

State of New Mexico
Pojoaque Valley Schools
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2018



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INGRAM

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Introductory Section

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June 30, 2018

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**Pojoaque Valley Schools
Official Roster
June 30, 2018**

Name	<u>Board of Education</u>	Title
Jon Paul Romero		Board President
Jeffrey D. Atencio		Board Vice President
Toby G. Velasquez		Board Secretary
Sharon Dogruel		Board Member
Fernando Quintana		Board Member
	<u>Administrative Officials</u>	
Dr. Melville Morgan		Superintendent
Sondra Adams		Assistant Superintendent
Michelle Ortiz		Business Manager

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Report

INDEPENDENT AUDITORS' REPORT

Wayne Johnson
New Mexico State Auditor and
The Board of Education
Office of Management and Budget
Pojoaque Valley Schools
Pojoaque, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and the major special revenue fund with a legally adopted budget of Pojoaque Valley Schools (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above are present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue funds of Pojoaque Valley Schools (the "District"), as of the year ended June 30, 2018, and the related notes to the financial statements thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the prior year financial statements have been restated in the amount of (\$11,538,799) related to the District's adoption of new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and in the amount of (\$3,495,537) related to a correction of an error relating to the capital asset balances. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 13 through 20, the Educational Retirement Board (ERB) Pension Plan Schedules and related notes on page 78 through 82, and the New Mexico Retiree Healthcare (NMRHCA) Plan Schedules and related notes on page 84 through 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Supporting Schedules required by section 2.2.2 NMAC as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and Supporting Schedules as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and Supporting Schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and Supporting Schedules as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
November 12, 2018

**Pojoaque Valley Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2018
Unaudited**

Introduction

The discussion and analysis of Pojoaque Valley Public School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Furthermore, readers of the discussion and analysis 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 2018 are as follows:

- The school district has successfully maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 34.
- Total assets of governmental activities decreased \$2,887,831 or -6.89%.
- Total liabilities of governmental activities increased \$21,138,060 or 61.92%.
- The District had \$24,330,060 in expenses related to governmental activities; \$5,616,365 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues, primarily State Equalization Guarantee, property taxes, and grants and entitlements of \$15,375,204 were also utilized to provide for these programs.
- The District's net position decreased by \$3,338,491.

Using the Basic Financial Statements

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

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

**Pojoaque Valley Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2018
Unaudited**

Statement of Net Position and Statement of Activities

While this report contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

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

In the statement of net position and the statement of activities, all of the School District's activities are reported in one column. The column is labeled:

Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

The Statement of Activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The Statement of Activities, for governmental activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by revenues from state entitlements.

The dependence upon revenues from the State of New Mexico for governmental activities is apparent as the revenue received in the general fund account for 62.48% of total revenue. The District attempts to focus on educational expenses as over 45.47% of district revenues are being spent on Direct Instruction.

**Pojoaque Valley Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2018
Unaudited**

Condensed Statement of Net Position

	2018	2017	Variance
Assets			
Current and other assets	\$ 6,126,003	\$ 4,762,437	\$ 1,363,566
Capital assets, net of accumulated depreciation	32,897,117	37,124,350	(4,227,233)
Total assets	39,023,120	41,886,787	(2,863,667)
Deferred outflows of resources			
Deferred outflows related to pension plan and OPEB	12,200,027	3,541,214	8,658,813
Total deferred outflows of resources	12,200,027	3,541,214	8,658,813
Total assets and deferred outflows of resources	\$ 51,223,147	\$ 45,428,001	\$ 5,795,146
Liabilities			
Current liabilities	\$ 3,588,888	\$ 4,031,692	\$ (442,804)
Net pension and OPEB liability	45,621,710	25,139,301	20,482,409
Other long-term liabilities	6,090,045	4,967,426	1,122,619
Total liabilities	55,300,643	34,138,419	21,162,224
Deferred inflows of resources			
Deferred inflows related to pension plan and OPEB	4,465,608	1,459,859	3,005,749
Net position			
Net Investment in Capital Assets	27,678,178	6,599,886	21,078,292
Restricted	2,812,413	5,187,168	(2,374,755)
Unrestricted (deficit)	(39,033,695)	(1,957,331)	(37,076,364)
Total net position	(8,543,104)	9,829,723	(18,372,827)
Total liabilities, net position and deferred inflows of resources	\$ 51,223,147	\$ 45,428,001	\$ 5,795,146

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of Pojoaque Valley Schools, assets and deferred outflows were exceeded by liabilities and deferred inflows by \$8,543,104 at the close of the most recent fiscal year. By far the largest portion of the District's net position is its investment in capital assets, less any debt used to acquire those assets that is still outstanding. The District uses these assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Pojoaque Valley Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2018
Unaudited**

Condensed Statement of Activities

	2018	2017	Variance
Program revenues:			
Charges for services	\$ 400,849	\$ 425,292	\$ (24,443)
Operating grants and contributions	4,967,791	5,331,344	(363,553)
Capital grants and contributions	247,725	-	247,725
General revenues:			
Property taxes	2,130,177	1,405,230	724,947
State equalization guarantee	13,115,677	12,683,821	431,856
Interest and investment earnings	26,898	8,017	18,881
Miscellaneous revenue	102,452	110,763	(8,311)
Total revenues	20,991,569	19,964,467	1,027,102
Program expenses:			
Instruction	11,063,936	11,766,017	(702,081)
Support services	5,614,102	4,848,188	765,914
Central services	652,521	518,521	134,000
Operation and maintenance of plant	3,682,884	2,840,357	842,527
Student transportation	1,185,288	926,951	258,337
Food services	1,893,138	1,162,120	731,018
Community service operations	86,330	77,612	8,718
Interest on long-term debt	151,861	159,746	(7,885)
Total expenses	24,330,060	22,299,512	2,030,548
Increase (decrease) in net position	\$ (3,338,491)	\$ (2,335,045)	\$ (1,003,446)
Restatement to Net Postion	\$ (15,034,336)	\$ -	\$ (15,034,336)

Change in Net Position

The District's net position decreased by \$3,338,491 during the current fiscal year. The decrease is due primarily to due to increased expenses from the prior year. At the end of the current fiscal year, the District is able to report positive balances in two of three categories of net position for the government as a whole. The same situation held true for the prior fiscal year. The District had two restatements during the year ended June 30, 2018. Those restatements are described in Note 19 to the financial statements and relate to the implementation of GASB Statement No. 75 and Capital Assets.

Pojoaque Valley Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2018
Unaudited

The District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$23,680,954 and expenditures and other financing uses of \$21,467,708. The net change in fund balance for the year was an increase of \$2,213,246. Approximately 99.76% of the total fund balances of the governmental funds constitute spendable fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not spendable to indicate that it is not available for new spending because it has already been committed to the purchase of inventories, per the Balance Sheet – Governmental Funds.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Food Service Special Revenue Fund, Bond Building Capital Projects Fund, SB-9 Capital Improvements - Local Capital Projects Fund, and Debt Service Fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal yearend for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements. The general fund is the chief operating fund of the District. As of June 30, 2018, spendable fund balance of the general fund was a deficit of (\$1,162,720). Nonspendable fund balance of the food service fund was \$10,147. As a measure of the governmental funds' liquidity, it may be useful to compare the spendable fund balance to total governmental fund expenditures. Spendable fund balance of total governmental funds represents 18.82% of total governmental fund expenditures.

The fund balance of the District's general fund increased by \$332,922 during the current fiscal year due to the District reducing expenditures in the fund in an attempt to restore a positive fund balance in the general fund a transfer in of proceeds from the sale of a softball field.

The food service fund has total spendable fund balance of \$397,666 all of which is restricted for operations of the food service program. The total fund balance of the food service fund decreased by \$8,205 in the current fiscal year due to an increase in expense and from the prior year.

**Pojoaque Valley Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2018
Unaudited**

The bond building fund has total spendable fund balance of \$2,401,178 all of which is restricted for capital acquisitions and improvements. The total fund balance of the bond building fund increased by \$1,770,375 in the current fiscal year due to the issuance of a bond in the current year and the District holding bond proceeds at year end.

The SB-9 capital improvements - local fund has total spendable fund balance of \$285,925 all of which is restricted for capital acquisitions and improvements. The total fund balance of the SB-9 capital improvements – local fund increased by \$137,150 in the current fiscal year due to an increase in revenues from the prior year.

The debt service fund has a total spendable fund balance of \$1,997,903, all of which is restricted for the payment of debt service. The net increase of \$304,440 in fund balance during the current year resulted from increases in property taxes during the year.

General Fund Budgeting Highlights

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

During the course of fiscal 2018, the School District amended its budget as needed.

For the General Fund, final budgeted revenues and other financing sources are less than budgeted expenditures by \$125,101.

Expenditures and other financing uses were budgeted at \$15,875,056, while actual expenditures were \$16,071,150. The difference between budget and actual expenditures was due to spending in salaries, substitutes, and other expenses and other budgetary items throughout the year.

Actual revenues for the general fund were \$15,687,773 and revenues from state sources constitute 90.82% of the total. Actual expenditures exceed actual revenues by \$536,754.

Capital Assets

At the end of fiscal 2018, the District had \$32,897,117 invested in capitalized assets with associated accumulated depreciation of \$19,420,778. Activity in the capital asset accounts is reported in Note 7 to the financial statements. As part of the District's adoption of the GASB Statement 34 reporting model, the value of District owned land and buildings were adjusted to correspond to historical cost or to appraised value (if historical cost was not available).

Debt

At June 30, 2018, the District had outstanding bonds payable of \$7,520,000. The District issued \$2,750,000 of new bonds in August 2017. These bonds were issued to fund various capital projects.

**Pojoaque Valley Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2018
Unaudited**

Details of the activity in the long-term debt accounts of the District can be found in Note 8 to the financial statements.

Future Trends & Current Conditions affecting the District

Currently the District is working to restore the Operational Fund (11000) back to having a positive cash balance. Previously the Operational Fund had covered expenditures not covered by other programs and advanced funds to other programs which were awaiting reimbursement. In total, this caused the District's Operational Fund to have a cash deficit of (\$1,613,285) as of June 30, 2017. The District is making progress in the following ways toward resolving this deficit:

Decreasing the cash deficit in the Operational Fund. The following shows the decrease in the cash deficit from year to year:

	2017	2018	Change
Cash and Investments	\$ (1,613,285)	\$ (1,399,559)	\$ 213,726

This decrease can be attributed to decreases in expenditures in the fund during 2018.

Reduction in advances to other funds. The following indicates the decrease in loans to other funds from year to year:

	2017	2018	Change
Due from Other Funds	\$ 751,253	\$ 545,164	\$ (206,089)

This decrease is due to the District implementing a faster process for submitting requests for reimbursement to PED for other programs.

Total Governmental Funds Expenditures. The following shows the change in total governmental fund expenditures from year to year:

	2017	2018	Change
Governmental Funds Expenditures	\$ 23,399,185	\$ 21,467,708	\$ (1,931,477)

This is due to cost cutting measures that the District has implemented in order to help improve the District's cash position overall.

Future Trends & Current Conditions affecting the District

Subsequent Revenues. On November 2, 2018 Pojoaque Valley Schools received a distribution from the US Department of Education in the amount of \$1,293,520 in Impact Aid funding. This funding will be allocated to the following funds in the following amounts: \$776,112 to the Operational Fund (11000), \$258,704 to the Impact Aid Special Education Special Revenue Fund (25145), and \$258,704 to the



**Pojoaque Valley Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2018
Unaudited**

Impact Aid Indian Education Special Revenue Fund (25147). The District plans to utilize this allocation to fund operations without creating a further cash deficit in the Operational Fund (11000).

Contacting the School District's Financial Management

The financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

Michelle Ortiz, Business Manager
1574 State Road 502 West Santa Fe, NM 87506
mmo@pvs.k12.nm.us
(505) 455-4006

Financial Statements

Pojoaque Valley Schools
Statement of Net Position
June 30, 2018

	Primary Government Governmental Activities
<hr/>	
Assets	
Current assets	
Investments	\$ 171
Receivables:	
Property taxes	357,252
Due from other governments	610,604
Other	15,169
Inventory	10,147
<hr/>	
Total current assets	993,343
<hr/>	
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	3,192,122
Investments	1,940,538
Capital assets	52,317,895
Less: accumulated depreciation	(19,420,778)
<hr/>	
Total noncurrent assets	38,029,777
<hr/>	
Total assets	39,023,120
<hr/>	
Deferred outflows of resources	
Deferred outflows- Pension	12,000,520
Deferred outflows- OPEB	199,507
<hr/>	
Total deferred outflows of resources	12,200,027
<hr/>	
Total assets and deferred outflows of resources	\$ 51,223,147
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The accompanying notes are an integral part of these financial statements.

