

**State of New Mexico**  
**Pojoaque Valley Schools**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2019**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)

THIS PAGE INTENTIONALLY LEFT BLANK

## **Introductory Section**

**Pojoaque Valley Schools**  
**Table of Contents**  
**June 30, 2018**

**INTRODUCTORY SECTION**

Table of Contents	4-5
Official Roster	7

**FINANCIAL SECTION**

Independent Auditors' Report	10-12
Management's Discussion and Analysis	13-19

**BASIC FINANCIAL STATEMENTS**

Government-wide Financial Statements:	
Statement of Net Position	22-23
Statement of Activities	24-25
Fund Financial Statements:	
Balance Sheet - Governmental Funds	26-27
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	30-31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual:	
General Fund (11000, 13000, 14000)	35
Statement of Fiduciary Assets and Liabilities – Agency Funds	37
Notes to Financial Statements	38-75

**REQUIRED SUPPLEMENTARY INFORMATION**

Educational Retirement Board (ERB) Pension Plan:	
Schedule of Proportionate Share of the Net Pension Liability	78-79
Schedule of Contributions	80-81
Notes to Required Supplementary Information	83
New Mexico Retiree Health Care Authority (NMRHCA) Plan:	
Schedule of Employer's Proportionate Share of the Net OPEB Liability of New Mexico Retiree Health Care Act Plan	84
Schedule of Employer Contributions	85
Notes to Required Supplementary Information	86

**Pojoaque Valley Schools**  
**Table of Contents**  
**June 30, 2018**

**SUPPLEMENTARY INFORMATION**

Nonmajor Governmental Fund Descriptions	88-91
Combining Balance Sheet - Nonmajor Governmental Funds	92-99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	100-107

**GENERAL FUND**

Combining Balance Sheet - General Fund	110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund	111
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual: Operational Fund (11000)	112
Pupil Transportation Fund (13000)	113
Instructional Materials Fund (14000)	114

**SUPPORTING SCHEDULES**

Schedule of Deposits and Investments	117
Cash Reconciliation	118-121
Schedule of Collateral Pledged by Depository for Public Funds	122
Schedule of Changes in Assets and Liabilities - Agency Funds	123

**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 <i>Government Auditing Standards</i>	126-127
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------

**FEDERAL FINANCIAL ASSISTANCE**

Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance	130-132
Schedule of Expenditures of Federal Awards	134-137
Schedule of Findings and Questioned Costs	139-149
Other Disclosures	150

THIS PAGE INTENTIONALLY LEFT BLANK

**Pojoaque Valley Schools  
Official Roster  
June 30, 2019**

**Name**

**Title**

**BOARD OF EDUCATION**

Jon Paul Romero	Board President
Jeffrey D. Atencio	Board Vice President
Toby G. Velasquez	Board Secretary
Sharon Dogruel	Board Member
Fernando Quintana	Board Member

**ADMINISTRATIVE OFFICIALS**

Dr. Melville Morgan	Superintendent (Until July 21, 2019)
Sondra Adams	Assistant Superintendent (Interim Superintendent as of July 21, 2019)
Michelle Ortiz	Chief Financial Officer

THIS PAGE INTENTIONALLY LEFT BLANK



## **Financial Section**

## **INDEPENDENT AUDITORS' REPORT**

Brian S. Colón, Esq.  
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 comparison for the General Fund of Pojoaque Valley Schools (the "District"), as of and for the year ended June 30, 2019, 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 comparison for the General Fund of Pojoaque Valley Schools (the "District"), as of the year ended June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 13 through 19, the Educational Retirement Board (ERB) Pension Plan Schedules and related notes on page 78 through 83, and the New Mexico Retiree Healthcare Authority (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), the Supporting Schedules required by section 2.2.2 NMAC, and other disclosures 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 and other disclosures have 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 15, 2019, 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 15, 2019

# Pojoaque Valley Schools Management's Discussion and Analysis For the Year Ended June 30, 2019

## 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, 2019. 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 2019 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 increased \$2,115,321 or 7.01%
- Total liabilities of governmental activities increased \$7,936,780 or 15.42%.
- The District had \$26,817,660 in expenses related to governmental activities; \$7,547,630 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 \$15,248,924 were also utilized to provide for these programs.
- The District's net position decreased by \$4,021,106.

## 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 the District as a financial whole, or as an entire operating entity.

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



## Pojoaque Valley Schools Management's Discussion and Analysis For the Year Ended June 30, 2019

### Statement of Net Position and Statement of Activities

While this report contains the large number of funds used by the 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 2019?" 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 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 District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, facility conditions, required educational programs, and other factors.

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

**Governmental Activities** - All of the 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 from the state equalization guarantee accounts for 57.55% of total revenue. The District attempts to focus on educational expenses as approximately 48.70% of district expenses are being spent on Direct Instruction.

**Pojoaque Valley Schools  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

**Condensed Statement of Net Position**

	2019	2018	Variance
<b>Assets</b>			
Current and other assets	\$ 7,131,763	\$ 6,126,003	\$ 1,005,760
Capital assets, net of accumulated depreciation	34,006,678	32,897,117	1,109,561
<b>Total assets</b>	<b>41,138,441</b>	<b>39,023,120</b>	<b>2,115,321</b>
<b>Deferred outflows of resources</b>			
Deferred outflows related to pension plan and OPEB	14,147,848	12,195,101	1,952,747
<b>Total deferred outflows of resources</b>	<b>14,147,848</b>	<b>12,195,101</b>	<b>1,952,747</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 55,286,289</b>	<b>\$ 51,218,221</b>	<b>\$ 4,068,068</b>
<b>Liabilities</b>			
Current liabilities	\$ 2,764,422	\$ 3,588,888	\$ (824,466)
Net pension and OPEB liability	53,393,001	45,621,710	7,771,291
Other long-term liabilities	7,080,000	6,090,045	989,955
<b>Total liabilities</b>	<b>63,237,423</b>	<b>55,300,643</b>	<b>7,936,780</b>
<b>Deferred inflows of resources</b>			
Deferred inflows related to pension plan and OPEB	4,613,076	4,460,682	152,394
<b>Net position</b>			
Net investment in capital assets	28,105,620	27,678,178	427,442
Restricted	2,085,816	2,812,413	(726,597)
Unrestricted (deficit)	(42,755,646)	(39,033,695)	(3,721,951)
<b>Total net position</b>	<b>(12,564,210)</b>	<b>(8,543,104)</b>	<b>(4,021,106)</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 55,286,289</b>	<b>\$ 51,218,221</b>	<b>\$ 4,068,068</b>

**Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows were exceeded by liabilities and deferred inflows by \$12,564,210 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, 2019**


**Condensed Statement of Activities**

	2019	2018	Variance
<b>Program revenues:</b>			
Charges for services	\$ 564,190	\$ 400,849	\$ 163,341
Operating grants and contributions	6,705,385	4,967,791	1,737,594
Capital grants and contributions	278,055	247,725	30,330
<b>General revenues:</b>			
Property taxes	2,025,872	2,130,177	(104,305)
State equalization guarantee	13,129,053	13,115,677	13,376
Interest and investment earnings	21,164	26,898	(5,734)
Miscellaneous revenue	72,835	102,452	(29,617)
<b>Total revenues</b>	<b>22,796,554</b>	<b>20,991,569</b>	<b>1,804,985</b>
<b>Program expenses:</b>			
Instruction	13,059,526	11,063,936	1,995,590
Support services	6,604,391	5,614,102	990,289
Central services	786,535	652,521	134,014
Operation and maintenance of plant	3,810,206	3,682,884	127,322
Student transportation	1,060,667	1,185,288	(124,621)
Food services	1,212,732	1,893,138	(680,406)
Community service operations	99,334	86,330	13,004
Interest on long-term debt	184,269	151,861	32,408
<b>Total expenses</b>	<b>26,817,660</b>	<b>24,330,060</b>	<b>2,487,600</b>
<b>Increase (decrease) in net position</b>	<b>\$ (4,021,106)</b>	<b>\$ (3,338,491)</b>	<b>\$ (682,615)</b>
<b>Restatement to Net Postion</b>	<b>\$ -</b>	<b>\$ (15,034,336)</b>	<b>\$ 15,034,336</b>

**Change in Net Position**

The District's net position decreased by \$4,021,106 during the current fiscal year. The decrease primarily to due to increased expenses from the prior year, particularly pension and OPEB expenses. 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 primary factor in the District's decrease in net position is increases related to net pension and net OPEB liabilities.





## Pojoaque Valley Schools Management's Discussion and Analysis For the Year Ended June 30, 2019

### **The District's Funds**

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$25,572,876 and expenditures and other financing uses of \$23,728,502. The net change in fund balance for the year was an increase of \$1,844,374. Approximately 99.77% 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 District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, Bond Building Capital Projects Fund, and Debt Service Fund.

#### ***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements. The general fund is the chief operating fund of the District. As of June 30, 2019, spendable fund balance of the general fund was \$346,757. 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 24.71% of total governmental fund expenditures, which is an increase from the prior year comparison of 18.82% of total governmental fund expenditures.

The fund balance of the District's general fund increased by \$1,485,755 during the current fiscal year due to the District reducing expenditures to a level lower than expenditures in the fund in an attempt to restore a positive cash and fund balance in the general fund.

The bond building fund has total spendable fund balance of \$2,584,635 all of which is restricted for capital acquisitions and improvements. The total fund balance of the bond building fund decreased by \$183,457 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.



## **Pojoaque Valley Schools Management's Discussion and Analysis For the Year Ended June 30, 2019**

The debt service fund has a total spendable fund balance of \$1,818,844, all of which is restricted for the payment of debt service. The net decrease of \$179,059 in fund balance during the current year resulted from increases in Debt Service expenses.

### **General Fund Budgeting Highlights**

The 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 2019, the District amended its budget as needed.

For the General Fund, final budgeted revenues and other financing sources are less than budgeted expenditures by \$31,477.

Expenditures and other financing uses were budgeted at \$16,075,114, while actual expenditures were \$15,060,904. The difference between budget and actual expenditures was due to an increased focus by the district to meet budgetary requirements and bring the general fund balance back from the prior year's deficits.

Actual revenues for the general fund were \$16,560,991 and revenues from state sources constitute 85.15% of the total. Actual revenues exceed actual expenditures by \$1,500,087.

### **Capital Assets**

At the end of fiscal 2019, the District had \$54,886,603 invested in capitalized assets with associated accumulated depreciation of \$20,879,925 resulting in net capital assets of \$34,006,678. Activity in the capital asset accounts is reported in Note 7 to the financial statements.

### **Debt**

At June 30, 2019, the District had outstanding bonds payable of \$8,610,000. The District issued \$2,750,000 of new bonds in April 2019. These bonds were issued to fund various capital projects. 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**

During the prior years, the District was 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 (\$1,180,575) as of June 30, 2018. Due to the District's efforts, the current year Operational Fund ending cash balance is positive.

**Pojoaque Valley Schools  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

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

	<b>2019</b>	<b>2018</b>	<b>Change</b>
Cash and investments	\$ 265,670	\$ (1,180,575)	\$ 1,446,245

This decrease can be attributed to increases in funding received in the Operational Fund in the fund during 2019.

**Changes in advances to other funds.** The following indicates an increase in loans to other funds from year to year:

	<b>2019</b>	<b>2018</b>	<b>Change</b>
Due from other funds	\$ 591,283	\$ 540,407	\$ 50,876

This increase is due to the District spending less out of the operational fund during the year in the effort to bring the cash balance back to having a positive cash balance, creating availability for the general fund to cover expenditures for reimbursement basis grants.

**Total governmental funds expenditures.** The following shows the change in total governmental fund expenditures from year to year:

	<b>2019</b>	<b>2018</b>	<b>Change</b>
Governmental funds expenditures	\$ 23,728,502	\$ 21,467,708	\$ 2,260,794

The increase is due to the District receiving more in operating grants and contributions and having more funding to use for instructional, support, and capital outlay activities.

