

STATE OF NEW MEXICO

ZUNI PUBLIC SCHOOLS



ANNUAL FINANCIAL REPORT

JUNE 30, 2017

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INTRODUCTORY SECTION

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ZUNI PUBLIC SCHOOLS
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**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Name</u>		<u>Title</u>
	<u>School Board</u>	
Stephanie Vicenti		President
Willard Zunie		Vice President
Masika Sweetwyne		Secretary
Jerome Haskie		Member
Open Position		Member
	<u>District Officials</u>	
Daniel Benavidez		Superintendent
Martin Romine		Director of Finance
Caroline Ukestine		Director of Federal Programs
Robin Dishman		Director of Special Education
Tammie Gerrard		Director of Human Resources
Randy Stickney		Curriculum Director

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FINANCIAL SECTION



Manning Accounting and Consulting Services, LLC

INDEPENDENT AUDITOR'S REPORT

Wayne Johnson, New Mexico State Auditor
The Office of Management and Budget
And the Board of Education of
Zuni Public Schools
Zuni, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Zuni Public Schools, (the "District") as of and for the year ended June 30, 2017, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, and accordingly, no such opinion is expressed.

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 present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue funds 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 3 through 10 and Schedules I and II and notes to the required supplementary information on pages 59 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements that collectively comprise the District's basic financial statements. The combining and individual 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* and other supplemental information required by 2.2.2 NMAC, Schedules III through VI are presented for the purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, and Schedules III through VI on pages 91 through 98 required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, and Schedules III through VI required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages i through iii and the Summary Schedule of Prior Audit Findings on pages 125 through 127 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC

Kirtland, New Mexico

October 19, 2017

ZUNI PUBLIC SCHOOL DISTRICT

Daniel Benavidez, Superintendent

Management Discussion and Analysis For the Fiscal Year Ending June 30, 2017

This Management Discussion and Analysis of the fiscal performance of the ZUNI PUBLIC SCHOOLS (District) for the period ending June 30, 2017 represents the District's tenth year implementation of the Governmental Accounting Standards Board Statement No. 34 (GASB 34). This is the thirteenth year implementation of the GASB 34 rules, the reader will be able to make comparisons.

This discussion and analysis provides a review of the District's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2017. Fund Financial Statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the District as a whole. Whenever possible, this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphical information.

In addition to the new reporting, this annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Independent Auditor's Report, The Independent Auditor's Report on Compliance on Internal Control (Governmental Accounting Standards), and a schedule of Findings and Questioned Costs. These statements and information were included in past audit reports.

About ZUNI PUBLIC SCHOOLS

To completely understand the financial discussion of ZUNI PUBLIC SCHOOLS, it is important to understand the nature of the District.

For parents choosing a public education for their children, Zuni Public Schools offer pre-school, full day Kindergarten, elementary, and secondary education for approximately 1,300 students at the present time. After a number of years of declining enrollment, the district enrollment has stabilized and is showing signs of future growth.

The Zuni Public School District is located approximately 160 miles west of Albuquerque, New Mexico. Zuni Public Schools is one of the largest employers in our community. During the past few years, our enrollment has hovered just under 1,300 students approximately equal in gender distribution. Our students are virtually 100% Native American as the school district encompasses the Zuni Indian Reservation.

This goal of our school district is to provide safe, quality educational opportunities to all students to empower them to become all that they can be. The mission of the Zuni Public School District is:

"The district and community shall work together to create a thoughtful and nurturing environment that meets the needs of all students in traditional and contemporary cultures."

- Given this mission statement from the Board, and with the guidance of the New Mexico Public Education Department (PED), with their expectations outlined in the Standards for Excellence, and through varied input from district administration, teachers, and parents; ZPSD established the goal of increasing student proficiency by varying degrees based on grade level and encouraging and improving parental involvement at all grade levels. Our focus areas are defined in the district's Educational Plan for Students Success.

Significant Financial Highlights for the Year Ended June 30, 2017

- The district has implemented the new financial reporting and processes as required by the Governmental Accounting Standards Board Statement No. 34. The implementation includes both the current year reporting of depreciation on Capital Assets and accumulated depreciation to date.
- As part of the implementation of GASB 34 requirements, accumulated depreciation of \$29,793,295 as of June 30, 2016 increased to \$31,749,153 ending accumulated depreciation as of June 30, 2017, for a difference totaling \$1,955,858. Capital Asset values increased by \$2,153,787 which included \$3,751,079 in additions and adjustments and \$1,597,292 in dispositions.
- The overall adjusted Fund Balance decreased from \$2,934,986 for the year ending June 30, 2016 to \$2,518,216 for the year ending June 30, 2017. This represents a decrease in the fund balance of \$416,770.
- Total revenues decreased from \$39,741,478 for the year ending June 30, 2016 to \$20,907,564 in the year ending June 30, 2017. This change is a decrease of \$18,833,914 reflecting an overall revenue decrease of 47.39%. The revenue decreased mainly due to the completion of Shiwi Ts'ana Elementary School, which was funded almost entirely by the state of New Mexico. That decrease was partially offset by an increase in student enrollment, an increase in the student unit value, and the final Impact Aid payment for the 2015 school year.
- Total expenditures decreased from \$39,631,307 for the year ending June 30, 2016 to \$21,166,987 for the year ending June 30, 2017. The decrease in expenditures equates to \$18,833,914 or 46.59%. The district expenditures decreased due to the completion of the construction of Shiwi Ts'ana Elementary School.

DISTRICT WIDE FINANCIAL STATEMENTS

Statement of Net Position

This is the tenth year of implementation for the GASB 34 Statement of Net Assets. The ZUNI PUBLIC SCHOOLS has utilized the accrual method of accounting. This statement shows that the District has total assets of \$47,620,746. The District has \$1,991,392 cash and cash

equivalents on hand as of June 30, 2017 compared to \$1,531,268 in accounts payable and other current liabilities.

Assets	June 30, 2016	June 30, 2017
Cash Assets	\$ 1,713,763	\$ 1,991,392
Other Current Assets	1,155,637	716,720
Restricted Cash and Capital Assets	48,791,347	76,324,978
Construction in Progress	25,726,362	336,809
Less Accumulated Depreciation	<u>(29,793,295)</u>	<u>(31,749,153)</u>
Deferred Outflows of Resources		
Subsequent employer contributions and change in assumptions and proportion - pensions	<u>2,395,850</u>	<u>5,512,105</u>
Total Assets and Deferred Outflows of Resources	<u>49,989,664</u>	<u>53,132,851</u>
Liabilities		
Accounts Payable	139,457	433,667
Other Current Liabilities	1,105,872	1,097,601
Long Term Liabilities	6,585,000	6,120,000
Net Pension Liability	<u>22,437,898</u>	<u>27,533,555</u>
Total Liabilities	<u>30,268,227</u>	<u>35,184,823</u>
Deferred Inflows of Resources		
Change in Actuarial and Investment Experience and change in proportion and pensions	<u>1,113,627</u>	<u>649,091</u>
Net Position		
Invested in Capital Assets	36,911,012	37,563,941
Restricted	2,234,120	1,876,769
Unrestricted	<u>(20,537,322)</u>	<u>(22,141,773)</u>
Total Net Position	<u>18,607,810</u>	<u>17,298,937</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 49,989,664</u>	<u>\$ 53,132,851</u>

ZUNI PUBLIC SCHOOLS financial statements, prior years' information is included. The Management Discussion and Analysis has included two years of information in the presentation of this table.

GASB 34 rules now require public entities to depreciate capital assets. The District utilized a "straight line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

GASB 68 and 71 rules now require public entities to report their net pension liability.