	Primary Government
	Governmental
	Activities
Liabilities	
Current liabilities	
Cash overdraft	\$ 704,907
Accounts payable	518,443
Accrued payroll	498,000
Accrued interest	53,120
Accrued compensated absences	154,418
Current portion of bonds payable	1,660,000
Total current liabilities	3,588,888
Noncurrent liabilities	
Accrued compensated absences	230,045
Bonds payable	5,860,000
Net pension liability	35,907,616
Net OPEB liability	9,714,094
Total noncurrent liabilities	51,711,755
Total liabilities	55,300,643
Deferred inflows of resources	
Deferred inflows- Pension	2,254,704
Deferred inflows- OPEB	2,210,904
Total deferred inflows of resources	4,465,608
Net position	
Net investment in capital assets	27,678,178
Restricted for:	
Debt service	2,242,080
Capital projects	433,495
Special revenue	569,405
Unrestricted (deficit)	(39,466,262)
Total net position	(8,543,104)
Total liabilities, deferred inflows of resources, and net position	\$ 51,223,147

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

Pojoaque Valley Schools
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental Activities:			
Instruction	\$ 11,063,936	\$ 183,429	\$ 2,273,254
Support services - students	2,800,600	46,431	575,428
Support services - instruction	728,184	12,073	149,617
Support services - general administration	426,734	7,075	87,680
Support services - school administration	1,605,962	26,625	329,971
Central services	652,521	10,818	134,071
Operation and maintenance of plant	3,682,884	61,058	756,707
Student transportation	1,185,288	19,651	243,537
Other support services	52,622	872	10,813
Food services operations	1,893,138	31,386	388,975
Community services operations	86,330	1,431	17,738
Interest and other charges	151,861	-	-
Total governmental activities	\$ 24,330,060	\$ 400,849	\$ 4,967,791

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

Total general revenues

Change in net position

Net position - beginning, as originally stated

Net position - restatement (note 19)

Net position - beginning, as restated

Net position - ending

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

<u>Program Revenues</u>	Net (Expense) Revenue and Changes in Net Position
<u>Capital Grants and Contributions</u>	<u>Government Activities</u>
\$ 113,353	\$ (8,493,900)
28,695	(2,150,046)
7,461	(559,033)
4,373	(327,606)
16,455	(1,232,911)
6,686	(500,946)
37,735	(2,827,384)
12,145	(909,955)
540	(40,397)
19,397	(1,453,380)
885	(66,276)
-	(151,861)
\$ 247,725	(18,713,695)

	51,851
	1,710,159
	368,167
	13,115,677
	26,898
	102,452
	15,375,204
	(3,338,491)
	9,829,723
	(15,034,336)
	(5,204,613)
	\$ (8,543,104)

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

Pojoaque Valley Schools
Balance Sheet - Governmental Funds
June 30, 2018

	General Fund	Bond Building
	11000, 13000, 14000	31100
Assets		
Cash and cash equivalents	\$ -	\$ -
Restricted cash and cash equivalents	-	725,759
Investments	171	-
Restricted investments	-	1,940,538
Receivables:		
Property taxes	10,476	-
Federal sources	-	-
State sources	-	-
Other	3,669	-
Inventory	-	-
Due from other funds	540,407	-
Total assets	\$ 554,723	\$ 2,666,297
Liabilities, deferred inflows of resources, and fund balances		
Liabilities		
Cash overdraft	\$ 1,155,118	\$ -
Accounts payable	63,881	265,119
Accrued payroll	465,620	-
Due to other funds	-	-
Total liabilities	1,684,619	265,119
Deferred inflows of resources		
Unavailable revenue - property taxes	8,582	-
Total deferred inflows of resources	8,582	-
Fund balances		
Nonspendable:		
Inventory	-	-
Spendable		
Restricted for:		
Instructional materials	24,242	-
Food services	-	-
Extracurricular activities	-	-
Education	-	-
Capital acquisitions and improvements	-	2,401,178
Debt service	-	-
Unassigned (deficit)	(1,162,720)	-
Total fund balances	(1,138,478)	2,401,178
Total liabilities, deferred inflows of resources, and fund balances	\$ 554,723	\$ 2,666,297

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

Debt Service 41000	Other Governmental	Total
\$ -	\$ 450,211	\$ 450,211
1,946,207	520,156	3,192,122
-	-	171
-	-	1,940,538
284,381	62,395	357,252
-	403,962	403,962
-	206,642	206,642
-	11,500	15,169
-	10,147	10,147
-	-	540,407
<u>\$ 2,230,588</u>	<u>\$ 1,665,013</u>	<u>\$ 7,116,621</u>
\$ -	\$ -	\$ 1,155,118
-	189,443	518,443
-	32,380	498,000
-	540,407	540,407
-	762,230	2,711,968
232,685	51,044	292,311
<u>232,685</u>	<u>51,044</u>	<u>292,311</u>
-	10,147	10,147
-	-	24,242
-	397,666	397,666
-	15,497	15,497
-	188,914	188,914
-	285,925	2,687,103
1,997,903	-	1,997,903
-	(46,410)	(1,209,130)
<u>1,997,903</u>	<u>851,739</u>	<u>4,112,342</u>
<u>\$ 2,230,588</u>	<u>\$ 1,665,013</u>	<u>\$ 7,116,621</u>

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

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Pojoaque Valley Schools
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2018

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

Fund balances - total governmental funds	\$ 4,112,342
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	32,897,117
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	292,311
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 (Note 9)	12,000,520
Deferred inflows - Pension (Note 9)	(2,254,704)
Deferred outflows - OPEB (Note 10)	199,507
Deferred inflows - OPEB (Note 10)	(2,210,904)
Liabilities, including bonds payable, and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences	(384,463)
Accrued interest payable	(53,120)
Bonds payable	(7,520,000)
Net pension liability	(35,907,616)
OPEB liability	(9,714,094)
Total net position - governmental funds	\$ (8,543,104)

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

Pojoaque Valley Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Bond Building
	11000, 13000, 14000	31100
Revenues		
Property taxes	\$ 49,407	\$ -
Intergovernmental revenue:		
Federal flowthrough	30,780	-
Federal direct	1,164,148	-
State flowthrough	13,115,677	-
State direct	62,413	-
Transportation distribution	1,073,434	-
Charges for services	115,242	-
Investment income	31	26,867
Miscellaneous	80,341	-
Total revenues	15,691,473	26,867
Expenditures		
Current:		
Instruction	7,509,908	-
Support services - students	1,856,828	-
Support services - instruction	594,356	-
Support services - general administration	314,365	-
Support services - school administration	1,296,414	-
Central services	536,412	-
Operation and maintenance of plant	2,381,817	517,893
Student transportation	1,129,667	-
Other support services	-	-
Food services operations	-	-
Community services operations	73,251	-
Capital outlay	-	488,599
Debt service:		
Principal	-	-
Interest	-	-
Total expenditures	15,693,018	1,006,492
Excess (deficiency) of revenues over expenditures	(1,545)	(979,625)
Other financing sources (uses)		
Transfers in	334,467	-
Transfers (out)	-	-
Bond proceeds	-	2,750,000
Total other financing sources (uses)	334,467	2,750,000
Net change in fund balances	332,922	1,770,375
Fund balances - beginning of year	(1,471,400)	630,803
Fund balances - end of year	\$ (1,138,478)	\$ 2,401,178

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

	Debt Service 41000	Other Governmental	Total
\$	1,660,320	\$	359,835
		\$	2,069,562
	-	1,532,221	1,563,001
	-	556,292	1,720,440
	-	593,599	13,709,276
	-	202,629	265,042
	-	-	1,073,434
	-	285,607	400,849
	-	-	26,898
	-	22,111	102,452
	<u>1,660,320</u>	<u>3,552,294</u>	<u>20,930,954</u>
	-	1,148,956	8,658,864
	-	547,860	2,404,688
	-	2,290	596,646
	16,527	34,393	365,285
	-	3,859	1,300,273
	-	5,298	541,710
	-	426,466	3,326,176
	-	20,075	1,149,742
	1,000	-	1,000
	-	1,142,972	1,142,972
	-	1,839	75,090
	-	78,310	566,909
	1,175,000	-	1,175,000
	163,353	-	163,353
	<u>1,355,880</u>	<u>3,412,318</u>	<u>21,467,708</u>
	<u>304,440</u>	<u>139,976</u>	<u>(536,754)</u>
	-	-	334,467
	-	(334,467)	(334,467)
	-	-	2,750,000
	-	(334,467)	2,750,000
	304,440	(194,491)	2,213,246
	<u>1,693,463</u>	<u>1,046,230</u>	<u>1,899,096</u>
\$	<u>1,997,903</u>	\$	<u>851,739</u>
		\$	<u>4,112,342</u>

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

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Pojoaque Valley Schools

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018**

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

Net change in fund balances - total governmental funds	\$	2,213,246
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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:

Capital expenditures		566,909
Depreciation expense		(1,298,606)

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		60,615
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Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

District pension contribution		1,386,546
Pension expense		(4,490,398)
District OPEB contribution		199,507
OPEB expense		(386,195)

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		(2,750,000)
Increase in accrued compensated absences not due and payable		(26,602)
Decrease in accrued interest payable		11,487
Principal payments on bonds		1,175,000

Change in net position of governmental activities	\$	(3,338,491)
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The accompanying notes are an integral part of these financial statements.

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Pojoaque Valley Schools
General Fund (11000, 13000, 14000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ 47,589	\$ 47,589	\$ 49,376	\$ 1,787
Intergovernmental revenue:				
Federal flowthrough	14,000	14,000	30,780	16,780
Federal direct	967,438	1,159,343	1,164,148	4,805
State direct	12,749,759	13,264,871	13,115,677	(149,194)
Transportation distribution	1,032,580	1,073,434	1,135,847	62,413
Charges for services	130,000	130,000	111,573	(18,427)
Investment Income	800	800	31	(769)
Miscellaneous	31,000	59,918	82,025	22,107
Total revenues	14,973,166	15,749,955	15,689,457	(60,498)
Expenditures				
Current:				
Instruction	7,803,920	7,592,383	7,935,184	(342,801)
Support services - students	1,857,261	1,851,087	1,855,487	(4,400)
Support services - instruction	575,986	586,106	578,841	7,265
Support services - general administration	340,021	313,926	313,073	853
Support services - school administration	1,304,225	1,290,985	1,290,973	12
Central services	502,176	529,364	528,840	524
Operation and maintenance of plant	1,867,845	2,231,947	2,367,342	(135,395)
Student transportation	1,058,788	1,128,958	1,127,984	974
Other support services	7,675	279,380	-	279,380
Community services operations	53,690	70,920	73,426	(2,506)
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
Total expenditures	15,371,587	15,875,056	16,071,150	(196,094)
Excess (deficiency) of revenues over expenditures	(398,421)	(125,101)	(381,693)	(256,592)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	398,421	125,101	-	(125,101)
Transfers in	-	-	334,467	334,467
Transfers (out)	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	398,421	125,101	334,467	209,366
Net change in fund balance	-	-	(47,226)	(47,226)
Fund balance - beginning of year	-	-	(783,085)	(783,085)
Fund balance - end of year	\$ -	\$ -	\$ (830,311)	\$ (830,311)
Net change in fund balance (Non-GAAP budgetary basis)				\$ (47,226)
Adjustments to revenues for taxes and intergovernmental revenue				2,016
Adjustments to expenditures for supplies and payroll expenditures				378,132
Net change in fund balance (GAAP Basis)				\$ 332,922

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

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Pojoaque Valley Schools
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018

Assets	
Cash and cash equivalents	\$ 280,245
<hr/>	
Total assets	\$ 280,245
<hr/> <hr/>	
Liabilities	
Due to student organizations	\$ 280,245
<hr/>	
Total liabilities	\$ 280,245
<hr/> <hr/>	

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pojoaque Valley Schools (the "District") is a special purpose government corporation governed by an elected five-member School Board. The School Board is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of Pojoaque Pueblo and surrounding area. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

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 Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The District operates four schools within the District. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

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, GASB Statement No. 61, and GASB Statement No. 80. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting Entity (Continued)

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the District has one component unit, the Pojoaque Valley Schools Foundation (the "Foundation"). The Foundation raises funds to support the staff and students of the District. The financial activities of the Foundation are not significant to the District and therefore the financial statements for the Pojoaque Valley School Foundation are not presented in the accompanying financial statements. No separately issued financials statements are prepared for the Foundation. Pojoaque Valley Schools is not a component unit of another governmental agency.