**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 District's finances and to reflect the 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

THIS PAGE INTENTIONALLY LEFT BLANK

## **Basic Financial Statements**

**Pojoaque Valley Schools**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Primary Governmental Activities</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 3,218,980
Investments	171
Receivables:	
Property taxes	320,320
Due from other governments (Federal)	594,050
Due from other governments (State)	202,876
Other	72,660
Inventory	13,764
<hr/>	
Total current assets	4,422,821
<hr/>	
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	607,279
Investments	2,101,663
Capital assets not being depreciated	1,128,089
Capital assets being depreciated	53,758,514
Less: accumulated depreciation	(20,879,925)
<hr/>	
Total noncurrent assets	36,715,620
<hr/>	
Total assets	41,138,441
<hr/>	
Deferred outflows of resources	
Deferred outflows - pension	12,225,863
Deferred outflows - OPEB	1,921,985
<hr/>	
Total deferred outflows of resources	14,147,848
<hr/>	
Total assets and deferred outflows of resources	\$ 55,286,289

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

	<b>Primary Government Governmental Activities</b>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 301,356
Accrued payroll	607,702
Accrued interest	37,729
Accrued compensated absences	287,635
Current portion of bonds payable	1,530,000
<b>Total current liabilities</b>	<b>2,764,422</b>
Noncurrent liabilities	
Bonds payable	7,080,000
Net pension liability	42,442,539
Net OPEB liability	10,950,462
<b>Total noncurrent liabilities</b>	<b>60,473,001</b>
<b>Total liabilities</b>	<b>63,237,423</b>
Deferred inflows of resources	
Deferred inflows - pension	1,783,678
Deferred inflows - OPEB	2,829,398
<b>Total deferred inflows of resources</b>	<b>4,613,076</b>
Net position	
Net investment in capital assets	28,105,620
Restricted for:	
Debt service	955,822
Capital projects	178,415
Special revenue	951,579
Unrestricted (deficit)	(42,755,646)
<b>Total net position</b>	<b>(12,564,210)</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 55,286,289</b>

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

**Pojoaque Valley Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>
<b>Primary government:</b>			
<b>Governmental activities:</b>			
Instruction	\$ 13,059,526	\$ 276,647	\$ 3,287,942
Support services - students	3,030,325	64,193	762,934
Support services - instruction	1,045,126	22,139	263,128
Support services - general administration	488,545	10,349	123,000
Support services - school administration	2,040,395	43,223	513,703
Central services	786,535	16,662	198,023
Operation and maintenance of plant	3,810,206	80,714	959,281
Student transportation	1,060,667	22,469	267,040
Food services operations	1,212,732	25,690	305,325
Community services operations	99,334	2,104	25,009
Interest and other charges	184,269	-	-
<b>Total governmental activities</b>	<b>\$ 26,817,660</b>	<b>\$ 564,190</b>	<b>\$ 6,705,385</b>

**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

---

Net position - ending

---

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



<u>Program Revenues</u>	<b>Net (Expense) Revenue and Changes in Net Position</b>
<u>Capital Grants and Contributions</u>	<u>Government Activities</u>
\$ 136,338	\$ (9,358,599)
31,637	(2,171,561)
10,912	(748,947)
5,101	(350,095)
21,302	(1,462,167)
8,212	(563,638)
39,779	(2,730,432)
11,074	(760,084)
12,662	(869,055)
1,038	(71,183)
-	(184,269)
\$ 278,055	(19,270,030)
	46,039
	1,627,183
	352,650
	13,129,053
	21,164
	72,835
	15,248,924
	(4,021,106)
	(8,543,104)
	\$ (12,564,210)

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

**Pojoaque Valley Schools**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<b>General Fund</b>		<b>Bond Building</b>	
	<b>11000, 13000, 14000</b>		<b>31100</b>	
<b>Assets</b>				
Cash and cash equivalents	\$	334,358	\$	482,972
Investments		171		2,101,663
Receivables:				
Property taxes		8,142		-
Federal sources		2,139		-
State sources		-		-
Other		72,660		-
Inventory		-		-
Due from other funds		591,283		-
<b>Total assets</b>	<b>\$</b>	<b>1,008,753</b>	<b>\$</b>	<b>2,584,635</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$	123,819	\$	-
Accrued payroll		531,596		-
Due to other funds		-		-
<b>Total liabilities</b>		<b>655,415</b>		<b>-</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes		6,761		-
<b>Total deferred inflows of resources</b>		<b>6,761</b>		<b>-</b>
<b>Fund balances</b>				
<b>Nonspendable:</b>				
Inventory		-		-
<b>Spendable</b>				
<b>Restricted for:</b>				
Instructional materials		70,820		-
Food services		-		-
Extracurricular activities		-		-
Education		-		-
Capital acquisitions and improvements		-		2,584,635
Debt service		-		-
Unassigned (deficit)		275,757		-
<b>Total fund balances</b>		<b>346,577</b>		<b>2,584,635</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$</b>	<b>1,008,753</b>	<b>\$</b>	<b>2,584,635</b>

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

Debt Service 41000	Other Governmental Funds	Total
\$ 1,775,625	\$ 1,233,304	\$ 3,826,259
-	-	2,101,834
254,806	57,372	320,320
-	591,911	594,050
-	202,876	202,876
-	-	72,660
-	13,764	13,764
-	-	591,283
<u>\$ 2,030,431</u>	<u>\$ 2,099,227</u>	<u>\$ 7,723,046</u>
\$ -	\$ 177,537	\$ 301,356
-	76,106	607,702
-	591,283	591,283
-	844,926	1,500,341
<u>211,587</u>	<u>47,641</u>	<u>265,989</u>
<u>211,587</u>	<u>47,641</u>	<u>265,989</u>
-	13,764	13,764
-	-	70,820
-	290,832	290,832
-	1	1
-	679,778	679,778
-	-	2,584,635
1,818,844	260,499	2,079,343
-	(38,214)	237,543
<u>1,818,844</u>	<u>1,206,660</u>	<u>5,956,716</u>
<u>\$ 2,030,431</u>	<u>\$ 2,099,227</u>	<u>\$ 7,723,046</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

**Pojoaque Valley Schools**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2019**

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

Fund balances - total governmental funds	\$	5,956,716
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds		34,006,678
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		265,989
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 10)		12,225,863
Deferred inflows - pension (Note 10)		(1,783,678)
Deferred outflows - OPEB (Note 11)		1,921,985
Deferred inflows - OPEB (Note 11)		(2,829,398)
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		(287,635)
Accrued interest payable		(37,729)
Bonds payable		(8,610,000)
Net pension liability		(42,442,539)
OPEB liability		(10,950,462)
<b>Total net position - governmental funds</b>		<b>\$ (12,564,210)</b>

*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, 2019**

	<b>General Fund</b>	<b>Bond Building</b>
	<b>11000, 13000, 14000</b>	<b>31100</b>
<b>Revenues</b>		
Property taxes	\$ 47,860	\$ -
Intergovernmental revenue:		
Federal flowthrough	32,810	-
Federal direct	2,150,852	-
State flowthrough	13,063,602	-
State direct	69,343	-
Transportation distribution	951,653	-
Charges for services	254,541	-
Investment income	84	21,080
Miscellaneous	60,863	-
<b>Total revenues</b>	<b>16,631,608</b>	<b>21,080</b>
<b>Expenditures</b>		
Current:		
Instruction	7,225,208	-
Support services - students	1,770,348	-
Support services - instruction	467,872	-
Support services - general administration	314,729	-
Support services - school administration	1,253,291	-
Central services	569,381	-
Operation and maintenance of plant	2,550,602	-
Student transportation	975,679	-
Food services operations	-	-
Community services operations	59,537	-
Capital outlay	-	2,538,735
Debt service:		
Principal	-	-
Interest	-	-
Bond issuance costs	-	48,888
<b>Total expenditures</b>	<b>15,186,647</b>	<b>2,587,623</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,444,961</b>	<b>(2,566,543)</b>
<b>Other financing sources (uses)</b>		
Transfers in	40,094	-
Transfers (out)	-	-
Bond proceeds	-	2,750,000
<b>Total other financing sources (uses)</b>	<b>40,094</b>	<b>2,750,000</b>
Net change in fund balances	1,485,055	183,457
Fund balances - beginning of year	(1,138,478)	2,401,178
<b>Fund balances - end of year</b>	<b>\$ 346,577</b>	<b>\$ 2,584,635</b>

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

<b>Debt Service 41000</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ 1,648,281	\$ 356,053	\$ 2,052,194
-	1,611,256	1,644,066
-	1,326,931	3,477,783
-	786,516	13,850,118
-	119,530	188,873
-	-	951,653
-	309,649	564,190
-	-	21,164
-	11,972	72,835
<u>1,648,281</u>	<u>4,521,907</u>	<u>22,822,876</u>
-	1,468,866	8,694,074
-	528,390	2,298,738
-	81,658	549,530
17,068	36,283	368,080
-	70,834	1,324,125
-	-	569,381
-	460,970	3,011,572
-	23,400	999,079
-	1,131,023	1,131,023
-	23,242	82,779
-	302,226	2,840,961
1,660,000	-	1,660,000
150,272	-	150,272
-	-	48,888
<u>1,827,340</u>	<u>4,126,892</u>	<u>23,728,502</u>
<u>(179,059)</u>	<u>395,015</u>	<u>(905,626)</u>
-	60,000	100,094
-	(100,094)	(100,094)
-	-	2,750,000
-	(40,094)	2,750,000
<u>(179,059)</u>	<u>354,921</u>	<u>1,844,374</u>
<u>1,997,903</u>	<u>851,739</u>	<u>4,112,342</u>
<u>\$ 1,818,844</u>	<u>\$ 1,206,660</u>	<u>\$ 5,956,716</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK



**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, 2019**

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

Net change in fund balances - total governmental funds	\$	1,844,374
--------------------------------------------------------	----	-----------

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		2,840,961
Adjustment to CIP		(272,253)
Depreciation expense		(1,459,147)

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		(26,322)
--------------------------------------------------------------------	--	----------

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		1,403,416
Pension expense		(7,241,970)
District OPEB contribution		201,922
OPEB expense		(334,306)

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)
Decrease in accrued compensated absences not due and payable		96,828
Decrease in accrued interest payable		15,391
Principal payments on bonds		1,660,000

Change in net position of governmental activities	\$	(4,021,106)
---------------------------------------------------	----	-------------

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

THIS PAGE INTENTIONALLY LEFT BLANK

**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, 2019**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Property taxes	\$ 48,771	\$ 48,771	\$ 48,373	\$ (398)
Intergovernmental revenue:				
Federal flowthrough	1,750	1,750	32,810	31,060
Federal direct	972,298	972,298	2,150,852	1,178,554
State direct	13,839,522	13,839,522	13,063,602	(775,920)
Transportation distribution	930,802	951,653	951,653	-
State Instruction distribution	67,204	69,343	67,204	(2,139)
Charges for services	95,500	95,500	187,650	92,150
Investment Income	1,700	1,700	84	(1,616)
Miscellaneous	63,100	63,100	58,763	(4,337)
<b>Total revenues</b>	<b>16,020,647</b>	<b>16,043,637</b>	<b>16,560,991</b>	<b>517,354</b>
<b>Expenditures</b>				
Current:				
Instruction	7,273,403	7,275,542	7,182,655	92,887
Support services - students	1,620,629	1,631,079	1,761,974	(130,895)
Support services - instruction	555,432	472,400	472,133	267
Support services - general administration	330,994	313,032	311,725	1,307
Support services - school administration	1,234,228	1,198,931	1,250,888	(51,957)
Central services	573,569	566,186	566,279	(93)
Operation and maintenance of plant	1,814,670	1,953,783	2,482,098	(528,315)
Student transportation	959,975	974,944	976,196	(1,252)
Other support services	1,623,937	1,623,937	-	1,623,937
Community services operations	65,280	65,280	56,956	8,324
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>16,052,117</b>	<b>16,075,114</b>	<b>15,060,904</b>	<b>1,014,210</b>
Excess (deficiency) of revenues over expenditures	(31,470)	(31,477)	1,500,087	1,531,564
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	31,470	31,477	-	(31,477)
Transfers in	-	-	40,094	40,094
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>31,470</b>	<b>31,477</b>	<b>40,094</b>	<b>8,617</b>
Net change in fund balance	-	-	1,540,181	1,540,181
Fund balance - beginning of year	-	-	(614,540)	(614,540)
Fund balance - end of year	\$ -	\$ -	\$ 925,641	\$ 925,641
Net change in fund balance (Non-GAAP budgetary basis)				\$ 1,540,181
Adjustments to revenues for taxes and intergovernmental revenue				70,617
Adjustments to expenditures for supplies and payroll expenditures				(125,743)
Net change in fund balance (GAAP Basis)				\$ 1,485,055

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

THIS PAGE INTENTIONALLY LEFT BLANK

**Pojoaque Valley Schools**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2019**

Assets	
Cash and cash equivalents	\$ 303,267
<hr/>	
Total assets	\$ 303,267
<hr/> <hr/>	
Liabilities	
Due to student organizations	\$ 303,267
<hr/>	
Total liabilities	\$ 303,267
<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 financial 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 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 *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, 2019**

**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 2019 is considered “measurable and available” and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2019. 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 acquisition 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, 2019**

**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 \$265,989 related to property taxes considered "unavailable." In addition, the District has two 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 \$975,928 and differences between expected and actuarial experience \$807,750 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 \$648,337, change in assumption \$2,044,403, and net difference between projected and actual investment earnings \$136,658 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.