Statement of Activities

The Statement of Governmental Activities is a statement required by GASB 34 and is prepared using the accrual method of accounting. This report compliments the Statement of Net Position by showing the overall change in the District's net position for the fiscal year ending June 30, 2017. As of June 30, 2016 the District had a Net Position of \$18,607,810. The Net Position as of June 30, 2017 is \$17,298,937 or a decrease of \$1,308,873.

	June 30, 2016	June 30, 2017
Expenses for Governmental Activities	\$ (20,823,618)	\$ (22,021,748)
Charges for Services	588,538	543,739
Operating Grants and Contributions	4,969,633	4,651,632
Capital Grants and Contributions	19,807,343	2,000,424
Net (Expenses)Revenues and Changes in Assets	4,541,896	(14,825,953)
Taxes- General, Debtr Service, Capital Projects	4,474	1,181
Federal and State Aid not restricted to specific purposes	13,832,918	13,475,877
Interest Earned	955	-
Gain on Disposla of Fixed Assets	1,513	
Miscellaneous	209,678	216,984
Reversions to State and Other Grantees	(11,074)	(157,347)
Subtotal, General Revenues	14,038,464	13,536,695
Changes in Net Position	18,580,360	(1,289,258)
Net Position - Beginning of Year	(360,848)	18,607,810
Prior Period Adjustment - Fixed Asset Adjustment	388,298	(19,615)
Net Position Beginning - Restated	27,450	18,588,195
Net Position - Ending	\$ 18,607,810	\$ 17,298,937

FUND FINANCIAL STATEMENTS

Fund financial statements are based on a modified accrual basis of accounting. The Statement of Revenues and Expenditures and Changes in Fund Balances, is *not* new to the District's annual financial reports. This report guides the reader to a meaningful overall view for the District revenue, expenditures and changes to the fund balance. Total revenues from state, local and federal sources were \$20,907,564. Total expenditures for the District were \$21,166,987. The total ending fund balance was \$2,518,216 a decrease of \$416,770 from the prior year. The decreases in revenues and expenditures are mainly due to the completion of the Shiwi Ts'ana Elementary School.

Multi-Year District Revenues and Expenditures

A multi-year view of overall District revenues and expenditures indicates growth and declines in both areas. The growth and decline of revenues and expenditures are commensurate with student enrollment decline, legislative initiatives to improve funding for teacher salaries, student needs, and other educational programs as well as state and local increase in revenues for capital outlay purposes.

Year	Total Revenues	% Change	Total Expenses	% Increase
2008-2009	21,228,059	3.3%	22,341,587	-10.70%
2009-2010	20,252,802	-4.6%	21,012,450	-5.9%
2010-2011	20,123,035	-0.6%	20,974,523	-0.2%
2011-2012	18,568,130	-7.7%	22,063,415	5.2%
2012-2013	18,008,374	-3.0%	23,037,887	4.4%
2013-2014	19,079,198	5.9%	19,751,362	-14.3%
2014-2015	25,610,037	34.2%	25,496,990	29.1%
2015-2016	39,741,478	55.2%	39,631,307	55.4%
2016-2017	20,907,564	-47.4%	21,166,987	-46.6%

*Note: Revenues do not include proceeds from general obligation bonds, and exclude cash carryovers; expenditures include capital outlays.

The Budget

District budgets reflect the same change as seen in the revenue and expenditures of the District. The State of New Mexico school budget process is defined under state law and regulation. To enhance the process of developing a budget at the school district level, the District utilizes goals and objectives defined by the District's Board, community input meetings, long term plans, and input from various staff groups to develop the District's budget. District priorities are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for the year, however, all budgetary funds for the general fund and the major special revenue funds are required to be reported as a separate statement.

Major budgetary funds presented in the General Fund are the Operational Fund, Teacherage Fund, Transportation Fund and Instructional Materials Fund.

The reader will note that the General Fund budget represents 59% of the total budget. This fund provides the salary and benefits for the significant majority of the Direct Instruction, Instructional Support, Administration, Business Support, and Maintenance staff as well as classroom materials, special education teaching and ancillary staff, and fixed utility and insurance costs.

Revenue from this fund is substantially derived from the State Equalization Guarantee and Federal Impact Aid Funds, which is the funding formula appropriated for education by the State Legislature less a 75% credit for Federal Impact Aid funds received by ZPSD. The Operational Fund is explored later in the Management Discussion and Analysis.

The following table examines the summary budget performance of the major funds for the fiscal year ending June 30, 2016. Detailed budget performance is examined through the Budgetary Comparison Statement for each major fund.

MAJOR AND OTHER IMPORTANT FUNDS EXPENDITURE BUDGET PERFORMANCE

Fund Type	Final Budget	Actual	Variance
Operational	12,450,629	11,889,469	561,160
Teacherage	479,705	281,779	197,926
Transportation	469,921	449,123	20,798
Instructional Materials	211,961	152,810	59,151

All funds fell within the regulatory criteria set by the Public Education Department and New Mexico Statute. Both the Manual of Procedures for Public School Account and NMSA 8-22-5, Annotated require that budget expenditures be within the authorization of the approved budget.

The Operational Fund

The Operational Fund revenues, which include Impact Aid revenues, represent \$12,372,091 of the total \$20,907,564 in overall District revenues. The Operational Fund began the year with an initial budget of \$12,252,180 and had a final budget of \$12,540,629. This change represents an increase of \$288,449. This increase was due a larger than anticipated final Impact Aid payment for the 2015 school year.

The Operational Fund is predominately funded by revenues from the State of New Mexico Equalization Guarantee Formula and from Federal Impact Aid payments. The fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff and administration staff. The General Fund provides the predominant funding for athletics and transportation. Because of the student enrollment variances experienced by the School District, an emphasis on schools by the New Mexico Legislature, and because the State Equalization Guarantee Formula is based upon student populations, the General Fund (combined Operational, Transportation and Instructional Materials Funds) has experienced growth in revenues as student enrollment has increased.

The Operational Fund is the main fund whose expenditures are significantly related to the educational process; \$11,889,469 was expended in the year ending June 30, 2017. The most significant fund expenditure was for the function noted as "Instruction", which includes direct instruction as well as student and instructional support, and school site administration. This expenditure was \$8,165,217 and represents 69% of all Operational Fund expenditures.

Expenditures included in this function are regular and special education teachers and assistants, benefits, payroll taxes, school supplies, training and miscellaneous instructional related contract services, including special education ancillary staff. Approximately 79% of all Operational Fund expenditures are made for employee salaries, payroll taxes and benefits.

The Office of the Superintendent and the Business Office (general administration, human resources, and technology) represent the overhead support of the entire operations of the District; these programs combined represent 12% of the total Operational Fund. Maintenance accounts for 19% of the Operational Fund expenditures. Included in the operation of the plant expenditures are salaries and benefits for maintenance staff, school custodians, fixed utility costs, maintenance and repairs, maintenance supplies, school custodial supplies, and various equipment maintenance agreements. Additional support for maintenance and projects comes from the voter approved SB9 Fund. The Operational Fund also supports expenditures for non-revenue producing athletics, and non to/from transportation.

Capital Assets

Because of aging facilities, the District is committed to maintaining existing facilities.

Asset Type	June 30, 2016	June 30, 2017
Land Improvements	65,127	74,483
Furniture, Fixtures, & Equipment	5,670,696	5,877,254
Building & Building Improvements	42,282,122	69,609,548
Cosntruction in Progress	25,726,362	336,809
Total Capital Assets	73,744,307	75,898,094
Less Accumulated Depreciation	(29,793,295)	(31,749,153)
Capital Assets - Net	43,951,012	44,148,941

During fiscal year 2017, the District expended \$2,387,403 for all capital outlay. Depreciation expense totaled \$1,854,479 for the year.