Government-wide and fund financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion.

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

The District reports the following major governmental funds:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (Continued)

The *Bond Building – Capital Projects Fund* is used to account for special appropriations monies received for the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of specific capital outlay projects.

The *Capital Improvements SB-9 – Local – Capital Projects Fund* is used to account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

The *Debt Service – Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Funding authority is the New Mexico Public Education Department.

Additionally, the District reports the following Agency funds:

The *Fiduciary Funds* account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

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

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

Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity

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

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Restricted Assets: The Debt Service Fund is used to report resources set aside for the payment of long-term debt principal and interest. The Capital Outlay funds are used to report resources set aside for special capital outlay projects.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)

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

The District receives monthly income from a tax levy in Santa Fe County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2018 is considered “measurable and available” and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2018. Period of availability is deemed to be sixty days subsequent to year end.

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 actually are consumed. Inventory is valued at cost and consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. 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 government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) 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. 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).

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Library books are not capitalized because they are considered to have a useful life of less than one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction projects paid for by the Public School Capital Outlay Council are included in the District's capital assets. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Equipment and vehicles	3-15

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 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 and unavailable revenue - grants, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$292,311 related to property taxes considered "unavailable." In addition, the District has three types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, changes in proportion \$1,696,587, differences between expected and actuarial experience \$553,191, and net difference between projected and actual investment earnings \$4,926 are reported on the Statement of Net Position. In addition, the District has three types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 75 and the related OPEB liability. Accordingly, the items, differences between expected and actuarial experience \$372,775, change in assumption \$1,698,386, and net difference between projected and actual investment earnings \$139,743 are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)

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 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 present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, changes in proportion \$67,377, changes of assumptions \$10,482,139, difference between expected and actual experience \$64,458, and employer contributions subsequent to measurement date in the amount of \$1,386,546 are reported on the Statement of Net Position. In addition, the District has one type of this item present on the Statement of Net Position which arises due to the implementation of GASB Statement No. 75 and the related OPEB liability. Accordingly, the item, employer contributions subsequent to measurement date in the amount of \$199,507 is reported on the Statement of Net Position. These amounts will be deferred and recognized as outflows of resources the appropriate subsequent periods.

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.

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.

Compensated Absences: It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Twelve-month employees may accumulate up to 20 days of vacation leave. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accrued Payroll: In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents checks that were held at year end in relation to employee's summer payroll.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, 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 minimal.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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 service expenditures.

Fund Balance Classification Policies and Procedures: The District has implemented GASB Statement No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is a resolution of the Board of Education.

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

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.

Nonspendable Fund Balance: At June 30, 2018, the nonspendable fund balance in the food service fund is made up of inventory in the amount of \$10,147 that is not in spendable form.

Restricted and Committed Fund Balance: At June 30, 2018, the restricted fund balance on the governmental funds balance sheet is made up of \$626,319 restricted for instructional materials, transportation food services, extracurricular activities and education to the students of the District, \$2,687,103 restricted for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes, and \$1,997,903 restricted for the payment of principal and interest of the future debt service requirements.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)

Net Position: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of 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. For the fiscal year ending June 30, 2018, the District had unspent bond proceeds of \$2,301,061.
- b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for “special revenue, capital projects, and debt service” are described at Note 16.
- c. Unrestricted Net Position: Net position that does not meet the definition of “Restricted” or “Net Investment in Capital Assets.”

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 for the District are management’s estimate of depreciation on assets over their estimated useful lives, net pension liability and related deferred inflows and outflows of resources, OPEB liability and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

Revenues

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

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$13,115,677 in state equalization guarantee distributions during the year ended June 30, 2018.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues (Continued)

The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$2,130,177 in tax revenues in the government-wide financial statements during the year ended June 30, 2018. 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. The District had no tax abatements requiring separate disclosure under GASB Statement No. 77.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district. The District received \$1,073,434 in transportation distributions during the year ended June 30, 2018.

Instructional Materials: The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2018 totaled \$62,413.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a 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. However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District received \$203,804 in state SB-9 matching during the year ended June 30, 2018.

Public School Capital Outlay: The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues (Continued)

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.

The District did not receive any Public School Capital Outlay matching during the year ended June 30, 2018.

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 operates 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.

Newly Effective Pronouncements. This fiscal year, the following statements went into effect.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*

GASB Statement No. 85, *Omnibus 2017*

GASB Statement No. 86, *Certain Debt Extinguishment Issues*

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets for the General, Special Revenue, Debt Service and Capital Projects 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 basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as restricted fund balance.

Actual expenditures may not exceed the budget at the function (or "series") level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a "series" this may be accomplished with only local Board of Education approval. If a transfer between "series" or a budget increase is required, approval must also be obtained from Public School Finance Division.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits the District from exceeding budgetary control at the function level.

The appropriated budget for the year ended June 30, 2018, was amended by the District’s 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	\$ (364,016)	\$ (70,696)
Bond Building Capital Projects Fund	(699,165)	(699,165)
Debt Service Fund	-	-
Other Governmental Funds	(390,948)	(526,832)

The District is required to balance its budgets each year. Accordingly, amounts that are 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 are included in each individual budgetary comparison.

NOTE 3: DEPOSITS AND INVESTMENTS

Section 22-8-40, NMSA 1978 authorizes the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2018.

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 collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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 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.

All of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a 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 following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, \$2,743,961 of the District's bank balances of \$3,093,830 was exposed to custodial credit risk. \$2,743,961 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$1,032,591 was uninsured and uncollateralized.

	Wells Fargo	Morgan Stanley Private Bank	Total
Amount of deposits	\$ 2,993,961	\$ 99,869	\$ 3,093,830
FDIC coverage	(250,000)	(99,869)	(349,869)
Total uninsured public funds	2,743,961	-	2,743,961
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	1,711,370	-	1,711,370
Uninsured and uncollateralized	\$ 1,032,591	\$ -	\$ 1,032,591
Collateral requirement (50%)	\$ 1,371,981	\$ -	\$ 1,371,981
Pledged securities	1,711,370	-	1,711,370
Over (under) collateralized	\$ 339,389	\$ -	\$ 339,389

The collateral pledged is listed on the Schedule of Collateral Pledged by Depository for Public Funds 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, School district or political subdivision of the State of New Mexico.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the District's statement of net position as follows:

Cash deficit per Statement of Net Position	\$ (704,907)
Restricted cash per Statement of Net Position	3,192,122
Restricted Investments per Statement of Net Position	1,940,709
Cash - Statement of Fiduciary Assets and Liabilities	280,245
<hr/>	
Total cash, cash equivalents, and investments	4,708,169
Add: outstanding checks	689,043
Less: deposits in transit	-
Less: petty cash	(2,150)
Less: investments held in New MexiGROW LGIP	(171)
Less: restricted cash and investments with NMFA	(2,301,061)
<hr/>	
Bank balance of deposits	\$ 3,093,830
<hr/> <hr/>	

Investments

The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

In addition, the District has investments which are considered restricted held in U.S. Treasury Money Market Mutual Funds at the Bank of Albuquerque in connection with New Mexico Finance Authority (NMFA) loans.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2018, the District had the following investments and maturities:

Investment Type	Weighted Average Maturities (F)	Fair Value	Rating**
U.S. Treasury Money Market Mutual Fund	<1 year	\$ 1,940,538	AA+
New MexiGROW LGIP	100 day- WAM (F) and 50 day-WAM (R)	171	AAAm
Investments per Statement of Net Position		\$ 1,940,709	

* Based on Moody's Rating

** Based on Standard & Poor's rating

The investments are listed on the Schedule of Deposits and Investments of this report. The types of investment, interest rate, maturity date and fair value per security are included in the schedule.

Interest Rate Risk – Investments. The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

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

NOTE 4: 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). The three levels of the fair value hierarchy are described below:

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

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

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

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

U.S. Treasury Money Market Mutual Funds are valued at the daily closing price as reported by the fund. These investments held by the District are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the District are deemed to be actively traded.

The District’s investment of \$171 with the *New MexiGROW LGIP* is valued at amortized cost.

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

The District maintained a balance of \$1,940,538 in investments at June 30, 2018 which required fair value disclosure. The following table sets forth by level within the fair value hierarchy of the District’s assets at fair value as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
U.S. Treasury Money Market Mutual Fund	\$ 1,940,538	\$ -	\$ -	\$ 1,940,538
Total Investments	\$ 1,940,538	\$ -	\$ -	\$ 1,940,538

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018, are as follows:

	General Fund		Debt Service		Other	
	11000, 13000,		41000		Governmental	
	14000		41000		Funds	Total
Property taxes receivable	\$ 10,476	\$	284,381	\$	62,395	\$ 357,252
Due from other governments:						
Federal sources	-	-	-	-	403,962	403,962
State sources	-	-	-	-	206,642	206,642
Other	3,669	-	-	-	11,500	15,169
Totals	\$ 14,145	\$	284,381	\$	684,499	\$ 983,025

The above receivables are deemed 100% collectible.

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$292,311 that was not collected within the period of availability has been reclassified as deferred inflows for unavailable revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 6: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of interfund balances during the year ended June 30, 2018 is as follows:

Due from Other Funds		Due to Other Funds		Amount
11000	Operational	22000	Athletics	\$ 42,743
11000	Operational	24101	Title I - IASA	68,497
11000	Operational	24106	Entitlement IDEA-B	79,162
11000	Operational	24132	IDEA-B Result Plans	18,202
11000	Operational	24153	English Language Acquisiton	10,173
11000	Operational	24154	Teacher/Principal Training/Recruiting	10,125
11000	Operational	25145	Impact Aid Special Education	74,801
11000	Operational	25147	Impact Aid Indian Education	29,527
11000	Operational	27103	Dual Credit Instructional Materials	1,552
11000	Operational	27128	Teacher Recruitment Support Initiative	5,298
11000	Operational	27149	PreK Initiative	59,768
11000	Operational	27166	Kindergarten Three Plus	65,587
11000	Operational	27177	2013 Pre-K Classrooms	1
11000	Operational	29107	Santa Fe County Grant - Recreation Program	532
11000	Operational	31400	Special Capital Outlay - State	43,921
11000	Operational	31700	SB-9 Capital Improvement - State	30,518
Total				\$ 540,407

All interfund balances are intended to be repaid within one year.

The District recorded one transfer in the current year. This transfer was related to a prior year sale of a softball field. The proceeds of that sale had been recorded in another fund, and were transferred to the Operational Fund, where they should have been recorded at the time of the sale.

Transfers

Transfer In		Transfer Out		Amount
11000	Operational	31700	SB-9 Capital Improvement - State	\$ 334,467

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 7: CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2018, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Capital assets, net of accumulated depreciation, at June 30, 2018 appear in the Statement of Net Position as follows:

Governmental activities:	Balance as Restated June 30, 2017	Additions	Deletions	Final Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 1,128,089	\$ -	\$ -	\$ 1,128,089
Construction in progress	299,987	448,241	-	748,228
Total capital assets not being depreciated	1,428,076	448,241	-	1,876,317
Capital assets being depreciated:				
Buildings and improvements	48,808,664	-	-	48,808,664
Equipment and vehicles	1,514,246	118,668	-	1,632,914
Total capital assets being depreciated	50,322,910	118,668	-	50,441,578
Less accumulated depreciation:				
Buildings and improvements	17,269,136	1,171,930	-	18,441,066
Equipment and vehicles	853,036	126,676	-	979,712
Total accumulated depreciation	18,122,172	1,298,606	-	19,420,778
Total capital assets, net of depreciation	\$33,628,814	\$ (731,697)	\$ -	\$ 32,897,117

See note 19 to the Financial Statements for a description of the restatement to capital assets during FY 2018.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 7: CAPITAL ASSETS (Continued)

Depreciation expense for the year ended June 30, 2018 was charged to the following functions:

Direct instruction	\$	409,235
Support services-students		597
General administration		7,814
Operation and maintenance of plant		90,536
Student transportation		5,000
Other support services		51,622
Food service operations		733,802
<hr/>		
Total	\$	1,298,606

NOTE 8: LONG-TERM DEBT

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

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2018 are for governmental activities.