**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 five 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 \$1,950, 307, changes of assumptions \$8,747,207, difference between expected and actual experience \$30,976, the net difference between projected and actual earnings on pension plan investments of \$93,957 and employer contributions subsequent to measurement date in the amount of \$1,403,416 are reported on the Statement of Net Position. In addition, the District has two types of items 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 items, changes in proportion \$1,720,063 and employer contributions subsequent to measurement date in the amount of \$201,922 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, 2019**

**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, and 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, 2019, the nonspendable fund balance in the food service fund is made up of inventory in the amount of \$13,764 that is not in spendable form.

**Restricted and Committed Fund Balance:** At June 30, 2019, the restricted fund balance on the governmental funds balance sheet is made up of \$1,041,431 restricted for instructional materials, transportation, food services, extracurricular activities and education to the students of the District, \$2,584,635 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 \$2,079,343 restricted for the payment of principal and interest of the future debt service requirements.

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**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, 2019, the District had unspent bond proceeds of \$2,708,939.
- 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 \$13,129,053 in state equalization guarantee distributions during the year ended June 30, 2019.

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Revenues (Continued)***

**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.

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 \$2,055,332 in tax revenues in the government-wide financial statements during the year ended June 30, 2019. 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 \$951,653 in transportation distributions during the year ended June 30, 2019.

**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, 2019 totaled \$69,343.

**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 \$317,653 in state SB-9 matching during the year ended June 30, 2019.

**Public School Capital Outlay:** The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Revenues (Continued)***

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).

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, 2019.

**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.

***New Accounting Standards Adopted***

During the year ended June 30, 2019, the District adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, and GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. These two statements are required to be implemented as of June 30, 2019, if applicable.

The implementation of these statements did not have a significant impact on the District because the activities of the District were not affected by the statements in a material manner.

**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.



**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

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.

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.

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

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.

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, 2019, was amended by the District's Board of Education throughout the year. These amendments resulted in the following changes:

	<b>Excess (deficiency) of Revenues over Expenditures</b>	
	<b>Original Budget</b>	<b>Final Budget</b>
Budgeted funds:		
General Fund	\$ (31,470)	\$ (31,477)
Bond Building Capital Projects Fund	(2,804,548)	(2,804,548)
Debt Service Fund	(1,289,779)	(1,289,779)
Other governmental funds	(612,176)	(653,261)

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, 2019.

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

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.

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, 2019, \$3,218,893 of the District's bank balances of \$3,468,893 was exposed to custodial credit risk. \$2,069,501 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$1,149,392 was uninsured and uncollateralized.

	<b>Wells Fargo</b>	<b>Total</b>
Amount of deposits	\$ 3,468,893	\$ 3,468,893
FDIC coverage	(250,000)	(250,000)
<b>Total uninsured public funds</b>	<b>3,218,893</b>	<b>3,218,893</b>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	2,069,501	2,069,501
<b>Uninsured and uncollateralized</b>	<b>\$ 1,149,392</b>	<b>\$ 1,149,392</b>
Collateral requirement (50%)	\$ 1,609,447	\$ 1,609,447
Pledged securities	2,069,501	2,069,501
<b>Over (under) collateralized</b>	<b>\$ 460,054</b>	<b>\$ 460,054</b>

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

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.

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:

Unrestricted cash per statement of net position	\$ 3,218,980
Unrestricted investments per statement of net position	171
Restricted cash per statement of net position	607,279
Restricted Investments per statement of net position	2,101,663
Cash - statement of fiduciary assets and liabilities	303,267
<hr/>	
Total cash, cash equivalents, and investments	6,231,360
Add: outstanding checks	384,197
Less: deposits in transit	(435,804)
Less: petty cash	(1,750)
Less: investments held in New MexiGROW LGIP	(171)
Less: restricted cash and investments with NMFA	(2,708,939)
<hr/>	
Bank balance of deposits	\$ 3,468,893
<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 Securities and Exchange Commission (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, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

As of June 30, 2019, the District had the following investments and maturities:

<b>Investment Type</b>	<b>Weighted Average Maturities (F)</b>	<b>Fair Value</b>	<b>Rating**</b>
U.S. Treasury Money Market Mutual Fund	<1 year	\$ 2,101,663	AA+
New MexiGROW LGIP	100 day- WAM ( F ) and 50 day-WAM ( R )	171	AAAm
Investments per statement of net position		\$ 2,101,834	

\* 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 District has the ability to access.

Level 2 – Inputs to the valuation methodology include:

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

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 4: FAIR VALUE MEASUREMENTS (Continued)**

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.

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 and is not subject to fair market valuation.

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 \$2,101,663 in investments at June 30, 2019 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, 2019:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
U.S. Treasury Money Market Mutual Fund	\$ 2,101,663	\$ -	\$ -	\$ 2,101,663
Total investments	\$ 2,101,663	\$ -	\$ -	\$ 2,101,663

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 5: ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2019, are as follows:

	<b>General Fund</b>		<b>Debt Service</b>		<b>Other</b>		<b>Total</b>
	<b>11000, 13000,</b>		<b>41000</b>		<b>Governmental</b>		
	<b>14000</b>				<b>Funds</b>		
Property taxes receivable	\$ 8,142	\$	254,806	\$	57,372	\$	320,320
Due from other governments:							
Federal sources	2,139		-		591,911		594,050
State sources	-		-		202,876		202,876
Other	72,660		-		-		72,660
<b>Totals</b>	<b>\$ 82,941</b>	<b>\$</b>	<b>254,806</b>	<b>\$</b>	<b>852,159</b>	<b>\$</b>	<b>1,189,906</b>

The above receivables are deemed 100% collectible.

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$265,989 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, 2019**

**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, 2019 is as follows:

<b>Due from Other Funds</b>		<b>Due to Other Funds</b>		<b>Amount</b>
11000	Operational	24101	Title I - IASA	\$ 139,096
11000	Operational	24106	Entitlement IDEA-B	123,473
11000	Operational	24109	IDEA-B Preschool	466
11000	Operational	24132	IDEA-B Result Plans	18,356
11000	Operational	24153	English Language Acquisiton	47
11000	Operational	24154	Teacher/Principal Training/Recruiting	30,088
11000	Operational	24189	Student Support and Academic Enrichment	2,391
11000	Operational	24190	VNHS Comprehensive Support and Improvement	3,936
11000	Operational	25145	Impact Aid Special Education	12,009
11000	Operational	25184	Indian Education Formula Grant	14,585
11000	Operational	27103	Dual Credit Instructional Materials	942
11000	Operational	27107	2012 G.O. Bond Student Library	7,311
11000	Operational	27149	PreK Initiative	108,976
11000	Operational	27150	Indian Education Act	10,141
11000	Operational	27155	Breakfast for Elementary Students	16,855
11000	Operational	27166	Kindergarten Three Plus	48,845
11000	Operational	27177	2013 Pre-K Classrooms	1
11000	Operational	27198	K-3 Plus 4 & 5 PILOT	9,892
11000	Operational	29107	Santa Fe County Grant - Recreation Program	9,528
11000	Operational	31700	SB-9 Capital Improvement - State	34,345
<b>Total</b>				<b>\$ 591,283</b>

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

The District recorded two transfers in the current year. These transfers were related to the closing of an investment account which resulted in the need for a permanent cash transfer which was approved by PED.

<b>Transfer In</b>		<b>Transfer Out</b>		<b>Amount</b>
11000	Operational	21000	Food Services	\$ 40,094
22000	Athletics	21000	Food Services	60,000
<b>Total</b>				<b>\$ 100,094</b>



**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 7: CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2019, 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, 2019 appear in the Statement of Net Position as follows:

	<b>Beginning Balance June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Final Balance June 30, 2019</b>
<b>Capital assets not being depreciated:</b>					
Land	\$ 1,128,088	\$ -	\$ -	\$ 1	\$ 1,128,089
Construction in progress	748,228	2,459,022	272,253	(2,934,997)	-
<b>Total capital assets not being depreciated</b>	<b>1,876,316</b>	<b>2,459,022</b>	<b>272,253</b>	<b>(2,934,996)</b>	<b>1,128,089</b>
<b>Capital assets being depreciated:</b>					
Buildings and improvements	48,808,664	293,939	-	2,934,997	52,037,600
Equipment and vehicles	1,632,915	88,000	-	(1)	1,720,914
<b>Total capital assets being depreciated</b>	<b>50,441,579</b>	<b>381,939</b>	<b>-</b>	<b>2,934,996</b>	<b>53,758,514</b>
<b>Less accumulated depreciation:</b>					
Buildings and improvements	18,441,067	1,320,941	-	-	19,762,008
Equipment and vehicles	979,711	138,206	-	-	1,117,917
<b>Total accumulated depreciation</b>	<b>19,420,778</b>	<b>1,459,147</b>	<b>-</b>	<b>-</b>	<b>20,879,925</b>
<b>Total capital assets, net of depreciation</b>	<b>\$ 32,897,117</b>	<b>\$ 1,381,814</b>	<b>\$ 272,253</b>	<b>\$ -</b>	<b>\$ 34,006,678</b>

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 7: CAPITAL ASSETS (Continued)**

Depreciation expense for the year ended June 30, 2019 was charged to the following functions:

Direct instruction	\$	682,923
Support services-students		275,410
General administration		22,995
School administration		149,664
Operation and maintenance of plant		258,076
Student transportation		13,800
Food service operations		56,279
Total	\$	1,459,147

**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, 2019 are for governmental activities.

Bonds outstanding at June 30, 2019 are comprised of the following:

	<b>GO Bond 11/2009</b>	<b>GO Bond 2012</b>	<b>GO Bond 2014</b>
Original Issue:	\$ 3,000,000	\$ 1,000,000	\$ 4,000,000
Principal:	August 1	August 1	August 1
Interest:	February 1	February 1	August 1
	August 1	August 1	February 1
Interest Rates:	3-3.625%	.698-2.928%	.41785-3.02785%
Maturity Date:	August 1, 2019	August 1, 2023	August 1, 2023
	<b>GO Bond 2015</b>	<b>GO Bond 2017</b>	<b>GO Bond 2019</b>
Original Issue:	\$ 2,000,000	\$ 2,750,000	\$ 2,750,000
Principal:	August 1	August 1	August 1
Interest:	August 1	August 1	August 1
	February 1	February 1	February 1
Interest Rates:	.35-2.38%	1.00406-2.20406%	1.520-2.110%
Maturity Date:	August 1, 2025	August 1, 2027	August 1, 2029

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 8: LONG-TERM DEBT (Continued)**

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
General Obligation Bonds					
Series 4/2009	\$ 450,000	\$ -	\$ 450,000	\$ -	\$ -
General Obligation Bonds					
Series 11/2009	925,000	-	450,000	475,000	475,000
General Obligation Bonds					
Series 2012	400,000	-	50,000	350,000	50,000
General Obligation Bonds					
Series 2014	2,070,000	-	100,000	1,970,000	200,000
General Obligation Bonds					
Series 2015	925,000	-	110,000	815,000	110,000
General Obligation					
Series 2017	2,750,000	-	500,000	2,250,000	525,000
General Obligation					
Series 2019	-	2,750,000	-	2,750,000	170,000
Total bonds	7,520,000	2,750,000	1,660,000	8,610,000	1,530,000
Compensated absences	384,463	212,706	309,534	287,635	287,635
<b>Total long-term debt</b>	<b>\$ 7,904,463</b>	<b>\$ 2,962,706</b>	<b>\$ 1,969,534</b>	<b>\$ 8,897,635</b>	<b>\$ 1,817,635</b>

The annual requirements to amortize the general obligation bonds outstanding as of June 30, 2019, including interest payments, are as follows:

Fiscal Year Ending	Principal	Interest	Total Debt Service
2020	\$ 1,530,000	\$ 147,276	\$ 1,677,276
2021	1,415,000	74,631	1,489,631
2022	1,070,000	60,809	1,130,809
2023	1,075,000	42,838	1,117,838
2024	1,085,000	32,113	1,117,113
2025-2029	2,435,000	119,347	2,554,347
	<b>\$ 8,610,000</b>	<b>\$ 477,014</b>	<b>\$ 9,087,014</b>

**NOTE 8: LONG-TERM DEBT (Continued)**

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, 2019, compensated absences decreased by \$96,828 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, 2019, 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](https://www.nmerb.org/Annual_reports.html).