General Long Term Debt

Article IX, Section 11 of the New Mexico Constitution limits the power of a school district to incur general obligation debt beyond a school year unless such debt is for “the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving school grounds for purchasing computer software or hardware for student use in public classrooms or any combination of these purposes.” The approval of debt is subject to a vote of the local elector and may not exceed 6% of the assessed valuation of the taxable property within the District.

The School District has never defaulted on any of its debts or other obligations. Listed below are the District’s annual amounts to amortize the General Obligation and Special Revenue Bonds, including interest payments, as of June 30, 2017. In June 2012 the district refinanced a portion of the teacherage bond debt at a lower interest rate in order to reduce the interest due on the debt. The old debt to New Mexico Finance Authority was paid off and new debt was issued with Bank of Albuquerque being the holder of the bonds.

During the year ended June 30, 2017, the District made principal payments of \$455,000.

Year Ended June 30	Principal	Interest	Total
2018	465,000	230,713	695,713
2019	475,000	216,194	691,194
2020	490,000	201,268	691,268
2021	505,000	185,869	690,869
2022	520,000	169,268	689,268
2023-2027	2,280,000	490,331	2,770,331
2028-2029	1,850,000	424,413	2,274,413
Total	6,585,000	1,918,056	8,503,056

Agency Funds

The District, as a custodian, maintains and monitors special funds on the behalf of school activity groups. Agency funds maintained by the District are to benefit a specific activity or interest and are generally raised by students for student use. The custody and use of these funds are in accordance with State Department of Education Regulations and School District Policy. The Statement of Fiduciary Net Assets has a cash balance of \$243,129 as of June 30, 2017 held on behalf of the students as well as a special account held for student scholarships. This amount represents total fundraiser student support by the community.

Contacting Zuni Public Schools

This financial report is designed to provide our community, taxpayers, investors and creditors with an overview of the Zuni Public Schools District's financial condition and to provide accountability for the funds the School District receives. If you have questions about our report or about the operations of the Zuni Public School District, please visit our web site at <http://www.zpsd.org>, or contact us at:

Zuni Public Schools Central Office
P O Drawer A
Zuni, NM 87327
PHONE: 505-782-5511
FAX:505-782-5870

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BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 STATEMENT OF NET POSITION
 JUNE 30, 2017

Exhibit A-1

	Governmental Activities
ASSETS	
<i>Current Assets</i>	
Cash and temporary investments	1,991,392
Receivables (net of allowance for uncollectibles)	650,563
Inventory	66,157
<i>Total current assets</i>	<u>2,708,112</u>
<i>Noncurrent assets</i>	
Restricted cash	763,693
Capital assets (net of accumulated depreciation)	
Land and land improvements	74,483
Buildings and building improvements	69,609,548
Furniture, fixtures and equipment	3,584,988
Vehicles	2,292,266
Construction in progress	336,809
Less: accumulated depreciation	<u>(31,749,153)</u>
<i>Total noncurrent assets</i>	<u>44,912,634</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension - change in proportion	1,752,037
Pension - change in assumptions	560,473
Pension - change in investment experience	1,643,523
Pension - actuarial experience	119,451
Pension - employer contributions after measurement date	1,436,621
<i>Total deferred outflows</i>	<u>5,512,105</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 53,132,851</u>
LIABILITIES	
<i>Current liabilities</i>	
Accounts payable	\$ 433,667
Accrued payroll liabilities	330,389
Accrued interest payable	99,120
Unearned revenue	66,049
Current maturities of:	
Bonds payable	465,000
Compensated absences	137,043
<i>Total current liabilities</i>	<u>1,531,268</u>
<i>Noncurrent liabilities:</i>	
Bonds payable	6,120,000
Net pension liability	<u>27,533,555</u>
<i>Total noncurrent liabilities</i>	<u>33,653,555</u>
DEFERRED INFLOWS OF RESOURCES	
Pension - change in actuarial experiences	261,879
Pension - change in proportion	<u>387,212</u>
<i>Total deferred inflows</i>	<u>649,091</u>
NET POSITION	
Invested in capital assets	37,563,941
Restricted for:	
Debt service	769,025
Capital projects	29,970
Other purposes - special revenue	1,077,774
Unrestricted	<u>(22,141,773)</u>
<i>Total net position</i>	<u>17,298,937</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 53,132,851</u>

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2017

Exhibit A-2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government					
Governmental activities:					
Instruction	\$ 10,039,751	\$ 45,506	\$ 2,702,154	\$ -	\$ (7,292,091)
Support services:					
Students	1,666,866	-	362,639	-	(1,304,227)
Instruction	316,247	-	-	-	(316,247)
General administration	1,266,502	-	113,131	-	(1,153,371)
School administration	891,792	-	-	-	(891,792)
Other	875	-	-	-	(875)
Central services	1,271,867	115,751	-	-	(1,156,116)
Operation & maintenance of plant	2,595,158	363,587	-	1,850,124	(381,447)
Student transportation	462,168	-	449,388	-	(12,780)
Food services operations	967,556	18,895	1,024,319	-	75,658
Community services	-	-	-	-	-
Interest on long-term debt	244,300	-	-	-	(244,300)
Facilities materials, supplies, & other services	2,298,666	-	1	150,300	(2,148,365)
Depreciation - unallocated	-	-	-	-	-
Total Primary Government	<u>\$ 22,021,748</u>	<u>\$ 543,739</u>	<u>\$ 4,651,632</u>	<u>\$ 2,000,424</u>	<u>(14,825,953)</u>

General Revenues:

Property taxes:

Levied for general purposes	1,181
Levied for debt service	(169)
Levied for capital projects	4,726
State Equalization Guarantee	6,275,640
Unrestricted Federal grants	7,185,858
Unrestricted investment earnings	2,440
Gain on disposal of fixed assets	7,382
Miscellaneous	216,984
Reversions to State and other grantees	(157,347)

Total general revenues 13,536,695

Change in net position (1,289,258)

Net position - beginning of year 18,607,810

Prior period adjustment (19,615)

Net position - beginning of year, restated 18,588,195

Net position - end of year \$ 17,298,937

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2017

	General Fund			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 284,074	\$ 112,668	\$ 20,797	\$ 96,270
Accounts receivable				
Taxes	265	-	-	-
Due from other governments	-	-	-	-
Interfund receivables	532,055	-	-	-
Other	-	8,660	-	-
Inventory	48,695	-	-	-
<i>Total assets</i>	<u>865,089</u>	<u>121,328</u>	<u>20,797</u>	<u>96,270</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	53,918	14,028	-	-
Accrued payroll liabilities	314,931	2,135	-	-
Interfund payables	-	-	-	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>368,849</u>	<u>16,163</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	260	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>260</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	48,695	-	-	-
Restricted for:				
Transportation	-	-	20,797	-
Instructional materials	-	-	-	96,270
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	447,285	105,165	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>495,980</u>	<u>105,165</u>	<u>20,797</u>	<u>96,270</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 865,089</u>	<u>\$ 121,328</u>	<u>\$ 20,797</u>	<u>\$ 96,270</u>

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Special Revenue		Capital Outlay	
	Title I IASA 24101	Impact Aid Indian Education 25147	Special Capital Outlay Federal 31500	Capital Improvements SB-9 31700
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ 379,156	\$ 300,641	\$ -
Accounts receivable				
Taxes	-	-	-	1,061
Due from other governments	233,037	-	-	134,266
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>233,037</u>	<u>379,156</u>	<u>300,641</u>	<u>135,327</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	155,511	185,241
Accrued payroll liabilities	-	942	-	-
Interfund payables	233,037	-	-	117,590
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>233,037</u>	<u>942</u>	<u>155,511</u>	<u>302,831</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	1,061
Unavailable revenues - other	116,531	-	-	-
<i>Total deferred inflows of resources</i>	<u>116,531</u>	<u>-</u>	<u>-</u>	<u>1,061</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Transportation	-	-	-	-
Instructional materials	-	-	-	-
Grant mandates	-	10,352	-	-
Capital projects	-	-	145,130	-
Debt service	-	-	-	-
Assigned	-	367,862	-	-
Unassigned	(116,531)	-	-	(168,565)
<i>Total fund balances</i>	<u>(116,531)</u>	<u>378,214</u>	<u>145,130</u>	<u>(168,565)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 233,037</u>	<u>\$ 379,156</u>	<u>\$ 300,641</u>	<u>\$ 135,327</u>