Bonds outstanding at June 30, 2018 are comprised of the following:

	GO Bond 4/2009	GO Bond 11/2009	GO Bond 2012
Original Issue:	\$ 2,000,000	\$ 3,000,000	\$ 1,000,000
Principal:	August 1	August 1	August 1
Interest:	February 1 August 1	February 1 August 1	February 1 August 1
Interest Rates:	3-4%	3-3.625%	.698-2.928%
Maturity Date:	August 1, 2018	August 1, 2019	August 1, 2023
	GO Bond 2014	GO Bond 2015	GO Bond 2017
Original Issue:	\$ 4,000,000	\$ 2,000,000	\$ 2,750,000
Principal:	August 1	August 1	August 1
Interest:	August 1 February 1	August 1 February 1	August 1 February 1
Interest Rates:	.41785-3.02785%	.35-2.38%	1.00406-2.20406%
Maturity Date:	August 1, 2023	August 1, 2025	August 1, 2027

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NOTE 8: LONG-TERM DEBT (Continued)

During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
General Obligation Bonds					
Series 4/2009	\$ 750,000	\$ -	\$ 300,000	\$ 450,000	\$ 450,000
General Obligation Bonds					
Series 11/2009	1,325,000	-	400,000	925,000	450,000
General Obligation Bonds					
Series 2012	450,000	-	50,000	400,000	50,000
General Obligation Bonds					
Series 2014	2,295,000	-	225,000	2,070,000	100,000
General Obligation Bonds					
Series 2015	1,125,000	-	200,000	925,000	110,000
General Obligation					
Series 2017	-	2,750,000	-	2,750,000	500,000
Total Bonds	5,945,000	2,750,000	1,175,000	7,520,000	1,660,000
Compensated Absences	357,861	341,454	314,852	384,463	314,852
Total Long-Term Debt	\$ 6,302,861	\$ 3,091,454	\$ 1,489,852	\$ 7,904,463	\$ 1,974,852

The annual requirements to amortize the general obligation bonds outstanding as of June 30, 2018, including interest payments, are as follows:

Fiscal Year Ending	Principal	Interest	Total Debt Service
2019	\$ 1,660,000	\$ 147,276	\$ 1,807,276
2020	1,360,000	111,850	1,471,850
2021	840,000	89,837	929,837
2022	845,000	73,443	918,443
2023	850,000	43,790	893,790
2024-2028	1,965,000	75,686	2,040,686
	\$ 7,520,000	\$ 541,882	\$ 8,061,882

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2018, compensated absences increased \$26,602 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

NOTE 9: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error omissions; and natural disasters, for which the District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include 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, 2018, there have been no claims that have exceeded insurance coverage.

NOTE 10: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

General Information about the Pension Plan

Plan description. ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan ("the Plan"). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

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 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.

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 in Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

Pension Benefit. A member's retirement benefit is determined by a formula which includes three component parts: 1) the member's final average salary (FAS), 2) the number of years of service credit, and 3) a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater.

Summary of Plan Provisions for Retirement Eligibility. For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

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

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on, or after, July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after July 1, 2010 is as follows:

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

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

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

NOTE 10: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

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

Benefit Options. The Plan has three benefit options available.

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

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

Cost of Living Adjustment (COLA). All retired members and beneficiaries receiving benefits receive an automatic adjustment in their benefit on July 1 following the later of 1) the year a member retires, or 2) the year a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

- Tier 1 membership is comprised of employees who became members prior to July 1, 2010
- Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013
- Tier 3 membership is comprised of employees who became members on or after July 1, 2013

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%.

Pojoaque Valley Schools
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NOTE 10: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

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

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

Contributions. For the fiscal years ended June 30, 2018 and 2017 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
2018	7-1-17 to 6-30-18	Over \$20K	10.70%	13.90%	24.60%	0.00%
2018	7-1-17 to 6-30-18	\$20K or less	7.90%	13.90%	21.80%	0.00%
2017	7-1-16 to 6-30-17	Over \$20K	10.70%	13.90%	24.60%	0.00%
2017	7-1-16 to 6-30-17	\$20K or less	7.90%	13.90%	21.80%	0.00%

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, 2018 and 2017, the employer's name paid employee and employer contributions of \$1,386,546 and \$1,279,193, 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, 2018, the District reported a liability of \$35,907,616 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 10: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

Therefore, the employer’s portion was established as of the measurement date of June 30, 2017. 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, actuarially determined. At June 30, 2017, the District’s proportion was 0.32310%, which was a decrease of 0.02623% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$4,490,398, as of June 30, 2018, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 64,458	\$ 553,191
Net difference between projected and actual earnings on pension plan investments	-	4,926
Changes in proportion	67,377	1,696,587
Change of assumptions	10,482,139	-
District's contributions subsequent to the measurement date	1,386,546	-
Total	\$ 12,000,520	\$ 2,254,704

\$1,386,546 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2017, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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:		
2019	\$	(3,144,672)
2020		(3,382,561)
2021		(2,127,709)
2022		295,672
Thereafter		-

Pojoaque Valley Schools
Notes to Financial Statements
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NOTE 10: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.

Average of Expected Mortality	Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	Service life in years	3.35	3.77	3.92	3.88

Healthy males: Based on the RP-2000 Combined Healthy Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table's base year of 2000.

Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.

Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.

Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.

Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.

Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
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Cost-of-living increases 1.90% per year, compounded annually.

Payroll growth 3.00% per year (with no allowance for membership growth).

Contribution accumulation The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.

Disability incidence Approved rates are applied to eligible members with at least 10 years of service.

NOTE 10: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

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 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted several economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	30%	
Fixed income	26	
Alternatives	40	
Cash	1	
Total	100%	7.25%

Discount rate. A single discount rate of 5.9% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, and a municipal bond rate of 3.56%, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2053. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2053 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

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

Pojoaque Valley Schools
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NOTE 10: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 5.90 percent, 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 (4.90 percent) or 1-percentage-point higher (6.90 percent) than the current rate:

	1% Decrease (4.90%)	Rate (5.90%)	1% Increase (6.90%)
District's proportionate share of the net pension liability	\$ 46,742,786	\$ 35,907,616	\$ 27,050,746

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

Payables to the pension plan. Pojoaque Valley School District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2018 the District owed the ERB \$187,280 for the contributions withheld in the month of June 2018.

NOTE 11: OTHER 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.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

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

Employees covered by benefit terms. At June 30, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	\$ 51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	\$ 160,035
Active membership	
State general	\$ 19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	\$ 97,349

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 \$199,507 for the year ended June 30, 2018.

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

At June 30, 2017, the District reported a liability of \$9,714,094 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2018, the District’s proportion was 0.21436 percent.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

For the year ended June 30, 2018, the recognized OPEB expense of \$386,195. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 1,698,386
Net difference between projected and actual earnings on pension plan investments	-	139,743
District's contributions subsequent to the measurement date	199,507	-
Difference between expected and actual experience	-	372,775
Total	\$ 199,507	\$ 2,210,904

Deferred outflows of resources totaling \$199,507 represent the District's 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, 2019. 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:		
2019	\$	470,054
2020		470,054
2021		470,054
2022		470,054
2023		330,688
Total	\$	2,210,904

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

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

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

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.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

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	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2017. 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, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
\$ 11,783,045	\$ 9,714,094	\$ 8,090,816

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

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 Rates	1% Increase
\$ 8,262,506	\$ 9,714,094	\$ 10,845,974

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, 2017.

Payable Changes in the Net OPEB Liability. At June 30, 2018, the District reported a payable of \$30,839 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

NOTE 12: CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be 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.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 13: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

- A. Deficit fund balance of individual funds. The District had the following funds that maintained a deficit fund balance at June 30, 2018:

Major Funds

General Fund- Operational	\$ 1,162,579
General Fund- Student Transportation	2,035

Nonmajor Funds

Athletics	42,819
SB 9 Capital Improvements - State	3,591

Total Governmental Funds	\$ 1,211,024
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- B. Excess of expenditures over appropriations. The District had the following funds with excess of expenditures over appropriations for the year ended June 30, 2018:

Major Funds

Operational - Instruction	\$ 344,114
Operational - Operation of Non-Instructional	2,506

Nonmajor Funds

Athletics - Instruction	14,243
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Total Governmental Funds	\$ 360,863
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- C. Designated cash appropriations in excess of available balance. The District had the following funds with designated cash appropriations in excess of available balances for the year ended June 30, 2018:

	Designated Cash	Beginning of Year Cash and Interfund Receivable Available	Cash Appropriation in Excess of Available
General Fund - Operational	\$ 6,675	\$ (862,032)	\$ 868,707
Athletics Fund	8,518	(33,504)	42,022
Bond Building	699,165	671,161	28,004
Total	\$ 714,358	\$ (224,375)	\$ 938,733

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 14: CONCENTRATIONS

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

NOTE 15: COMMITMENTS

The District had multiple construction projects ongoing as of the year ended June 30, 2018 that are to continue into the following fiscal year. These projects are as follows:

	Expected Total Project
HVAC East Wing	\$ 228,807
PVHS Infant Daycare Room	73,653
Water Trust Board Project	59,402
Total Commitments	\$ 361,862

NOTE 16: RESTRICTED NET POSITION

The government-wide statement of net position reports \$5,187,168 of restricted net position, all of which is restricted by enabling legislation as follows:

Restricted net position	
Debt service	\$ 2,242,080
Capital projects	433,495
Special revenue	569,405
Total restricted net position	\$ 3,244,980

NOTE 17: SUBSEQUENT EVENTS

On November 2, 2018, Pojoaque Valley Schools received a distribution from the US Department of Education in the amount of \$1,293,520 in Impact Aid funding. This funding will be allocated to the following funds in the following amounts: \$776,112 to the Operational Fund (11000), \$258,704 to the Impact Aid Special Education Special Revenue Fund (25145), and \$258,704 to the Impact Aid Indian Education Special Revenue Fund (25147).

The date to which events occurring after June 30, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is November 12, 2018, which is the date on which the financial statements were issued.

Pojoaque Valley Schools
Notes to Financial Statements
June 30, 2018

NOTE 18: SUBSEQUENT PRONOUNCEMENTS

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87, *Leases*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In April 2018, GASB Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 90 *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier Application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

NOTE 19: RESTATEMENT OF NET POSITION

The objective of a net position restatement is to accurately reflect prior period's net position and improve the relevancy and usefulness of financial information. The District restated net position by (\$3,495,537) based on a full inventory that was completed in FY 2018 to correct capital asset balances. In addition, the District restated net position in the amount of (\$11,538,799) related to the implementation of GASB Statement No. 75 to recognize the beginning effect on prior year net position of the OPEB Liability. The combined effect of the restatements are as follows:

Governmental Activities Net Position June 30, 2017	\$ 9,829,723
Restatement related to implementation of GASB 75	(11,538,799)
Restatement related to adjustment to capital asset balances	(3,495,537)
<u>Governmental Activities Net Position June 30, 2017, as restated</u>	<u>\$ (5,204,613)</u>

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Required Supplementary Information

Pojoaque Valley Schools
Schedule of Proportionate Share of the Net Pension Liability
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	2018	2017
	Measurement	Measurement
	Date (As of and	Date (As of and
	for the Year	for the Year
	Ended June 30,	Ended June 30,
	2018)	2016)
Pojoaque Valley Schools' proportion of the net pension liability (asset)	0.32310%	0.34933%
Pojoaque Valley Schools' proportionate share of the net pension liability (asset)	\$ 35,907,616	\$ 25,139,301
Pojoaque Valley Schools' covered-employee payroll	\$ 9,202,825	\$ 9,983,213
Pojoaque Valley Schools' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	390%	252%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	61.58%

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

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

2016	2015
Measurement	Measurement
Date (As of and	Date (As of and
for the Year	for the Year
Ended June 30,	Ended June 30,
2015)	2014)
0.36359%	0.35904%
\$ 23,550,693	\$ 20,485,847
\$ 10,333,156	\$ 10,335,407
228%	198%
63.97%	66.54%

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

**Pojoaque Valley Schools
Schedule of Contributions
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years***

	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017
Contractually required contribution	\$ 1,386,546	\$ 1,279,193
Contributions in relation to the contractually required contribution	1,386,546	1,279,193
Contribution deficiency (excess)	\$ -	\$ -
Pojoaque Valley Schools' covered-employee payroll	\$ 10,026,431	\$ 9,202,825
Contribution as a percentage of covered-employee payroll	13.83%	13.90%

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

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

As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 1,387,351	\$ 1,435,925
<u>1,387,351</u>	<u>1,435,925</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 9,983,213	\$ 10,333,156
13.90%	13.90%

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

Pojoaque Valley Schools
Notes to Required Supplementary Information
Educational Retirement Board (ERB) Pension Plan
June 30, 2018

Changes of benefit terms.

The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure Pension Plan – Educational Retirement Board, General Information on the Pension Plan.

Changes of assumptions.

