integral part of these financial statements.

Gadsden Independent School District No. 16
 Title I Special Revenue Fund - 24101
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2023

Exhibit C-2

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 13,116,362	\$ 14,101,319	\$ 10,297,604	\$ (3,803,715)
<i>Total revenues</i>	13,116,362	14,101,319	10,297,604	(3,803,715)
<i>Expenditures</i>				
Current:				
Instruction	8,957,884	9,565,389	8,911,389	654,000
Support services	2,758,237	3,079,689	2,467,952	611,737
Central services	491,530	491,530	335,402	156,128
Operation and maintenance of plant	75,000	88,000	28,691	59,309
Student transportation	833,711	876,711	235,045	641,666
<i>Total expenditures</i>	13,116,362	14,101,319	11,978,479	2,122,840
<i>Net change in fund balance</i>	-	-	(1,680,875)	(1,680,875)
<i>Fund balance - beginning of year</i>	-	-	(2,098,982)	(2,098,982)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (3,779,857)	\$ (3,779,857)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,680,875)
Adjustments to revenues for federal grants				1,680,471
Adjustments to expenditures for accounts payable and accrued payroll				404
<i>Net change in fund balance (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements.

Gadsden Independent School District No. 16
CRRSA, ESSER II Special Revenue Fund - 24308
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2023

Exhibit C-3

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Federal flowthrough	\$ 5,967,072	\$ 11,999,671	\$ 8,822,925	\$ (3,176,746)
<i>Total revenues</i>	5,967,072	11,999,671	8,822,925	(3,176,746)
<i>Expenditures</i>				
Current:				
Instruction	3,911,438	985,393	984,470	923
Support services	1,055,634	574,210	452,154	122,056
Central services	-	3,800,000	3,586,655	213,345
Operation and maintenance of plant	1,000,000	5,640,068	5,516,370	123,698
Student transportation	-	1,000,000	779,660	220,340
<i>Total expenditures</i>	5,967,072	11,999,671	11,319,309	680,362
<i>Net change in fund balance</i>	-	-	(2,496,384)	(2,496,384)
<i>Fund balance - beginning of year</i>	-	-	(3,651,604)	(3,651,604)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (6,147,988)	\$ (6,147,988)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (2,496,384)
Adjustments to revenues for federal grants				1,633,363
Adjustments to expenditures for accounts payable and accrued payroll				863,021
<i>Net change in fund balance (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements.

Gadsden Independent School District No. 16
 ARP, ESSER III Special Revenue Fund - 24330
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2023

Exhibit C-4

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 67,030,249	\$ 70,475,272	\$ 18,081,789	\$ (52,393,483)
<i>Total revenues</i>	<u>67,030,249</u>	<u>70,475,272</u>	<u>18,081,789</u>	<u>(52,393,483)</u>
<i>Expenditures</i>				
Current:				
Instruction	15,867,051	16,491,859	7,064,100	9,427,759
Support services	3,953,939	5,898,962	1,633,933	4,265,029
Central services	2,669,259	2,669,259	696,833	1,972,426
Operation and maintenance of plant	43,540,000	43,540,000	15,791,404	27,748,596
Student transportation	700,000	100,000	-	100,000
Food services operations	300,000	1,775,192	1,351,852	423,340
<i>Total expenditures</i>	<u>67,030,249</u>	<u>70,475,272</u>	<u>26,538,122</u>	<u>43,937,150</u>
<i>Net change in fund balance</i>	-	-	(8,456,333)	(8,456,333)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,456,333)</u>	<u>\$ (8,456,333)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (8,456,333)
Adjustments to revenues for federal grants				8,489,271
Adjustments to expenditures for accounts payable and accrued payroll				<u>(32,938)</u>
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Gadsden Independent School District No. 16
Statement of Fiduciary Net Position
June 30, 2023

Exhibit D-1

	Private Purpose Trust Funds
<i>Current assets</i>	
Cash and cash equivalents	\$ 154,051
<i>Total assets</i>	\$ 154,051
 <i>Current liabilities</i>	
Accounts payable	\$ -
Accrued payroll	-
Due to student organizations	-
<i>Total liabilities</i>	-
 <i>Net Position</i>	
Restricted net position	154,051
<i>Total net position</i>	\$ 154,051

The accompanying notes are an integral part of these financial statements.

Gadsden Independent School District No. 16
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

Exhibit D-2

	Private Purpose Trust Funds
<i>Additions:</i>	
Investment earnings	\$ 120
Contributions and donations from private sources	3,507
Other	46
<i>Total additions</i>	3,673
 <i>Deductions:</i>	
Operating expenditures	25
Scholarships	8,250
<i>Total deductions</i>	8,275
Change in net position	(4,602)
Beginning net position	158,653
Ending net position	\$ 154,051

The accompanying notes are an integral part of these financial statements.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies

The Gadsden Independent School District No. 16 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 NM Public Education Department 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 twenty-three schools within the District. In conjunction with the regular education programs, all of these schools offer special education. In addition, the School Board provides transportation for the students.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Gadsden Independent School District No. 16's management, who is responsible for their integrity and objectivity. The financial statements of the Gadsden Independent School District No. 16 (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. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

A. *Financial Reporting Entity*

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

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

The Gadsden Foundation Inc. is a blended component unit of the District, as defined by GASB Statements No. 14, as amended by GASB Statement No. 39, and has a separate governing board. The Foundation does not issue separate financial statements. The Foundation is governed by a fifteen-member board composed of the Superintendent of the District, eleven appointed members, and four officers.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund 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 business-type activities as of June 30, 2023.

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

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

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

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

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

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

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

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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

General Fund:

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

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

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

The *Local Revenue Operational Fund* is used for the maintenance of public-school buildings and grounds. Expenditures include wastewater treatments and the purchase of maintenance and repair equipment. Maintenance supports school safety on the simplest level by preventing and fixing small threats to staff, teachers, and students on school buildings and facilities.

The *Student Activities* are to account for monies maintained by management for various student groups at each location within the District. These are established to direct and account for monies used to support cocurricular and extracurricular student activities. As a general rule, cocurricular activities are any kinds of school-related activities outside the regular classroom that directly add value to the formal or stated curriculum.

Special Revenue Fund:

Title I (24101) – The major objectives of the Title I program are to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced-price lunches. Any school with a free and reduced-price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criterion that identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authorized by the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the No Child Left Behind Act of 2001, Title I, Part A (Public Law 107-110).

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Special Revenue Fund:

CRRSA, ESSER II (24308) – The ESSER II Fund is a highly flexible federal program designed to provide local education agencies (LEAs) with funding to safely reopen schools, measure and effectively address significant learning loss, and take other actions to mitigate the impact of COVID-19. By law, awards from the ESSER II Fund are based on LEAs' proportional share of final 2019-20 Title I, Part A allocations received.

ARP, ESSER III (24330) – The ESSER III Fund is used 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, social, emotional, and mental health impacts of the COVID-19 pandemic on New Mexico's students.

Capital Projects Funds:

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

Debt Service Funds:

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

Additionally, the government reports the following fund types:

The *Private Purpose Trust Fund* is used to account for monies bequeathed by a former teacher, Machree Causey, to provide a scholarship each year to a graduating senior from Gadsden High School who has shown an interest in business subjects. This fund also accounts for monies bequeathed by Jim O'Toole to provide scholarships to students from Santa Teresa High School and Gadsden High School to be given based on recommendations by School Administrators. The principal amounts are to be maintained intact and invested. Investment earnings are to be used for the scholarships. Funds related to the private purpose trust fund are held in one account in conjunction with the Gadsden Foundation, Inc. However, for reporting purposes the amounts are reported separately.

The *Gadsden Foundation, Inc.* is a blended component unit used to account for donations and charitable contributions received for the purpose of providing scholarships to eligible graduates of the District and for the general support of the Gadsden Independent School District No. 16.

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

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

D. Assets, Liabilities and Net Position or Equity

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

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. Investments for the District are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the Pool is the same as the fair value of the pool shares. As of June 30, 2023, the District did not hold any pool shares in the State Treasurer's Investment Pool.

Fair Value Measurements: The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). As of June 30, 2023, there are no items are required to be valued using valuation techniques.

Restricted Assets: Restricted assets are those that are set aside for restrictions resulting from enabling legislation for future capital outlay expenditures and debt service payments. The District's restricted assets are made up of debt service funds that cannot be spent in the subsequent year.

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

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The District receives monthly income from a tax levy in Dona Ana and Otero Counties. 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 Dona Ana and Otero County Treasurers in July and August is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund financial statements during the year ended June 30, 2023. Period of availability is deemed to be sixty days subsequent to year end for property taxes and ninety days subsequent to year end for other nonexchange revenues.

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

Inventory: The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories are actually consumed. Inventory is valued at cost. In the General Fund, inventory consists of expendable supplies held for consumption. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies.

The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9 C (5).

The District was a phase II government for purposes of implementing GASB Statement No. 34. However, the District does not have any infrastructure assets to report.

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. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2023.

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

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

Land improvements	20 years
Buildings/building improvements	10-50 years
Furniture and equipment	5-20 years
Vehicles	10-20 years

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

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has four types of items that qualify for reporting in this category related to the pension and OPEB plans which are discussed at Notes 10 and 11.

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue – property taxes, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$1,725,386 related to property taxes that are considered “unavailable”. The District also has items related to the pension and OPEB plans which are discussed at Notes 10 and 11.

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

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

Vested or accumulated 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 leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

The government-wide Statement of Net Position reports \$72,573,749 of restricted net position related to grants, capital projects and debt service.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

For the classification of fund balances, the 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.

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

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. At June 30, 2023, the nonspendable fund balance of the District is comprised of inventory in the General and Food Services funds, \$1,778,558 and \$560,187, respectively, which are not in spendable form.

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

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

Assigned: Consist of amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed. Formal action by the District's Board of Education is required to assign amounts to be used for specific purposes. The District has formally assigned fund balance totaling \$10,494,065 for the STEM Academy, Instructional Materials, transportation expenditures, and the remainder for other educational and maintenance items.

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

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

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

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

E. Revenues

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Secretary of the Public Education Department. The District received \$144,649,473 in state equalization guarantee distributions during the year ended June 30, 2023.

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 \$19,004,568 in tax revenues during the year ended June 30, 2023. 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. Dona Ana and Otero Counties collect County, City, and School taxes and distributes them to each fund once per month except in June when the taxes are distributed twice to close out the fiscal year.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Secretary of the Public Education Department. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$5,860,023 in transportation distributions during the year ended June 30, 2023.

Instructional Materials: Section 22-15-5 NMSA 1978 creates the instructional material fund, a non-reverting fund used for the purchase of instructional materials. The fund is administered by PED and contains money appropriated by the Legislature through a categorical appropriation. The instructional material law provides parameters for how funds are to be distributed to school districts. Instructional Materials must align to New Mexico state standards. For fiscal year 2023, instructional materials funds flowed through the monthly SEG distributions.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (Continued)

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;
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 fiscal year 2023, the District received \$8,532,320 in special capital outlay funds and received \$731,092 from PSFA which flows through the Bond Building Capital Project Fund.

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 did not receive state SB-9 match funds during the year end June 30, 2023.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (Continued)

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

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

G. 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.

H. Newly Adopted GASB Pronouncements

During the year ended June 30, 2023 the District adopted GASB Statements No.91, *Conduit Debt Obligations*, No. 93 *Replacement of Interbank Offered Rates*, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, No. 96 *Subscription-Based Information Technology Arrangements*, No. 98, *The Annual Comprehensive Financial Report*, No. 99 *Omnibus 2022*. The District's accounting policy for accounting for Right of Use Assets and related liabilities under GASB Statement No. 96 is to capitalize amounts more than \$25,000. None of these pronouncements have a significant impact on these financial statements.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

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 'function,' this may be accomplished with only local Board of Education approval. If a transfer between 'functions' or a budget increase is required, approval must also be obtained from the New Mexico Public Education Department.

The budgetary information presented in these financial statements has been amended in accordance with the below procedures. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local school board submits to the School Budget and Finance Analysis Bureau (SBFAB) of the New Mexico Public Education Department, a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets 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 New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the SBFAB and certified and approved by the local school board at a public hearing of which notice has been published by the local school board who fixes the estimated budget for the 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 approved by the local board at an open board meeting and then will be integrated formally into the accounting system prior to July 1st. 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 SBFAB.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the New Mexico Public Education Department.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information - (Continued)

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 SBFAB.
8. Legal budgetary control for expenditures is at the function level.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of Gadsden Independent Schools has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.
11. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual function.

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2023, is presented.

The appropriated budget for the year ended June 30, 2023, was properly amended by the Board of Education throughout the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (48,217,532)	\$ (57,750,998)
Title I Special Revenue Fund	\$ -	\$ -
CRRSA, ESSER II	\$ -	\$ -
ARP, ESSER III	\$ -	\$ -

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information - (Continued)

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.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund is included in the individual budgetary comparison. The District budgets on a modified cash basis with respect to payroll or held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the District's accrued payroll which is presented on the accrual basis.

NOTE 3. Deposits and Investments

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2023.

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

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

Deposits:

Custodial Credit Risk – Deposits. 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.) At June 30, 2023, \$72,626,936 of the District's deposits of \$76,243,439 was exposed to custodial credit risk. All of the \$72,626,936 was insured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. As of June 30, 2023, the carrying amount of these deposits was \$73,916,945; total amount of deposits of \$76,243,439 less outstanding items of \$2,326,494. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 3. Deposits and Investments (continued)

	Wells Fargo Bank	First American Bank	Bank of the West	Bank of Albuquerque	Total
Amount of deposits	\$ 50,365,963	\$ 399,984	\$ 22,610,989	\$ 2,866,503	\$ 76,243,439
FDIC Coverage	(250,000)	(250,000)	(250,000)	-	(750,000)
Less: Investments in US obligations	-	-	-	(2,866,503)	(2,866,503)
Total uninsured public funds	<u>50,115,963</u>	<u>149,984</u>	<u>22,360,989</u>	<u>-</u>	<u>72,626,936</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>50,115,963</u>	<u>149,984</u>	<u>22,360,989</u>	<u>-</u>	<u>72,626,936</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ 25,057,982	\$ 74,992	\$ 11,180,495	\$ -	\$ 36,313,469
Pledged Collateral	<u>60,884,273</u>	<u>1,131,622</u>	<u>24,203,469</u>	<u>-</u>	<u>86,219,364</u>
Over (Under) collateralized	<u>\$ 35,826,291</u>	<u>\$ 1,056,630</u>	<u>\$ 13,022,974</u>	<u>\$ -</u>	<u>\$ 49,905,895</u>

Investments:

As of June 30, 2023, the District had the following short-term investments and maturities:

<u>Short-term Investment Types</u>	<u>Fair Value</u>	<u>Short-term Investments Maturities Less than 1 year</u>
Repurchase Agreements	\$ 53,920,531	\$ 53,920,531

Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one hundred and two percent of the amount on deposit with the institution. The schedule listed below discloses requirements on reporting the insured portion of the District's repurchase agreements.