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Debt Service 41000	Other Governmental Funds	Total Primary Government
ASSETS			
<i>Current assets:</i>			
Cash and temporary investments	\$ 760,811	\$ 800,668	\$ 2,755,085
Accounts receivable			
Taxes	1,634	3,698	6,658
Due from other governments	-	267,942	635,245
Interfund receivables	-	-	532,055
Other	-	-	8,660
Inventory	-	17,462	66,157
<i>Total assets</i>	<u>762,445</u>	<u>1,089,770</u>	<u>4,003,860</u>
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable	-	24,969	433,667
Accrued payroll liabilities	-	12,381	330,389
Interfund payables	-	181,428	532,055
Unearned revenue	-	66,049	66,049
<i>Total liabilities</i>	<u>-</u>	<u>284,827</u>	<u>1,362,160</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	1,634	3,698	6,653
Unavailable revenues - other	-	300	116,831
<i>Total deferred inflows of resources</i>	<u>1,634</u>	<u>3,998</u>	<u>123,484</u>
FUND BALANCES			
Nonspendable	-	17,462	66,157
Restricted for:			
Transportation	-		20,797
Instructional materials	-		96,270
Grant mandates	-	494,597	504,949
Capital projects	-	52,344	197,474
Debt service	-	2,882	2,882
Assigned	760,811	261,788	1,942,911
Unassigned	-	(28,128)	(313,224)
<i>Total fund balances</i>	<u>760,811</u>	<u>800,945</u>	<u>2,518,216</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 762,445</u>	<u>\$ 1,089,770</u>	<u>\$ 4,003,860</u>

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 GOVERNMENTAL FUNDS
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
 JUNE 30, 2017

Exhibit B-2

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - governmental funds	\$ 2,518,216
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	75,898,094
Accumulated depreciation is	(31,749,153)
Contributions to the pension plan are expensed in the governmental funds but are deferred outflows for government-wide statements.	1,436,621
Revenues not collected within sixty days after year-end are considered "available" revenues and are shown as deferred revenues on the balance sheet.	
Delinquent property taxes	6,653
State revenues	116,831
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in governmental funds.	
Deferred outflows of resources related to change in proportion	1,752,037
Deferred outflows of resources related to change in assumptions	560,473
Deferred outflows of resources related to investment experience	1,643,523
Deferred outflows of resources related to actuarial experience	119,451
Deferred inflows of resources related to actuarial experience	(261,879)
Deferred inflows of resources related to change in proportion	(387,212)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term and other liabilities at year-end consist of:	
Accrued interest payable	(99,120)
Bonds payable	(6,585,000)
Accrued compensated absences	(137,043)
Net pension liability	(27,533,555)
Total net position - governmental activities	<u>\$ 17,298,937</u>

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	General Fund			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
<i>Revenues:</i>				
Property taxes	\$ 1,195	\$ -	\$ -	\$ -
State grants	6,275,640	-	449,388	90,714
Federal grants	5,949,417	-	-	-
Miscellaneous	24,805	-	-	-
Charges for services	121,026	363,587	-	-
Investment income	8	-	-	-
<i>Total revenues</i>	<u>12,372,091</u>	<u>363,587</u>	<u>449,388</u>	<u>90,714</u>
<i>Expenditures:</i>				
Current:				
Instruction	6,376,603	-	-	152,810
Support services				
Students	997,096	-	-	-
Instruction	114,094	-	-	-
General administration	620,562	-	-	-
School administration	779,011	-	-	-
Central services	777,958	-	-	-
Operation & maintenance of plant	2,249,770	269,856	-	-
Student transportation	35,523	-	448,402	-
Other support services	875	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	5,119	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>11,951,492</u>	<u>274,975</u>	<u>448,402</u>	<u>152,810</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>420,599</u>	<u>88,612</u>	<u>986</u>	<u>(62,096)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	(374,165)	(125,000)	(20,533)	(51,013)
<i>Total other financing sources (uses)</i>	<u>(374,165)</u>	<u>(125,000)</u>	<u>(20,533)</u>	<u>(51,013)</u>
<i>Net changes in fund balances</i>	46,434	(36,388)	(19,547)	(113,109)
<i>Fund balances - beginning of year</i>	<u>449,546</u>	<u>141,553</u>	<u>40,344</u>	<u>209,379</u>
<i>Fund balances - end of year</i>	<u>\$ 495,980</u>	<u>\$ 105,165</u>	<u>\$ 20,797</u>	<u>\$ 96,270</u>

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit B-3

	Special Revenue		Capital Outlay	
	Title I IASA 24101	Impact Aid Indian Education 25147	Special Capital Outlay Federal 31500	Capital Improvements SB-9 31700
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ 4,760
State grants	-	-	-	466,683
Federal grants	784,749	1,436,002	150,300	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>784,749</u>	<u>1,436,002</u>	<u>150,300</u>	<u>471,443</u>
<i>Expenditures:</i>				
Current:				
Instruction	634,050	621,865	-	-
Support services				
Students	101,151	94,401	-	-
Instruction	114,307	33,734	-	-
General administration	47,864	274,238	-	-
School administration	3,353	22,463	-	-
Central services	-	387,283	-	-
Operation & maintenance of plant	555	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	213,252	589,502
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>901,280</u>	<u>1,433,984</u>	<u>213,252</u>	<u>589,502</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(116,531)</u>	<u>2,018</u>	<u>(62,952)</u>	<u>(118,059)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(116,531)</u>	<u>2,018</u>	<u>(62,952)</u>	<u>(118,059)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>376,196</u>	<u>208,082</u>	<u>(50,506)</u>
<i>Fund balances - end of year</i>	<u>\$ (116,531)</u>	<u>\$ 378,214</u>	<u>\$ 145,130</u>	<u>\$ (168,565)</u>

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Debt Service 41000	Other Governmental Funds	Total Primary Government
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ 5,955
State grants	-	2,090,365	9,372,790
Federal grants	-	2,616,743	10,937,211
Miscellaneous	-	20,747	45,552
Charges for services	-	59,003	543,616
Investment income	2,432	-	2,440
<i>Total revenues</i>	<u>2,432</u>	<u>4,786,858</u>	<u>20,907,564</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	-	1,394,754	9,180,082
Support services			
Students	-	330,606	1,523,254
Instruction	-	24,867	287,002
General administration	-	231,484	1,174,148
School administration	-	1,576	806,403
Central services	-	-	1,165,241
Operation & maintenance of plant	-	1,753	2,521,934
Student transportation	-	154	484,079
Other support services	-	-	875
Food services operations	-	937,266	937,266
Community services	-	-	-
Capital outlay	-	1,579,530	2,387,403
Debt service			
Principal	455,000	-	455,000
Interest	244,300	-	244,300
<i>Total expenditures</i>	<u>699,300</u>	<u>4,501,990</u>	<u>21,166,987</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(696,868)</u>	<u>284,868</u>	<u>(259,423)</u>
<i>Other financing sources (uses):</i>			
Operating transfers	687,159	(273,795)	(157,347)
<i>Total other financing sources (uses)</i>	<u>687,159</u>	<u>(273,795)</u>	<u>(157,347)</u>
<i>Net changes in fund balances</i>	(9,709)	11,073	(416,770)
<i>Fund balances - beginning of year</i>	<u>770,520</u>	<u>789,872</u>	<u>2,934,986</u>
<i>Fund balances - end of year</i>	<u>\$ 760,811</u>	<u>\$ 800,945</u>	<u>\$ 2,518,216</u>