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

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

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

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

- 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.

**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).

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

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

- 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%.

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:

<b>Fiscal Year</b>	<b>Date Range</b>	<b>Wage Category</b>	<b>Member Rate</b>	<b>Employer Rate</b>	<b>Combined Rate</b>	<b>Increase Over Prior Year</b>
2019	7-1-18 to 6-30-19	Over \$20K	10.70%	13.90%	24.60%	0.00%
2019	7-1-18 to 6-30-19	\$20K or less	7.90%	13.90%	21.80%	0.00%
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%

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, 2019 and 2018, the employer's name paid employee and employer contributions of \$1,403,416 and \$1,386,533, which equal the amount of the required contributions for each fiscal year.

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

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

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

At June 30, 2019, the District reported a liability of \$42,442,539 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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, 2018. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2019.

Therefore, the employer's portion was established as of the measurement date of June 30, 2019. 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, 2019, the District's proportion was 0.35692%, which was an increase of 0.03382% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2019, the District recognized pension expense of \$7,241,970, as of June 30, 2019, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 30,976	\$ 807,750
Net difference between projected and actual earnings on pension plan investments	93,957	-
Changes in proportion	1,950,307	975,928
Change of assumptions	8,747,207	-
District's contributions subsequent to the measurement date	1,403,416	-
<b>Total</b>	<b>\$ 12,225,863</b>	<b>\$ 1,783,678</b>

\$1,403,416 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2018, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.



**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

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

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	\$ (5,046,230)
2020	(3,622,978)
2021	(368,324)
2022	(1,237)
Thereafter	-
<b>Total</b>	<b>\$ (9,038,769)</b>

**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:

Actuarial Cost Method	Entry age normal										
Inflation	2.50%										
Salary increases	Composed of 3.25% 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 remaining service lives	<table style="margin-left: 40px; border-collapse: collapse;"> <tr> <td style="text-align: left;">Fiscal year</td> <td style="text-align: center;"><u>2017</u></td> <td style="text-align: center;"><u>2016</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>2014</u></td> </tr> <tr> <td style="text-align: left;">Service life in years</td> <td style="text-align: center;">3.35</td> <td style="text-align: center;">3.77</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3.88</td> </tr> </table>	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
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							
Mortality	<p><b>Healthy males:</b> 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.</p> <p><b>Healthy females:</b> 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.</p> <p><b>Disabled males:</b> RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p><b>Disabled females :</b> RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p>										

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

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

***Actuarial assumptions (Continued)***

Mortality (Continued)	<b>Active members:</b> 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 April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.
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.

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.

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Equities	34%	
Fixed income	27%	
Alternatives	38%	
Cash	1%	
<b>Total</b>	<b>100%</b>	<b>7.25%</b>

**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.

**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:

	<b>1% Decrease (4.90%)</b>	<b>Current Discount Rate (5.90%)</b>	<b>1% Increase (6.90%)</b>
District's proportionate share of the net pension liability	\$ 55,159,045	\$ 42,442,539	\$ 32,066,663

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

**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 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2019 the District owed the ERB \$218,824 for the contributions withheld in the month of June 2019.

**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.

***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:

<b>Plan membership</b>	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	156,025
<b>Active membership</b>	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	93,349

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

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

**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 \$201,992 for the year ended June 30, 2019.

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

At June 30, 2018, the District reported a liability of \$10,950,462 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2019, the District’s proportion was 0.25183 percent.

For the year ended June 30, 2019, the recognized OPEB expense of \$334,306. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ -	\$ 2,044,403
Net difference between projected and actual earnings on pension plan investments	-	136,658
Changes in proportion and differences between contributions and proportionate share of contributions	1,720,063	-
District's contributions subsequent to the measurement date	201,922	-
Difference between expected and actual experience	-	648,337
<b>Total</b>	<b>\$ 1,921,985</b>	<b>\$ 2,829,398</b>

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

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

Deferred outflows of resources totaling \$201,992 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	\$	(354,469)
2020		(354,469)
2021		(354,469)
2022		(190,744)
2023		144,816
<b>Total</b>	<b>\$</b>	<b>(1,109,335)</b>

**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	3.25 to 12.50% based on years service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

**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, 2019**

**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:

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	2.1
U.S. equity - large cap	7.1
Non U.S. - emerging markets	10.2
Non U.S. - developed equities	7.8
Private equity	11.8
Credit and structured finance	5.3
Real estate	4.9
Absolute return	4.1
U.S. equity - small/mid cap	7.1

**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:

<b>1% Decrease (3.08%)</b>	<b>Current Discount Rate (4.08%)</b>	<b>1% Increase (5.08%)</b>
\$ 13,252,638	\$ 10,950,462	\$ 9,135,834

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**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
\$ 9,256,980	\$ 10,950,462	\$ 12,278,190

**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, 2018.

**Payable Changes in the Net OPEB Liability.** At June 30, 2019, the District reported a payable of \$47,229 for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

**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, 2019**

**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, 2019:

<b>Major Funds</b>	
General Fund - Student Transportation	\$ 2,035
<b>Nonmajor Funds</b>	
Athletics	155
Impact Aid Special Education	14,232
2012 G.O. Bond Student Library	4,242
Kindergarten Three Plus	1,485
2013 Pre-K Classroom	1
Santa Fe County Grant - Recreation Program	12,681
Total governmental funds	\$ 34,831

- B. Excess of expenditures over appropriations. The District had the following funds with excess of expenditures over appropriations for the year ended June 30, 2019:

<b>Major Funds</b>	
Transportation - Support Services	\$ 1,372
<b>Nonmajor Funds</b>	
Athletics - Instruction	22,078
Impact Aid Education - Instruction	2,909
Impact Aid Special Education - Support Services	31
Title XIX - Support Services	816
PreK Initiative - Instruction	3,524
Kindergarten Three Plus - Instruction	1,486
Impact Aid Special Education - Support Services	31
Title XIX - Support Services	816
Kindergarten Three Plus - Support Service	1,609
Total governmental funds	\$ 34,672

**Pojoaque Valley Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 13: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED)**

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, 2019:

	<b>Designated Cash</b>	<b>Beginning of Year Cash and Interfund Receivable Available</b>	<b>Cash Appropriation in Excess of Available</b>
General Fund - Operational	\$ 7,229	\$ (640,168)	\$ 647,397
Athletics Fund	337	(42,743)	43,080
Impact Aid Special Education	41,085	731	40,354
Teacher Recruitment Support	-	(5,298)	5,298
Kindergarten Three Plus	-	(59,831)	59,831
City County Grants	6,477	(532)	7,009
Bond Building	2,804,548	2,666,297	138,251
<b>Total</b>	<b>\$ 2,859,676</b>	<b>\$ 1,918,456</b>	<b>\$ 941,220</b>

**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 did not have significant construction projects or other commitments at year end that were to be continued into the following fiscal year.

**NOTE 16: RESTRICTED NET POSITION**

The government-wide statement of net position reports \$2,085,816 of restricted net position, all of which is restricted by enabling legislation as follows:

Restricted net position:	
Debt service	\$ 955,822
Capital projects	178,415
Special revenue	951,579
<b>Total restricted net position</b>	<b>\$ 2,085,816</b>

**NOTE 17: SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2019, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is November 15, 2019, which is the date on which the financial statements were issued. At this time no significant subsequent events were identified.

**NOTE 18: SUBSEQUENT PRONOUNCEMENTS**

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, 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.

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 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.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

## **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\***

	<b>2019</b>	<b>2018</b>
	<b>Measurement</b>	<b>Measurement</b>
	<b>Date</b>	<b>Date</b>
	<b>(As of and for</b>	<b>(As of and for</b>
	<b>the Year Ended</b>	<b>the Year Ended</b>
	<b>June 30, 2018)</b>	<b>June 30, 2017)</b>
Pojoaque Valley Schools' proportion of the net pension liability (asset)	0.35692%	0.32310%
Pojoaque Valley Schools' proportionate share of the net pension liability (asset)	\$ 42,442,539	\$ 35,907,616
Pojoaque Valley Schools' covered payroll	\$ 9,975,058	\$ 10,026,431
Pojoaque Valley Schools' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	425%	358%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%

\* The amounts presented were determined as of June 30, 2019. 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.*

<b>2017 Measurement Date (As of and for the Year Ended June 30, 2016)</b>	<b>2016 Measurement Date (As of and for the Year Ended June 30, 2015)</b>	<b>2015 Measurement Date (As of and for the Year Ended June 30, 2014)</b>
0.34933%	0.36359%	0.35904%
\$ 25,139,301	\$ 23,550,693	\$ 20,485,847
\$ 9,202,825	\$ 9,983,213	\$ 10,333,156
273%	236%	198%
61.58%	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, 2019	As of and for the Year Ended June 30, 2018
Contractually required contribution	\$ 1,386,533	\$ 1,393,674
Contributions in relation to the contractually required contribution	1,386,533	1,393,674
Contribution deficiency (excess)	\$ -	\$ -
Pojoaque Valley Schools' covered payroll	\$ 9,975,058	\$ 10,026,431
Contribution as a percentage of covered payroll	13.90%	13.90%

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

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



<b>As of and for the Year Ended June 30, 2017</b>	<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
\$ 1,279,193	\$ 1,387,351	\$ 1,435,925
<u>1,279,193</u>	<u>1,387,351</u>	<u>1,435,925</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,202,825	\$ 9,983,213	\$ 10,333,156
13.90%	13.90%	13.90%

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

THIS PAGE INTENTIONALLY LEFT BLANK

**Pojoaque Valley Schools**  
**Notes to Required Supplementary Information**  
**Educational Retirement Board (ERB) Pension Plan**  
**June 30, 2019**

*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 10 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 2017 actuarial calculation of the total pension liability on June 30, 2017:

- 1) Lower wage inflation from 3.75% to 3.25%
- 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) Lower inflation assumption from 3.00% to 2.50%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) Lower payroll growth assumption from 3.50% to 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 Educational Retirement Board's total pension liability by \$299,084,856 for fiscal year ending June 30, 2017 as a result of the changes of assumptions described above.