Gadsden Independent School District No. 16
Notes to Financial Statements
June 30, 2023

NOTE 3. Deposits and Investments (continued)

Investments: (continued)

	<u>Wells Fargo Bank</u>	<u>First American Bank</u>	<u>Total</u>
Amount of repurchase agreements	\$ 28,661,253	\$ 25,259,278	\$ 53,920,531
FDIC Coverage	-	-	-
Less: Investments in US obligations	<u>-</u>	<u>-</u>	<u>-</u>
Total uninsured public funds	<u>28,661,253</u>	<u>25,259,278</u>	<u>53,920,531</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>28,661,253</u>	<u>25,259,278</u>	<u>53,920,531</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (102% of uninsured funds)	\$ 29,234,478	\$ 25,764,464	\$ 54,998,942
Pledged Collateral	<u>29,234,479</u>	<u>25,979,976</u>	<u>55,214,455</u>
Over (Under) collateralized	<u>\$ 1</u>	<u>\$ 215,512</u>	<u>\$ 215,513</u>

Custodial credit risk – Investments. For an investment, custodial credit 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 short-term investments or collateral securities that are in the possession of an outside party. Of the District's \$53,920,531 in repurchase agreements, the entire balance is insured and collateralized by collateral of underlying securities held by the investment's counterparty not in the name of the District. The District's policy related to short-term 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). The carrying value of the District's repurchase agreements at June 30, 2023 was \$53,980,787; total amount of deposits of \$53,920,531 plus outstanding items of \$60,256.

Interest Rate Risk for Investments. The District does not have a written policy for limiting interest rate risk. However, the average maturity of certificates of deposit is twelve months or less, which is an effective limit of interest rate risk.

In addition, the District has investments held with New Mexico Finance Authority (NMFA) for bonds in the amount of \$29,409,487. These funds are backed by the full faith and credit of the U.S. government, therefore, there is no custodial, foreign, or interest rate risk subject to disclosure for the District. These are classified as cash equivalents due the liquidity of the funds.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Position:

Cash and cash equivalents- Governmental Activities Exhibit A-1	\$ 134,635,974
Restricted cash and cash equivalents- Governmental Activities Exhibit A-1	<u>22,610,989</u>
Total cash and cash equivalents	157,246,963
Plus: reconciling items	2,326,494
Less NM Finance Authority	<u>(29,409,487)</u>
Bank balance of deposits/ repurchase agreements	<u><u>\$ 130,163,970</u></u>

NOTE 4. Receivables

Receivables as of June 30, 2023 are as follows:

	<u>General Fund</u>	<u>Title I</u>	<u>CRRSA, ESSER II</u>	<u>ARP, ESSER III</u>
Property taxes receivable	\$ 49,337	\$ -	\$ -	\$ -
Due from other governments:				
Federal sources	36,398	3,782,359	6,147,988	8,489,271
State sources	532,733	-	-	-
Other receivables:				
Miscellaneous	<u>17,783</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 636,251</u></u>	<u><u>\$ 3,782,359</u></u>	<u><u>\$ 6,147,988</u></u>	<u><u>\$ 8,489,271</u></u>
		<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes receivable		\$ 1,616,546	\$ 575,881	\$ 2,241,764
Due from other governments:				
Federal sources		-	5,084,776	23,540,792
State sources		-	4,849,926	5,382,659
Other receivables:				
Miscellaneous		<u>-</u>	<u>-</u>	<u>17,783</u>
		<u><u>\$ 1,616,546</u></u>	<u><u>\$ 10,510,583</u></u>	<u><u>\$ 31,182,998</u></u>

In accordance with GASB No. 33, property tax revenues in the amount of \$1,725,386, which were not collected within the period of availability have been reclassified as deferred inflows of resources-property taxes and grants in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 5. Interfund Receivables, Payables, and Transfers

The District had the following net operating transfers for the year ended June 30, 2023:

<u>Transfers to Other Funds</u>	<u>Transfer from Other Funds</u>	<u>Amount</u>
Operational - 11000	Local Revenue Operational - 15200	\$ 11,676
		<u>\$ 11,676</u>

The District records temporary interfund receivable and payables to enable the funds to operate until grant monies are received. The composition of interfund balances as of June 30, 2023 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
Operational - 11000	Pupil Transportation - 13000	\$ 531,389
Operational - 11000	Title I IASA - 24101	3,386,709
Operational - 11000	Migrant Children Education - 24103	7,916
Operational - 11000	IDEA-B Entitlement - 24106	954,050
Operational - 11000	IDEA-B Preschool - 24109	77,436
Operational - 11000	English Language Acquisition - 24153	440,464
Operational - 11000	Teacher/Principal Training/Recruiting - 24154	390,359
Operational - 11000	Carl D Perkins - 24174	33,162
Operational - 11000	Carl D Perkins - 24176	352
Operational - 11000	Student Supp Academic Achievement Title IV - 24189	158,718
Operational - 11000	CRRSA, ESSER II - 24308	5,998,357
Operational - 11000	ARP, ESSER III - 24330	8,381,404
Operational - 11000	IDEA American Rescue Plan Act of 2021 - 24346	457,855
Operational - 11000	IDEA American Rescue Plan Act of 2021 Preschool - 24349	51,328
Operational - 11000	Homeless Emergency Rescue Fund - 24355	10,453
Operational - 11000	REC District Fiscal Agent Fund - 26107	24,073
Operational - 11000	2012 GO Bond Student Library - 27107	646
Operational - 11000	Structured Literacy and Early Literacy - 27114	106,872
Operational - 11000	Pre-K Initiative - 27149	1,059,630
Operational - 11000	Breakfast for Elementary Students - 27155	7,228
Operational - 11000	Family Income Index - 27407	391,326
Operational - 11000	At Risk Intervention Response State Appropriation - 27412	3,051,639
Operational - 11000	2022 SB TBD Pediatric Autism Special Needs Classroom	
Operational - 11000	Equipment - 27414	1,612
Operational - 11000	Career Technical Education Program Pilot - 27502	57,631
	Total	<u><u>\$ 25,580,609</u></u>

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

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2023 is included below. Land and construction in progress are not subject to depreciation.

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental activities:				
Capital assets not depreciated				
Land	\$ 2,559,939	\$ -	\$ -	\$ 2,559,939
Construction in process	6,497,723	22,682,367	(1,612,900)	27,567,190
	<u>9,057,662</u>	<u>22,682,367</u>	<u>(1,612,900)</u>	<u>30,127,129</u>
Capital assets depreciated				
Land Improvements	19,388,569	1,464,354	(14,222)	20,838,701
Buildings	479,603,009	4,604,565	-	484,207,574
Equipment and furniture	22,837,571	4,019,959	(274,950)	26,582,580
Total assets depreciated	<u>521,829,149</u>	<u>10,088,878</u>	<u>(289,172)</u>	<u>531,628,855</u>
	530,886,811	32,771,245	(1,902,072)	561,755,984
Less accumulated depreciation for:				
Land Improvements	12,334,433	715,618	(14,222)	13,035,829
Buildings	189,317,989	13,143,324	-	202,461,313
Equipment and furniture	14,112,403	1,613,641	(268,552)	15,457,492
Total accumulated depreciation	<u>215,764,825</u>	<u>15,472,583</u>	<u>(282,774)</u>	<u>230,954,634</u>
	530,886,811	32,771,245	(1,902,072)	561,755,984
Governmental activities capital assets, net	<u>\$ 315,121,986</u>	<u>\$ 17,298,662</u>	<u>\$ (1,619,298)</u>	<u>\$ 330,801,350</u>

Depreciation expense for the year ended June 30, 2023 was charged to governmental activities as follows:

Instruction	\$ 8,045,743
Support Services – Students	1,083,081
Support Services – Instruction	464,177
Support Services – General Administration	154,726
Support Services – School Administration	618,903
Central Services	464,177
Operations / Maintenance of Plant	1,547,258
Transportation Services	618,903
Food Services	773,629
Unallocated	1,701,986
Total	<u>\$ 15,472,583</u>

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 7. Long-Term Debt

General Obligation Bonds:

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of the outstanding general obligation bonds as of June 30, 2023 was \$95,000,000. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2023 are for governmental activities.

General obligation bonds outstanding at June 30, 2023, are comprised of the following:

	Series 10/16/2013	Series 10/29/2014	Series 10/14/2015	Series 10/18/2016
Original Issue:	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000
Principal Due:	August 15	August 15	August 15	August 15
Interest Due:	February 15 August 15	February 15 August 15	February 15 August 15	February 15 August 15
Interest Rates:	2.00% - 3.00%	2.00% - 4.00%	2.00% - 2.12%	1.00% - 2.00%
Maturity Date:	08/15/2023	08/15/2024	08/15/2025	08/15/2026
	Series 10/20/2017	Series 10/19/2018	Series 10/11/2019	Series 10/09/2020
Original Issue:	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000
Principal Due:	August 15	August 15	August 15	August 15
Interest Due:	February 15 August 15	February 15 August 15	February 15 August 15	February 15 August 15
Interest Rates:	.92% - 2.2%	1.58% - 2.57%	1.03% - 1.42%	0.29% - 1.02%
Maturity Date:	08/15/2027	08/15/2028	08/15/2029	08/15/2030
	Series 10/08/2021	Series 10/14/2022		
Original Issue:	\$9,500,000	\$9,500,000		
Principal Due:	August 15	August 15		
Interest Due:	February 15 August 15	February 15 August 15		
Interest Rates:	0.09% - 1.01%	2.24% - 2.69%		
Maturity Date:	08/15/2031	08/15/2032		

Lease Purchase Notes:

The District issues Education Technology General Obligation Lease Purchase Certificates of Participation (Lease Purchase Notes) under the terms of a lease-purchase agreement by and between the District and the New Mexico Public Schools Education Technology Assistance Foundation, LLC pursuant to the Education Technology Equipment Act, NMSA 1978, §§ 6-15A-1 to 6-15A-16 for the purchase of technology related equipment and improvements as allowed under this Act. The original amount of the outstanding lease purchase notes as of June 30, 2023 was \$2,815,000. All lease purchase notes are for governmental activities.

All lease purchase notes outstanding in the prior year were paid off during the year ended June 30, 2023.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 7. Long-Term Debt (continued)

During the year ended June 30, 2023 the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 43,730,000	\$ 9,500,000	\$ 10,415,000	\$ 42,815,000	\$ 13,240,000
Lease Purchase Notes	-	2,815,000	2,815,000	-	-
Compensated Absences	1,755,980	960,277	660,993	2,055,264	657,744
Total long-term debt	\$ 45,485,980	\$ 13,275,277	\$ 13,890,993	\$ 44,870,264	\$ 13,897,744

The annual requirements to amortize the General Obligation Bonds as of June 30, 2023, including interest payments are as follows. The interest rates range from 0.09% to 4.0% with maturity dates until August 15, 2032.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 13,240,000	\$ 574,825	\$ 13,814,825
2025	7,765,000	393,779	8,158,779
2026	5,415,000	285,781	5,700,781
2027	4,745,000	206,890	4,951,890
2028	3,715,000	141,590	3,856,590
2029-2033	7,935,000	203,498	8,138,498
	<u>\$ 42,815,000</u>	<u>\$ 1,806,363</u>	<u>\$ 44,621,363</u>

In prior years, the general fund was typically used to liquidate long-term liabilities other than general obligation bonds and lease purchase notes.

Compensated Absences - Administrative employees of the District are able to accrue a limited amount of annual leave and all employees are able to accrue an unlimited amount of general leave during the year. During fiscal year June 30, 2023, compensated absences increased \$310,882 for annual leave and decreased \$11,598 for general leave over the prior year accrual. See Note 1 for more details.

NOTE 8. 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 and Machinery, Underground Storage Tanks and Catastrophic Student Accident Insurance. The NMPSIA provides coverage for up to a maximum of \$750,000,000 for each property damage claim with a \$25,000 deductible for each building.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 8. Risk Management (continued)

General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$1,250,000 per occurrence for Faithful Performance. A limit of \$1,250,000 applies to Depositor's Forgery, Credit Card Forgery and Money Orders. A limit of \$100,000 applies to Money and Security, with all crime coverage subject to a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2023, there have been no claims that have exceeded insurance coverage. The District is in the process of attempting to recover costs associated with this event and this continues to be an ongoing matter.

NOTE 9. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds: The District reported one fund, Career Technical Education Program Pilot, totaling \$1,651 that maintained a deficit fund balance at June 30, 2023.
- B. Excess of expenditures over appropriations: The District did not exceed budget authority in any function within a fund for the year ended June 30, 2023.
- C. Designated cash appropriations in excess of available balance: No funds of the District exceeded the budgeted cash appropriations for the year ended June 30, 2023.

NOTE 10. Pension Plan – Educational Retirement Board

General Information about the Pension Plan

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

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

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

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 10. Pension Plan – Educational Retirement Board (continued)

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 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 at state agencies that provide an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

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

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

Years of Service	Benefit Percentage Earned
10 or less	1.35%
10.25-20	2.35%
20.25-30	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 earning for any 20 consecutive calendar quarters.

Summary of Plan Provisions for Retirement Eligibility –

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.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 10. Pension Plan – Educational Retirement Board (continued)

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

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

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

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

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

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

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

Benefit Options – The Plan has three benefit options available.

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

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 10. Pension Plan – Educational Retirement Board (continued)

- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor’s benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member’s monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member’s increased monthly benefit commences in the month following the beneficiary’s death.

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

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

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

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

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

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

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

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 10. Pension Plan – Educational Retirement Board (continued)

- 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 year ended June 30, 2023 and 2022 educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2023	7-1-22 to 6-30-23	Over \$24K	10.70%	17.15%	27.85%	2.00%
2023	7-1-22 to 6-30-23	\$24K or less	7.90%	17.15%	25.05%	2.00%
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%

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, 2023 and 2022, the District paid employer contributions of \$17,510,532 and \$13,832,695, which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the District reported a liability of \$226,893,540 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2022, using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2022.