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

STATE OF NEW MEXICO

Exhibit B-4

ZUNI PUBLIC 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, 2017

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ (416,770)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Depreciation expense	(1,854,479)
Capital outlays	2,072,023
Revenues not collected within 60 days after the fiscal year-end are not considered available revenues in the governmental funds. They are considered revenues in the Statement of Activities. The increase (decrease) in revenues receivable for the year end were:	
Unavailable revenue related to the property taxes receivable	(217)
Other unavailable revenues	(17,510)
In the Statement of Activities, certain operating expenses - compensated absences and interest expense - are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increases) decreases in the liabilities for the year were:	
Accrued interest payable	5,343
Accrued compensated absences	(17,782)
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
Bond principle payments	455,000
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the pension benefits earned net of employee contributions is reported as pension expense.	
Pension contributions - current year	1,436,621
Pension expense	<u>(2,951,487)</u>
Change in net position - total governmental activities	<u>\$ (1,289,258)</u>

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
OPERATIONAL FUND (11000)
FOR THE YEAR ENDING JUNE 30, 2017

Exhibit C-1

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ 1,116	\$ 1,116	\$ 1,196	\$ 80
State grants	6,579,304	6,890,899	6,275,640	(615,259)
Federal grants	5,131,042	5,131,042	5,949,417	818,375
Miscellaneous	6,000	6,000	24,805	18,805
Charges for services	109,024	109,024	121,026	12,002
Interest	-	-	8	8
<i>Total revenues</i>	<u>11,826,486</u>	<u>12,138,081</u>	<u>12,372,092</u>	<u>234,011</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	6,549,272	6,570,844	6,273,352	297,492
Support services				
Students	985,144	1,000,589	998,760	1,829
Instruction	166,142	115,596	114,094	1,502
General administration	515,594	638,630	621,199	17,431
School administration	879,615	844,510	779,011	65,499
Central services	698,811	703,766	768,991	(65,225)
Operation & maintenance of plant	2,098,066	2,298,148	2,297,662	486
Student transportation	29,400	38,410	35,523	2,887
Other support services	330,136	330,136	875	329,261
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>12,252,180</u>	<u>12,540,629</u>	<u>11,889,467</u>	<u>651,162</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(425,694)</u>	<u>(402,548)</u>	<u>482,625</u>	<u>885,173</u>
<i>Other financing sources (uses):</i>				
Designated cash	425,694	402,548	-	(402,548)
Operating transfers	-	-	(374,165)	(374,165)
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>425,694</u>	<u>402,548</u>	<u>(374,165)</u>	<u>(776,713)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>108,460</u>	<u>108,460</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>707,669</u>	<u>707,669</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>707,669</u>	<u>707,669</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 816,129</u>	<u>\$ 816,129</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 108,460	
Adjustments to revenues			-	
Adjustments to expenditures			(62,026)	
Net change in fund balance (GAAP basis)			<u>\$ 46,434</u>	

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
TEACHERAGE FUND (12000)
FOR THE YEAR ENDING JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	350,000	350,000	362,987	12,987
Interest	-	-	-	-
<i>Total revenues</i>	<u>350,000</u>	<u>350,000</u>	<u>362,987</u>	<u>12,987</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	304,705	304,705	272,422	32,283
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	175,000	175,000	9,357	165,643
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>479,705</u>	<u>479,705</u>	<u>281,779</u>	<u>197,926</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(129,705)</u>	<u>(129,705)</u>	<u>81,208</u>	<u>210,913</u>
<i>Other financing sources (uses):</i>				
Designated cash	129,705	129,705	-	(129,705)
Operating transfers	-	-	(125,000)	(125,000)
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>129,705</u>	<u>129,705</u>	<u>(125,000)</u>	<u>(254,705)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(43,792)</u>	<u>(43,792)</u>
<i>Cash or fund balance - beginning of year</i>	-	-	156,460	156,460
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>156,460</u>	<u>156,460</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,668</u>	<u>\$ 112,668</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (43,792)	
Adjustments to revenues			600	
Adjustments to expenditures			6,804	
Net change in fund balance (GAAP basis)			<u>\$ (36,388)</u>	

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
TRANSPORTATION FUND (13000)
FOR THE YEAR ENDING JUNE 30, 2017

	<u>Budgeted Amounts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	469,388	449,388	449,388	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>469,388</u>	<u>449,388</u>	<u>449,388</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	469,388	469,921	449,123	20,798
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>469,388</u>	<u>469,921</u>	<u>449,123</u>	<u>20,798</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(20,533)</u>	<u>265</u>	<u>20,798</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	20,533	-	(20,533)
Operating transfers	-	-	(20,533)	(20,533)
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>20,533</u>	<u>(20,533)</u>	<u>(41,066)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(20,268)</u>	<u>(20,268)</u>
<i>Cash or fund balance - beginning of year</i>	-	-	41,065	41,065
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>41,065</u>	<u>41,065</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,797</u>	<u>\$ 20,797</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (20,268)	
Adjustments to revenues			-	
Adjustments to expenditures			721	
Net change in fund balance (GAAP basis)			<u>\$ (19,547)</u>	

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
INSTRUCTIONAL MATERIALS FUND (14000)
FOR THE YEAR ENDING JUNE 30, 2017

Exhibit C-4

	<u>Budgeted Amounts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	70,275	70,275	90,714	20,439
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>70,275</u>	<u>70,275</u>	<u>90,714</u>	<u>20,439</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	262,974	211,961	152,810	59,151
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>262,974</u>	<u>211,961</u>	<u>152,810</u>	<u>59,151</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(192,699)</u>	<u>(141,686)</u>	<u>(62,096)</u>	<u>79,590</u>
<i>Other financing sources (uses):</i>				
Designated cash	192,699	141,686	-	(141,686)
Operating transfers	-	-	(51,013)	(51,013)
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>192,699</u>	<u>141,686</u>	<u>(51,013)</u>	<u>(192,699)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(113,109)</u>	<u>(113,109)</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>209,379</u>	<u>209,379</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>209,379</u>	<u>209,379</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,270</u>	<u>\$ 96,270</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (113,109)	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ (113,109)</u>	

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
TITLE I IASA SPECIAL REVENUE FUND (24101)
FOR THE YEAR ENDING JUNE 30, 2017

Exhibit C-5

	<u>Budgeted Amounts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	995,676	1,247,711	1,000,146	(247,565)
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>995,676</u>	<u>1,247,711</u>	<u>1,000,146</u>	<u>(247,565)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	687,532	928,551	634,050	294,501
Support services				
Students	124,599	124,599	101,151	23,448
Instruction	81,527	100,766	114,307	(13,541)
General administration	102,018	87,080	47,864	39,216
School administration	-	5,865	3,353	2,512
Central services	-	-	-	-
Operation & maintenance of plant	-	850	555	295
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>995,676</u>	<u>1,247,711</u>	<u>901,280</u>	<u>346,431</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>98,866</u>	<u>98,866</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>98,866</u>	<u>98,866</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(331,903)</u>	<u>(331,903)</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(331,903)</u>	<u>(331,903)</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (233,037)</u>	<u>\$ (233,037)</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 98,866	
Adjustments to revenues			(215,397)	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ (116,531)</u>	

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
IDEA-B ENTITLEMENT SPECIAL REVENUE FUND (25147)
FOR THE YEAR ENDING JUNE 30, 2017