The Board of Trustees approved the following economic and demographic assumptions used in the fiscal year 2015 actuarial calculation of the total pension liability on June 12, 2015:

- 1) Lower wage inflation from 4.25% to 3.75%
- 2) Update the mortality tables to incorporate generational improvements
- 3) Update demographic assumptions to use currently published tables, which may result in minor calculation changes
- 4) Maintain in current 3.00% inflation assumption
- 5) Retain net 4.75% real return assumption
- 6) Retain 7.75% nominal return assumption
- 7) No change to COLA assumption of 2.00% per year
- 8) Maintain current payroll growth assumption of 3.50%
- 9) Maintain experience-based rates for members who joined NMERB by June 30, 2010
- 10) Remove population growth assumption for projections
- 11) Lower population growth from .50% to zero (no impact on valuation results)

Assumption changes increased the Education Retirement Board's total pension liability by \$299,084,856 for fiscal year ending June 30, 2015 as a result of the changes of assumptions described above.

See independent auditors' report.

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Pojoaque Valley Schools
Schedule of Employer's Proportionate Share of the Net OPEB Liability of
New Mexico Retiree Health Care Act Plan
New Mexico Retiree Health Care Authority (NMRHCA) Plan
Last 10 Fiscal Years*

	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
Pojoaque Valley School District's proportion of the net OPEB liability	0.21436%
Pojoaque Valley School District's proportionate share of the net OPEB liability	\$ 9,714,094
Pojoaque Valley School District's covered-employee payroll	\$ 8,929,482
Pojoaque Valley School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

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

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

**Pojoaque Valley Schools
Schedule of Employer Contributions
New Mexico Retiree Health Care Authority (NMRHCA) Plan
Last 10 Fiscal Years***

		As of and for the Year Ended June 30, 2018
Contractually required contributions	\$	199,507
Contributions in relation to the contractually required contribution		(199,507)
Contribution deficiency (excess)	\$	-
Pojoaque Valley School District's covered-employee payroll	\$	10,753,137
Contributions as a percentage of covered-employee payroll		2.00%

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

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

Pojoaque Valley Schools
Notes to Required Supplementary Information
New Mexico Retiree Health Care Authority (NMRHCA) Plan
June 30, 2018

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY17 audit available at http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM_RHCA_Audited_FS_6.30.17.pdf.

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2017 report is available at http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA_5507316_Final_per_Auditor_update_Final_Report_11.21.17.pdf. See the notes to the financial statements beginning on page 24 which summarizes actuarial assumptions and methods effective with the June

See independent auditors' report.

Supplementary Information

Pojoaque Valley Schools
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS

ALL FEDERAL FUNDS – The Special Revenue Funds are used to account for grant funds received from the U.S. Department of Education through the New Mexico Public Education Department. These funds are to be used for purposes specified in the grant awards and may not be used for any other purpose.

Food Service (21000) – This fund is used to account for all financial transactions related to the food service operation. Authority for the creation of this fund is the National School Lunch Act, as amended, 42 U.S.C. 1751 1760, 1779.

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.

Title I - IASA (24101) – This fund is used to provide supplemental educational opportunity for academically disadvantaged children residing in the area. 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 criteria that identify 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 Public Education Department. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

Entitlement IDEA-B (24106) – P.L. 94-142, Individuals with Disabilities Education Act—to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230,93-380,94-142,98-199,99-457,100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17

IDEA-B Results Plan (24132) – This account is to support the individual school site's Educational Plan for Student Success, or areas of need of improvement as identified through an instructional audit. This is a pilot program for the New Mexico Real Results program required by US Dept. of Education of Special Education Programs. Authority for creation of this fund is New Mexico Public Education Department.

English Language Acquisition (24153) – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. Authority for creation of this fund is the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

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

Pojoaque Valley Schools
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (CONTINUED)

Impact Aid Special Education (25145) – To account for funding of a Federal program to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), or where there are a significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3(b): where there is a significant decrease (Section 3(c) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

Impact Aid Indian Education (25147) – To account for federal funds providing assistance for Indian students' needs, support services and special projects. (Authority, P.L. 103-382)

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

Indian Aid Formula Grant (25184) – To account for funds received to support projects to improve educational opportunities and achievements of Native American children. (Authority, Title IX, Part A, Subpart 1, as amended, of the Elementary and Secondary Education Act of 1965, P.L. 103-382, 20 U.S.C. 7811-7818, 25 U.S.C. 2001)

LANL Foundation (26113) – To account for an educational grant for purchases of computers and related hardware for two schools. Fund was created by LANL grant provisions.

Dual Credit Instructional Materials (27103) – SB943 (2007) and SB31 (2008) create a dual credit program that allows public high school students in school districts, charter schools and state-supported schools in the state to earn both high school and college credit for qualifying dual credit courses. Authority for the creation of this fund is the New Mexico Public Education Department.

Pojoaque Valley Schools
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (CONTINUED)

2012 G.O. Bond Student Library Fund (27107) – This award allows schools to acquire library books, equipment and library resources for public school libraries statewide. The funding was made available through Senate Bill 66, Laws of 2012, 2nd Session, 2012 Senate and House Bill.

Teacher Recruitment Support Initiative (27128) – This fund is used for teacher recruitment efforts such as signing bonuses for new teachers, covering costs of travel to recruiting and hiring events, updates to district website in regards to recruitment, or cost of advertisement. Authority for the creation of this fund is the New Mexico Public Education Department.

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

Indian Education Act (27150) – To account for state funds used to increase academic achievement and provide culturally relevant learning experiences for American Indian students. Funding and authority provided through the NM PED.

Breakfast for Elementary Students (27155) – To account for Legislative Appropriation to implement Breakfast in the Classroom for elementary schools in need of improvement based on AYP designation. Authority for the creation of this fund is the New Mexico Public Education Department.

Kindergarten Three Plus (27166) – Funds allows for an extended school year for Kindergarten through third grade students. The program focuses on acclimating young students to the structure of a classroom environment and spending additional time to prepare them for the next grade. Authority for the creation of this fund is the New Mexico Public Education Department.

2013 Pre-K Classrooms (27177) – To account for program developed to provide funding to develop and implement voluntary pre-kindergarten programs to advance childhood development and readiness throughout New Mexico. Funding and authority provided under Children’s Code, Article 23, Sections 32A.23.1.8 NMSA 1978.

Teacher “hard to staff” Stipend (27195) – To account for the grant awarded to a school district as additional compensation for hard to staff positions of teachers. Funding authority for this fund is the New Mexico Public Education Department.

Optum Health Grant (29102) – To account for funds provided through Optum Health New Mexico to provide services to the students with behavioral health issues. This fund was created through the provisions of the grant.

Pojoaque Valley Schools
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (CONTINUED)

Santa Fe County Grant - Recreation Program (29107) – To account for the city grant which provides funding for the program to reduce youth violence and crime. The District has created a truancy prevention program to aid in the reduction of juvenile crime. This fund was created under the grant provisions.

CAPITAL PROJECTS FUNDS

Special Capital Outlay – Local (31300) – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of specific capital outlay projects. To account for special appropriations made by the Public Schools Capital Outlay Council (PSCOC) based on school facility needs. The allocations are made through a standards-based process that ranks the condition of every school building in the State and provides funding to allow public school facilities to meet an adequate level statewide.

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

SB-9 Capital Improvements - State (31700) – To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

The Capital Improvements SB-9 – Local (31701) – To account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

Pojoaque Valley Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
	Food Service	Athletics	Title I - IASA	Entitlement
	21000	22000	24101	IDEA-B 24106
Assets				
Cash and cash equivalents	\$ 450,211	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	3,453	6,688
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Federal sources	82,698	-	69,468	81,502
State sources	-	-	-	-
Other	-	-	-	-
Inventory	10,147	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 543,056	\$ -	\$ 72,921	\$ 88,190
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ 133,699	\$ -	\$ 971	\$ 1,609
Accrued payroll	1,544	76	3,453	7,419
Due to other funds	-	42,743	68,497	79,162
Total liabilities	135,243	42,819	72,921	88,190
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable:				
Inventory	10,147	-	-	-
Spendable:				
Restricted for:				
Food services	397,666	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Debt service	-	-	-	-
Committed for:				
Subsequent year's expenditures	-	-	-	-
Unassigned (deficit)	-	(42,819)	-	-
Total fund balances	407,813	(42,819)	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 543,056	\$ -	\$ 72,921	\$ 88,190

See independent auditors' report.

Special Revenue						
IDEA-B Results Plan 24132	English Language Acquisition 24153	Teacher/ Principal Training /Recruiting 24154	Impact Aid Special Education 25145	Impact Aid Indian Education 25147	Title XIX Medicaid 25153	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	68	-	-	-	-	172,415
-	-	-	-	-	-	-
-	-	-	-	-	-	-
18,202	12,715	13,467	75,532	33,655	-	16,723
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 18,202	\$ 12,783	\$ 13,467	\$ 75,532	\$ 33,655	\$ -	\$ 189,138
\$ -	\$ 2,610	\$ 3,342	\$ 150	\$ -	\$ -	\$ 2,931
-	-	-	581	4,128	-	3,847
18,202	10,173	10,125	74,801	29,527	-	-
18,202	12,783	13,467	75,532	33,655	-	6,778
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	182,360
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 18,202	\$ 12,783	\$ 13,467	\$ 75,532	\$ 33,655	\$ -	\$ 189,138

See independent auditors' report.

**Pojoaque Valley Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018**

	Special Revenue			
	Indian Education Formula Grant 25184	LANL Foundation 26113	Dual Credit Instructional Materials 27103	2012 G.O. Bond Student Library Fund 27107
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	7,386	-	-	-
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Federal sources	-	-	-	-
State sources	-	-	1,552	-
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 7,386	\$ -	\$ 1,552	\$ -
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ 12	\$ -	\$ -	\$ -
Accrued payroll	820	-	-	-
Due to other funds	-	-	1,552	-
Total liabilities	832	-	1,552	-
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable:				
Inventory	-	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	6,554	-	-	-
Capital acquisitions and improvements	-	-	-	-
Debt service	-	-	-	-
Committed for:				
Subsequent year's expenditures	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	6,554	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,386	\$ -	\$ 1,552	\$ -

See independent auditors' report.

Special Revenue

Teacher Recruitment Support Initiative 27128	PreK Initiative 27149	Indian Education Act 27150	Breakfast for Elementary Students 27155	Kindergarten Three Plus 27166	2013 Pre-K Classrooms 27177
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	4,594	-	-	5,756	1
-	-	-	-	-	-
-	-	-	-	-	-
5,298	59,768	-	-	65,586	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 5,298	\$ 64,362	\$ -	\$ -	\$ 71,342	\$ 1
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	4,594	-	-	5,755	-
5,298	59,768	-	-	65,587	1
5,298	64,362	-	-	71,342	1
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 5,298	\$ 64,362	\$ -	\$ -	\$ 71,342	\$ 1

See independent auditors' report.

Pojoaque Valley Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			Capital Project
	Teachers "hard to staff" Stipend 27195	Optum Health Grant 29102	Santa Fe County Grant - Recreation Program 29107	Special Capital Outlay - Local 31300
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	1	4,935	-	-
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Federal sources	-	-	-	-
State sources	-	-	-	-
Other	-	-	11,500	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 1	\$ 4,935	\$ 11,500	\$ -
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 244	\$ -
Accrued payroll	-	-	163	-
Due to other funds	-	-	532	-
Total liabilities	-	-	939	-
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable:				
Inventory	-	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	1	4,935	10,561	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Debt service	-	-	-	-
Committed for:				
Subsequent year's expenditures	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	1	4,935	10,561	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 1	\$ 4,935	\$ 11,500	\$ -

See independent auditors' report.

Capital Project				
Special Capital Outlay - State 31400	SB-9 Capital Improvements - State 31700	SB-9 Capital Improvements - Local 31701	Total Nonmajor Governmental Funds	
\$ -	\$ -	\$ -	\$ 450,211	
-	1	314,858	520,156	
-	-	-	-	
-	-	62,395	62,395	
-	-	-	403,962	
43,921	30,517	-	206,642	
-	-	-	11,500	
-	-	-	10,147	
-	-	-	-	
<u>\$ 43,921</u>	<u>\$ 30,518</u>	<u>\$ 377,253</u>	<u>\$ 1,665,013</u>	
\$ -	\$ 3,591	\$ 40,284	\$ 189,443	
-	-	-	32,380	
43,921	30,518	-	540,407	
<u>43,921</u>	<u>34,109</u>	<u>40,284</u>	<u>762,230</u>	
-	-	51,044	51,044	
-	-	51,044	51,044	
-	-	-	10,147	
-	-	-	397,666	
-	-	-	15,497	
-	-	-	188,914	
-	-	285,925	285,925	
-	-	-	-	
-	-	-	-	
-	(3,591)	-	(46,410)	
-	(3,591)	285,925	851,739	
<u>\$ 43,921</u>	<u>\$ 30,518</u>	<u>\$ 377,253</u>	<u>\$ 1,665,013</u>	

See independent auditors' report.