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, 2022, actuarially determined. At June 30, 2022, the District’s proportion was 2.69415% percent, which was an decrease of 0.06387% percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$18,925,853. At June 30, 2023, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 10. Pension Plan – Educational Retirement Board (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 8,142,726	\$ 3,706,092
Net difference between expected and actual investments on pension plan investments	-	5,182,137
Changes of assumptions	38,220,112	126,089,237
Changes in proportion	2,903,795	5,195,923
District's contributions subsequent to the measurement date	<u>17,510,532</u>	<u>-</u>
Total	<u>\$ 66,777,165</u>	<u>\$ 140,173,389</u>

\$17,510,532 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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:

2024	\$ (51,415,023)
2025	(38,173,496)
2026	(9,211,461)
2027	7,893,224
2028	-
Thereafter	-

Actuarial assumptions. Actuarial assumptions and methods are set by the Plan's 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. At that time, the Board adopted a number of demographic and economic assumption changes. There were no changes in assumptions since the prior valuation.

The total pension liability in the June 30, 2021 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 a 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.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 10. Pension Plan – Educational Retirement Board (continued)

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, dividend, 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	24%	
Fixed Income	23%	
Alternatives	52%	
Cash	1%	
Total	100%	7.00%

Discount rate. A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2022. This is the same rate used for June 30, 2021. 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 3.69%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were sufficient to finance 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:

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 10. Pension Plan – Educational Retirement Board (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	<u>\$ 307,648,689</u>	<u>\$ 226,893,540</u>	<u>\$ 160,150,565</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued NMERB'S financial reports. The reports can be found on NMERB's Web site at <https://www.erb.nm.gov/annual-reports/>.

Payables to the pension plan. At June 30, 2023, the District owed the ERB \$4,351,437 for the contributions withheld in the month of June 2023.

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan

General Information about the OPEB

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

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

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

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Employees covered by benefit terms – At June 30, 2022, 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	11,759
Current active members	<u>92,520</u>
	<u>157,371</u>
Active membership	
State general	18,691
State police and corrections	1,919
Municipal general	20,357
Municipal police	1,573
Municipal fire	756
Educational Retirement Board	<u>49,224</u>
	<u>92,520</u>

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$2,042,213 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$41,556,053 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as 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, 2022. At June 30, 2022, the District’s proportion was 1.79772 percent.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

For the year ended June 30, 2023, the District recognized OPEB income of \$8,754,477. At June 30, 2023 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	\$ 691,199	\$ 6,159,490
Net difference between expected and actual investments on OPEB plan investments	573,019	-
Changes of assumptions	8,867,076	30,805,033
Changes in proportion	2,997,314	1,727,789
District's contributions subsequent to the measurement	<u>2,042,213</u>	<u>-</u>
Total	<u>\$ 15,170,821</u>	<u>\$ 38,692,312</u>

Deferred outflows of resources totaling \$2,042,213 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$ (8,189,081)
2025	(5,415,064)
2026	(3,070,136)
2027	(5,513,654)
2028	(3,375,769)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022, using the following actuarial assumptions:

Validation 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; 2.50% for PERA members
Projected payroll 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

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs
Mortality	ERB members: 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.

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

Asset Class	Long-Term Rate of Return
U.S. core fixed income	0.4%
U.S. equity - large cap	6.6%
Non U.S. - emerging markets	9.2%
Non U.S. - developed equities	7.3%
Private equity	10.6%
Credit and structured finance	3.1%
Real estate	3.7%
Absolute return	2.5%
U.S. equity - small/mid cap	6.6%

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 5.42% as of June 30, 2022. 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, 2059. The 7.00% discount rate, which includes the assumed inflation rate of 2.30% for ERB members and 2.50% for PERA members, was used to calculate the net OPEB liability through 2052. Beyond 2059, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.54%) was applied. Thus, 5.42% is the blended discount rate.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability, calculated using the discount rate of 5.42% as of June 30, 2022, as well as what the Fund’s net OPEB liability would be if it were calculated using a discount rate that is 1-percent lower or 1-percent higher than the current rate:

	1% Decrease (4.42%)	Current Discount Rate (5.42%)	1% Increase (6.42%)
District's proportionate share of the net OPEB liability	<u>\$ 51,713,950</u>	<u>\$ 41,556,053</u>	<u>\$ 33,457,171</u>

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	<u>\$ 33,297,217</u>	<u>\$ 41,556,053</u>	<u>\$ 48,594,743</u>

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, 2022.

Payable to the OPEB Plan. At June 30, 2023, the District reported a payable of \$474,529 for outstanding contributions due to NMRHCA for the year ended June 30, 2023.

NOTE 12. Tax Sheltered Annuity Plan

The District offers its employees a tax-sheltered annuity plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amount of compensation deferred under the plan are remitted by the District to the various plan administrators and the District has no further claim to these funds. Investments are managed by respective plan trustees. All contributions withheld from employees have been transferred to the annuity companies with which the employee has selected to invest their funds.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 13. Right of Use Asset and Liability

During fiscal year 2022 the District implemented GASB Statement 87, Leases and the District has long term agreements for the use of equipment which began on July 1, 2021 and will continue through fiscal year 2026. These leases are paid monthly with payments ranging from \$15,822 to \$29,720 and started on July 1, 2021. The equipment has useful lives that range from 4 to 6 years with no purchase option and a discount rate of 3%.

A summary of the right to use the assets and changes occurring during the year ended June 30, 2023 follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2023</u>
Right of Use Asset				
Equipment	\$ 1,907,254	\$ -	\$ -	\$ 1,907,254
Total right of use asset	<u>1,907,254</u>	<u>-</u>	<u>-</u>	<u>1,907,254</u>
Less accumulated amortization for:				
Equipment	\$ 518,054	\$ 518,054	\$ -	\$ 1,036,108
Total accumulated amortization	<u>518,054</u>	<u>518,054</u>	<u>-</u>	<u>1,036,108</u>
Right of use asset, net	<u>\$ 1,389,200</u>	<u>\$ (518,054)</u>	<u>\$ -</u>	<u>\$ 871,146</u>

During the year ended June 30, 2023, the following changes occurred in the lease liability related to the right of use assets reported above in the government-wide statement of net position:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
Lease liability	\$ 1,409,798	\$ -	\$ 512,587	\$ 897,211	\$ 528,177
	<u>\$ 1,409,798</u>	<u>\$ -</u>	<u>\$ 512,587</u>	<u>\$ 897,211</u>	<u>\$ 528,177</u>

The annual requirements to amortize the lease as of June 30, 2023, including interest payments, is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2024	\$ 528,177	\$ 18,327	\$ 546,504
2025	181,753	8,111	189,864
2026	<u>187,281</u>	<u>2,583</u>	<u>189,864</u>
	<u>\$ 897,211</u>	<u>\$ 29,021</u>	<u>\$ 926,232</u>

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 14. Construction and Other Significant Commitments

The District has committed to pay for several construction contracts that were not completed at June 30, 2023 in the amount of \$24,629,397 as follows:

Contract	Year Ending	Amount
Anthony Elementary HVAC Upgrades	2023	\$ 1,037
BE Shade Canopy & BB Court	2023	229,244
Berino Elementary School Hvac Replacement 2020-21	2023	1,092
Berino Parking Lot Rehabilitation	2023	270,655
Broadband Communications Districtwide Infrastructure	2023	15,943,267
Chaparral On Track	2023	24,959
CHS Bldg Q Electrical Upgrade Design M&E And Evaluation	2023	13,844
CHS Modular Community Building	2023	708,698
CHS On Track Addition Roof	2023	19,541
CHS On Track Center Addition	2023	10,617
CMS Building Renovation	2023	564,090
Deset Pride Green House	2023	340,011
DPA Verkada SV23 Environmental Sensor	2023	1,460
Equipment Northern On Track Pre K	2023	81,523
GAC Prek Playground Equipment	2023	49,177
GAC-Removal And Replacement Of The Existing Roofing	2023	1,794,721
Gadsden Middle School Replacement	2023	1,279,717
GES Prek Playground Equipment	2023	98,976
GHS Academic Bldg Metal Reroof	2023	227,953
GHS Modular Community Building	2023	354,543
GHS New PA System	2023	1,411
GHS Panther Gym& Weight Room Hvac Project	2023	80,560
HVAC Shop	2023	12,190
La Mesa Pre-K Roof replacement (Shingles)	2023	223,779
La Union Roof Replacement (Shingles)	2023	208,299
La Union Shade Canopy & BB Court	2023	148,086
PPD Equipment 2012 Peterbilt Tank	2023	138,550
Riverside Elem Shade Canopy & BB Court	2023	258,742
Riverside Elementary Sewer Plumbing	2023	8,089
Shade Canopy At 3 Locations; MQ, LLE, RS	2023	1,352
SNP Equipment	2023	138,932
SNP Lift	2023	37,425
SNP Training Build Top Replace	2023	80,848
STHS Gym Basketball Equipment	2023	13,295
STHS Modular Community Building	2023	353,707
STHS Verkada Sv23 Environmental Sensor	2023	191,606
STMS Fire Alarm Update	2023	242,519
STMS Roof Replacement (Shingles)	2023	223,779
YUCCA Heights Leachfield Phase 1	2023	251,103
		\$ 24,629,397
Total Outstanding Commitments		

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 15. 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.

NOTE 16. Subsequent Events

The date to which events occurring after June 30, 2023, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is November 4, 2023.

On August 10, 2023 the Gadsden Independent School District No. 16 Board of Education passed resolutions authorizing the issuance and sale of the following debt:

Series 2023 General Obligation School Building Bonds

Bond Amount: \$9,500,000

Closing Date: 10/6/2023

Maturity Date: 8/15/2025

Interest Rate: 3.290%

Gadsden Independent School District No. 16 authorized issuance of General Obligation School Building Bonds, Series 2023, in the amount of \$9,500,000 to provide funds for construction within the District.

On September 7, 2023 the Gadsden Independent School District No. 16 Board of Education passed resolutions authorizing the issuance and sale of the following debt:

Series 2023 Lease Purchase Notes

Note Amount: \$2,520,000

Closing Date: 10/11/2023

Maturity Date: 10/12/2023

Interest Rate: 5.551%

Gadsden Independent School District No. 16 authorized issuance of Lease Purchase Notes, Series 2023, in the amount of \$2,520,000 to provide funds for technology needs within the District.

In November 2021 new bonds in the amount of \$38,000,000 were approved by voters. This debt authorization will be sold over a four-year period from 2022 to 2025. It is anticipated that \$9,500,000 will be issued in October of 2022. The remaining amount to be issued will be dependent on the available bonding capacity which is impacted by the assessed valuation of the property within the boundaries of the District.

The Gadsden Independent School District (GISD), in accordance with the H.R. 1319 – American Rescue Plan Act (ARPA) grant, continues to pursue a \$30 million project that would provide adequate and affordable broadband internet access to students within the GISD community.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 17. Tax Abatements

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

Agency Number	5007
Agency Name	Doña Ana County
Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond (IRB)
Recipient(s) of tax abatement	MCS Realty Partners, LLC.
Parent company(ies) of recipient(s) of tax abatement	
Tax abatement program (name and brief description)	Industrial Revenue Bonds: Are a type of loan issued by Doña Ana County to assist a private company that might otherwise be unable to obtain financing for its industrial venture or unwilling to undertake the project on its own. The County's goal in providing the debt securities is to improve the economic and employment conditions of the Santa Teresa region.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Legal authority under which tax abatement agreement was entered into	Board of County Commissioners of Doña Ana County.
Criteria that make a recipient eligible to receive a tax abatement	A project that will promote the local health, general welfare, safety, convenience and prosperity of the inhabitants of the County.
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	The property was deeded over to DAC, therefore stopping the tax bill to MCS Realty Partners, LLC. Instead of paying yearly taxes the company, based on the contract will make a yearly PILOT payment. MCS Realty Partners, LLC will pay a yearly administrative fee of \$5,000 and a PILOT payment of 25% of the property tax abated to DAC.
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	The tax abatement is determined based on Resolution No. 2010-71. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act. The amount of tax abatement is the entire tax liability until the bond is paid in full.
Are there provisions for recapturing abated taxes? (Yes or No)	No
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	N/A
List each specific commitment made by the recipient of the abatement.	MCS Realty Partners, LLC Inc. will acquire land and buildings located in the County with it affiliate MCS Industries, Inc. for their operations relating to the distribution and manufacturing of framing and related products.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	Based on the Doña Ana County tax rate table for 2022 the amount of tax abatement is \$118,140.57.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	The IRB was authorized by the Doña Ana County Board of County Commissioners. PILOT payments will be made to both Doña Ana County and Gadsden Independent School District based on the lease agreement.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 17. Tax Abatements (continued)

For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by your agency</u> in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	Doña Ana County received the following from MCS Realty: PILOT \$29,688.00 Admin Fee \$5,000
For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by a different agency</u> in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	N/A
List each specific commitment made by your agency or any other government, other than the tax abatement.	None
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	No
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	None
Agency number for Agency making the disclosure (Abating Agency)	5007
Abating Agency Name	Doña Ana County
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	Gadsden Independent School District
Agency number of Affected Agency	
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	MCS Realty Partners, LLC.
Tax abatement program (name and brief description)	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Authority under which abated tax would have been paid to Affected Agency	Board of County Commissioners of Doña Ana County.
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Based on the Doña Ana County tax rate table for 2022 the amount of tax abatement is \$59,413.64
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 17. Tax Abatements (continued)

If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	None
Agency number for Agency making the disclosure (Abating Agency)	5007
Abating Agency Name	Doña Ana County
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	State of New Mexico
Agency number of Affected Agency	
Agency type of Affected Agency	State Government
Recipient(s) of tax abatement	MCS Realty Partners, LLC.
Tax abatement program (name and brief description)	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Authority under which abated tax would have been paid to Affected Agency	Board of County Commissioners of Doña Ana County.
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Based on the Doña Ana County tax rate table for 2022 the amount of tax abatement is \$4,813.97.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	None
Agency number for Agency making the disclosure (Abating Agency)	5007
Abating Agency Name	Doña Ana County
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	Doña Ana Branch Community College
Agency number of Affected Agency	
Agency type of Affected Agency	Community College
Recipient(s) of tax abatement	MCS Realty Partners, LLC.
Tax abatement program (name and brief description)	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Authority under which abated tax would have been paid to Affected Agency	Board of County Commissioners of Doña Ana County.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 17. Tax Abatements (continued)

Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Based on the Doña Ana County tax rate table for 2022 the amount of tax abatement is \$4,424.61.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	None
Agency number for Agency making the disclosure (Abating Agency)	5007
Abating Agency Name	Doña Ana County
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	Doña Ana County Flood Commission
Agency number of Affected Agency	
Agency type of Affected Agency	Flood Commission
Recipient(s) of tax abatement	MCS Realty Partners, LLC.
Tax abatement program (name and brief description)	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Authority under which abated tax would have been paid to Affected Agency	Board of County Commissioners of Doña Ana County.
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Based on the Doña Ana County tax rate table for 2022 the amount of tax abatement is \$4,566.20.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	None