*See independent auditors' report.*

**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\***

	<b>2019</b>	<b>2018</b>
	<b>Measurement</b>	<b>Measurement</b>
	<b>Date</b>	<b>Date</b>
	<b>(As of and for</b>	<b>(As of and for</b>
	<b>the Year Ended</b>	<b>the Year Ended</b>
	<b>June 30, 2018)</b>	<b>June 30, 2017)</b>
Pojoaque Valley School District's proportion of the net OPEB liability	0.25183%	0.21436%
Pojoaque Valley School District's proportionate share of the net OPEB liability	\$ 10,950,462	\$ 9,714,094
Pojoaque Valley School District's covered-employee payroll	\$ 10,096,071	\$ 8,929,482
Pojoaque Valley School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	108.46%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%	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\***

	<b>As of and for the Year Ended June 30, 2019</b>	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contributions	\$ 201,922	\$ 215,063
Contributions in relation to the contractually required contribution	(201,922)	(215,063)
Contribution deficiency (excess)	\$ -	\$ -
Pojoaque Valley School District's covered-employee payroll	\$ 10,096,071	\$ 10,753,137
Contributions as a percentage of covered-employee payroll	2.00%	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, 2019**

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY18 audit available at:

[http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM\\_RHCA\\_Audited\\_FS\\_6.30.18.pdf](http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM_RHCA_Audited_FS_6.30.18.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\\_Report\\_11.21.17.pdf](http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA_5507316_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, 2019**

**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 Preschool (24109)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all disabled children from ages three to five. Federal revenues accounted for in this fund are allocated to the Schools through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is the Individuals with Disabilities Education Act (IDEA), Part B, Section 619, as amended, 20 U.S.C. 1419.

**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.



**Pojoaque Valley Schools**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2019**

**SPECIAL REVENUE FUNDS (Continued)**

**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.

**Student Support and Academic Enrichment Program (24189)** – To support well-rounded education opportunities, safe and health students and effective use of technology (ESEA sections 4107, 4108 and 419). Funding is by the US Department of Education, Title IV – Student Support and Academic Enrichment Grants.

**VNHS Comprehensive Support and Improvement (24190)** – The purpose of this individual based incentive program is to recognize and reward New Mexico’s high-performing teachers and principals based on school grades during the year. The authority for creation of this fund is the authority of the New Mexico Public Education Department.

**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.

**Indian Education 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.

**Pojoaque Valley Schools**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2019**

**SPECIAL REVENUE FUNDS (Continued)**

**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.

**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, 2<sup>nd</sup> Session, 2012 Senate and House Bill.

**Excellence in Teaching (27125)** – The purpose of this grant is to be solely for the Excellence in teaching salary supplements. These salary supplements are \$5,000 or \$10,000 per teacher and may only be awarded to teachers who have met the award criteria. The funding made available through legislative appropriations.

**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.

**Pojoaque Valley Schools**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2019**

**SPECIAL REVENUE FUNDS (Continued)**

**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.

**K-3 Plus 4 & 5 PILOT (27198)** – The purpose this program is to provide funding for additional educational time for students in kindergarten through third grade with at least 25 instructional days, beginning up two months earlier than the regular school year.

**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.

**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 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).

**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, 2019**

	Special Revenue			
	Food Service	Athletics	Title I - IASA	Entitlement
	21000	22000	24101	IDEA-B 24106
<b>Assets</b>				
Cash and cash equivalents	\$ 256,331	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Federal sources	159,427	48	148,705	138,042
State sources	-	-	-	-
Inventory	13,764	-	-	-
<b>Total assets</b>	<b>\$ 429,522</b>	<b>\$ 48</b>	<b>\$ 148,705</b>	<b>\$ 138,042</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 123,005	\$ 203	\$ 1,366	\$ 1,143
Accrued payroll	1,921	-	8,243	13,426
Due to other funds	-	-	139,096	123,473
<b>Total liabilities</b>	<b>124,926</b>	<b>203</b>	<b>148,705</b>	<b>138,042</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>				
<b>Nonspendable:</b>				
Inventory	13,764	-	-	-
<b>Spendable:</b>				
<b>Restricted for:</b>				
Food services	290,832	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Debt service	-	-	-	-
Unassigned (deficit)	-	(155)	-	-
<b>Total fund balances</b>	<b>304,596</b>	<b>(155)</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 429,522</b>	<b>\$ 48</b>	<b>\$ 148,705</b>	<b>\$ 138,042</b>

*See independent auditors' report.*

Special Revenue

	IDEA-B Preschool 24109	IDEA-B Results Plan 24132	English Language Acquisition 24153	Teacher/ Principal Training /Recruiting 24154	Student Support and Academic Enrichment Program 24189
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
	466	18,356	47	32,041	2,391
	-	-	-	-	-
	-	-	-	-	-
\$	466	\$ 18,356	\$ 47	\$ 32,041	\$ 2,391
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	1,953	-
	466	18,356	47	30,088	2,391
	466	18,356	47	32,041	2,391
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	466	\$ 18,356	\$ 47	\$ 32,041	\$ 2,391

See independent auditors' report.

**Pojoaque Valley Schools  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

	Special Revenue			
	VNHS- Comprehensive Support and Improvement  24190	Impact Aid Special Education  25145	Impact Aid Indian Education  25147	Title XIX Medicaid  25153
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 444,031	\$ 234,793
Receivables:				
Property taxes	-	-	-	-
Federal sources	3,936	-	-	24,653
State sources	-	-	-	-
Inventory	-	-	-	-
<b>Total assets</b>	<b>\$ 3,936</b>	<b>\$ -</b>	<b>\$ 444,031</b>	<b>\$ 259,446</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 483	\$ 455	\$ 841
Accrued payroll	-	1,740	12,542	9,930
Due to other funds	3,936	12,009	-	-
<b>Total liabilities</b>	<b>3,936</b>	<b>14,232</b>	<b>12,997</b>	<b>10,771</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>				
<b>Nonspendable:</b>				
Inventory	-	-	-	-
<b>Spendable:</b>				
<b>Restricted for:</b>				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	431,034	248,675
Debt service	-	-	-	-
Unassigned (deficit)	-	(14,232)	-	-
<b>Total fund balances</b>	<b>-</b>	<b>(14,232)</b>	<b>431,034</b>	<b>248,675</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,936</b>	<b>\$ -</b>	<b>\$ 444,031</b>	<b>\$ 259,446</b>

*See independent auditors' report.*

## Special Revenue

Indian Education Formula Grant 25184	LANL Foundation 26113	Dual Credit Instructional Materials 27103	2012 G.O. Bond Student Library Fund 27107	Excellence in Teaching 27125
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
17,291	-	-	7,311	-
-	-	942	-	-
-	-	-	-	-
\$ 17,291	\$ -	\$ 942	\$ 7,311	\$ -
\$ -	\$ -	\$ -	\$ 4,242	\$ -
2,638	-	-	-	-
14,585	-	942	7,311	-
17,223	-	942	11,553	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
68	-	-	-	-
-	-	-	-	-
-	-	-	(4,242)	-
68	-	-	(4,242)	-
\$ 17,291	\$ -	\$ 942	\$ 7,311	\$ -

See independent auditors' report.

**Pojoaque Valley Schools**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue			
	Teacher Recruitment Support Initiative <b>27128</b>	PreK Initiative <b>27149</b>	Indian Education Act <b>27150</b>	Breakfast for Elementary Students <b>27155</b>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Federal sources	-	-	10,798	16,855
State sources	-	120,730	-	-
Inventory	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 120,730</b>	<b>\$ 10,798</b>	<b>\$ 16,855</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	11,754	656	-
Due to other funds	-	108,976	10,141	16,855
<b>Total liabilities</b>	<b>-</b>	<b>120,730</b>	<b>10,797</b>	<b>16,855</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>				
<b>Nonspendable:</b>				
Inventory	-	-	-	-
<b>Spendable:</b>				
<b>Restricted for:</b>				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	1	-
Debt service	-	-	-	-
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ -</b>	<b>\$ 120,730</b>	<b>\$ 10,798</b>	<b>\$ 16,855</b>

*See independent auditors' report.*



Special Revenue

Kindergarten Three Plus 27166	2013 Pre-K Classrooms 27177	Teachers "hard to staff" Stipend 27195	K-3 Plus 4&5 PILOT 27198	Optum Health Grant 29102
\$ 7,000	\$ -	\$ 1	\$ -	\$ -
-	-	-	-	-
-	-	-	11,544	-
46,858	-	-	-	-
-	-	-	-	-
<b>\$ 53,858</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 11,544</b>	<b>\$ -</b>
\$ -	\$ -	\$ -	\$ -	\$ -
6,498	-	-	1,652	-
48,845	1	-	9,892	-
<b>55,343</b>	<b>1</b>	<b>-</b>	<b>11,544</b>	<b>-</b>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1	-	-
-	-	-	-	-
-	-	-	-	-
(1,485)	(1)	-	-	-
<b>(1,485)</b>	<b>(1)</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>\$ 53,858</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 11,544</b>	<b>\$ -</b>

See independent auditors' report.

**Pojoaque Valley Schools**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<u>Special Revenue</u>		<u>Capital Project</u>		
	Santa Fe County Grant - Recreation Program 29107		Special Capital Outlay - State 31400	SB-9 Capital Improvements - State 31700	SB-9 Capital Improvements - Local 31701
<b>Assets</b>					
Cash and cash equivalents	\$	-	\$	-	\$ 291,148
Receivables:					
Property taxes		-	-	-	57,372
Federal sources		-	-	-	-
State sources		-	-	34,346	-
Inventory		-	-	-	-
<b>Total assets</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$ 34,346</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$	-	\$	-	\$ 45,799
Accrued payroll		3,153		-	-
Due to other funds		9,528		34,345	-
<b>Total liabilities</b>		<b>12,681</b>		<b>34,345</b>	<b>45,799</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - property taxes		-	-	-	47,641
<b>Total deferred inflows of resources</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>47,641</b>
<b>Fund balances</b>					
<b>Nonspendable:</b>					
Inventory		-	-	-	-
<b>Spendable:</b>					
<b>Restricted for:</b>					
Food services		-	-	-	-
Extracurricular activities		-	-	-	-
Education		-	-	-	-
Debt service		-	-	-	255,080
Unassigned (deficit)		(12,681)		1	-
<b>Total fund balances</b>		<b>(12,681)</b>		<b>1</b>	<b>255,080</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$ 34,346</b>

*See independent auditors' report.*

<b>Total Nonmajor Governmental Funds</b>	
\$	1,233,304
	57,372
	591,911
	202,876
	<u>13,764</u>
\$	<u>2,099,227</u>
\$	177,537
	76,106
	<u>591,283</u>
	<u>844,926</u>
	47,641
	<u>47,641</u>
	13,764
	290,832
	1
	679,778
	255,080
	<u>(32,795)</u>
	<u>1,206,660</u>
\$	<u>2,099,227</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, 2019**

	<b>Special Revenue</b>			
	<b>Food Service</b>	<b>Athletics</b>	<b>Title I - IASA</b>	<b>Entitlement</b>
	<b>21000</b>	<b>22000</b>	<b>24101</b>	<b>IDEA-B</b>
				<b>24106</b>
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	785,908	-	260,937	426,212
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	86,521	-	-	-
Charges for services	209,541	100,108	-	-
Miscellaneous income	-	6,674	-	-
<b>Total revenues</b>	<b>1,081,970</b>	<b>106,782</b>	<b>260,937</b>	<b>426,212</b>
<b>Expenditures</b>				
Current:				
Instruction	-	124,118	184,104	330,975
Support services - students	-	-	67,925	22,927
Support services - instruction	-	-	-	-
Support services - general administration	-	-	8,908	16,573
Support services - school administration	-	-	-	45,537
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	10,200
Food services operations	1,085,093	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>1,085,093</b>	<b>124,118</b>	<b>260,937</b>	<b>426,212</b>
Excess (deficiency) of revenues over expenditures	(3,123)	(17,336)	-	-
<b>Other financing sources (uses)</b>				
Transfers in	-	60,000	-	-
Transfers (out)	(100,094)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(100,094)</b>	<b>60,000</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(103,217)	42,664	-	-
Fund balances - beginning	407,813	(42,819)	-	-
Fund balances - end of year	\$ 304,596	\$ (155)	\$ -	\$ -