Exhibit C-6

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	1,232,761	1,232,761	1,436,002	203,241
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,232,761</u>	<u>1,232,761</u>	<u>1,436,002</u>	<u>203,241</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	641,797	641,797	621,865	19,932
Support services				
Students	144,784	135,504	94,401	41,103
Instruction	33,781	33,781	33,734	47
General administration	263,412	269,352	274,315	(4,963)
School administration	23,682	23,682	22,463	1,219
Central services	383,003	386,343	386,341	2
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	55,886	55,886	-	55,886
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,546,345</u>	<u>1,546,345</u>	<u>1,433,119</u>	<u>113,226</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(313,584)</u>	<u>(313,584)</u>	<u>2,883</u>	<u>316,467</u>
<i>Other financing sources (uses):</i>				
Designated cash	313,584	313,584	-	(313,584)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>313,584</u>	<u>313,584</u>	<u>-</u>	<u>(313,584)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>2,883</u>	<u>2,883</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>376,273</u>	<u>376,273</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>376,273</u>	<u>376,273</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,156</u>	<u>\$ 379,156</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 2,883	
Adjustments to revenues			-	
Adjustments to expenditures			(865)	
Net change in fund balance (GAAP basis)			<u>\$ 2,018</u>	

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2017

Exhibit D-1

	<u>Agency Funds</u>
ASSETS	
<i>Current Assets</i>	
Cash	\$ 243,129
<i>Total assets</i>	<u>243,129</u>
 LIABILITIES	
<i>Current Liabilities</i>	
Deposits held in trust for others	243,129
<i>Total liabilities</i>	<u>\$ 243,129</u>

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

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**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 Summary of Significant Accounting Policies

Zuni Public School District (the “District”) is a public school District governed by an elected five-member Board of Education created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District boundaries. The Board of Education is the basic level of government, which has oversight responsibility and control over 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.

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 governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements.

During the year ended June 30, 2017, the District adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, and GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The provisions of GASB No. 73 established requirements for defined benefit pensions that are not within the scope of Statement No. 68. The provisions of GASB No. 74 improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of GASB No. 77 are intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. The provisions of GASB No. 78 address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The provisions of GASB No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. These pronouncement are not expected to have a material effect on the District.

The more significant accounting policies of the District are described below.

A. *Financial Reporting Entity*

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 and No. 39. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. 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.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 **Summary of Significant Accounting Policies (Continued)**

A. Financial Reporting Entity (Continued)

The basis, 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 criteria used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District does not have a component unit and is not a component unit of another government agency.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) 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 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 and other items not properly included among program revenues are reported instead as *general revenues*.

The District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the statement of activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, amend GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

Deferred Outflows of Resources – a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets; therefore, it is not recognized as an outflow of resources (expense) until then.

Deferred Inflows of Resources – an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities; therefore, it is not recognized as an inflow of resources (revenue) until that time.

Net Position – the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

The *agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

Governmental funds are used to account for the District’s general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The *General Fund* is the primary operating fund of the District, and accounts for all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the Operational, Teacherage, Transportation, and Instructional Materials Funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB Statement No. 34, the District is required to present some of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following:

The *Operational Fund* (11000) accounts for the primary revenues and expenditures of the District, including, but not limited to, student instruction, student support, instructional support, general administration, school administration, central services, and operations and maintenance of plant. Revenues come from district tax levy, state equalization, and other local, state, and federal sources. This fund is considered by PED to be a sub-fund of the General Fund.

The *Teacherage Fund* (12000) accounts for revenues and expenditures associated with district owned multi-bedroom housing units rented to District employed teachers or other employees. Funding authorized by NMAC 6.20.2 of the New Mexico Department of Education. This fund is considered by PED to be a sub-fund of the General Fund.

The *Transportation Fund* (13000) accounts for state equalization funds authorized by Section 22-8-26, NMSA, 1978 designated for the costs of transporting school-age children who are students within the District. This fund is considered by PED to be a sub-fund of the General Fund.

The *Instructional Materials Fund* (14000) accounts for funding designated for instructional materials purchases as authorized by Sections 22-15-1 through 22-15-14, NMSA, 1978 for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund.

The *Title I IASA Special Revenue Fund* (24101) major objectives are to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the 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.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 **Summary of Significant Accounting Policies (Continued)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Impact Aid Indian Education (25147) – 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 reduced or increased operating costs (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. No minimum balance required according to legislation.

Special Capital Outlay – Federal (31500) – This fund is used to account for the technical assistance, training and education, equipment, marketing, and all costs associated with assisting rural areas in analyzing and assessing forest resource opportunities, maximizing local economic potential through market development and expansion, and diversifying the communities’ economic base. This was authorized by the Department of the Interior, Environment, and Related Agencies Appropriations Act, Public Law 106-291. No minimum balance required according to legislation.

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

The *Debt Service Fund (41000)* is used to account for the accumulation of resources for the payment of general long-term debt principal and interest.

Additionally, the government reports the following fund types:

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. The fiduciary funds are for student activities.

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.

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

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

State statutes authorize the District to invest in certificates of deposit, obligations of the U.S. Government, and the State Treasurer’s Investment Pool.

Investments for the District are reported at fair value. The State Treasurer’s Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (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 by collateral deposited as security or by bond.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

Restricted Assets: The Debt Service Fund is used to report resources set aside as restricted to make up potential future deficiencies in the revenue bond current debt service account.

Receivables and Payables: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as 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 McKinley 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 McKinley County Treasurer in July and August 2017 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2017.

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

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

Inventory: The District accounts for its inventories under the consumption method, reporting inventories purchased as an asset. The recognition of the expenditures is deferred until the period in which the inventories are actually consumed. Inventory in the Food Services Fund 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.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information technology equipment, including software, is being capitalized and included in furniture and equipment in accordance with NMAC 2.20.1.9 C (5). Capital expenditures made by the New Mexico Public Schools Facilities Authority are appropriately included in the District’s capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The District expenses the cost of library books when purchased because their estimated useful life is less than one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2017.

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

Land improvements	10-30 years
Buildings/building improvements	20-50 years
Furniture and equipment	5-25 years
Vehicles	7-12 years

Deferred Outflows of Resources –Pensions: The government-wide financial statements report pension related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2016. Contributions of \$1,436,621 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District may also have four other deferred outflows which arise due to the implementation of GASB 68; change in proportion \$1,752,037; change in assumptions \$560,473; investment experience \$1,643,523; and actuarial experience \$119,451.

Unearned revenues: The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. At June 30, 2017, the District’s unearned revenues were \$66,049.

Compensated Absences: Applicable for employees not represented by ZFUSE. Vacation leave (annual leave) is an accrued and authorized absence for rest, recreation, or other purposes. Vacation leave will be approved and granted after its accrual and not in advance of accrual. If workloads disallow vacation, the Superintendent may approve vacation days to carry forward into the next contract year. Upon the end of the employment contract, no payment shall be made for more than twenty (20) days of unused vacation (annual leave) for twelve (12) month employees. Total compensated absences were \$137,043 at June 30, 2017.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net position.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. For bonds issued after the fiscal year ended June 30, 2004, bond premiums and discounts, will be deferred and amortized over the life of the bonds using the effective interest method. Bonds payable of \$6,585,000 at June 30, 2017 are reported net of the applicable bond premium or discount. Bond insurance issuance costs will be reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized 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.

Net Pension Liability: The District records its proportionate share of the difference between the value of total pension liabilities and plan assets for the State of New Mexico's Employee Retirement Board pension plan. For the year ended June 30, 2017, net pension liability totaled \$27,533,555.

Deferred Inflows of Resources – Unavailable Revenues: Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Revenues not received within sixty (60) days of year-end are not considered available; therefore, a receivable is recorded for the amount due and corresponding deferred revenue is recorded as well. Total unavailable revenues of \$6,653 for property taxes and \$116,831 for grants were recorded at June 30, 2017.