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 17. Tax Abatements (continued)

Agency Number	5007
Agency Name	Doña Ana County
Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond (IRB)
Recipient(s) of tax abatement	Monarch Litho Inc.
Parent company(ies) of recipient(s) of tax abatement	
Tax abatement program (name and brief description)	Industrial Revenue Bonds: Are a type of loan issued by Doña Ana County to assist a private company that might otherwise be unable to obtain financing for its industrial venture or unwilling to undertake the project on its own. The County's goal in providing the debt securities is to improve the economic and employment conditions of the Santa Teresa region.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Legal authority under which tax abatement agreement was entered into	Board of County Commissioners of Doña Ana County.
Criteria that make a recipient eligible to receive a tax abatement	A project that will promote the local health, general welfare, safety, convenience and prosperity of the inhabitants of the County.
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	The property was deeded over to Doña Ana County (DAC), therefore stopping the tax bill to Monarch Litho. Instead of paying yearly taxes the company, based on the contract will make a yearly PILOT payment. Monarch Litho will pay a yearly administrative fee of \$1,500 and a PILOT payment to both DAC and Gadsden Independent School District.
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	The tax abatement is determined based on Resolution No. 2010-71. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act. The amount of tax abatement is the entire tax liability until the bond is paid in full.
Are there provisions for recapturing abated taxes? (Yes or No)	No
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	
List each specific commitment made by the recipient of the abatement.	Monarch Litho Inc. will build a 75, 000 square foot facility, followed by two 75, 000 square foot expansions within a five year phase. The facility will be used for the Company's commercial printing operations. Create a total of 180 jobs with a cumulative payroll of \$4,454,400 for the first 10 years of the Bond Issuance.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	Based on the Doña Ana County tax rate table for 2022 the amount of tax abatement is \$91,340.02.
For any Payments in Lieu of Taxes (PILOTS) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	The IRB was authorized by the Doña Ana County Board of County Commissioners. PILOT payments will be made to both Doña Ana County and Gadsden Independent School District. Based on the lease agreement and the tax rates.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 17. Tax Abatements (continued)

For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by your agency</u> in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	Doña Ana County received the following from Monarch Litho: PILOT \$22,866.31
For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by a different agency</u> in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	Gadsden Independent School District received the following from Monarch Litho: PILOT \$26,768.05.
List each specific commitment made by your agency or any other government, other than the tax abatement.	None
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	Yes, Gadsden Independent School District.
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	None
Agency number for Agency making the disclosure (Abating Agency)	5007
Abating Agency Name	Doña Ana County
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	Gadsden Independent School District
Agency number of Affected Agency	
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Monarch Litho Inc.
Tax abatement program (name and brief description)	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Authority under which abated tax would have been paid to Affected Agency	Board of County Commissioners of Doña Ana County.
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Based on the Doña Ana County tax rate table for 2022 the amount of tax abatement is \$45,961.63.
For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by the Affected Agency</u> in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$26,768.06.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 17. Tax Abatements (continued)

If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	None
Agency number for Agency making the disclosure (Abating Agency)	5007
Abating Agency Name	Doña Ana County
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	State of New Mexico
Agency number of Affected Agency	
Agency type of Affected Agency	State Government
Recipient(s) of tax abatement	Monarch Litho Inc.
Tax abatement program (name and brief description)	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Authority under which abated tax would have been paid to Affected Agency	Board of County Commissioners of Doña Ana County.
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Based on the Doña Ana County tax rate table for 2022 the amount of tax abatement is \$3,724.03
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	None
Agency number for Agency making the disclosure (Abating Agency)	5007
Abating Agency Name	Doña Ana County
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	Doña Ana Branch Community College
Agency number of Affected Agency	
Agency type of Affected Agency	Community College
Recipient(s) of tax abatement	Monarch Litho Inc.
Tax abatement program (name and brief description)	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Authority under which abated tax would have been paid to Affected Agency	Board of County Commissioners of Doña Ana County.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 17. Tax Abatements (continued)

Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Based on the Doña Ana County tax rate table for 2022 the amount of tax abatement is \$3,442.82.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	None
Agency number for Agency making the disclosure (Abating Agency)	5007
Abating Agency Name	Doña Ana County
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	Doña Ana County Flood Commission
Agency number of Affected Agency	
Agency type of Affected Agency	Flood Commission
Recipient(s) of tax abatement	Monarch Litho Inc.
Tax abatement program (name and brief description)	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Authority under which abated tax would have been paid to Affected Agency	Board of County Commissioners of Doña Ana County.
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Based on the Doña Ana County tax rate table for 2022 the amount of tax abatement is 3,532.35
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	None

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 17. Tax Abatements (continued)

Agency Number	5007
Agency Name	Doña Ana County
Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond (IRB)
Recipient(s) of tax abatement	NRG Solar Roadrunner Holdings, LLC.
Parent company(ies) of recipient(s) of tax abatement	NRG Energy Inc.
Tax abatement program (name and brief description)	Industrial Revenue Bonds: Are a type of loan issued by Doña Ana County to assist a private company that might otherwise be unable to obtain financing for its industrial venture or unwilling to undertake the project on its own. The County's goal in providing the debt securities is to improve the economic and employment conditions of the Santa Teresa region.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Legal authority under which tax abatement agreement was entered into	Board of County Commissioners of Doña Ana County.
Criteria that make a recipient eligible to receive a tax abatement	A project that will promote the local health, general welfare, safety, convenience and prosperity of the inhabitants of the County.
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	The property was deeded over to DAC, therefore stopping the tax bill to NRG Solar. Instead of paying yearly taxes the company, based on the contract will make a yearly PILOT payment until the bond is paid in full. NRG Solar will pay a yearly administrative fee of \$10,000 and a PILOT payment to DAC of \$47,000 and a PILOT payment to Gadsden School District of \$67,000.
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	The tax abatement is determined based on Resolution No. 2010-71. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act. The amount of tax abatement is the entire tax liability until the bond is paid in full.
Are there provisions for recapturing abated taxes? (Yes or No)	No
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	N/A
List each specific commitment made by the recipient of the abatement.	NRG Solar will develop a photovoltaic solar power generating facility and provide jobs to the local community.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	Based on the Doña Ana County tax rate table for 2022 the amount of tax abatement is \$8,147.10.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	The IRB was authorized by the Doña Ana County Board of County Commissioners. PILOT payments in the amount of \$47,000 are to be paid to Doña Ana County and \$67,000 to Gadsden Independent School District.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 17. Tax Abatements (continued)

For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by your agency</u> in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	Doña Ana County received the following from NGR Solar: PILOT \$47,000 Admin Fee \$10,000
For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by a different agency</u> in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	Gadsden Independent School District (GISD) should be receiving \$67,000 in PILOT payment. GISD bills NRG Solar directly.
List each specific commitment made by your agency or any other government, other than the tax abatement.	None
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	Yes, Gadsden Independent School District.
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	None
Agency number for Agency making the disclosure (Abating Agency)	5007
Abating Agency Name	Doña Ana County
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	Gadsden Independent School District
Agency number of Affected Agency	
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	NRG Solar Roadrunner Holdings, LLC.
Tax abatement program (name and brief description)	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Authority under which abated tax would have been paid to Affected Agency	Board of County Commissioners of Doña Ana County.
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Based on the Doña Ana County tax rate table for 2020 the amount of tax abatement is \$4,097.22.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	The IRB was authorized by the Doña Ana County Board of County Commissioners. PILOT payments in the amount of \$47,000 are to be paid to Doña Ana County and \$67,000 to Gadsden Independent School District.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 17. Tax Abatements (continued)

If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	None
Agency number for Agency making the disclosure (Abating Agency)	5007
Abating Agency Name	Doña Ana County
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	Doña Ana Branch Community College
Agency number of Affected Agency	
Agency type of Affected Agency	Community College
Recipient(s) of tax abatement	NRG Solar Roadrunner Holdings, LLC.
Tax abatement program (name and brief description)	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Authority under which abated tax would have been paid to Affected Agency	Board of County Commissioners of Doña Ana County.
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Based on the Doña Ana County tax rate table for 2022 the amount of tax abatement is \$305.13.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	None
Agency number for Agency making the disclosure (Abating Agency)	5007
Abating Agency Name	Doña Ana County
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	State of New Mexico
Agency number of Affected Agency	
Agency type of Affected Agency	State Government
Recipient(s) of tax abatement	NRG Solar Roadrunner Holdings, LLC.
Tax abatement program (name and brief description)	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Authority under which abated tax would have been paid to Affected Agency	Board of County Commissioners of Doña Ana County.

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 17. Tax Abatements (continued)

Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Based on the Doña Ana County tax rate table for 2020 the amount of tax abatement is \$331.98.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	None
Agency number for Agency making the disclosure (Abating Agency)	5007
Agency number for Agency making the disclosure (Abating Agency)	5007
Abating Agency Name	Doña Ana County
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	Doña Ana County Flood Commission
Agency number of Affected Agency	
Agency type of Affected Agency	Flood Commission
Recipient(s) of tax abatement	NRG Solar Roadrunner Holdings, LLC.
Tax abatement program (name and brief description)	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Authority under which abated tax would have been paid to Affected Agency	Board of County Commissioners of Doña Ana County.
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	Based on the Doña Ana County tax rate table for 2022 the amount of tax abatement is \$314.89
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None

Gadsden Independent School District No. 16

Notes to Financial Statements

June 30, 2023

NOTE 18. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the 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 19. Subsequent Pronouncements

In June 2023, GASB Statement No. 100 Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2023. The District does not expect this pronouncement to have a material effect on the financial statements.

In June 2023, GASB Statement No. 101 Compensated Absences, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2023. The District does not expect this pronouncement to have a material effect on the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

Gadsden Independent School District No. 16
Schedule of Proportionate Share of the Net Pension Liability
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	2023 Measurement Date (As of and for the Year Ended June 30, 2022)	2022 Measurement Date (As of and for the Year Ended June 30, 2021)
Gadsden Independent School District No. 16 proportion of the net pension liability (asset)	2.69415%	2.75802%
Gadsden Independent School District No. 16 proportionate share of the net pension liability (asset)	\$ 226,893,540	\$ 195,473,749
Gadsden Independent School District No. 16 covered-payroll	91,309,849	88,420,162
Gadsden Independent School District No. 16 proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	248%	221%
Plan fiduciary net position as a percentage of the total pension liability	64.87%	69.77%
	2016 Measurement Date (As of and for the Year Ended June 30, 2015)	2015 Measurement Date (As of and for the Year Ended June 30, 2014)
Gadsden Independent School District No. 16 proportion of the net pension liability (asset)	2.6683%	2.6332%
Gadsden Independent School District No. 16 proportionate share of the net pension liability (asset)	\$ 172,835,476	\$ 150,245,048
Gadsden Independent School District No. 16 covered-payroll	75,848,460	72,581,397
Gadsden Independent School District No. 16 proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	228%	207%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	66.54%

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Gadsden Independent School District No. 16 is not available prior to fiscal year 2015, the year the statement's requirements became effective.

See independent auditors' report.
See notes to required supplementary information.

2021 Measurement Date (As of and for the Year Ended June 30, 2020)	2020 Measurement Date (As of and for the Year Ended June 30, 2019)	2019 Measurement Date (As of and for the Year Ended June 30, 2018)	2018 Measurement Date (As of and for the Year Ended June 30, 2017)	2017 Measurement Date (As of and for the Year Ended June 30, 2016)
2.71364%	2.61652%	2.43900%	2.70275%	2.69988%
\$ 549,943,293	\$ 198,261,635	\$ 290,029,563	\$ 300,369,262	\$ 194,295,070
86,687,295	76,499,501	73,412,971	76,970,678	77,109,981
634%	259%	395%	390%	252%
39.11%	64.13%	52.17%	52.95%	61.58%

See independent auditors' report.
See notes to required supplementary information.

Gadsden Independent School District No. 16
Schedule of Contributions
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2023	As of and for the Year Ended June 30, 2022
Contractually required contribution	\$ 17,510,532	\$ 13,832,695
Contributions in relation to the contractually required contribution	<u>17,510,532</u>	<u>13,832,695</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Gadsden Independent School District No. 16's covered-payroll	 102,111,392	 91,309,849
 Contribution as a percentage of covered payroll	 17.15%	 15.15%
	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contribution	\$ 10,718,204	\$ 10,542,936
Contributions in relation to the contractually required	<u>10,718,204</u>	<u>10,542,936</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Gadsden Independent School District No. 16's covered-	 77,109,981	 75,848,460
 Contribution as a percentage of covered payroll	 13.90%	 13.90%

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Gadsden Independent School District No. 16 is not available prior to fiscal year 2015, the year the statement's requirements became effective.

See independent auditors' report.
See notes to required supplementary information.

As of and for the Year Ended June 30, 2021	As of and for the Year Ended June 30, 2020	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017
\$ 12,510,764	\$ 12,265,309	\$ 10,630,235	\$ 10,204,223	\$ 10,698,016
<u>12,510,764</u>	<u>12,265,309</u>	<u>10,630,235</u>	<u>10,204,223</u>	<u>10,698,016</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
88,420,162	86,687,295	76,499,501	73,412,971	76,970,678
14.15%	14.15%	13.90%	13.90%	13.90%

See independent auditors' report.
See notes to required supplementary information.

Gadsden Independent School District No. 16
Notes to Required Supplementary Information
June 30, 2023

Changes in benefit provisions. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2022.

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.

See independent auditors' report.
See notes to required supplementary information.

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Gadsden Independent School District No. 16
Schedule of Proportionate Share of the Net OPEB Liability
Retiree Health Care OPEB Plan
Last 10 Fiscal Years*

	2023 Measurement Date (As of and for the Year Ended June 30, 2022)	2022 Measurement Date (As of and for the Year Ended June 30, 2021)	2021 Measurement Date (As of and for the Year Ended June 30, 2020)
Gadsden Independent School District No. 16's proportion of the net OPEB liability (asset)	1.79772%	1.83094%	1.79656%
Gadsden Independent School District No. 16's proportionate share of the net OPEB liability (asset)	\$ 41,556,053	\$ 60,244,330	\$ 75,435,902
Gadsden Independent School District No. 16's covered payroll	91,309,849	88,420,162	86,687,295
Gadsden Independent School District No. 16's proportionate share of the net OPEB liability as a percentage of its covered payroll	46%	68%	87%
Plan fiduciary net position as a percentage of the total OPEB liability	33.33%	25.39%	16.50%

* Governmental Accounting Standards Board Statement No. 75 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 Gadsden Independent School District No. 16 is not available prior to fiscal year 2018, the year the statement's requirements became effective.