Pojoaque Valley Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue			
	Food Service	Athletics	Title I - IASA	Entitlement
	21000	22000	24101	IDEA-B
				24106
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	787,980	-	221,413	427,096
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	158,708	-	-	-
Charges for services	183,236	102,371	-	-
Miscellaneous income	-	1,575	-	-
Total revenues	1,129,924	103,946	221,413	427,096
Expenditures				
Current:				
Instruction	-	113,198	151,709	322,127
Support services - students	-	-	62,191	77,356
Support services - instruction	-	-	-	-
Support services - general administration	-	-	7,513	17,288
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	10,325
Other support services	-	-	-	-
Food services operations	1,121,719	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,121,719	113,198	221,413	427,096
Excess (deficiency) of revenues over expenditures	8,205	(9,252)	-	-
Other financing sources (uses)				
Remittal of prior year fund balance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	8,205	(9,252)	-	-
Fund balances - beginning	399,608	(33,567)	-	-
Fund balances - end of year	\$ 407,813	\$ (42,819)	\$ -	\$ -

See independent auditors' report.

Special Revenue					
IDEA-B Results Plans 24132	English Language Acquisition 24153	Teacher/ Principal Training /Recruiting 24154	Impact Aid Special Education 25145	Impact Aid Indian Education 25147	Title XIX Medicaid 25153
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35,000	16,424	44,308	-	-	-
-	-	-	24,826	219,939	246,505
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
35,000	16,424	44,308	24,826	219,939	246,505
35,000	16,151	40,449	407	115,062	32,009
-	-	-	24,419	104,891	217,912
-	-	-	-	-	-
-	273	-	-	-	-
-	-	3,859	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	5,975
-	-	-	-	-	-
-	-	-	-	-	-
35,000	16,424	44,308	24,826	219,953	255,896
-	-	-	-	(14)	(9,391)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(14)	(9,391)
-	-	-	-	14	191,751
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,360

See independent auditors' report.

Pojoaque Valley Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	<u>Special Revenue</u>			
	Indian Education Formula Grant 25184	LANL Foundation 26113	Dual Credit Instructional Materials 27103	2012 G.O. Bond Student Library Fund 27107
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	65,022	-	-	-
State flowthrough	-	-	6,100	2,290
State direct	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	65,022	-	6,100	2,290
Expenditures				
Current:				
Instruction	10,019	1,829	6,100	-
Support services - students	52,184	-	-	-
Support services - instruction	-	-	-	2,290
Support services - general administration	2,819	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	65,022	1,829	6,100	2,290
Excess (deficiency) of revenues over expenditures	-	(1,829)	-	-
Other financing sources (uses)				
Remittal of prior year fund balance	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	(1,829)	-	-
Fund balances - beginning	6,554	1,829	-	-
Fund balances - end of year	\$ 6,554	\$ -	\$ -	\$ -

See independent auditors' report.

Special Revenue

Teacher Recruitment Support Initiative 27128	PreK Initiative 27149	Indian Education Act 27150	Breakfast for Elementary Students 27155	Kindergarten Three Plus 27166	2013 Pre-K Classrooms 27177
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
5,298	288,558	709	21,253	65,586	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,298	288,558	709	21,253	65,586	-
-	257,258	709	-	46,929	-
-	-	-	-	8,907	-
-	-	-	-	-	-
-	2,886	-	-	-	-
-	-	-	-	-	-
5,298	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	9,750	-
-	-	-	-	-	-
-	-	-	21,253	-	-
-	-	-	-	-	-
-	28,414	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,298	288,558	709	21,253	65,586	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

Pojoaque Valley Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue			Capital Project	
	Teachers "hard to staff" Stipend 27195	Optum Health Grant 29102	Santa Fe County Grant - Recreation Program 29107	Special Capital Outlay - Local 31300	
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	-
Intergovernmental revenue:					
Federal flowthrough	-	-	-	-	-
Federal direct	-	-	-	-	-
State flowthrough	1	-	-	-	-
State direct	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous income	-	-	20,536	-	-
Total revenues	1	-	20,536	-	-
Expenditures					
Current:					
Instruction	-	-	-	-	-
Support services - students	-	-	-	-	-
Support services - instruction	-	-	-	-	-
Support services - general administration	-	-	-	-	-
Support services - school administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community service operations	-	-	1,839	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	-	1,839	-	-
Excess (deficiency) of revenues over expenditures	1	-	18,697	-	-
Other financing sources (uses)					
Remittal of prior year fund balance	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	(334,467)	-
Bond proceeds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(334,467)	-
Net change in fund balances	1	-	18,697	(334,467)	-
Fund balances - beginning	-	4,935	(8,136)	334,467	-
Fund balances - end of year	\$ 1	\$ 4,935	\$ 10,561	\$ -	-

See independent auditors' report.

Capital Project			
Special Capital Outlay - State 31400	Capital Improvements SB-9 - State 31700	Capital Improvements SB-9 - Local 31701	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 359,835	\$ 359,835
-	-	-	1,532,221
-	-	-	556,292
-	203,804	-	593,599
43,921	-	-	202,629
-	-	-	285,607
-	-	-	22,111
43,921	203,804	359,835	3,552,294
-	-	-	1,148,956
-	-	-	547,860
-	-	-	2,290
-	-	3,614	34,393
-	-	-	3,859
-	-	-	5,298
-	207,395	219,071	426,466
-	-	-	20,075
-	-	-	-
-	-	-	1,142,972
-	-	-	1,839
43,921	-	-	78,310
-	-	-	-
-	-	-	-
43,921	207,395	222,685	3,412,318
-	(3,591)	137,150	139,976
-	-	-	-
-	-	-	-
-	-	-	(334,467)
-	-	-	-
-	-	-	(334,467)
-	(3,591)	137,150	(194,491)
-	-	148,775	1,046,230
\$ -	\$ (3,591)	\$ 285,925	\$ 851,739

See independent auditors' report.

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General Fund

Pojoaque Valley Schools
Combining Balance Sheet
General Fund
For the Year Ended June 30, 2018

	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000	Total
Assets				
Cash and cash equivalents	\$ -	\$ 1,386	\$ 24,242	\$ 25,628
Investments	171	-	-	171
Receivables:				
Property taxes	10,476	-	-	10,476
Due from other governments	-	-	-	-
Other	3,669	-	-	3,669
Inventory	-	-	-	-
Due from other funds	540,407	-	-	540,407
Total assets	\$ 554,723	\$ 1,386	\$ 24,242	\$ 580,351
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Cash overdraft	\$ 1,180,746	\$ -	\$ -	\$ 1,180,746
Accounts payable	63,881	-	-	63,881
Accrued payroll	462,199	3,421	-	465,620
Due to other funds	-	-	-	-
Total liabilities	1,706,826	3,421	-	1,710,247
Deferred inflows of resources				
Unavailable revenue - property taxes	8,582	-	-	8,582
Total deferred inflows of resources	8,582	-	-	8,582
Fund Balances				
Nonspendable:				
Inventory	-	-	-	-
Spendable:				
Restricted for:				
Instructional materials	-	-	24,242	24,242
Transportation	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Debt Service	-	-	-	-
Unassigned (deficit)	(1,160,685)	(2,035)	-	(1,162,720)
Total fund balances	(1,160,685)	(2,035)	24,242	(1,138,478)
Total liabilities, deferred inflows of resources, and fund balances	\$ 554,723	\$ 1,386	\$ 24,242	\$ 580,351

See independent auditors' report.

Pojoaque Valley Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2018

	Operating 11000	Pupil Transportation 13000	Instructional Materials 14000	Total
Revenues				
Property taxes	\$ 49,407	\$ -	\$ -	\$ 49,407
Intergovernmental revenue:				
Federal flowthrough	30,780	-	-	30,780
Federal direct	1,164,148	-	-	1,164,148
State flowthrough	13,115,677	-	-	13,115,677
State direct	-	-	62,413	62,413
Transportation distribution	-	1,073,434	-	1,073,434
Charges for services	115,242	-	-	115,242
Investment income	31	-	-	31
Miscellaneous	80,341	-	-	80,341
Total revenues	14,555,626	1,073,434	62,413	15,691,473
Expenditures				
Current:				
Instruction	7,414,279	-	95,629	7,509,908
Support services - students	1,856,828	-	-	1,856,828
Support services - instruction	594,356	-	-	594,356
Support services - general administration	314,365	-	-	314,365
Support services - school administration	1,296,414	-	-	1,296,414
Central services	536,412	-	-	536,412
Operation and maintenance plant	2,381,817	-	-	2,381,817
Student transportation	54,188	1,075,479	-	1,129,667
Community services operations	73,251	-	-	73,251
Capital outlay	-	-	-	-
Total expenditures	14,521,910	1,075,479	95,629	15,693,018
Excess (deficiency) of revenues over expenditures	33,716	(2,045)	(33,216)	(1,545)
Other financing sources (uses)				
Transfers in	334,467	-	-	334,467
Bond proceeds	-	-	-	-
Total other financing sources (uses)	334,467	-	-	334,467
Net change in fund balances	368,183	(2,045)	(33,216)	332,922
Fund balances - beginning of year	(1,528,868)	10	57,458	(1,471,400)
Fund balances - end of year	\$ (1,160,685)	\$ (2,035)	\$ 24,242	\$ (1,138,478)

See independent auditors' report.

Pojoaque Valley Schools
Operational Fund (11000)

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ 47,589	\$ 47,589	\$ 49,376	\$ 1,787
Intergovernmental revenue:				
Federal flowthrough	14,000	14,000	30,780	16,780
Federal direct	967,438	1,159,343	1,164,148	4,805
State flowthrough	12,749,759	13,264,871	13,115,677	(149,194)
State direct	-	-	-	-
Charges for services	130,000	130,000	111,573	(18,427)
Investment income	800	800	31	(769)
Miscellaneous	31,000	59,918	82,025	22,107
Total revenues	13,940,586	14,676,521	14,553,610	(122,911)
Expenditures				
Current:				
Instruction	7,685,499	7,473,962	7,818,076	(344,114)
Support services - students	1,857,261	1,851,087	1,855,487	(4,400)
Support services - instruction	575,986	586,106	578,841	7,265
Support services - general administration	340,021	313,926	313,073	853
Support services - school administration	1,304,225	1,290,985	1,290,973	12
Central services	502,176	529,364	528,840	524
Operation and maintenance of plant	1,867,845	2,231,947	2,367,342	(135,395)
Student transportation	26,208	55,519	54,553	966
Other support services	7,675	279,380	-	279,380
Community services operations	53,690	70,920	73,426	(2,506)
Total expenditures	14,220,586	14,683,196	14,880,611	(197,415)
Excess (deficiency) of revenues over expenditures	(280,000)	(6,675)	(327,001)	(320,326)
Other financing sources (uses)				
Designated cash balance (budgeted increase in cash)	280,000	6,675	-	(6,675)
Transfers in	-	-	334,467	334,467
Total other financing sources (uses)	280,000	6,675	334,467	327,792
Net change in fund balance	-	-	7,466	7,466
Fund balance - beginning of year	-	-	(862,032)	(862,032)
Fund balance - end of year	\$ -	\$ -	\$ (854,566)	\$ (854,566)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 7,466	
Adjustments to revenues for taxes and intergovernmental revenue				2,016
Adjustments to expenditures for supplies and payroll expenditures				358,701
Net change in fund balance (GAAP Basis)				\$ 368,183

See independent auditors' report.

Pojoaque Valley Schools
Pupil Transportation Fund (13000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	1,032,580	1,073,434	1,073,434	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	1,032,580	1,073,434	1,073,434	-
Expenditures				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	1,032,580	1,073,439	1,073,431	8
Other support services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,032,580	1,073,439	1,073,431	8
Excess (deficiency) of revenues over expenditures	-	(5)	3	8
Other financing sources (uses)				
Designated cash balance (budgeted increase in cash)	-	5	-	(5)
Total other financing sources (uses)	-	5	-	(5)
Net change in fund balance	-	-	3	3
Fund balance - beginning of year	-	-	10	10
Fund balance - end of year	\$ -	\$ -	\$ 13	\$ 13
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 3	3
No adjustments to revenues				-
Adjustments to revenues for accrued payroll				(2,048)
Net change in fund balance (GAAP Basis)			\$ (2,045)	(2,045)

See independent auditors' report.