*See independent auditors' report.*

Special Revenue				
IDEA-B Preschool 24109	IDEA-B Results Plans 24132	English Language Acquisition 24153	Teacher/ Principal Training /Recruiting 24154	Student Support and Academic Enrichment Program 24189
\$ -	\$ -	\$ -	\$ -	\$ -
466	21,779	29,057	53,443	11,121
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
466	21,779	29,057	53,443	11,121
450	21,779	27,974	53,443	10,962
-	-	-	-	-
-	-	-	-	-
16	-	1,083	-	159
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
466	21,779	29,057	53,443	11,121
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

*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, 2019**

	Special Revenue			
	VNHS- Comprehensive Support and Improvement  24190	Impact Aid Special Education  25145	Impact Aid Indian Education  25147	Title XIX Medicaid  25153
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	22,333	-	-	-
Federal direct	-	48,607	923,773	280,304
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<b>Total revenues</b>	<b>22,333</b>	<b>48,607</b>	<b>923,773</b>	<b>280,304</b>
<b>Expenditures</b>				
Current:				
Instruction	22,333	5,284	236,951	32,443
Support services - students	-	57,555	106,371	181,546
Support services - instruction	-	-	64,807	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	25,297	-
Operation and maintenance of plant	-	-	59,313	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>22,333</b>	<b>62,839</b>	<b>492,739</b>	<b>213,989</b>
Excess (deficiency) of revenues over expenditures	-	(14,232)	431,034	66,315
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
Net change in fund balances	-	(14,232)	431,034	66,315
Fund balances - beginning	-	-	-	182,360
Fund balances - end of year	\$ -	\$ (14,232)	\$ 431,034	\$ 248,675

*See independent auditors' report.*

<b>Special Revenue</b>				
<b>Indian Education Formula Grant 25184</b>	<b>LANL Foundation 26113</b>	<b>Dual Credit Instructional Materials 27103</b>	<b>2012 G.O. Bond Student Library Fund 27107</b>	<b>Excellence in Teaching 27125</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
74,247	-	-	-	-
-	-	5,971	12,609	21,530
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
74,247	-	5,971	12,609	21,530
11,509	-	5,971	-	21,530
66,701	-	-	-	-
-	-	-	16,851	-
2,523	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
80,733	-	5,971	16,851	21,530
(6,486)	-	-	(4,242)	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(6,486)	-	-	(4,242)	-
6,554	-	-	-	-
\$ 68	\$ -	\$ -	\$ (4,242)	\$ -

*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, 2019**

	Special Revenue			
	Teacher Recruitment Support Initiative 27128	PreK Initiative 27149	Indian Education Act 27150	Breakfast for Elementary Students 27155
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	(5,298)	319,451	10,798	45,930
State direct	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	5,298	-	-	-
<b>Total revenues</b>	-	319,451	10,798	45,930
<b>Expenditures</b>				
Current:				
Instruction	-	309,876	-	-
Support services - students	-	-	10,428	-
Support services - instruction	-	-	-	-
Support services - general administration	-	3,075	369	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	6,500	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	45,930
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	-	319,451	10,797	45,930
Excess (deficiency) of revenues over expenditures	-	-	1	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
Net change in fund balances	-	-	1	-
Fund balances - beginning	-	-	-	-
<b>Fund balances - end of year</b>	\$ -	\$ -	\$ 1	\$ -

*See independent auditors' report.*



Special Revenue					
Kindergarten Three Plus 27166	2013 Pre-K Classrooms 27177	Teachers "hard to staff" Stipend 27195	K-3 Plus 4&5 PILOT 27198	Optum Health Grant 29102	
\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
-	-	-	-	-	
79,337	-	-	11,544	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
79,337	-	-	11,544	-	
57,975	-	-	6,254	4,935	
11,647	-	-	3,290	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	1	-	-	-	
11,200	-	-	2,000	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
80,822	1	-	11,544	4,935	
(1,485)	(1)	-	-	(4,935)	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
(1,485)	(1)	-	-	(4,935)	
-	-	1	-	4,935	
\$ (1,485)	\$ (1)	\$ 1	\$ -	\$ -	

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, 2019**

	<u>Special Revenue</u>		<u>Capital Project</u>	
	Santa Fe County Grant - Recreation Program 29107	Special Capital Outlay - State 31400	Capital Improvements SB-9 - State 31700	Capital Improvements SB-9 - Local 31701
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 356,053
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	284,644	-
State direct	-	-	33,009	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>317,653</b>	<b>356,053</b>
<b>Expenditures</b>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	3,577
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	39,955	355,201
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community service operations	23,242	-	-	-
Capital outlay	-	-	274,106	28,120
<b>Total expenditures</b>	<b>23,242</b>	<b>-</b>	<b>314,061</b>	<b>386,898</b>
Excess (deficiency) of revenues over expenditures	(23,242)	-	3,592	(30,845)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(23,242)	-	3,592	(30,845)
Fund balances - beginning	10,561	-	(3,591)	285,925
Fund balances - end of year	\$ (12,681)	\$ -	\$ 1	\$ 255,080

*See independent auditors' report.*

<b>Total Nonmajor Governmental Funds</b>	
\$	356,053
	1,611,256
	1,326,931
	786,516
	119,530
	309,649
	11,972
	<u>4,521,907</u>
	1,468,866
	528,390
	81,658
	36,283
	70,834
	460,970
	23,400
	1,131,023
	23,242
	302,226
	<u>4,126,892</u>
	<u>395,015</u>
	60,000
	(100,094)
	<u>(40,094)</u>
	354,921
	851,739
\$	<u><u>1,206,660</u></u>

*See independent auditors' report.*

THIS PAGE INTENTIONALLY LEFT BLANK

## **General Fund**

**Pojoaque Valley Schools**  
**Combining Balance Sheet**  
**General Fund**  
**June 30, 2019**

	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 265,670	\$ 7	\$ 68,681	\$ 334,358
Investments	171	-	-	171
Receivables:				
Property taxes	8,142	-	-	8,142
Due from other governments	-	-	2,139	2,139
Other	72,660	-	-	72,660
Due from other funds	591,283	-	-	591,283
<b>Total assets</b>	<b>\$ 937,926</b>	<b>\$ 7</b>	<b>\$ 70,820</b>	<b>\$ 1,008,753</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 123,819	\$ -	\$ -	\$ 123,819
Accrued payroll	528,748	2,848	-	531,596
<b>Total liabilities</b>	<b>652,567</b>	<b>2,848</b>	<b>-</b>	<b>655,415</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	6,761	-	-	6,761
<b>Total deferred inflows of resources</b>	<b>6,761</b>	<b>-</b>	<b>-</b>	<b>6,761</b>
<b>Fund Balances</b>				
<b>Spendable:</b>				
<b>Restricted for:</b>				
Instructional materials	-	-	70,820	70,820
Unassigned (deficit)	278,598	(2,841)	-	275,757
<b>Total fund balances</b>	<b>278,598</b>	<b>(2,841)</b>	<b>70,820</b>	<b>346,577</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 937,926</b>	<b>\$ 7</b>	<b>\$ 70,820</b>	<b>\$ 1,008,753</b>

*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, 2019**

	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000	Total
<b>Revenues</b>				
Property taxes	\$ 47,860	\$ -	\$ -	\$ 47,860
Intergovernmental revenue:				
Federal flowthrough	32,810	-	-	32,810
Federal direct	2,150,852	-	-	2,150,852
State flowthrough	13,063,602	-	-	13,063,602
State direct	-	-	69,343	69,343
Transportation distribution	-	951,653	-	951,653
Charges for services	254,541	-	-	254,541
Investment income	84	-	-	84
Miscellaneous	60,848	-	15	60,863
<b>Total revenues</b>	<b>15,610,597</b>	<b>951,653</b>	<b>69,358</b>	<b>16,631,608</b>
<b>Expenditures</b>				
Current:				
Instruction	7,202,428	-	22,780	7,225,208
Support services - students	1,770,348	-	-	1,770,348
Support services - instruction	467,872	-	-	467,872
Support services - general administration	314,729	-	-	314,729
Support services - school administration	1,253,291	-	-	1,253,291
Central services	569,381	-	-	569,381
Operation and maintenance plant	2,550,602	-	-	2,550,602
Student transportation	23,220	952,459	-	975,679
Community services operations	59,537	-	-	59,537
<b>Total expenditures</b>	<b>14,211,408</b>	<b>952,459</b>	<b>22,780</b>	<b>15,186,647</b>
Excess (deficiency) of revenues over expenditures	1,399,189	(806)	46,578	1,444,961
Other financing sources (uses)				
Transfers in	40,094	-	-	40,094
<b>Total other financing sources (uses)</b>	<b>40,094</b>	<b>-</b>	<b>-</b>	<b>40,094</b>
Net change in fund balances	1,439,283	(806)	46,578	1,485,055
Fund balances - beginning of year	(1,160,685)	(2,035)	24,242	(1,138,478)
Fund balances - end of year	\$ 278,598	\$ (2,841)	\$ 70,820	\$ 346,577

*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, 2019**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Property taxes	\$ 48,771	\$ 48,771	\$ 48,373	\$ (398)
Intergovernmental revenue:				
Federal flowthrough	1,750	1,750	32,810	31,060
Federal direct	972,298	972,298	2,150,852	1,178,554
State flowthrough	13,839,522	13,839,522	13,063,602	(775,920)
Charges for services	95,500	95,500	187,650	92,150
Investment income	1,700	1,700	84	(1,616)
Miscellaneous	63,100	63,100	58,748	(4,352)
<b>Total revenues</b>	<b>15,022,641</b>	<b>15,022,641</b>	<b>15,542,119</b>	<b>519,478</b>
<b>Expenditures</b>				
Current:				
Instruction	7,181,958	7,181,958	7,159,875	22,083
Support services - students	1,620,629	1,631,079	1,761,974	(130,895)
Support services - instruction	555,432	472,400	472,133	267
Support services - general administration	330,994	313,032	311,725	1,307
Support services - school administration	1,234,228	1,198,931	1,250,888	(51,957)
Central services	573,569	566,186	566,279	(93)
Operation and maintenance of plant	1,814,670	1,953,783	2,482,098	(528,315)
Student transportation	29,173	23,284	23,164	120
Other support services	1,623,937	1,623,937	-	1,623,937
Community services operations	65,280	65,280	56,956	8,324
<b>Total expenditures</b>	<b>15,029,870</b>	<b>15,029,870</b>	<b>14,085,092</b>	<b>944,778</b>
Excess (deficiency) of revenues over expenditures	(7,229)	(7,229)	1,457,027	1,464,256
Other financing sources (uses)				
Designated cash balance (budgeted increase in cash)	7,229	7,229	-	(7,229)
Transfers in	-	-	40,094	40,094
<b>Total other financing sources (uses)</b>	<b>7,229</b>	<b>7,229</b>	<b>40,094</b>	<b>32,865</b>
Net change in fund balance	-	-	1,497,121	1,497,121
Fund balance - beginning of year	-	-	(640,168)	(640,168)
Fund balance - end of year	\$ -	\$ -	\$ 856,953	\$ 856,953
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,497,121
Adjustments to revenues for taxes and intergovernmental revenue				68,478
Adjustments to expenditures for supplies and payroll expenditures				(126,316)
Net change in fund balance (GAAP Basis)				\$ 1,439,283

*See independent auditors' report.*



**Pojoaque Valley Schools  
Pupil Transportation (13000)  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues				
Transportation distribution	\$ 930,802	\$ 951,660	\$ 951,653	\$ (7)
Total revenues	930,802	951,660	951,653	(7)
Expenditures				
Current:				
Student transportation	930,802	951,660	953,032	(1,372)
Total expenditures	930,802	951,660	953,032	(1,372)
Excess (deficiency) of revenues over expenditures	-	-	(1,379)	(1,379)
Other financing sources (uses)				
Net change in fund balance	-	-	(1,379)	(1,379)
Fund balance - beginning of year	-	-	1,386	1,386
Fund balance - end of year	\$ -	\$ -	\$ 7	\$ 7
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,379)
Adjustments to expenditures for payroll expenditures				573
Net change in fund balance (GAAP Basis)				\$ (806)