See independent auditors' report.
See notes to required supplementary information.

2020 Measurement Date (As of and for the Year Ended June 30, 2019)	2019 Measurement Date (As of and for the Year Ended June 30, 2018)	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
1.72848%	1.71924%	1.79297%
\$ 56,044,041	\$ 74,758,655	\$ 81,251,538
76,501,646	73,412,968	74,688,807
73%	102%	109%
18.92%	13.14%	11.34%

See independent auditors' report.
See notes to required supplementary information.

Gadsden Independent School District No. 16

Schedule of Contributions
Retiree Health Care OPEB Plan
Last 10 Fiscal Years*

	<u>As of and for the Year Ended June 30, 2023</u>	<u>As of and for the Year Ended June 30, 2022</u>	<u>As of and for the Year Ended June 30, 2021</u>
Contractually required contribution	\$ 2,042,213	\$ 1,826,168	\$ 1,768,324
Contributions in relation to the contractually required contribution	<u>2,042,213</u>	<u>1,826,168</u>	<u>1,768,324</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Gadsden Independent School District No. 16's covered payroll	102,111,392	91,309,849	88,420,162
Contribution as a percentage of covered payroll	2.00%	2.00%	2.00%

* Governmental Accounting Standards Board Statement No. 75 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 Gadsden Independent School District No. 16 is not available prior to fiscal year 2018, the year the statement's requirements became effective.

Notes to Required Supplementary Information

In the total OPEB liability measured as of June 30, 2022, changes in assumptions include adjustments resulting from an increase in the discount rate from 3.62% to 5.42%.

See independent auditors' report.
See notes to required supplementary information.

As of and for the Year Ended June 30, 2020	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018
\$ 1,733,729	\$ 1,529,940	\$ 1,468,259
<u>1,733,729</u>	<u>1,529,940</u>	<u>1,468,259</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
86,687,295	76,501,646	73,412,968
2.00%	2.00%	2.00%

See independent auditors' report.
See notes to required supplementary information.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Gadsden Independent School District No. 16

Nonmajor Governmental Fund Descriptions

June 30, 2023

Special Revenue Funds

Student Nutrition Program (21000) – is used to account for income from meal sales, State and Federal reimbursements and to make cash disbursements for activities dealing with preparation and serving of meals. Authority for the creation of this fund is the New Mexico Public Education Department.

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 Support (23000) – To account for budgeted revenues and expenditures which relate to student activities other than athletics. Authority for the creation of this fund is the New Mexico Public Education Department.

Migrant Children Education (24103) – To account for federal resources administered by the State Public Education Department to provide for special educational needs of migratory agricultural workers. Authorized by the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the No Child Left Behind Act of 2001, Title I, Part C (Public Law 107-110).

Entitlement IDEA-B - (24106) - To account for a program funded by a Federal grant to assist the schools in providing free appropriate public education to all handicapped children. Authorized by the Individuals with Disabilities Education Act of 2004, Title I, Part B (Public Law 108-446).

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. Authorized by the Individuals with Disabilities Education Act of 2004, Title I, Part B (Public Law 108-446).

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. Authorized by the Elementary and Secondary Education Act, as amended by the No Child Left Behind Act of 2001, Title III (Public Law 107-110).

Teacher/Principal Training & Recruiting (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. Authorized by the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001, Title II, Part A, Sec. 2101-2151 (Public Law 107-110).

Carl D. Perkins (Secondary - Current - 24174) (Secondary Redistribution - 24176) – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Authorized by the Carl D. Perkins Vocational and Technical Education Act of 1998 (Public Law 105-332).

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

Gadsden Independent School District No. 16

Nonmajor Governmental Fund Descriptions

June 30, 2023

Special Revenue Funds

IDEA American Rescue Plan Act of 2021 (24346) – Funding under this award must be used in compliance with the applicable provisions of IDEA B, as follows:

- only to pay the excess costs of providing special education and related services to children with disabilities.
- to supplement state, local and other federal funds and not to supplant such funds; and
- not to reduce a Local Educational Agency's (LEA) Maintenance of Effort (MOE) for the education of children with disabilities below the preceding year's level except as allowed by 34 CFR §§ 300.204 and 205 [20 U.S.C. 1413(a)(2)(A), 34 CFR § 300.202]. 84.027X IDEA Act / American Rescue Plan Act of 2021 Federal Award Identification Number (FAIN) H027X210078

IDEA American Rescue Plan Act of 2021 Preschool (24349) Funding under this award must be used in compliance with the applicable provisions of IDEA B, as follows:

- only to pay the excess costs of providing special education and related services to children with disabilities.
- to supplement state, local and other federal funds and not to supplant such funds; and
- not to reduce a Local Educational Agency's (LEA) Maintenance of Effort (MOE) for the education of children with disabilities below the preceding year's level except as allowed by 34 CFR §§ 300.204 and 205 [20 U.S.C. 1413(a)(2)(A), 34 CFR § 300.202]. 84.027X IDEA Act / American Rescue Plan Act of 2021.

Homeless Emergency Rescue Fund (24355) – Must be used to address the impact that the Novel Coronavirus Disease 2019 has had and continues to have on Elementary and Secondary Schools. Assistance Listing Number- 84.425W

Title XIX Medicaid 3/21 Years (25153) – To account for funds to provide school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan to improve health and developmental outcomes for children. Authority for creation of this fund is the New Mexico Public Education Department.

REC District Fiscal Agent Fund (26107)- Region 9 Education Cooperative funding is to be used for information technology, education technology, and professional development to support teachers in making the most of the technology.

Spaceport GRT Grant – Dona Ana County (26204) – To account for funds received from Dona Ana County to be used to supplement science, technology, engineering, and math programs for Grades 6 through 12. Authority for creation of this fund is the New Mexico Public Education Department.

2012 GO Bond Student Library (27107) – To account for funds provided to be used for library resource acquisitions, including library books for public school libraries. Authority for the creation of this fund is the New Mexico Public Education Department.

Instructional Materials Special Appropriation (27109) – The Public Education Department has awarded the Gadsden Independent School District \$1,024,581.62 for the purchase of instructional materials for all school sites.

Structured Literacy and Early Literacy (27114)- Funding is to be used specifically for public elementary schools to improve literacy rates.

Pre-K Initiative (27149) – To account for legislative appropriations for the purpose of providing high quality Pre-K services that align to NM Pre-K standards to underserved 4-year-olds in the District. To expand early childhood educational capacity so that all families of 4-year-olds in the district who want to enroll their child in a high-quality Pre-K program can do so, regardless of income or ethnicity. Authority for the creation of this fund is the New Mexico Public Education Department.

Gadsden Independent School District No. 16

Nonmajor Governmental Fund Descriptions

June 30, 2023

Special Revenue Funds

Breakfast for Elementary Students (27155)- The awarded funding must be used as specified by the NMAC rules and approved through the Public Education Department's (PED) Student Success and Wellness Bureau (SSWB).

Family Income Index (27407) – This award is for the purpose of providing 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 support and services.

At Risk Intervention Response State Appropriation (27412)- This funding is to be used for specific school sites of public-school districts and state charter schools to leverage federal programming and improve academic and behavioral interventions to students who fall within at- risk student groups.

2022 SB TBD Pediatric Autism/Special Needs Classroom Equipment (27414)- House Bill 285 This funding is to be specifically for the purchase and installation of information technology related equipment, furniture, and infrastructure, including color printers in classrooms for special needs students with autism.

Career Technical Education Program Pilot (27502) – Funding will be used in accordance with the application in order to develop the Computer Technology Assistant (GenYes) pathway at Gadsden High School to include supplies/materials, professional development, travel and equipment.

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

New Mexico Schools COVID Testing (28211) – The District has been allocated up to \$1,000,000 in federal funding, distributed by the New Mexico Department of Health (NMDOH), to support the prevention, mitigation, and response of COVID-19 through screening and testing of students and staff. This award helps New Mexico schools build the school health services infrastructure to support student and staff health through the pandemic and beyond.

Industrial Revenue Bonds Payments In lieu of Taxes (29135) – Funds received from a Solar Facility located in the District. Funds are for student creation of this fund is the New Mexico Public Education Department.

Gadsden Independent School District No. 16

Nonmajor Governmental Fund Descriptions

June 30, 2023

Capital Projects Funds

Public School Capital Outlay (31200)- Funding is to be used for the maintenance and repair of public-school buildings and can only be used for the purposes specified on the Intended Scope of Work.

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

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

Capital Improvement SB-9 State Match (31703) – Beginning in FY20 SB-9 State Match funds will not be on a reimbursement basis. Cash will be forwarded directly to the School District. All proceeds shall be expended in accordance with 22-25-2 NMSA 1978.

Educational Technology Equipment Act (31900) – To account for funding which is to be used by the District to promote the comprehensive integration of advances technologies in education setting, through the conduct of technical assistance, professional development, information and resource dissemination and collaboration activities. Authorization is NMSA 22-15A-1.

Debt Service Funds

Ed Tech Debt Service (43000) – To account for the accumulation of financial resources for, and the payment of, general long-term debt principal and interest. Authority for the creation of this fund is the New Mexico Public Education Department.

Gadsden Independent School District No. 16
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Statement A-1

	Special Revenue	Capital Projects	Debt Service	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 27,390,170	\$ 17,778,901	\$ 2,523,982	\$ 47,693,053
Receivables:				
Property taxes	-	267,573	308,308	575,881
Due from other governments	9,934,702	-	-	9,934,702
Inventory	560,187	-	-	560,187
<i>Total assets</i>	\$ 37,885,059	\$ 18,046,474	\$ 2,832,290	\$ 58,763,823
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 78,647	\$ 222,082	\$ -	\$ 300,729
Accrued payroll	736,702	-	-	736,702
Unearned revenue	51,511	-	-	51,511
Due to other funds	7,282,750	-	-	7,282,750
<i>Total liabilities</i>	8,149,610	222,082	-	8,371,692
 <i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	224,582	240,175	464,757
<i>Total deferred inflows of resources</i>	-	224,582	240,175	464,757
 <i>Fund balances</i>				
<i>Nonspendable:</i>				
Inventory	560,187	-	-	560,187
<i>Spendable:</i>				
<i>Restricted for:</i>				
Food services	11,806,959	-	-	11,806,959
Extracurricular activities	2,337,163	-	-	2,337,163
Education	15,032,791	-	-	15,032,791
Capital acquisitions and improvements	-	17,599,810	-	17,599,810
Debt service	-	-	2,592,115	2,592,115
Unassigned	(1,651)	-	-	(1,651)
<i>Total fund balances</i>	29,735,449	17,599,810	2,592,115	49,927,374
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 37,885,059	\$ 18,046,474	\$ 2,832,290	\$ 58,763,823

See independent auditors' report.

Gadsden Independent School District No. 16
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

Statement A-2

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ 2,258,457	\$ 2,547,173	\$ 4,805,630
Intergovernmental revenue:				
Federal flowthrough	17,628,335	-	-	17,628,335
Federal direct	2,572,678	-	-	2,572,678
Local sources	1,390,631	-	-	1,390,631
State flowthrough	7,646,289	8,532,320	-	16,178,609
State direct	81,069	2,122	-	83,191
Charges for services	1,435,641	-	-	1,435,641
Investment income	38,292	117,390	-	155,682
Miscellaneous income	-	21,042	-	21,042
<i>Total revenues</i>	<u>30,792,935</u>	<u>10,931,331</u>	<u>2,547,173</u>	<u>44,271,439</u>
<i>Expenditures</i>				
Current:				
Instruction	13,835,741	-	-	13,835,741
Support services - students	2,049,112	-	-	2,049,112
Support services - instruction	1,296,034	-	-	1,296,034
Support services - general admin	244,447	22,736	25,453	292,636
Support services - school admin	9,517	-	-	9,517
Central services	127	-	-	127
Operation and maintenance of plant	34,466	4,584,660	-	4,619,126
Student transportation	212,052	-	-	212,052
Food services operations	10,770,138	-	-	10,770,138
Capital outlay	83,673	3,060,528	-	3,144,201
Debt service:				
Principal	-	-	2,815,000	2,815,000
Interest	-	-	204	204
<i>Total expenditures</i>	<u>28,535,307</u>	<u>7,667,924</u>	<u>2,840,657</u>	<u>39,043,888</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,257,628</u>	<u>3,263,407</u>	<u>(293,484)</u>	<u>5,227,551</u>
<i>Other financing sources (uses)</i>				
Bond proceeds	-	2,815,000	-	2,815,000
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,815,000</u>	<u>-</u>	<u>2,815,000</u>
<i>Net change in fund balances</i>	2,257,628	6,078,407	(293,484)	8,042,551
<i>Fund balances - beginning</i>	<u>27,477,821</u>	<u>11,521,403</u>	<u>2,885,599</u>	<u>41,884,823</u>
<i>Fund balances - end of year</i>	<u>\$ 29,735,449</u>	<u>\$ 17,599,810</u>	<u>\$ 2,592,115</u>	<u>\$ 49,927,374</u>

See independent auditors' report.

Gadsden Independent School District No. 16

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Student Nutrition Program 21000	Athletics 22000	Non Instructional Support 23000	Migrant Children Education 24103
<i>Assets</i>				
Cash and cash equivalents	\$ 10,066,940	\$ 1,278,226	\$ 1,062,496	\$ -
Receivables:				
Due from other governments	2,030,468	-	-	11,100
Inventory	560,187	-	-	-
<i>Total assets</i>	<u>\$ 12,657,595</u>	<u>\$ 1,278,226</u>	<u>\$ 1,062,496</u>	<u>\$ 11,100</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 59,483	\$ -	\$ 3,454	\$ -
Accrued payroll	230,966	-	105	3,184
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	7,916
<i>Total liabilities</i>	<u>290,449</u>	<u>-</u>	<u>3,559</u>	<u>11,100</u>
 <i>Fund balances</i>				
Nonspendable:				
Inventory	560,187	-	-	-
Spendable:				
Restricted for:				
Food services	11,806,959	-	-	-
Extracurricular activities	-	1,278,226	1,058,937	-
Education	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>12,367,146</u>	<u>1,278,226</u>	<u>1,058,937</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 12,657,595</u>	<u>\$ 1,278,226</u>	<u>\$ 1,062,496</u>	<u>\$ 11,100</u>

See independent auditors' report.