Pojoaque Valley Schools
Instructional Materials Fund (14000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	62,413	62,413	62,413	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	62,413	62,413	62,413	-
Expenditures				
Current:				
Instruction	118,421	118,421	117,108	1,313
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	118,421	118,421	117,108	1,313
Excess (deficiency) of revenues over expenditures	(56,008)	(56,008)	(54,695)	1,313
Other financing sources (uses)				
Designated cash balance (budgeted increase in cash)	56,008	56,008	-	(56,008)
Total other financing sources (uses)	56,008	56,008	-	(56,008)
Net change in fund balance	-	-	(54,695)	(54,695)
Fund balance - beginning of year	-	-	78,937	78,937
Fund balance - end of year	\$ -	\$ -	\$ 24,242	\$ 24,242
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (54,695)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				21,479
Net change in fund balance (GAAP Basis)				\$ (33,216)

See independent auditors' report.

Supporting Schedules

Pojoaque Valley Schools
Schedule of Deposits and Investments
June 30, 2018

Bank Account Type/ Name	Wells Fargo	LGIP	Morgan Stanley
Operational - Checking	\$ 1,450,811	\$ -	\$ -
Other Funds - Checking	1,071,586	-	-
Hot Lunch Program - Checking	188,164	-	-
Athletics Activity - Checking	65,763	-	-
Elementary School Activity - Checking	27,200	-	-
Intermediate School Activity - Checking	16,235	-	-
Sixth Grade Academy - Checking	17,002	-	-
Middle School Activity - Checking	26,384	-	-
High School Activity - Checking	116,430	-	-
Chris Peterson Scholarship Fund - Checking	7,419	-	-
Dan Lee Memorial Trust - Checking	6,967	-	-
New MexiGROW LGIP	-	171	-
Morgan Stanley -CD	-	-	99,869
NMFA Bond Program Funds	-	-	-
Total	2,993,961	171	99,869
Reconciling items	(689,043)	-	-
Reconciled balance June 30, 2018	\$ 2,304,918	\$ 171	\$ 99,869
Plus: petty cash			
Less: investments per Statement of Net Position			
Less: restricted investments per Statement of Net Position			
Less: restricted cash per Statement of Net Position			
Less: agency cash per Statement of Fiduciary Assets and Liabilities			
Cash overdraft per Statement of Net Position			

See independent auditors' report.

Bank of NY Mellon	Total
\$ -	\$ 1,450,811
-	1,071,586
-	188,164
-	65,763
-	27,200
-	16,235
-	17,002
-	26,384
-	116,430
-	7,419
-	6,967
-	171
-	99,869
2,301,061	2,301,061
2,301,061	5,395,062
-	(689,043)
\$ 2,301,061	4,706,019
	2,150
	(171)
	(1,940,538)
	(3,192,122)
	(280,245)
	\$ (704,907)

See independent auditors' report.

Pojoaque Valley Schools
Cash Reconciliation
For the Year Ended June 30, 2018

	Operational 11000	Transportation 13000	Instructional Materials 14000
<hr/>			
PED cash			
June 30, 2017	\$ (862,683)	\$ 10	\$ 78,937
Add:			
2017-2018 receipts	14,553,610	1,073,434	62,414
Repayment of loans	-	-	-
Loans from other funds	-	-	-
Reimbursement from NMFA	-	-	-
<hr/>			
Total cash available	13,690,927	1,073,444	141,351
<hr/>			
Less:			
2017-2018 expenditures	(14,881,695)	(1,073,431)	(117,109)
Repayment of prior year loans	-	-	-
Adjustments	648	-	-
Loans to other funds	-	-	-
Transfers	334,467	-	-
<hr/>			
Cash per PED	(855,653)	13	24,242
<hr/>			
Add / Less:			
Loans for negative cash	(540,407)	-	-
Investments	171	-	-
Petty cash	-	-	-
Held checks	214,227	-	-
Other unidentified reconciling item	1,087	1,373	-
<hr/>			
Cash per financial statement	\$ (1,180,575)	\$ 1,386	\$ 24,242
<hr/>			

See independent auditors' report.

	Food Services 21000	Athletics 22000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000
\$	384,693	\$ (33,567)	\$ (150,177)	\$ 26,421	\$ 1,829
	1,078,712	103,946	746,984	597,815	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	1,463,405	70,379	596,807	624,236	1,829
	(1,013,476)	(113,261)	(778,631)	(561,749)	(1,829)
	-	-	-	-	-
	(51)	(1)	(4,336)	10	-
	-	-	-	-	-
	-	-	-	-	-
	449,878	(42,883)	(186,160)	62,497	-
	-	42,743	186,159	104,328	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	333	140	10,210	12,976	-
\$	450,211	\$ -	\$ 10,209	\$ 179,801	\$ -

See independent auditors' report.

Pojoaque Valley Schools
Cash Reconciliation
For the Year Ended June 30, 2018

	State Flowthrough 27000	Local and State 29000	Bond Building 31100
<hr/>			
PED cash			
June 30, 2017	\$ (363,264)	\$ 6,412	\$ 671,161
Add:			
2017-2018 receipts	620,764	9,036	458,509
Repayment of loans	-	-	-
Loans from other funds	-	-	-
Reimbursement from NMFA	-	-	-
<hr/>			
Total cash available	257,500	15,448	1,129,670
<hr/>			
Less:			
2017-2018 expenditures	(389,794)	(11,044)	(764,434)
Repayment of prior year loans	-	-	-
Adjustments	89	-	-
Loans to other funds	-	-	-
Transfers	-	-	-
<hr/>			
Cash per PED	(132,205)	4,404	365,236
<hr/>			
Add / Less:			
Loans for negative cash	132,206	532	-
Investments	-	-	2,301,061
Petty cash	-	-	-
Held checks	-	-	-
Other unidentified reconciling item	10,351	(1)	-
<hr/>			
Cash per financial statement	\$ 10,352	\$ 4,935	\$ 2,666,297
<hr/> <hr/>			

See independent auditors' report.

Special Capital Outlay - Local 31300	Special Capital Outlay - State 31400	Capital Improvements SB-9 31700	Special Capital Outlay - State 31701	Debt Service 41000	Total
\$ 334,467	\$ -	\$ (31,778)	\$ 135,884	\$ 1,649,364	\$ 1,847,709
-	-	205,065	361,376	1,652,723	21,524,388
-	-	-	-	-	-
-	-	-	-	-	-
334,467	-	173,287	497,260	3,302,087	23,372,097
-	(43,921)	(203,804)	(182,402)	(1,355,880)	(21,492,460)
-	-	-	-	-	-
-	-	-	-	-	(3,641)
-	-	-	-	-	-
(334,467)	-	-	-	-	-
-	(43,921)	(30,517)	314,858	1,946,207	1,875,996
-	43,921	30,518	-	-	-
-	-	-	-	-	2,301,232
-	-	-	-	-	-
-	-	-	-	-	214,227
-	-	-	-	-	36,469
\$ -	\$ -	\$ 1	\$ 314,858	\$ 1,946,207	\$ 4,427,924

See independent auditors' report.

Pojoaque Valley Schools
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2018

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2018
Wells Fargo				
	FNMA FNMS 3.00%	6/1/2046	3138WHER9	\$ 1,711,370
Total Wells Fargo				1,711,370
Name and location of safekeeper for above pledged collateral: Bank of New York Mellon, New York, NY				
Total pledged collateral				\$ 1,711,370

See independent auditors' report.

Pojoaque Valley Schools
Schedule of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2018

	July 1, 2017	Additions	Deletions	Transfers	June 30, 2018
Athletic Activity	\$ 99,807	\$ 242,679	\$ 228,179	\$ -	\$ 114,307
Elementary School Activity	58,773	168,207	161,469	-	65,511
Intermediate School Activity	35,610	53,289	62,166	-	26,733
Sixth Grade Academy Activity	22,173	40,103	46,041	-	16,235
Middle School Activity	21,585	48,487	43,951	-	26,121
High School Activity	15,934	18,025	17,007	-	16,952
Chris Peterson Scholarship Fund	7,417	-	-	(450)	6,967
Dan Lee Memorial Trust	6,967	2	-	450	7,419
Totals	\$ 268,266	\$ 570,792	\$ 558,813	\$ -	280,245
Total agency assets per Statement of Fiduciary Assets and Liabilities					\$ 280,245
Due to student organizations	\$ 268,266	\$ 570,792	\$ 558,813	\$ -	\$ 280,245
Total agency liabilities per Statement of Fiduciary Assets and Liabilities					\$ 280,245

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

Wayne Johnson
New Mexico State Auditor and
Board of Education
Pojoaque Valley Schools
Pojoaque, 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 fund that has legally adopted annual budget of the Pojoaque Valley School District (the "District"), as of and for the year ended June 30, 2018, 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 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs and found to be instances of material weaknesses FS 2017-001 and FS 2018-001.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as FS 2017-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items NM 2017-002 and NM 2017-003.

The District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
November 12, 2018

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Federal Financial Assistance

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

INDEPENDENT AUDITORS' REPORT

Wayne Johnson
New Mexico State Auditor and
Board of Education
Pojoaque Valley Schools
Pojoaque, New Mexico

Report on Compliance for the Major Federal Program

We have audited Pojoaque Valley School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2018. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
November 12, 2018

Pojoaque Valley Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor or Pass-Through Grantor / Program Title	Pass Thru Number	Federal CFDA Number
U.S. Department of Education		
<i>Passed through New Mexico Public Education Department</i>		
Title I Grants to Local Educational Agencies	24101	84.010
Special Education Cluster		
Special Education Grants to States	24106	84.027
IDEA-B "Risk Pool"	24132	84.027A
Subtotal Special Education Cluster		
English Language Acquisition	24153	84.365A
Supporting Effective Instruction State Grant	24154	84.367A
Carl D. Perkins Secondary Current	25184	84.060A
<i>Subtotal - Pass through New Mexico Public Education Department</i>		
Direct U.S. Department of Education		
Impact Aid Program		
Impact Aid - General Fund	* 11000	84.041
Impact Aid Special Education	* 25145	84.041
Impact Aid - Indian Education	* 25147	84.041
Subtotal Impact Aid Program		
<i>Subtotal - Direct U.S. Department of Education</i>		
Total U.S. Department of Education		
U.S. Department of Agriculture		
<i>Passed through State of New Mexico</i>		
Student Nutrition Cluster		
School Breakfast Program	* 21000	10.553
National School Lunch Program	21000	10.555
Subtotal Student Nutrition Cluster		
Schools and Roads	11000	10.665
Total U.S. Department of Agriculture		
Total Federal Financial Assistance		

* Denotes Major Federal Financial Assistance Program

See independent auditors' report.
See accompanying notes to schedule of expenditures of federal awards.

Federal Expenditures	Program/ Cluster Subtotal	Funds Provided to Subrecipients	Noncash Assistance
\$ 221,413		\$ -	\$ -
427,096		-	-
35,000		-	-
	462,096	-	-
16,424		-	-
44,308		-	-
65,022		-	-
809,263		-	-
1,157,449		-	-
24,826		-	-
219,953		-	-
	1,402,228	-	-
1,402,228		-	-
2,211,491		-	-
353,412		-	-
768,307		-	-
	1,121,719	-	-
34,660		-	-
1,156,601		-	-
\$ 3,368,092		\$ -	\$ -

*See independent auditors' report.
See accompanying notes to schedule of expenditures of federal awards.*

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Pojoaque Valley Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

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 Pojoaque Valley School District ("District") 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.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 3,368,092
Total expenditures funded by other sources	18,099,616
<hr/>	
Total expenditures	<hr/> <hr/> \$ 21,467,708

See independent auditors' report.

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Pojoaque Valley Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

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? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements? | No |

Federal Awards:

- | | | | | | | | |
|--|------------------------|------------------------|--------|--|--------|------------|--|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified | | | | | | |
| 2. Internal control over major programs: | | | | | | | |
| a. Material weaknesses identified? | None noted | | | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516 (a)? | None noted | | | | | | |
| 4. Identification of major programs: | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>CFDA</u></td> <td style="width: 50%; text-align: center;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;">Number</td> <td></td> </tr> <tr> <td style="text-align: center;">84.041</td> <td style="text-align: center;">Impact Aid</td> </tr> </table> | <u>CFDA</u> | <u>Federal Program</u> | Number | | 84.041 | Impact Aid | |
| <u>CFDA</u> | <u>Federal Program</u> | | | | | | |
| Number | | | | | | | |
| 84.041 | Impact Aid | | | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | | | |
| 6. Auditee qualified as low-risk auditee? | No | | | | | | |

Pojoaque Valley Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

FS 2017-001 — Unallowable Use of Restricted Cash (Material Weakness) - repeated

Condition: The District has a negative cash and investment balance of \$1,155,118 in its General Fund and used cash restricted in other funds cash deficits in the General Fund.