*See independent auditors' report.*

**Pojoaque Valley Schools**  
**Instructional Materials (14000)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
State direct	\$ 67,204	\$ 69,343	\$ 67,204	\$ (2,139)
Miscellaneous	-	-	15	15
<b>Total revenues</b>	<b>67,204</b>	<b>69,343</b>	<b>67,219</b>	<b>(2,124)</b>
Expenditures				
Current:				
Instruction	91,445	93,584	22,780	70,804
<b>Total expenditures</b>	<b>91,445</b>	<b>93,584</b>	<b>22,780</b>	<b>70,804</b>
Excess (deficiency) of revenues over expenditures	(24,241)	(24,241)	44,439	68,680
Other financing sources (uses)				
Designated cash balance (budgeted increase in cash)	24,241	24,241	-	(24,241)
<b>Total other financing sources (uses)</b>	<b>24,241</b>	<b>24,241</b>	<b>-</b>	<b>(24,241)</b>
Net change in fund balance	-	-	44,439	44,439
Fund balance - beginning of year	-	-	24,242	24,242
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 68,681</b>	<b>\$ 68,681</b>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 44,439
Adjustments to revenues for intergovernmental revenue				2,139
<b>Net change in fund balance (GAAP Basis)</b>				<b>\$ 46,578</b>

*See independent auditors' report.*

## **Supporting Schedules**

THIS PAGE INTENTIONALLY LEFT BLANK

**Pojoaque Valley Schools**  
**Schedule of Deposits and Investments**  
**June 30, 2019**

<b>Bank Account Type/ Name</b>	<b>Wells Fargo</b>	<b>LGIP</b>	<b>Bank of NY Mellon</b>	<b>Total</b>
Operational - Checking	\$ 1,164,356	\$ -	\$ -	\$ 1,164,356
Other Funds - Checking	1,799,527	-	-	1,799,527
Hot Lunch Program - Checking	201,743	-	-	201,743
Athletics Activity - Checking	72,064	-	-	72,064
Elementary School Activity - Checking	40,571	-	-	40,571
Intermediate School Activity - Checking	17,924	-	-	17,924
Sixth Grade Academy - Checking	9,976	-	-	9,976
Middle School Activity - Checking	33,432	-	-	33,432
High School Activity - Checking	115,912	-	-	115,912
Chris Peterson Scholarship Fund - Checking	7,421	-	-	7,421
Dan Lee Memorial Trust - Checking	5,967	-	-	5,967
New MexiGROW LGIP	-	171	-	171
NMFA Bond Program Funds	-	-	2,708,939	2,708,939
<b>Total</b>	<b>3,468,893</b>	<b>171</b>	<b>2,708,939</b>	<b>6,178,003</b>
Reconciling items	51,607	-		51,607
<b>Reconciled balance June 30, 2019</b>	<b>\$ 3,520,500</b>	<b>\$ 171</b>	<b>\$ 2,708,939</b>	<b>6,229,610</b>
Plus: petty cash				1,750
Less: investments per statement of net position				(171)
Less: restricted investments per statement of net position				(2,101,663)
Less: restricted cash per statement of net position				(607,279)
Less: agency cash per statement of fiduciary assets and liabilities				(303,267)
<b>Cash per statement of net position</b>				<b>\$ 3,218,980</b>

*See independent auditors' report.*

**Pojoaque Valley Schools**  
**Cash Reconciliation**  
**For the Year Ended June 30, 2019**

	<b>Operational 11000</b>	<b>Transportation 13000</b>	<b>Instructional Materials 14000</b>
PED cash			
June 30, 2018	\$ (1,102,367)	\$ (2,035)	\$ 24,242
Add:			
2018-2019 receipts	15,542,119	951,653	67,219
<b>Total cash available</b>	<b>14,439,752</b>	<b>949,618</b>	<b>91,461</b>
Less:			
2018-2019 expenditures	(14,342,431)	(951,659)	(22,779)
Adjustments	-	-	-
Transfers	40,094	-	-
<b>Cash per PED</b>	<b>137,415</b>	<b>(2,041)</b>	<b>68,682</b>
Add / Less:			
Loans for negative cash	(591,283)	-	-
Investments	171	-	-
Held checks	490,688	-	-
Other reconciling items	228,850	2,048	(1)
<b>Cash per financial statement</b>	<b>\$ 265,841</b>	<b>\$ 7</b>	<b>\$ 68,681</b>

*See independent auditors' report.*

<b>Food Services 21000</b>	<b>Athletics 22000</b>	<b>Federal Flowthrough 24000</b>	<b>Federal Direct 25000</b>	<b>Local Grants 26000</b>
\$ 448,667	\$ (42,819)	\$ (186,139)	\$ 175,284	\$ -
990,700	106,658	676,718	1,410,897	-
1,439,367	63,839	490,579	1,586,181	-
(1,084,521)	(122,514)	(832,102)	(849,481)	-
-	-	-	-	-
(100,094)	60,000	-	-	-
254,752	1,325	(341,523)	736,700	-
-	-	317,853	26,594	-
-	-	-	-	-
752	-	23,670	23,652	-
827	(1,325)	-	(108,122)	-
\$ 256,331	\$ -	\$ -	\$ 678,824	\$ -

*See independent auditors' report.*

**Pojoaque Valley Schools  
Cash Reconciliation  
For the Year Ended June 30, 2019**

	<b>State Flowthrough 27000</b>	<b>Local and State 29000</b>	<b>Bond Building 31100</b>
PED cash			
June 30, 2018	\$ (132,202)	\$ 15,740	\$ 725,759
Add:			
2018-2019 receipts	424,336	11,500	21,080
<b>Total cash available</b>	<b>292,134</b>	<b>27,240</b>	<b>746,839</b>
Less:			
2018-2019 expenditures	(508,654)	(25,436)	(1,951,502)
Adjustments	-	-	1,940,538
Transfers	-	-	-
<b>Cash per PED</b>	<b>(216,520)</b>	<b>1,804</b>	<b>735,875</b>
Add / Less:			
Loans for negative cash	202,963	9,528	-
Investments	-	-	1,848,760
Held checks	20,560	5	-
Other reconciling items	(2)	(11,337)	-
<b>Cash per financial statement</b>	<b>\$ 7,001</b>	<b>\$ -</b>	<b>\$ 2,584,635</b>

*See independent auditors' report.*



Special Capital Outlay - State 31400	Capital Improvements SB-9 31700	Special Capital Outlay - local 31701	Debt Service 41000	Total
\$ (43,921)	\$ (30,517)	\$ 314,858	\$ 1,946,207	\$ 2,110,757
43,921	313,825	357,673	1,656,758	22,575,057
-	283,308	672,531	3,602,965	24,685,814
-	(317,653)	(381,383)	(1,827,340)	(23,217,455)
-	-	-	-	1,940,538
-	-	-	-	-
-	(34,345)	291,148	1,775,625	3,408,897
-	34,345	-	-	-
-	-	-	-	1,848,931
-	-	-	-	559,327
-	-	-	-	110,938
\$ -	\$ -	\$ 291,148	\$ 1,775,625	\$ 5,928,093

*See independent auditors' report.*

**Pojoaque Valley Schools**  
**Schedule of Collateral Pledged by Depository for Public Funds**  
**June 30, 2019**

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2019
<b>Wells Fargo</b>				
	FNMA FNMA 3.50%	3/1/2042	3138ANQQ9	\$ 1,762,908
	FNMA FNMS 4.00%	9/1/2025	3140J8YC1	305,948
	FNMA FNMS 2.50%	5/1/2031	31418B3V6	645
Total Wells Fargo				2,069,501
Name and location of safekeeper for above pledged collateral: Bank of New York Mellon, New York, NY				
Total pledged collateral				\$ 2,069,501

*See independent auditors' report.*

**Pojoaque Valley Schools**  
**Schedule of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2019**

	<b>July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2019</b>
Athletic Activity	\$ 65,511	\$ 177,955	\$ 171,402	\$ 72,064
Elementary School Activity	26,733	59,680	45,842	40,571
Intermediate School Activity	16,235	21,284	19,595	17,924
Sixth Grade Academy Activity	16,952	22,054	29,030	9,976
Middle School Activity	26,121	53,650	46,339	33,432
High School Activity	114,307	161,235	159,630	115,912
Chris Peterson Scholarship Fund	6,967	454	-	7,421
Dan Lee Memorial Trust	7,419	-	1,452	5,967
<b>Totals</b>	<b>\$ 280,245</b>	<b>\$ 496,312</b>	<b>\$ 473,290</b>	<b>303,267</b>
<b>Total agency assets per statement of fiduciary assets and liabilities</b>				<b>\$ 303,267</b>
<b>Due to student organizations</b>	<b>\$ 280,245</b>	<b>\$ 496,312</b>	<b>\$ 473,290</b>	<b>\$ 303,267</b>
<b>Total agency liabilities per statement of fiduciary assets and liabilities</b>				<b>\$ 303,267</b>

*See independent auditors' report.*

THIS PAGE INTENTIONALLY LEFT BLANK

## **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**

Brian S. Colón, Esq.  
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 comparison of the General Fund of the Pojoaque Valley School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 15, 2019.

**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 to be instances of material weaknesses FS 2019-003.

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 2019-001 and FS 2019-002.

### **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, NM 2017-003, NM 2019-001, NM 2019-002, and NM 2019-003.

### **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 15, 2019

THIS PAGE INTENTIONALLY LEFT BLANK



## **Federal Financial Assistance**

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

### **INDEPENDENT AUDITORS' REPORT**

Brian S. Colón, Esq.  
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, 2019. 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, 2019.

### **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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item FA 2019-001, that we consider to be a significant deficiency.

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

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 15, 2019

THIS PAGE INTENTIONALLY LEFT BLANK

**Pojoaque Valley Schools**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

<b>Federal Grantor or Pass-Through Grantor / Program Title</b>	<b>Pass Thru Number</b>	<b>Federal CFDA Number</b>
<b>U.S. Department of Education</b>		
<i>Passed through New Mexico Public Education Department</i>		
Title I Grants to Local Educational Agencies	24101	84.010
Comprehensive Support and Improvements (d)	24190	84.010
Special Education Cluster		
Special Education Grants to States	24106	84.027
Special Education Preschool Grants	24109	84.173
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
Indian Education Formula Grant	25184	84.060A
Student Support and Academic Achievement Title IV	24189	84.424
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 - Pass through New Mexico Public Education Department</i>		
Total U.S. Department of Education		
<b>U.S. Department of Agriculture</b>		
<i>Passed through State of New Mexico Public Education Department</i>		
Student Nutrition Cluster		
School Breakfast Program	* 21000	10.553
School Breakfast Program	* 27155	10.553
National School Lunch Program	* 21000	10.555
Subtotal Student Nutrition Cluster		
Schools and Roads	11000	10.672
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
	\$ 260,937		\$ -	\$ -
	22,333		-	-
	426,212		-	-
	466		-	-
	21,779		-	-
		448,457	-	-
	29,057		-	-
	53,443		-	-
	80,733		-	-
	11,121		-	-
	2,145,015		-	-
	62,839		-	-
	492,739		-	-
		2,700,593	-	-
	3,606,674		-	-
	3,606,674		-	-
	331,496		-	-
	45,930		-	-
	454,412		-	14,540
		831,838	-	-
	5,837		-	-
	837,675		-	14,540
	\$ 4,444,349		\$ -	\$ 14,540

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

THIS PAGE INTENTIONALLY LEFT BLANK



**Pojoaque Valley Schools**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

**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	\$ 4,444,349
Total expenditures funded by other sources	19,284,153
<hr/>	
Total expenditures	\$ 23,728,502
<hr/> <hr/>	

*See independent auditors' report.*

THIS PAGE INTENTIONALLY LEFT BLANK

**Pojoaque Valley Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**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?                           | None noted |

*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?                               | Yes        |
| 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:

CFDA Number	Federal Program
84.041	Impact Aid
10.553 & 10.555	Student Nutrition Cluster

- |                                                                             |           |
|-----------------------------------------------------------------------------|-----------|
| 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, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**FS 2019-001 — Internal Controls over Bank Reconciliation Process (Significant Deficiency)**

*Condition:* It was noted that the Bank Statements are received, opened, reviewed, and reconciled by the same individual with no secondary review occurring.