Entitlement IDEA-B 24106	Preschool IDEA-B 24109	English Language Acquisition 24153	Teacher Principal Training & Recruitment 24154	Carl D Perkins Secondary - Current 24174
\$ -	\$ -	\$ -	\$ -	\$ -
1,111,320	80,707	443,014	475,470	33,162
-	-	-	-	-
<u>\$ 1,111,320</u>	<u>\$ 80,707</u>	<u>\$ 443,014</u>	<u>\$ 475,470</u>	<u>\$ 33,162</u>
\$ 6,145	\$ 60	\$ -	\$ -	\$ -
151,125	3,211	2,550	85,111	-
-	-	-	-	-
954,050	77,436	440,464	390,359	33,162
<u>1,111,320</u>	<u>80,707</u>	<u>443,014</u>	<u>475,470</u>	<u>33,162</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,111,320</u>	<u>\$ 80,707</u>	<u>\$ 443,014</u>	<u>\$ 475,470</u>	<u>\$ 33,162</u>

See independent auditors' report.

Gadsden Independent School District No. 16

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Carl D Perkins Secondary Redistribution 24176	Student Support Academic Achievement Title IV 24189	IDEA American Rescue Plan Act of 2021 24346	IDEA American Rescue Plan Act of 2021 Preschool 24349
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Due from other governments	352	187,375	471,864	51,328
Inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u><u>\$ 352</u></u>	<u><u>\$ 187,375</u></u>	<u><u>\$ 471,864</u></u>	<u><u>\$ 51,328</u></u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	28,657	14,009	-
Unearned revenue	-	-	-	-
Due to other funds	<u>352</u>	<u>158,718</u>	<u>457,855</u>	<u>51,328</u>
<i>Total liabilities</i>	<u>352</u>	<u>187,375</u>	<u>471,864</u>	<u>51,328</u>
 <i>Fund balances</i>				
Nonspendable:				
Inventory	-	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u><u>\$ 352</u></u>	 <u><u>\$ 187,375</u></u>	 <u><u>\$ 471,864</u></u>	 <u><u>\$ 51,328</u></u>

See independent auditors' report.

Homeless Emergency Rescue Fund 24355	Title XIX Medicaid 3/21 Years 25153	REC District Fiscal Agent Fund 26107	Spaceport GRT Grant - Dona Ana County 26204	2012 GO Bond Student Library 27107
\$ -	\$ 9,060,873	\$ -	\$ 4,698,034	\$ -
10,453	178,163	24,073	-	646
-	-	-	-	-
<u>\$ 10,453</u>	<u>\$ 9,239,036</u>	<u>\$ 24,073</u>	<u>\$ 4,698,034</u>	<u>\$ 646</u>
\$ -	\$ 1,324	\$ -	\$ 7,626	\$ -
-	48,730	-	17,942	-
-	-	-	-	-
10,453	-	24,073	-	646
<u>10,453</u>	<u>50,054</u>	<u>24,073</u>	<u>25,568</u>	<u>646</u>
-	-	-	-	-
-	-	-	-	-
-	9,188,982	-	4,672,466	-
-	-	-	-	-
<u>-</u>	<u>9,188,982</u>	<u>-</u>	<u>4,672,466</u>	<u>-</u>
<u>\$ 10,453</u>	<u>\$ 9,239,036</u>	<u>\$ 24,073</u>	<u>\$ 4,698,034</u>	<u>\$ 646</u>

See independent auditors' report.

Gadsden Independent School District No. 16

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Instructional Materials Special Appropriation 27109	Structured Literacy and Early Literacy 27114	Pre-K Initiative 27149	Breakfast for Elementary Students 27155
<i>Assets</i>				
Cash and cash equivalents	\$ 31,939	\$ -	\$ -	\$ -
Receivables:				
Due from other governments	-	108,063	1,204,671	7,228
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 31,939</u>	<u>\$ 108,063</u>	<u>\$ 1,204,671</u>	<u>\$ 7,228</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ (192)	\$ -
Accrued payroll	-	1,191	145,233	-
Unearned revenue	-	-	-	-
Due to other funds	-	106,872	1,059,630	7,228
<i>Total liabilities</i>	<u>-</u>	<u>108,063</u>	<u>1,204,671</u>	<u>7,228</u>
 <i>Fund balances</i>				
Nonspendable:				
Inventory	-	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	31,939	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>31,939</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 31,939</u>	<u>\$ 108,063</u>	<u>\$ 1,204,671</u>	<u>\$ 7,228</u>

See independent auditors' report.

Family Income Index 27407	At Risk Intervention Response State Appropriation 27412	2022 SB TBD Pediatric Autism Special Needs Classroom Equipment 27414	Career Technical Education Program Pilot 27502	NM Highway Dept (Road) 28120
\$ -	\$ -	\$ -	\$ -	\$ 185,749
391,678	3,055,975	1,612	55,980	-
-	-	-	-	-
<u>\$ 391,678</u>	<u>\$ 3,055,975</u>	<u>\$ 1,612</u>	<u>\$ 55,980</u>	<u>\$ 185,749</u>
\$ -	\$ -	\$ -	\$ -	\$ -
352	4,336	-	-	-
-	-	-	-	-
391,326	3,051,639	1,612	57,631	-
<u>391,678</u>	<u>3,055,975</u>	<u>1,612</u>	<u>57,631</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	185,749
-	-	-	(1,651)	-
-	-	-	(1,651)	185,749
<u>\$ 391,678</u>	<u>\$ 3,055,975</u>	<u>\$ 1,612</u>	<u>\$ 55,980</u>	<u>\$ 185,749</u>

See independent auditors' report.

Gadsden Independent School District No. 16
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	New Mexico Schools COVID Testing 28211	Industrial Revenue Bonds Payments in Lieu of Taxes 29135	Total
<i>Assets</i>			
Cash and cash equivalents	\$ 51,511	\$ 954,402	\$ 27,390,170
Receivables:			
Due from other governments	-	-	9,934,702
Inventory	-	-	560,187
<i>Total assets</i>	<u>\$ 51,511</u>	<u>\$ 954,402</u>	<u>\$ 37,885,059</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ -	\$ 747	\$ 78,647
Accrued payroll	-	-	736,702
Unearned revenue	51,511	-	51,511
Due to other funds	-	-	7,282,750
<i>Total liabilities</i>	<u>51,511</u>	<u>747</u>	<u>8,149,610</u>
 <i>Fund balances</i>			
<i>Nonspendable:</i>			
Inventory	-	-	560,187
<i>Spendable:</i>			
<i> Restricted for:</i>			
Food services	-	-	11,806,959
Extracurricular activities	-	-	2,337,163
Education	-	953,655	15,032,791
Unassigned	-	-	(1,651)
<i>Total fund balances</i>	<u>-</u>	<u>953,655</u>	<u>29,735,449</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ 51,511</u>	 <u>\$ 954,402</u>	 <u>\$ 37,885,059</u>

See independent auditors' report.

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Gadsden Independent School District No. 16
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Student Nutrition Program 21000	Athletics 22000	Non Instructional Support 23000	Migrant Children Education 24103
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 9,922,047	\$ -	\$ -	\$ 46,575
Federal direct	-	-	-	-
Local sources	-	-	108,025	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	686,656	128,953	620,032	-
Investment income	38,292	-	-	-
Total revenues	10,646,995	128,953	728,057	46,575
<i>Expenditures</i>				
Current:				
Instruction	-	80,168	663,450	239
Support services - students	-	-	-	46,336
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	-
Support services - school admin	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	10,732,087	-	-	-
Capital outlay	12,995	-	-	-
Total expenditures	10,745,082	80,168	663,450	46,575
Net change in fund balances	(98,087)	48,785	64,607	-
Fund balances - beginning	12,465,233	1,229,441	994,330	-
Fund balances - end of year	\$ 12,367,146	\$ 1,278,226	\$ 1,058,937	\$ -

See independent auditors' report.

Entitlement IDEA-B 24106	Preschool IDEA-B 24109	English Language Acquisition 24153	Teacher Principal Training & Recruitment 24154	Carl D Perkins Secondary - Current 24174
\$ 3,538,671	\$ 169,566	\$ 632,462	\$ 1,490,343	\$ 251,693
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>3,538,671</u>	<u>169,566</u>	<u>632,462</u>	<u>1,490,343</u>	<u>251,693</u>
2,584,020	80,023	617,759	1,348,693	176,807
466,410	45,096	-	-	-
381,053	40,507	-	106,865	-
82,188	3,940	14,703	34,658	4,208
-	-	-	-	-
-	-	-	127	-
25,000	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	70,678
<u>3,538,671</u>	<u>169,566</u>	<u>632,462</u>	<u>1,490,343</u>	<u>251,693</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

Gadsden Independent School District No. 16
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Carl D Perkins Secondary Redistribution 24176	Student Supp Academic Achievment Title IV 24189	IDEA American Rescue Plan Act of 2021 24346	IDEA American Rescue Plan Act of 2021 Preschool 24349
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ 752,353	\$ 756,650	\$ 51,489
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Total revenues	-	752,353	756,650	51,489
<i>Expenditures</i>				
Current:				
Instruction	-	250,962	572,324	39,172
Support services - students	-	483,901	110,136	4,290
Support services - instruction	-	-	56,625	6,830
Support services - general admin	-	17,490	17,565	1,197
Support services - school admin	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	752,353	756,650	51,489
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

Homeless Emergency Rescue Fund 24355	Title XIX Medicaid 3/21 Years 25153	REC District Fiscal Agent Fund 26107	Spaceport GRT Grant - Dona Ana County 26204	2012 GO Bond Student Library 27107
\$ 16,486	\$ -	\$ -	\$ -	\$ -
-	2,572,678	-	-	-
-	-	24,073	1,164,765	-
-	-	-	-	646
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>16,486</u>	<u>2,572,678</u>	<u>24,073</u>	<u>1,164,765</u>	<u>646</u>
-	-	24,073	244,741	-
16,103	876,840	-	-	-
-	270,927	-	214,222	646
383	27,568	-	10,547	-
-	-	-	-	-
-	-	-	-	-
-	7,854	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>16,486</u>	<u>1,183,189</u>	<u>24,073</u>	<u>469,510</u>	<u>646</u>
-	1,389,489	-	695,255	-
-	7,799,493	-	3,977,211	-
<u>\$ -</u>	<u>\$ 9,188,982</u>	<u>\$ -</u>	<u>\$ 4,672,466</u>	<u>\$ -</u>

See independent auditors' report.

Gadsden Independent School District No. 16
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Instructional Materials Special Appropriation 27109	Structured Literacy and Early Literacy 27114	Pre-K Initiative 27149	Breakfast for Elementary Students 27155
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	110,434	3,364,591	38,051
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Total revenues	-	110,434	3,364,591	38,051
<i>Expenditures</i>				
Current:				
Instruction	-	110,434	2,904,180	-
Support services - students	-	-	-	-
Support services - instruction	-	-	218,359	-
Support services - general admin	-	-	30,000	-
Support services - school admin	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	212,052	-
Food services operations	-	-	-	38,051
Capital outlay	-	-	-	-
Total expenditures	-	110,434	3,364,591	38,051
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	31,939	-	-	-
<i>Fund balances - end of year</i>	\$ 31,939	\$ -	\$ -	\$ -

See independent auditors' report.

Family Income Index 27407	At Risk Intervention Response State Appropriation 27412	2022 SB TBD Pediatric Autism Special Needs Classroom Equipment 27414	Career Technical Education Program Pilot 27502	NM Highway Dept (Road) 28120
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
454,762	3,451,069	1,612	225,124	-
-	-	-	-	81,069
-	-	-	-	-
-	-	-	-	-
<u>454,762</u>	<u>3,451,069</u>	<u>1,612</u>	<u>225,124</u>	<u>81,069</u>
454,762	3,441,552	-	226,775	-
-	-	-	-	-
-	-	-	-	-
-	9,517	-	-	-
-	-	-	-	-
-	-	1,612	-	-
-	-	-	-	-
-	-	-	-	-
<u>454,762</u>	<u>3,451,069</u>	<u>1,612</u>	<u>226,775</u>	<u>-</u>
-	-	-	(1,651)	81,069
-	-	-	-	104,680
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,651)</u>	<u>\$ 185,749</u>

See independent auditors' report.

Gadsden Independent School District No. 16
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	New Mexico Schools COVID Testing 28211	Industrial Revenue Bonds Payments in Lieu of Taxes 29135	Total
<i>Revenues</i>			
Intergovernmental revenue:			
Federal flowthrough	\$ -	\$ -	\$ 17,628,335
Federal direct	-	-	2,572,678
Local sources	-	93,768	1,390,631
State flowthrough	-	-	7,646,289
State direct	-	-	81,069
Charges for services	-	-	1,435,641
Investment income	-	-	38,292
Total revenues	-	93,768	30,792,935
<i>Expenditures</i>			
Current:			
Instruction	-	15,607	13,835,741
Support services - students	-	-	2,049,112
Support services - instruction	-	-	1,296,034
Support services - general admin	-	-	244,447
Support services - school admin	-	-	9,517
Central services	-	-	127
Operation and maintenance of plant	-	-	34,466
Student transportation	-	-	212,052
Food services operations	-	-	10,770,138
Capital outlay	-	-	83,673
Total expenditures	-	15,607	28,535,307
Net change in fund balances	-	78,161	2,257,628
Fund balances - beginning	-	875,494	27,477,821
Fund balances - end of year	\$ -	\$ 953,655	\$ 29,735,449

See independent auditors' report.

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Gadsden Independent School District No. 16

Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2023

	Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701	Capital Improvements SB-9 State Match 31703
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Assets</i>				
Cash and cash equivalents	\$ 7,730,382	\$ 604,822	\$ 4,161,427	\$ 1,783,334
Receivables:				
Property taxes	-	-	267,573	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 7,730,382</u>	<u>\$ 604,822</u>	<u>\$ 4,429,000</u>	<u>\$ 1,783,334</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 117,837	\$ -	\$ 31,537	\$ 2,626
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u>117,837</u>	<u>-</u>	<u>31,537</u>	<u>2,626</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	224,582	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>224,582</u>	<u>-</u>
<i>Fund balances</i>				
Spendable:				
Restricted for:				
Capital acquisitions and improvements	7,612,545	604,822	4,172,881	1,780,708
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>7,612,545</u>	<u>604,822</u>	<u>4,172,881</u>	<u>1,780,708</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 7,730,382</u>	<u>\$ 604,822</u>	<u>\$ 4,429,000</u>	<u>\$ 1,783,334</u>

See independent auditors' report.

Education Technology Equipment Act 31900	Total
\$ 3,498,936	\$ 17,778,901
<u>-</u>	<u>267,573</u>
<u>\$ 3,498,936</u>	<u>\$ 18,046,474</u>
<u>\$ 70,082</u>	<u>\$ 222,082</u>
<u>70,082</u>	<u>222,082</u>
<u>-</u>	<u>224,582</u>
<u>-</u>	<u>224,582</u>
<u>3,428,854</u>	<u>17,599,810</u>
<u>3,428,854</u>	<u>17,599,810</u>
<u>\$ 3,498,936</u>	<u>\$ 18,046,474</u>

See independent auditors' report.