Status of Prior Year Finding: The District improved their cash balance in the General Fund by \$393,090 in the current year. In addition, the District's pending RFR's at year end also decreased by \$206,291, which signifies that the District is making improvements where they can given their current economic environment.

Criteria: Cash and investments in the special revenue, capital projects, and debt service funds are all internally or externally restricted and should not be used to support General Fund expenditures.

Effect: If the expenditures are not allowed, the District could be required to pay back the restricted monies and be at risk of not receiving these funds in the future.

Cause: The District pools all of its cash and in previous years did not restrict the use of funds to the purpose required by the fund. In addition, the District lent other funds \$454,164 as of June 30, 2018 related to RFR's pending PED reimbursement.

Auditors' Recommendations: We recommend that the District continue taking appropriate budgetary measures to replenish the fund. We also recommend that the District use restricted funds only for the purposes for which the funds are restricted. Finally, the District should continue to work with PED to get RFR's processed in a timely manner and to free up any restricted money that can be used to fund operations.

District's Response: Once discovered and pointed out that cash sweeps are occurring nightly for all funds through our bank, Management ordered the bank to stop doing this at once. No longer will funds be swept from the restricted special revenue, capital projects, and debt service funds. Management has kept separate records to verify the funds available for the projects and programs identified. Once identified Management determined that this practice has occurred for the last 10 to 15 years.

Management worked with NMPED specifically from May 2017 until November 2, and beyond, and at other times throughout the last three years to make allocation of CD proceeds to balance the budget; however, agreement was not reached until October 2017. Management also maintains that Management continues to work with NMPED to provide necessary RFR reimbursements to small school districts in a timely manner. Management usually has between \$250,000 and \$500,000 sitting in RFR reimbursements which ties up cash at year end. Management continues to work with NMPED on getting those reimbursements back quickly. To date, in agreement with NMPED, management has moved CDs and Management has determined the yield from Impact Aid which will balance the budget. Management has agreed to do monthly reporting with NMPED and closely monitor all budget and actuals.

Pojoaque Valley Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FS 2017-001 — Unallowable Use of Restricted Cash (Material Weakness) – repeated (Continued)

We have also reduced expenditures and turned off access to the operational budget and other funds to the school and budget managers such that they must go through Management to expend funds. Management points out that on November 11, 2018, they received a wire transfer from Impact Aid for \$1,293,521 and this corrects both negative balances and leaves a small cash balance. The Business Manager is monitoring this balance while preparing the monthly cash reports in order to resolve this finding by June 30, 2019.

FS 2017-002 Improper Accrual of Accounts Receivable (Significant Deficiency)—repeated and modified

Condition: The District did not properly include property taxes as part of their accounts receivable listing.

Status of Prior Year Finding: The District provided a more complete listing of accounts receivable for the year ended June 30, 2018, however the listing did not include the receivable pertaining to property taxes.

Criteria: Generally Accepted Accounting Principles (GAAP) state that revenue, and the related accounts receivable, is recognized in the period in which the revenue is earned and available to finance expenditures of the current period.

Effect: The District did not include property taxes in their accounts receivable listing to be included in accrual, which would have resulted in an understatement of property tax revenues and receivables.

Cause: The District prepared the accounts receivable listing at year-end and incorrectly excluded items from the accrual.

Auditors' Recommendation: We recommend the District put in place a process to ensure the recording of all accounts receivable as part of their closing process. In addition, we recommend the District refresh itself on GASB 33 and accounting for property tax receivables and revenue.

District's Response: In conducting research, Management found that in fact those deposits were completed and recorded in our system. These deposits were made and correctly entered into the Visions system. When completing the auditor's excel spreadsheet that was provided to us, a clerical entry error was made and these deposits (\$64,941) were not entered into that spreadsheet. Far more detail and attention will be provided to ensure proper data entry and information is provided. The District will continue to refresh itself on the GAAP 33 accounting for property tax receivables and revenue. The Business Manager will verify these are recorded correctly as part of the June 30, 2019 closing procedures.

Pojoaque Valley Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FS 2017-002 Improper Accrual of Accounts Receivable (Significant Deficiency)—repeated and modified (Continued)

Additionally, the District wishes to duplicate the response to 17-001 here:

Management worked with NMPED specifically from May 2017 until November 2, 2018, and beyond, and at other times throughout the last three years to make allocation of CD proceeds to balance the budget; however, agreement was not reached until October 2017. Management also maintains that Management continues to work with NMPED to provide necessary RFR reimbursements to small school districts in a timely manner. Management usually has between \$250,000 and \$500,000 sitting in RFR reimbursements which ties up cash at year end. Management continues to work with NMPED on getting those reimbursements back quickly. To date, in agreement with NMPED, management has moved CDs and Management has determined the yield from Impact Aid which will balance the budget. Management has agreed to do monthly reporting with NMPED and closely monitor all budget and actuals. We have also reduced expenditures and turned off access to the operational budget and other funds to the school and budget managers such that they must go through Management to expend funds. Management points out that on November 11, 2018, they received a wire transfer from Impact Aid for \$1,293,521 and this corrects both negative balances and leaves a small cash balance.

FS 2018-001 Recording of Debt and Related Cash (Material Weakness)

Condition: The District did not record the complete debt proceeds, expenditures, cash, and investments related to their 2017 General Obligation Bond. Adjustments in the following amounts were required to accurately state the activity for this bond in the District’s funds:

Cash	\$	360,523
Investments		1,940,538
Interest revenue		26,867
Expenditures		17,297
Bond Proceeds		2,291,491

Criteria: NMSA 6-10-2 discusses the duty of public officials to balance public money at the close of each business day. Generally accepted accounting principles also require that all activity be recorded when the transaction occurs.

Effect: The District understated their cash and investment balances, debt proceeds, and debt issuance cost expenditures for the fiscal year.

Cause: The District was not aware of the accounting requirements for debt activities through the NMFA and did not record all activity reported on the related NMFA statements in the District’s accounting system.

Pojoaque Valley Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FS 2018-001 Recording of Debt and Related Cash (Material Weakness) (Continued)

Auditors' Recommendation: The District should ensure that at least one individual is trained to identify and record all cash flows related to debt instruments. Additionally, policies and procedures should be in place to ensure that new debt instruments are properly accounted for in the future.

District's Response: Management has taken steps to ensure that all debt instruments are properly accounted for. The fact is that because the District does not actually hold the funds, NMFA does, that we were unaware how to account for this information because we did not hold the actual money. The District will, from this moment on, take steps to record all debt instructions approximately after working with the auditors. The Business Manager will do this for all future debt transactions in order to resolve this finding as of June 30, 2019.

SECTION III -- NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS

NM 2017-002 Exceeded Budget Authority - (Other noncompliance) - repeated

Condition: The District has over expended its budget in the following funds and functions:

Major Funds	
Operational - Instruction	\$ 344,114
Operational - Operation of Non-Instructional	2,506
Nonmajor Funds	
Athletics - Instruction	14,243
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Total Governmental Funds	\$ 360,863
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Status of Prior Year Finding: The District has not put procedures in place to prevent over expenditure of budget at the level of budgetary control.

Criteria: NMAC 6.20.2.10 states that all District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Public Education Department for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation.

Effect: The internal controls established by adherence to budgets has been compromised and excess spending could result and has resulted in noncompliance with state requirements.

Cause: The District did not properly submit a budget adjustment for the functions listed above in which actual expenses were greater than final budget at the end of the fiscal year.

Pojoaque Valley Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION III -- NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS

NM 2017-002 Exceeded Budget Authority - (Other noncompliance) – repeated (Continued)

Auditors' Recommendations: We recommend that the District monitor its budgets closely and prepare budget adjustments as necessary and that the district submits all budget adjustments timely in the future.

District's Response: The Business Manager will continue to monitor budgets closely and prepare budget adjustments as necessary and the District will submit all budget adjustments in a timely manner in order to alleviate this finding by June 30, 2019.

NM 2017-003 — Cash Appropriations in Excess of Available Cash Balances (Other noncompliance) - repeated

Condition: The District maintained a deficit budget in excess of available cash balances in the following funds and functions:

	Designated Cash	Beginning of Year Cash and Interfund Receivable Available	Cash Appropriation in excess of Available
General Fund - Operational	\$ 6,675	\$ (862,032)	\$ 868,707
Athletics Fund	8,518	(33,504)	42,022
Bond Building	699,165	671,161	28,004
Total	\$ 714,358	\$ (224,375)	\$ 938,733

Status of Prior Year Finding: The District has made progress to clear this finding as there are fewer funds where this condition has occurred in the year ended June 30, 2018 as compared to the prior year.

Criteria: Section 2.2.2.10(R)(1)(b), NMAC, states “If budgeted expenditures exceed budgeted revenue (after prior-year cash and any applicable federal receivables used to balance the budget), that fact shall be reported in a finding.

Effect: The District had to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Cause: The District did not monitor the budget versus available cash.

Auditors' Recommendations: Budget deficits for future years should be reviewed to insure all funds have adequate budget authority and sufficient cash balances for budgeted deficits. Greater attention should be given to the budget monitoring process end-of-the-year cash balance estimates.

Pojoaque Valley Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION III -- NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

NM 2017-003 — Cash Appropriations in Excess of Available Cash Balances (Other noncompliance) – repeated (Continued)

District's Response: Management agrees that budget deficits, if any, will be closely monitored so that any budget deficits will be addressed by insuring that all funds have adequate budgetary authority and sufficient cash balances. The school district continues to devote a great deal of attention to the budget monitoring process and year-end cash balance estimates. All budget managers have been trained and are carefully guided at each weekly meeting and in each administrator meeting, as well as other times, in monitoring and supporting budget. Management worked with NMPED specifically from May 2017 until November 2, 2018, and beyond, and at other times throughout the last three years to make allocation of CD proceeds to balance the budget; however, agreement was not reached until October 2017. Management also maintains that Management continues to work with NMPED to provide necessary RFR reimbursements to small school districts in a timely manner. Management usually has between \$250,000 and \$500,000 sitting in RFR reimbursements which ties up cash at year end. Management continues to work with NMPED on getting those reimbursements back quickly.

To date, in agreement with NMPED, management has moved CDs and Management has determined the yield from Impact Aid which will balance the budget. Management has agreed to do monthly reporting with NMPED and closely monitor all budget and actuals. We have also reduced expenditures and turned off access to the operational budget and other funds to the school and budget managers such that they must go through Management to expend funds. Management points out that on November 11, 2018, they received a wire transfer from Impact Aid for \$1,293,521 and this corrects both negative balances and leaves a small cash balance.

Furthermore, our Auditor offers training of which Management will take advantage. Additionally, Management has agreed to do monthly reporting with NMPED and closely monitor all budget and actuals. The Business Manager is responsible for implementing these tasks in order to be resolved by June 30, 2019.

SECTION IV – FEDERAL AWARD FINDINGS

No federal award findings noted

SECTION V – SUMMARY OF PRIOR YEAR FINDINGS

FS 2015-003 Capital asset inventory – resolved
FS 2017-001 Unallowable Use of Restricted Cash (Material Weakness) – repeated
FS 2017-002 Improper Accrual of Accounts Receivable (Significant Deficiency)—repeated and modified
FS 2017-003 Audit Report Submission to Federal Audit Clearinghouse – resolved
NM 2017-001 Improper Travel and Per Diem Reimbursements – resolved
NM 2017-002 Exceeded Budget Authority – repeated and modified
NM 2017-003 Cash Appropriations in Excess of Available Cash Balances – repeated and modified
NM 2017-004 Late and Incorrect Cash Schedule filed with New Mexico Public Education Department – resolved

EXIT CONFERENCE

An exit conference was held on November 8, 2018. In attendance were the following:

Representing Pojoaque Valley School District:

Dr. Melville Morgan	Superintendent
Michelle Ortiz	Business Manager
Sandy Martinez	Assistant Business Manager
Jeffrey D. Atencio	Board Vice President
Sharon Dogruel	Board Member

Representing Carr, Riggs & Ingram, LLC:

Danny Martinez, CPA, CGFM	Partner
Benjamin Martinez, CPA	Manager

AUDITOR PREPARED FINANCIAL STATEMENTS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of Pojoaque Valley Schools from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.