*Criteria:* The COSO 2013 Internal Control Integrated Framework provides guidelines for designing and implementing a system of internal controls that incorporates five necessary components of internal controls. These five components consist of the control environment, risk assessment, control activities, information and communication, and monitoring. Good accounting practices require the District to implement and follow sound accounting and internal control policies and procedures. Proper internal controls include adequate segregation of duties and review by someone independent of the performance task.

*Effect:* The lack of internal controls over the bank reconciliation process resulted in the failure meet the guidelines for the design and implementation of a system of internal control over the bank reconciliation process. The District could fail to identify unusual or unexpected items within the bank statement. In addition, the reconciliation having no secondary review and approval could result in an inaccurate reconciliation.

*Cause:* The District has not effectively designed or implemented a system of internal controls over the bank reconciliation process that includes adequate segregation of duties and independent review.

*Auditors' Recommendation:* The District should design and implement a system of internal control over the bank reconciliation process which would include: segregation of duties between the receiver of the statement, the reconciler, and the reviewer.

*Views of Responsible Officials and Planned Corrective Action:* The District has implemented a system in which the Assistant Business Manager will receive the unopened bank statements from the Chief Financial Officer. The Assistant Business Manager will then open, date stamp, and review the bank statements then give to the financial officer who will then reconcile the bank statements. After the bank statements are reconciled the Superintendent will review and sign off. This is effective immediately.

**Pojoaque Valley Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**FS 2019-002 — Internal Controls over the Expense Process (Significant Deficiency)**

*Condition:* It was noted that controls in place over the expense process were not consistently applied throughout the year. It was noted that there was a transaction not approved by both the Superintendent and the Business Manager in compliance with policy.

*Criteria:* The COSO 2013 Internal Control Integrated Framework provides guidelines for designing and implementing a system of internal controls that incorporates five necessary components of internal controls. These five components consist of the control environment, risk assessment, control activities, information and communication, and monitoring. Good accounting practices require the District to implement and follow sound accounting and internal control policies and procedures. For a system of internal controls to be effective, it must be consistently applied.

*Effect:* The District's control over processing requisitions was not implemented. The District's lack of consistency in enforcing the internal control process resulted in an inadequate system of internal controls over the expense process.

*Cause:* The District was short staffed during the fiscal year which resulted in certain controls not being in operation for the entirety of the year.

*Auditors' Recommendation:* The Auditor recommends that the District design a system of controls which ensures that when they are short staffed the control objectives are still implemented.

*Views of Responsible Officials and Planned Corrective Action:* Management concurred with the recommendation. The previous Superintendent, if he was not available to approve a purchase requisition, he would designate the Business Manager to approve. Management will designate another employee other than the Business Manager to approve when the Superintendent is unavailable to approve the purchase requisitions. This is effective immediately.

**Pojoaque Valley Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**FS 2019-003 — Inadequate Controls over Journal Entry Process (Material Weakness)**

*Condition:* In a sample of 9 manual journal entries posted, it was found that three of them were posted to the GL prior to them being reviewed and approved by the Superintendent.

*Criteria:* The COSO 2013 Internal Control Integrated Framework provides guidelines for designing and implementing a system of internal controls that incorporates five necessary components of internal controls. These five components consist of the control environment, risk assessment, control activities, information and communication, and monitoring. Good accounting practices require the District to implement and follow sound accounting and internal control policies and procedures.

*Effect:* The posting of journal entries prior to secondary review and approval could result in inaccurate postings.

*Cause:* The District posted manual journal entries prior to secondary review and approval.

*Auditors' Recommendation:* The District should implement a system of review over manual journal entries which would ensure every journal entry is reviewed and approved by a secondary individual.

*Views of Responsible Officials and Planned Corrective Action:* Management concurred with the recommendation. Management has already taken steps to ensure that the journal entries are not posted prior to secondary review and approval. The Chief Financial Officer will ensure that the Superintendent reviews and approves the journal entries, then the Chief Financial Officer will enter and process into the accounting system. This has already been implemented.

**Pojoaque Valley Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended 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:

<b>Major Funds</b>	
Transportation - Support Services	\$ 1,372
<b>Nonmajor Funds</b>	
Athletics - Instruction	22,078
Impact Aid Education - Instruction	2,909
Impact Aid Special Education - Support Services	31
Title XIX - Support Services	816
PreK Initiative - Instruction	3,524
Kindergarten Three Plus - Instruction	1,486
Impact Aid Special Education - Support Services	31
Title XIX - Support Services	816
Kindergarten Three Plus - Support Service	1,609
<b>Total governmental funds</b>	<b>\$ 34,672</b>

*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.

*Auditors' Recommendation:* 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.

*Views of Responsible Officials and Planned Corrective Action:* Management concurred with the recommendation. The Business Manager will continue to monitor budgets closely and prepare budget adjustments as necessary and will submit all budget adjustments in a timely manner. This is monitoring is being continued from the prior year.

**Pojoaque Valley Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**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**

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

	<b>Designated Cash</b>	<b>Cash and Interfund Receivable Available</b>	<b>Appropriation in Excess of Available</b>
General Fund - Operational	\$ 7,229	\$ (640,168)	\$ 647,397
Athletics Fund	337	(42,743)	43,080
Impact Aid Special Education	41,085	731	40,354
Teacher Recruitment Support	-	(5,298)	5,298
Kindergarten Three Plus	-	(59,831)	59,831
City County Grants	6,477	(532)	7,009
Bond Building	2,804,548	2,666,297	138,251
<b>Total</b>	<b>\$ 2,859,676</b>	<b>\$ 1,918,456</b>	<b>\$ 941,220</b>

*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’ Recommendation:* 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.

*Views of Responsible Officials and Planned Corrective Action:* Management concurred with the recommendation. The Business Manager will continue to monitor budgets closely and prepare budget adjustments as necessary and will submit all budget adjustments in a timely manner. This monitoring is being continued from the prior year.



**Pojoaque Valley Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

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

**NM 2019-001 — Stale Dated Checks (Other noncompliance)**

*Condition:* The District had 5 outstanding checks written from their bank accounts that were over one year old on their bank reconciliation at June 30, 2019, totaling \$440. The District has not cancelled these items.

*Criteria:* New Mexico Statutes, Section 6-10-57 A, NMSA, 1978 compilation, requires local public bodies to cancel or void any checks that are unpaid for one year after it is written. 6-10-57 C NMSA, 1978 states that the face amount of warrants cancelled shall revert and be credited to the fund against which it was drawn.

*Effect:* The District's cash balance may be misstated by the amount of the stale checks, and is not in compliance with Section 6-10-57 A, NMSA, 1978.

*Cause:* The District overlooked the stale-dated checks during the bank reconciliation process.

*Auditors' Recommendation:* We recommend that the outstanding checks be voided as soon as possible and that a procedure to track and void stale dated checks be implemented. We also recommend the District review bank reconciliations to capture checks that are considered stale dated.

*Views of Responsible Officials and Planned Corrective Action:* Management concurred with the recommendation. The Business Manager will continue to monitor stale dated checks during each month's bank reconciliation process. This is effective immediately.

**Pojoaque Valley Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

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

**NM 2019-002 — Credit Card Process (Other noncompliance)**

*Condition:* Within a sample of four tested credit card transactions, one of them was not in compliance with the District's credit card policy.

*Criteria:* The District's credit card policy states that purchases made on District credit cards must be approved prior to purchase by the superintendent or a designee.

*Effect:* A purchase of \$169 was made three days prior to the approval for the purchase was obtained.

*Cause:* The District did not enforce the credit card policy and did not monitor to ensure that credit card transactions were in compliance with this policy.

*Auditors' Recommendation:* We recommend that the controls described within the District's credit card policy be implemented and monitored to ensure that all credit card transactions are in compliance with the policy.

*Views of Responsible Officials and Planned Corrective Action:* Management concurred with the recommendation. The district will make sure that the purchase order is approved before the credit card is approved to be used. This will be the responsibility of the entire finance staff and is effective immediately.

**Pojoaque Valley Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

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

**NM 2019-003 — Supplement Not Supplant (Other noncompliance)**

*Condition:* Per 2 CFR 200.303 non-federal entities should have established and effective internal controls over compliance. The District should have proper controls in place to ensure that 34 SFR 222 requirements as applicable to supplementing not supplanting state funds are met. The District did not follow proper federal polices relating to G.2.2.2 of Impact Aid compliance supplement which requires that funds not supplant any State Funds there were or would have been available to the LEA for Free. In the current year the decrease in per-pupil amount of State aid noted indicated that supplanting had occurred.

*Criteria:* 34 SFR 222 requires that Section 7003 (d) funds be used to supplement not supplant state funds that would have been available to the LEA.

*Effect:* State funds were used to supplant not supplement the funds that would have been available to the LEA.

*Cause:* The District was unaware that this had occurred as the calculation for determining supplant vs. supplement was not monitored.

*Auditors' Recommendation:* The Auditor recommends that the District implement a verification each year that Federal funds were used to supplement not supplant State funds available to the District. This should include consideration of the calculation for determining supplant vs. supplement and if it appears supplanting has occurred, the District should investigate to determine the cause.

*Views of Responsible Officials and Planned Corrective Action:* Management concurred with the recommendation. The District will ensure that the funds are used in the correct way according to 2 CFR 200.303. This is effective immediately and will be the responsibility of the Superintendent and the Chief Financial Officer.

Pojoaque Valley Schools  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**SECTION IV – FEDERAL AWARD FINDINGS**

**FA 2019-001 — Control over Compliance for Suspension and Debarment Monitoring (Significant Deficiency)**

*Federal Program Information:*

Funding Agency: U.S Department of Agriculture

Title: National School Lunch Program

CFDA Number: 10.555

Award Year: 2018-2019

Questioned Costs: None noted

*Condition:* Per 2 CFR 200.303 non-federal entities should have established and effective internal controls over compliance. The District should have controls in place to provide reasonable assurance that covered transactions are not entered into with a debarred or suspended party.

*Criteria:* The District has no internal controls in place to monitor compliance over the monitoring Vendors for Suspension and Debarment.

*Effect:* The District could unknowingly contract with a Vendor that has been suspended or debarred resulting in noncompliance with Federal requirements.

*Cause:* The District does not have controls in place to provide reasonable assurance that covered transactions are not entered into with debarred or suspended parties.

*Auditors' Recommendation:* The Auditor recommends that the District designs and implements controls over the procurement process to ensure that vendors are being monitored for suspension and debarment to provide reasonable assurance that procurement is in compliance with provisions of the Uniform Guidance.

*Views of Responsible Officials and Planned Corrective Action:* Management concurred with the recommendation. The District has already started monitoring vendors to ensure that they are not under suspension or debarment. This process will include the Assistant Business Manager or the Senior Accountant monitoring the vendors to ensure that they are not suspended nor debarred.



**Pojoaque Valley Schools  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**SECTION V – SUMMARY OF PRIOR YEAR FINDINGS**

**FS 2017-001 – Unallowable Use of Restricted Cash (Material Weakness) - Resolved**

**FS 2017-002 – Improper Accrual of Accounts Receivable (Significant Deficiency) - Resolved**

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

**NM 2017-002 – Exceeded Budget Authority - Repeated and modified**

**NM 2017-003 – Cash Appropriations in Excess of Available Cash Balances - Repeated and modified**

**EXIT CONFERENCE**

An exit conference was held on November 15, 2019. In attendance were the following:

**Representing Pojoaque Valley School District:**

Sondra Adams	Interim Superintendent
Michelle Ortiz	Chief Financial Officer
Sharon Dogruel	Board Member

**Representing Carr, Riggs & Ingram, LLC:**

Benjamin Martinez, CPA	Senior 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.