Gadsden Independent School District No. 16
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended June 30, 2023

	Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701	Capital Improvements SB-9 State Match 31703
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ 2,258,457	\$ -
Intergovernmental revenue:				
State flowthrough	8,532,320	-	-	-
State direct	-	-	2,122	-
Investment income	-	-	13,712	-
Miscellaneous income	-	-	21,042	-
Total revenues	8,532,320	-	2,295,333	-
<i>Expenditures</i>				
Current:				
Support services	-	-	22,736	-
Operation and maintenance of plant	790,964	-	1,116,978	283,823
Capital outlay	128,811	-	620,742	1,855,783
Total expenditures	919,775	-	1,760,456	2,139,606
<i>Excess (deficiency) of revenues over expenditures</i>	7,612,545	-	534,877	(2,139,606)
<i>Other financing sources (uses)</i>				
Bond proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balances</i>	7,612,545	-	534,877	(2,139,606)
<i>Fund balances - beginning</i>	-	604,822	3,638,004	3,920,314
<i>Fund balances - end of year</i>	\$ 7,612,545	\$ 604,822	\$ 4,172,881	\$ 1,780,708

See independent auditors' report.

Education Technology Equipment Act 31900	Total
\$ -	\$ 2,258,457
-	8,532,320
-	2,122
103,678	117,390
-	21,042
<u>103,678</u>	<u>10,931,331</u>
-	22,736
2,392,895	4,584,660
455,192	3,060,528
<u>2,848,087</u>	<u>7,667,924</u>
<u>(2,744,409)</u>	<u>3,263,407</u>
2,815,000	2,815,000
<u>2,815,000</u>	<u>2,815,000</u>
70,591	6,078,407
<u>3,358,263</u>	<u>11,521,403</u>
<u>\$ 3,428,854</u>	<u>\$ 17,599,810</u>

See independent auditors' report.

Gadsden Independent School District No. 16

Statement D-1

Combining Balance Sheet
 Nonmajor Debt Service Fund
 June 30, 2023

	Educational Technology Debt Service 43000
	<u> </u>
<i>Assets</i>	
Cash and cash equivalents	\$ 2,523,982
Receivables:	
Property taxes	<u>308,308</u>
<i>Total assets</i>	<u><u>\$ 2,832,290</u></u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>	
<i>Liabilities</i>	
<i>Total liabilities</i>	<u>\$ -</u>
 <i>Deferred inflows of resources</i>	
Unavailable revenue - property taxes	<u>240,175</u>
<i>Total deferred inflows of resources</i>	<u>240,175</u>
 <i>Fund balances</i>	
Spendable:	
Restricted for:	
Debt service	<u>2,592,115</u>
<i>Total fund balances</i>	<u><u>2,592,115</u></u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u><u>\$ 2,832,290</u></u>

See independent auditors' report.

Gadsden Independent School District No. 16
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2023

Statement D-2

	Educational Technology Debt Service 43000
<i>Revenues</i>	
Property taxes	\$ 2,547,173
<i>Total revenues</i>	<u>2,547,173</u>
 <i>Expenditures</i>	
Current:	
Support services - general administration	25,453
Debt service:	
Principal	2,815,000
Interest	204
<i>Total expenditures</i>	<u>2,840,657</u>
 <i>Net change in fund balances</i>	 (293,484)
 <i>Fund balances - beginning</i>	 <u>2,885,599</u>
 <i>Fund balances - end of year</i>	 <u>\$ 2,592,115</u>

See independent auditors' report.

Gadsden Independent School District No. 16

Combining Balance Sheet

General Fund

June 30, 2023

	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000
<i>Assets</i>			
Cash and cash equivalents	\$ 47,046,479	\$ -	\$ -
Receivables:			
Property taxes	-	-	-
Due from other governments	36,398	532,733	-
Other	17,783	-	-
Inventory	1,778,558	-	-
Due from other funds	25,580,609	-	-
<i>Total assets</i>	<u>\$ 74,459,827</u>	<u>\$ 532,733</u>	<u>\$ -</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 719,010	\$ -	\$ -
Accrued payroll	6,225,329	1,344	-
Due to other funds	-	531,389	-
<i>Total liabilities</i>	<u>6,944,339</u>	<u>532,733</u>	<u>-</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>			
Nonspendable:			
Inventory	1,778,558	-	-
Spendable:			
Restricted for:			
Capital acquisitions and improvements	-	-	-
Committed for:			
Subsequent year's expenditures	56,150,587	-	-
Assigned	9,586,343	-	-
Unassigned	-	-	-
<i>Total fund balances</i>	<u>67,515,488</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 74,459,827</u>	<u>\$ 532,733</u>	<u>\$ -</u>

See independent auditors' report.

Local Revenue Operational 15200	Student Activity Funds	Total
\$ 444,875	\$ 910,809	\$ 48,402,163
49,337	-	49,337
-	-	569,131
-	-	17,783
-	-	1,778,558
-	-	25,580,609
<u>\$ 494,212</u>	<u>\$ 910,809</u>	<u>\$ 76,397,581</u>
\$ -	\$ 2,959	\$ 721,969
-	128	6,226,801
-	-	531,389
<u>-</u>	<u>3,087</u>	<u>7,480,159</u>
41,395	-	41,395
<u>41,395</u>	<u>-</u>	<u>41,395</u>
-	-	1,778,558
452,817	-	452,817
-	-	56,150,587
-	907,722	10,494,065
-	-	-
<u>452,817</u>	<u>907,722</u>	<u>68,876,027</u>
<u>\$ 494,212</u>	<u>\$ 910,809</u>	<u>\$ 76,397,581</u>

See independent auditors' report.

Gadsden Independent School District No. 16
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2023

	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000
<i>Revenues</i>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	1,254,631	-	-
Federal direct	27,568	-	-
State flowthrough	1,762,033	-	-
State direct	144,649,473	-	-
Transportation distribution	-	5,860,023	-
Charges for services	276,938	-	-
Investment income	75,842	-	-
Miscellaneous	9,339	-	-
Total revenues	148,055,824	5,860,023	-
<i>Expenditures</i>			
Current:			
Instruction	95,655,651	-	154
Support services - students	13,359,733	-	-
Support services - instruction	5,565,344	-	-
Support services - general administration	832,311	-	-
Support services - school administration	9,321,089	-	-
Central services	4,603,323	-	-
Operation and maintenance plant	18,396,800	-	-
Student transportation	1,275,655	5,860,024	-
Community services operations	60	-	-
Total expenditures	149,009,966	5,860,024	154
<i>Excess (deficiency) of revenues over expenditures</i>	(954,142)	(1)	(154)
<i>Other financing sources (uses):</i>			
Transfers in (out)	(11,676)	-	-
Proceeds from sale of capital assets	18,431	-	-
Total other financing sources (uses)	6,755	-	-
Net change in fund balances	(947,387)	(1)	(154)
Fund balances - beginning	68,462,875	1	154
Fund balances - end of year	\$ 67,515,488	\$ -	\$ -

See independent auditors' report.

Local Revenue Operational 15200	Student Activity Funds	Total
\$ 445,634	\$ -	\$ 445,634
-	-	1,254,631
-	-	27,568
-	-	1,762,033
-	-	144,649,473
-	-	5,860,023
-	630,752	907,690
-	-	75,842
-	-	9,339
<u>445,634</u>	<u>630,752</u>	<u>154,992,233</u>
-	521,067	96,176,872
-	-	13,359,733
-	-	5,565,344
4,493	-	836,804
-	-	9,321,089
-	-	4,603,323
-	-	18,396,800
-	-	7,135,679
-	-	60
<u>4,493</u>	<u>521,067</u>	<u>155,395,704</u>
<u>441,141</u>	<u>109,685</u>	<u>(403,471)</u>
11,676	-	-
-	-	18,431
<u>11,676</u>	<u>-</u>	<u>18,431</u>
452,817	109,685	(385,040)
-	798,037	69,261,067
<u>\$ 452,817</u>	<u>\$ 907,722</u>	<u>\$ 68,876,027</u>

See independent auditors' report.

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SUPPORTING SCHEDULES

Gadsden Independent School District No. 16
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2023

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market June 30, 2023
Wells Fargo				
	Travelers Casualty and Surety Company of America	6/30/2023	190051740	\$ 28,000,000
	FR QD2212	12/1/2051	3133AYN55	4,448,345
	FN BO9271	2/1/2050	3140K5JR9	6,736,058
	FN BU1024	11/1/2051	314M2D66	6,407,441
	FN FM8653	7/1/2047	3140XCTK4	14,448,825
	FN AB6B14	10/1/2042	31417DSC8	843,604
	Collateral for deposit accounts			<u>60,884,273</u>
	FNMA	1/1/2051	FHG-3-SD8120	18,988,167
	FNMA	2/1/2051	FN-30 MA4280	10,246,312
	Collateral for repurchase agreements			<u>29,234,479</u>
Total Wells Fargo				<u>90,118,752</u>

Name and location of safekeeper for above pledged collateral:

Bank of New York Mellon and Wells Fargo Bank (Repurchase Agreement Securities)

Bank of the West

GN 20139A	4/16/2062	38380P5T7	5,022,601
GN 2125H G FIX	2/20/2051	38382NTL1	372,986
GN 2119B	1/20/2051	38382MC64	5,868,803
GN 2146D	3/20/2051	38382P3R1	1,508,944
GN 2118B	1/20/2051	38382G6Q0	7,309,792
G2SF MA2600	2/20/2045	36179Q3H2	3,190
G2SG MA4718	9/20/2047	36179TG33	11,072
GNMA2 SINGLE FAMILY 30 YR	12/20/2042	36179MVQ0	55,469
G2SF MA4718	9/20/2047	36179TG33	80,105
GNMA2 SINGLE FAMILY 15 YR	10/15/2026	36297DW37	10,423
G2SF MA3662	5/20/2046	36179SB71	78,041
G2SF MA4003	10/20/2046	36179SNU7	3,920

See independent auditors' report.

Gadsden Independent School District No. 16
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2023

Schedule I

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market June 30, 2023</u>
Bank of the West				
	G2SF MA3596	4/20/2046	36179R7H6	113,936
	G2SF MA2753	4/20/2045	36179RBW8	107,839
	G2SF MA4067	11/20/2046	36179SQU4	2,128,733
	G2SFMA2677	3/20/2045	36179Q6N6	91,152
	UST 1.625	9/30/2026	912828YG9	<u>1,436,463</u>
Total Bank of the West				<u>24,203,469</u>

Name and location of safekeeper for above pledged collateral:
Bank of the West

First American Bank

	FNMA 15YR	3/1/2027	31417BFP7	137,633
	FNMA DUS	4/1/2030	3140HX6D7	993,989
	Collateral for deposit accounts			<u>1,131,622</u>
	GNMA 15YR	1/15/2025	3620A9ZR5	10,407
	GNMA 15YR	4/15/2025	3620AQ5X7	27,017
	GNMA 15YR	9/15/2025	3620ARGV7	96,237
	GNMA 15YR	9/15/2025	3622A2LZ3	69,910
	FHLMC 15YR	11/1/2025	3128PS6V4	79,736
	FNMA 15YR	1/1/2026	31416XPL3	23,768
	FNMA 15YR	4/1/2027	3138EH4H2	67,208
	FHLMC 15YR	11/1/2027	31306YKG5	34,882
	ALAMOGORDO NM MUNI	8/1/2029	011464LU6	557,832
	BERNALILLO SD#1 NM30	8/31/2030	085279UU9	375,056
	FNMA DUS	10/1/2030	3140J1UN6	2,007,950
	FNMA DUS	7/1/2031	3140LCYF2	2,390,797
	FHLMC 15YR	10/1/2031	31307SBK8	1,022,182

See independent auditors' report.

Gadsden Independent School District No. 16
 Schedule of Collateral Pledged by Depository for Public Funds
 June 30, 2023

Schedule I

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market June 30, 2023</u>
First American Bank				
	FHLMC 15YR	3/1/2032	3128MMV42	804,107
	FNMA DUS	1/1/2033	3140LAG82	959,385
	FNMA DUS	5/1/2034	3140J1S33	1,888,742
	FNMA 15YR	7/1/2034	31418DEC2	453,384
	FRLMC 15YR	12/1/2034	3132D54P4	884,070
	GNMA II ARM	5/20/2035	36225DP24	20,222
	GNMA 30YR	1/15/2036	36292GLU7	20,670
	GNMA 30YR	3/15/2036	36241KKS6	18,429
	FNMA CONV 30	12/1/2036	3140FNH80	71,663
	FNMA 20YR	12/1/2037	3140LCTJ0	732,844
	ALBUQUERQUE NM	7/1/2038	01354MHJ3	1,115,275
	FHLMC 20YR	1/1/2039	3128P8HN4	452,559
	FRLMC 20YR	11/1/2039	3133KYSP5	523,212
	GNMA II 5X1	8/20/2042	36179MLM0	56,509
	GNMA 30YR	8/15/2045	3622A22A9	1,007,511
	GNMA II 30 FHA	8/20/2049	36179U4Z2	135,465
	GHMA II 30YR	3/20/2050	3617MVFK6	198,976
	FNMA 30YR	1/1/2051	3140KYQM9	764,385
	FR RE6097	5/1/2051	3133N3X25	1,013,846

See independent auditors' report.

Gadsden Independent School District No. 16
 Schedule of Collateral Pledged by Depository for Public Funds
 June 30, 2023

Schedule I

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market June 30, 2023</u>
First American Bank				
	FHR 5124 KD	8/1/2051	3140LWBN6	1,332,390
	FNMA 30YR	9/1/2051	3140LWDJ3	1,270,115
	FNMA 30YR	10/1/2051	3140LWEX1	974,882
	FRLMC 30 YR	11/1/2051	3133AWJB1	930,549
	FNMA 30YR	11/1/2051	3140M2BY7	805,524
	FNMA 30YR	3/1/2052	3140MHUC1	1,412,603
	FRLMC 30 YR	7/1/2052	3133KPTG3	<u>1,369,677</u>
	Collateral for repurchase agreements			<u>25,979,976</u>
			Total First American Bank	<u>27,111,598</u>
Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank				
<i>Total collateral pledged</i>				<u><u>\$ 141,433,819</u></u>

See independent auditors' report.