Deferred Inflows of Resources - Pensions: Changes in actuarial experience \$261,879 and change in proportion \$387,212 for the District are applicable to a future reporting period and will be expensed over a five-year period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

Net Position or Fund Equity: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

Net investment in capital assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position

Restricted Net Position: Consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (b) law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The restricted component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Unrestricted Net Position: All other net position that does not meet the definition of “restricted” or “invested in capital assets.”

Fund Balance: In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications. In the governmental financial statements, fund balance is classified and is displayed in five components:

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

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

Committed: Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned: Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned: Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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.

E. Revenues

Reclassifications: Certain amounts included in the financial statements have been reclassified to conform to the current year presentation.

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

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 Summary of Significant Accounting Policies (Continued)

E. Revenues (Continued)

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

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

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 District's program cost.

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$6,275,640 in state equalization guarantee distributions during the year ended June 30, 2017.

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 1 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. In the government-wide financial statements, the District recognizes property tax revenues in the period for which they are levied, net of estimated refunds and uncollectible amounts. The District records only the portion of the taxes considered to be 'measurable' and 'available' in the government fund financial statements, which is within 60 days of year-end. 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.

In the financial statements, the mill levy and ad-valorem taxes are broken out into two types: property taxes – residential and commercial and property taxes – oil and gas. Amounts collected from residential and commercial property taxes at June 30, 2017 were \$5,955. No revenues were collected from oil and gas taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$449,388 in transportation distributions during the year ended June 30, 2017.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2017 totaled \$90,714.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 **Summary of Significant Accounting Policies (Continued)**

E. Revenues (continued)

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. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District received \$466,683 in state SB-9 matching during the year ended June 30, 2017.

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program 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. During the year ended June 30, 2017, the District received \$1,517,782 in special capital outlay funds.

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 operated under its own budget, which has been approved by the federal department or the flowthrough agency (usually the New Mexico Public Education Department). The various budgets are approved by the Local School Board and the New Mexico Public Education Department.

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department.

NOTE 2 **Stewardship, Compliance and Accountability**

Budgetary Information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted. Public School Capital Outlay Council expenditures in the Public School Capital Outlay fund are not budgeted at the District level, so there is no budgetary comparison presented.

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. The budget process in the State of New Mexico requires that the ending cash balance be appropriated in the budget of the subsequent fiscal year.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

Actual expenditures may not exceed the budget at the function level, the level of budgetary control for districts. 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 School 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) (100%) 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 PED.
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, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

The board of education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a governmental agency from exceeding an individual line item.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2017, is presented on each funds' Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget (non-GAAP Budgetary Basis) and Actual.

NOTE 3 Cash and Cash Equivalents

State statutes authorize 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, 2017.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateralized as required by the statute.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States Government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

Deposits

New Mexico state statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution in excess of federal deposit insurance. The schedule listed below will meet the State of New Mexico Office of the State Auditor's requirements in reporting the insured portion of the deposits.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 Cash and Cash Equivalents (Continued)

	Wells Fargo Bank	Bank of Albuquerque	Total
Total amounts of deposits	\$ 2,557,089	\$ 734,531	\$ 3,291,620
FDIC coverage	250,000	-	\$ 250,000
Total uninsured public funds	<u>2,307,089</u>	<u>734,531</u>	<u>3,041,620</u>
Collateral requirement (50% of uninsured public funds)	1,153,545		1,520,810
Collateral requirement (102% of uninsured public funds)		749,222	760,405
Pledged security	<u>1,351,591</u>	<u>749,222</u>	\$ 2,100,813
Total over (under) collateralized	<u>\$ 198,046</u>	<u>\$ 749,222</u>	<u>\$ 580,003</u>

The funds are maintained in interest bearing and non-interest bearing checking and savings accounts in Wells Fargo Bank and in interest bearing trust funds in Bank of Albuquerque. The funds held by the Bank of Albuquerque are collateralized by Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMO) which are held by FNMA, FHLMC, and GNMA and have an implicit guarantee of the U.S. Government. Trust deposits are collateralized at 102% and reviewed daily by the collateral holder as attested by Bank of Albuquerque.

The types of collateral allowed are limited by the section 6-10-16, NMSA 1978.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure the government’s deposits may not be returned to it. The government 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).

Deposits – The risk exists when a portion of the District’s deposits are not covered by depository insurance and are:

1. Uncollateralized;
2. Collateralized with securities held by the pledging financial institution; or
3. Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor’s (District’s) name.

At June 30, 2017, \$3,041,620 of the District’s bank balance of \$3,291,620 was exposed to custodial credit risk as it was uninsured and the collateral was not held in the District’s name.

Reconciliation of Cash to the Financial Statements

The carrying amount of deposits and investments shown above are included in the District’s Statement of Net Position as follows:

Reconciliation to Statement of Net Position	
Governmental Funds - Balance Sheet	
Cash and cash equivalents per Exhibit A-1	\$ 2,755,085
Statement of Fiduciary Net Position - cash per Exhibit D-1	<u>243,129</u>
Total per financial statements	2,998,214
Add outstanding checks and other reconciling items	<u>293,406</u>
Bank balance of deposits	<u>\$ 3,291,620</u>

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 Cash and Cash Equivalents (Continued)

The District utilized pooled accounts for their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts should be reclassified as due to/due from accounts in the combining balance sheets at June 30, 2017. Funds in the 24000's are federal funds, 27000's through 31700 funds are non-federal funds. The following individual funds had negative cash balances as of June 30, 2017:

Fund#	Special Revenue Funds:	
24101	Title I IASA	\$ 233,037
24106	IDEA-B Entitlement	20,955
24109	IDEA-B Preschool	300
24118	Fresh Fruits and Vegetables	3,383
24132	IDEA-B Results Plan	1,200
24153	English Language Acquisition	555
24154	Teacher/Principal Training & Recruiting	99,124
24160	Rural & Low-Income Schools	15,336
24171	Carl D Perkins Special Projects - Current	8,396
27141	Truancy Initiative PED	7,942
27177	2013 Pre-K Classrooms	24,237
	Capital Projects Fund:	
31700	Capital Improvements SB-9	<u>117,590</u>
	Total	<u><u>\$ 532,055</u></u>

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 Receivables

Receivables as of June 30, 2017 are as follows:

	Major Funds		
	Operational	Teacherage	Title I
	11000	12000	IASA 24101
Property taxes	\$ 265	\$ -	\$ -
Due from other governments	-	-	233,037
Other	-	8,660	-
Total receivables	\$ 265	\$ 8,660	\$ 233,037

	Major Funds			Total Governmental Funds
	Capital	Debt	Other	
	Improve. SB-9 31700	Service 41000	Governmental Funds	
Property taxes	\$ 1,061	\$ 1,634	\$ 3,698	\$ 6,658
Due from other governments	134,266	-	267,942	635,245
Other	-	-	-	8,660
Total receivables	\$ 135,327	\$ 1,634	\$ 271,640	\$ 650,563

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property tax revenues in the amount of \$6,653 and \$116,831 in intergovernmental revenues were not collected within the period of availability.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 Interfund Receivables, Payables, and Transfers

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. The composition of interfund balances at June 30, 2017 is as follows:

Governmental Activities	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Operational (11000)	\$ 532,055	\$ -
Title I IASA (24101)	-	233,037
IDEA-B Entitlement (24106)	-	20,955
IDEA-B Preschool (24109)	-	300
Capital Improvements SB-9 (31700)	-	117,590
Non-major Funds:		
Fresh Fruits and Vegetables (24118)	-	3,383
IDEA-B Results Plan (24132)	-	1,200
English Language Acquisition (24153)	-	555
Teacher/Principal Training & Recruiting (24154)	-	99,124
Rural & Low-Income Schools (24160)	-	15,336
Carl D Perkins Special Projects - Current (24171)	-	8,396
Truancy Initiative PED (27141)	-	7,942
2013 Pre-K Classrooms (27177)	-	24,237
	<u> </u>	<u> </u>
Totals	<u>\$ 532,055</u>	<u>\$ 532,055</u>

All interfund balances are expected to be repaid or closed out within one year.