Gadsden Independent School District No. 16

Schedule of Deposits and Investments

June 30, 2023

<u>Bank Account Type/ Name</u>	<u>Wells Fargo</u>	<u>NM Finance Authority</u>	<u>Bank of the West</u>
Cash Deposits:			
Checking - Operational	\$ 42,028,544	\$ -	\$ -
Checking - Activity	1,962,587	-	-
Checking - Athletics	1,278,226	-	-
Checking - Building	-	-	-
Checking - Debt Service	-	-	22,610,989
Savings - Building	5,096,606	-	-
Total Cash Deposits	<u>50,365,963</u>	<u>-</u>	<u>22,610,989</u>
Investments:			
Sweep Account Balance	28,661,253	-	-
Other	-	29,409,487	-
Total Investments	<u>28,661,253</u>	<u>29,409,487</u>	<u>-</u>
Total Deposits and Investments	79,027,216	29,409,487	22,610,989
Reconciling items	<u>(2,326,494)</u>	<u>-</u>	<u>-</u>
<i>Reconciled balance June 30, 2023</i>	<u><u>\$ 76,700,722</u></u>	<u><u>\$ 29,409,487</u></u>	<u><u>\$ 22,610,989</u></u>

Reconciliation to financial statements:

Cash and cash equivalents:

Government-wide statement of net position - Exhibit A-1

Restricted cash and cash equivalents:

Government-wide statement of net position - Exhibit A-1

Cash and cash equivalents per Financial Statements

See independent auditors' report.

<u>Bank of Albuquerque</u>	<u>First American Bank</u>	<u>Total</u>
\$ -	\$ 199,984	\$ 42,228,528
-	-	1,962,587
-	-	1,278,226
-	200,000	200,000
-	-	22,610,989
-	-	5,096,606
-	399,984	73,376,936
-	25,259,278	53,920,531
2,866,503	-	32,275,990
2,866,503	25,259,278	86,196,521
2,866,503	25,659,262	159,573,457
-	-	(2,326,494)
\$ 2,866,503	\$ 25,659,262	\$ 157,246,963

\$ 134,635,974

22,610,989

\$ 157,246,963

See independent auditors' report.

Gadsden Independent School District No. 16

Cash Reconciliation

For the Year Ended June 30, 2023

	Operational 11000	Transportation 13000	Instructional Materials 14000	Local Revenue Operational 15200
Audited Cash June 30, 2022	\$ 63,150,880	\$ 996	\$ 154	\$ -
Add:				
2022-2023 receipts	<u>148,037,857</u>	<u>5,327,290</u>	<u>-</u>	<u>449,368</u>
Total cash available	<u>211,188,737</u>	<u>5,328,286</u>	<u>154</u>	<u>449,368</u>
Less:				
2022-2023 expenditures	<u>(149,042,776)</u>	<u>(5,860,024)</u>	<u>(154)</u>	<u>(4,493)</u>
Total Cash	<u>62,145,961</u>	<u>(531,738)</u>	<u>-</u>	<u>444,875</u>
Add/Less other reconciling items:				
Change in outstanding loans	(15,910,865)	531,389	-	-
Change in accruals/adjustments	<u>811,383</u>	<u>349</u>	<u>-</u>	<u>-</u>
<i>Cash per financial statement</i>	<u><u>\$ 47,046,479</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 444,875</u></u>

See independent auditors' report.

Food Services 21000	Athletics 22000	Non-Instructional Support 23000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000
\$ 9,608,293	\$ 1,229,441	\$ 1,029,713	\$ -	\$ 7,674,400	\$ 4,001,938
10,998,109	128,953	728,057	45,641,030	2,584,621	1,164,765
20,606,402	1,358,394	1,757,770	45,641,030	10,259,021	5,166,703
(10,575,820)	(80,168)	(695,379)	(57,539,481)	(1,185,877)	(497,641)
10,030,582	1,278,226	1,062,391	(11,898,451)	9,073,144	4,669,062
-	-	-	12,288,675	-	24,073
36,358	-	105	(390,224)	(12,271)	4,899
<u>\$ 10,066,940</u>	<u>\$ 1,278,226</u>	<u>\$ 1,062,496</u>	<u>\$ -</u>	<u>\$ 9,060,873</u>	<u>\$ 4,698,034</u>

See independent auditors' report.

Gadsden Independent School District No. 16

Cash Reconciliation

For the Year Ended June 30, 2023

	State Flowthrough 27000	State Direct 28000	Local or state 29000	Bond Building 31100
Audited Cash June 30, 2022	\$ 31,939	\$ 104,680	\$ 875,494	\$ 34,348,759
Add:				
2022-2023 receipts	<u>4,267,711</u>	<u>418,609</u>	<u>93,768</u>	<u>10,623,508</u>
Total cash available	<u>4,299,650</u>	<u>523,289</u>	<u>969,262</u>	<u>44,972,267</u>
Less:				
2022-2023 expenditures	<u>(7,653,949)</u>	<u>-</u>	<u>(14,860)</u>	<u>(3,907,527)</u>
Total Cash	<u>(3,354,299)</u>	<u>523,289</u>	<u>954,402</u>	<u>41,064,740</u>
Add/Less other reconciling items:				
Change in outstanding loans	3,352,757	(286,029)	-	-
Change in accruals/adjustments	<u>33,481</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash per financial statement</i>	<u><u>\$ 31,939</u></u>	<u><u>\$ 237,260</u></u>	<u><u>\$ 954,402</u></u>	<u><u>\$ 41,064,740</u></u>

See independent auditors' report.

Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701	Capital Improvements SB-9 State Match 31703	Education Technology Equipment Act 31900	Debt Service 41000
\$ -	\$ 604,822	\$ 3,602,858	\$ 3,924,904	\$ 3,363,622	\$ 17,535,343
8,532,320	-	2,310,433	-	2,918,678	13,710,157
8,532,320	604,822	5,913,291	3,924,904	6,282,300	31,245,500
(801,938)	-	(1,751,864)	(2,141,570)	(2,783,364)	(11,158,493)
7,730,382	604,822	4,161,427	1,783,334	3,498,936	20,087,007
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 7,730,382</u>	<u>\$ 604,822</u>	<u>\$ 4,161,427</u>	<u>\$ 1,783,334</u>	<u>\$ 3,498,936</u>	<u>\$ 20,087,007</u>

See independent auditors' report.

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Gadsden Independent School District No. 16

Cash Reconciliation

For the Year Ended June 30, 2023

Schedule III

Page 3 of 3

	Ed Tech Debt Service 43000	Total
Audited Cash June 30, 2022	\$ 2,819,343	\$ 153,907,579
Add: 2022-2023 receipts	<u>2,545,296</u>	<u>260,480,530</u>
Total cash available	<u>5,364,639</u>	<u>414,388,109</u>
Less: 2022-2023 expenditures	<u>(2,840,657)</u>	<u>(258,536,035)</u>
Total Cash	<u>2,523,982</u>	<u>155,852,074</u>
Add/Less other reconciling items: Change in outstanding loans	-	-
Change in accruals/adjustments	-	<u>484,080</u>
<i>Cash per financial statement</i>	<u><u>\$ 2,523,982</u></u>	<u><u>\$ 156,336,154</u></u>
Reconciliation to financial statements: Student Activity Funds		<u>910,809</u>
<i>Cash and cash equivalents per Financial Statements</i>		<u><u>\$ 157,246,963</u></u>

See independent auditors' report.

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COMPLIANCE SECTION

**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***

INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E.
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Education and Management
Gadsden Independent School District No. 16
Sunland Park, New Mexico

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 of the General Fund and major special revenue funds of the Gadsden Independent School District No. 16 (the District), as of and for the year ended June 30, 2023, 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 4, 2023.

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) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as item 2023-001.

District's Response to Finding

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

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Cordova CPAs LLC
Albuquerque, New Mexico
November 4, 2023

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FEDERAL FINANCIAL ASSISTANCE

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

INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E.
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Education and Management
Gadsden Independent School District No. 16
Sunland Park, New Mexico

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Gadsden Independent School District No. 16'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 Gadsden Independent School District No. 16's major federal programs for the year ended June 30, 2023. Gadsden Independent School District No. 16'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, Gadsden Independent School District No. 16 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, 2023.

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 Gadsden Independent School District No. 16 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 Gadsden Independent School District No. 16'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 Gadsden Independent School District No. 16'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 Gadsden Independent School District No. 16'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 Gadsden Independent School District No. 16'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 Gadsden Independent School District No. 16'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 Gadsden Independent School District No. 16'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 Gadsden Independent School District No. 16'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.

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.

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Cordova CPAs LLC
Albuquerque, New Mexico
November 4, 2023

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Gadsden Independent School District No. 16

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

Federal Grantor or Pass-Through Grantor / Program Title	Pass Thru Number	Assistance Listing Number		Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
U.S. Department of Education						
<i>Passed through New Mexico Public Education Department</i>						
Title I - IASA	24101	84.010	*	\$ 11,978,075	\$ -	\$ -
Migrant Children Education	24103	84.011		46,575	-	-
Title III English Language Acquisition	24153	84.365		632,462	-	-
Supporting Effective Instruction	24154	84.367A		1,490,343	-	-
Carl Perkins	24174	84.048		251,693	-	-
Student Support Academic Achievement Title IV	24189	84.424A		752,353	-	-
Education Stabilization Fund: ESSER II	24308	84.425D	(1)*	10,456,288	-	-
ARP ESSER III	24330	84.425U	(1)*	26,571,060	-	-
Education Stabilization Fund: ARPA Homeless Children & Youth	24355	84.425W	(1)*	16,486	-	-
<i>Total Education Stabilization Fund Cluster</i>				<u>37,043,834</u>	-	-
IDEA-B Entitlement	24106	84.027	(2)	3,538,671	-	-
IDEA-B Preschool	24109	84.173	(2)	169,566	-	-
IDEA American Rescue Plan Act of 2021	24346	84.027X	(2)	756,650	-	-
IDEA American Rescue Plan Act of 2021 Preschool	24349	84.027X	(2)	51,489	-	-
<i>Total IDEA Cluster</i>				<u>4,516,376</u>	-	-
<i>Subtotal - Passed through New Mexico Public Education Department</i>				<u>56,711,711</u>	-	-
<i>Total U.S. Department of Education</i>				<u>56,711,711</u>	-	-
U.S. Department of Agriculture						
<i>Passed through New Mexico Public Education Department</i>						
Child Nutrition Cluster	21000	10.553	(3)	1,188,901	-	-
Child Nutrition Cluster	21000	10.555	(3)	864,381	-	864,381
Child Nutrition Cluster	21000	10.555	(3)	8,691,800	-	-
<i>Subtotal - Passed through New Mexico Public Education Department</i>				<u>10,745,082</u>	-	<u>864,381</u>
<i>Total U.S. Department of Agriculture</i>				<u>10,745,082</u>	-	<u>864,381</u>
<i>Total Federal Financial Assistance</i>				<u>\$ 67,456,793</u>	<u>\$ -</u>	<u>\$ 864,381</u>

* Denotes Major Federal Financial Assistance Program

() Denotes Cluster

See independent auditors' report.

See accompanying notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards**1 Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Gadsden Independent School District No. 16 and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2 Loans

The District did not expend federal awards related to loans or loan guarantees during the year.

3 10% de minimus Indirect Cost Rate

The District did not elect to use the allowed 10% indirect cost rate.

4 Federally Funded Insurance

The District has no federally funded insurance.

Gadsden Independent School District No. 16
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

Schedule V

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

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

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 2. Type of auditors' report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No |

4. Identification of major programs:

Assistance Listing Number	Federal Program
84.010 84.425D, 84.425U, 84.425	Title I - IASA Education Stabilization Fund

- | | |
|---|-------------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$2,023,704 |
| 6. Auditee qualified as low-risk auditee? | Yes |

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS

None

SECTION IV – SECTION 12-6-5 NMSA FINDINGS

2023-001 (2020-002) – Internal Controls Over Inventory (Repeated from prior year as 2022-001) (Other Matter)

Condition: During our audit, the district provided an inventory listing that had a material error. The District noted a unit cost of 2 individual items as having a cost of \$8.00 per quantity, instead of \$.016 per box. The actual cost of each item was \$.016. The error amounted to an overstatement of inventory in the amount of \$1,618,944.

Management has made progress as the nature of the prior year finding is resolved but a different matter still pertaining to the accuracy of inventory balances remains.

Criteria: According to NMAC 6.20.2.16, each school district shall take a physical inventory of remaining goods and materials of an expendable nature (items that are consumed in the normal course of operating the district). School districts shall establish adequate internal accounting control procedures over supplies inventory in accordance with generally accepted accounting principles.

Effect: The inventory listing submitted was inaccurate and there were errors in the unit costs for certain items tested in the sample.

Cause: The inventory listing at year end was not reviewed (control deficiency) prior to finalizing for the year-end financial close

Auditors' Recommendations: The District must implement more structure around the inventory process to ensure accurate counts are obtained (and reviewed) and all unit pricing is at lower of cost or market. In addition, at year end the inventory summaries should be reviewed for accuracy, including test counts and pricing accuracy and, lastly, be reconciled to the general ledger.

Agency's Response: The Physical Plant department was accurate in their counts of the PPE inventory presented. The error occurred in the formula error of the spreadsheet where the cost of each item was entered as \$8, but the formula should have been divided by 50 since there are 50 items per carton. The author of the spreadsheet is the Associate Superintendent of Physical Plant. The formulas on the spreadsheet will be corrected to accurately reflect unit pricing and closer attention will be paid to the total cost, as it was apparent that the total cost had increased significantly since last year.

SECTION V. PRIOR YEAR AUDIT FINDINGS

2022-001 (2020-002) – Internal Controls Over Inventory (Repeated from prior year as 2021-001) (Other Matter) - Repeated

2022-002 — Student Activity Account Internal Controls- (Other Matter) - Resolved

2022-003 Travel Reimbursement Compliance (Other Noncompliance) - Resolved

Gadsden Independent School District No. 16

Other Disclosures

June 30, 2023

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 14, 2023. In attendance were the following:

Representing Gadsden Independent School District No. 16:

Laura Salazar Flores – Board of Education President
Daniel Castillo – Board of Education Member
Travis L. Dempsey – Superintendent
Ludym Martinez – Associate Superintendent for Finance
Erica Villarreal – Executive Director for Finance
Yolanda Rivera – Director for Financial Operations and Audit Committee

Representing Cordova CPAs LLC:

Robert Cordova, CPA – Principal

Auditor Prepared Financial Statements

Cordova CPAs LLC prepared the GAAP-basis financial statements and footnotes of Gadsden Independent School District No. 16 from the original books and records asserted by management. The responsibility for the financial statements remains with Gadsden Independent School District No. 16.