During the year ended June 30, 2017, the District returned funds to the State of New Mexico or other grantees from the following funds: Transportation, Instructional Materials, IDEA-B Preschool, IDEA-B Early Intervention Services, Kellogg Foundation, Technology for Education PED, and Beginning Teacher Mentoring Program.

Governmental Activities	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
Transportation (13000)	-	20,533
Instructional Materials (14000)	-	51,013
Non-major Funds:		
IDEA-B Preschool (24109)	-	2,930
IDEA-B Early Intervention Services (24112)	-	300
Kellogg Foundation (26121)	-	39,177
Technology for Education PED (27117)	-	6,758
Beginning Teacher Mentoring Program (27154)	-	36,636
	<u> </u>	<u> </u>
Totals	<u>\$ -</u>	<u>\$ 157,347</u>

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 Interfund Receivables, Payables, and Transfers (Continued)

Additionally, \$687,159 was transferred to the Debt Service Fund from Operational, Teacherage, Bond Building, and Special Capital outlay State for payment on special revenue bonds.

Governmental Activities	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
Operational (11000)	\$ -	\$ 374,165
Teacherage (12000)	-	125,000
Debt Service (41000)	687,159	-
Non-major Funds:		
Bond Building (31100)	-	136,826
Special Capital Outlay State (31400)	-	51,168
Totals	<u>\$ 687,159</u>	<u>\$ 687,159</u>

NOTE 6 Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows. Land and construction in progress is not subject to depreciation.

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance June 30, 2017</u>
Capital assets used in governmental activities:					
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	25,726,362	1,937,873	(27,327,426)	-	336,809
Total capital assets not being depreciated	<u>25,726,362</u>	<u>1,937,873</u>	<u>(27,327,426)</u>	<u>-</u>	<u>336,809</u>
Capital assets being depreciated:					
Land improvements	65,127	9,356	-	-	74,483
Buildings and building improvements	42,282,122	27,327,426	-	-	69,609,548
Furniture, fixtures, and equipment	3,442,625	60,599	-	81,764	3,584,988
Vehicles	2,228,071	64,195	-	-	2,292,266
Total capital assets being depreciated	<u>48,017,945</u>	<u>27,461,576</u>	<u>-</u>	<u>81,764</u>	<u>75,561,285</u>
Less accumulated depreciation:					
Land improvements	25,380	5,594	-	-	30,974
Buildings and building improvements	24,683,929	1,662,767	-	-	26,346,696
Furniture, fixtures, and equipment	2,985,521	145,949	-	101,379	3,232,849
Vehicles	2,098,465	40,169	-	-	2,138,634
Total accumulated depreciation	<u>29,793,295</u>	<u>1,854,479</u>	<u>-</u>	<u>101,379</u>	<u>31,749,153</u>
Total capital assets, net of depreciation	<u>\$ 43,951,012</u>	<u>\$ 27,544,970</u>	<u>\$ (27,327,426)</u>	<u>\$ (19,615)</u>	<u>\$ 44,148,941</u>

Depreciation expense of \$1,854,479 for the year ended June 30, 2017 was unallocated.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 Capital Assets (Continued)

At June 30, 2017, the District is refurbishing their baseball and softball fields and has outstanding commitments of \$588,641. The District also did a review of its fixed assets detail and classifications and has made an adjustment to include some assets and depreciation previously excluded from previous reports. The net change on fixed assets is resulted in a reduction of \$19,615.

The Schedule of Capital Assets Used by Source and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

NOTE 7 Long-Term Debt

During the year ended June 30, 2017 the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance at 06/30/16	Additions	Deletions	Balance at 06/30/17	Due Within One Year
Special Revenue Bonds	\$ 7,040,000	\$ -	\$ 455,000	\$ 6,585,000	\$ 465,000
Compensated Absences	119,261	168,970	151,188	137,043	137,043
Total	\$ 7,159,261	\$ 168,970	\$ 606,188	\$ 6,722,043	\$ 602,043

General Obligations Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District has no outstanding general obligation bond as of June 30, 2017.

Special Revenue Bonds

Special revenue bonds are obligations of the District which are secured by revenues generated by the Teacherage Fund and by revenues generated from Impact Aid funds.

Issue Date	2012 Series Revenue Bond 6/13/2012	2012A Series Revenue Bond 10/16/2012
Original Issue	\$3,375,000	\$5,130,000
Maturity Date	8/1/2028	8/1/2026
Principal	1-Aug	1-Aug
Interest Rate	1.00%-5.00%	2.75%
Principal/Interest	1-Aug	1-Aug
Interest	1-Feb	1-Feb

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 Long-Term Debt (Continued)

The annual requirements to amortize the special revenue bonds as of June 30, 2017, including interest payments are as follows:

Fiscal Year Ending June 30,	Total Revenue Bonds		Total Debt Service
	Principal	Interest	
2018	\$ 465,000	\$ 230,713	\$ 695,713
2019	475,000	216,194	691,194
2020	490,000	201,268	691,268
2021	505,000	185,869	690,869
2022	520,000	169,268	689,268
2023-2027	2,280,000	490,331	2,770,331
2028-2032	1,850,000	424,413	2,274,413
Totals	<u>\$ 6,585,000</u>	<u>\$ 1,918,056</u>	<u>\$ 8,503,056</u>

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

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, 2017, compensated absences increased \$17,782 over the prior year accrual. See Note 1 for more details.

Operating Leases – The District leases office equipment, including copy machines and postage meter machines, under short-term cancelable operating leases.

NOTE 8 Unearned Revenues

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to the grantor. The District had the following unearned revenues at June 30, 2017:

Fund #	Special Revenue Funds:	Amount
24106	IDEA-B Entitlement	\$ 3,022
24171	Carl D Perkins Special Projects	1,685
25131	Johnson O'Malley	32,643
25149	GRADS Child Care CYFD	10,000
25184	Indian Ed Formula Grant	18,699
	Total	<u>\$ 66,049</u>

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9 Risk Management

The District is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes workers compensation, general and automobile liability, automobile physical damage, and property and crime coverage. Also included under the risk management program are boiler, machinery and student accident insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible for each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to depositor's forgery, credit card forgery and money orders. A limit of \$100,000 applies to Money and Security, which includes a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2017, there have been no claims that have exceeded insurance coverage.

NOTE 10 Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combined Statements of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. The following funds reported a deficit fund balance at June 30, 2017:

Fund #	Fund Description	Amount
24101	Title I IASA	\$ 116,531
24109	IDEA-B Pre-School	300
24118	Fresh Fruits and Vegetables	2,473
27141	Truancy Initiative PED	1,117
27177	2013 PreK Classrooms	24,237
31700	Capital Improvements SB-9	168,565
	Total	<u>\$ 313,223</u>

- B. Excess of expenditures over appropriations. No funds exceeded their approved budgetary authority for the year ended June 30, 2017:
- C. Cash appropriations in excess of available cash balance. For the year ended June 30, 2017, the District had three funds with cash appropriations in excess of available cash balance: Special Capital Outlay by \$2,533, Capital Improvements SB-9 by \$141,819, and Debt Service by \$11,914. See page 121 in the findings and questioned costs section for more information.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 11 General Information on the Pension Plan – Educational Retirement Board

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

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

The Plan is considered a component unit of the State's financial reporting entity. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has authority to set or amend contribution rates and other terms of the Plan which is a pension benefit trust fund of the State of New Mexico. 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 employments, as defined 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.

Benefits provided. 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 that 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 ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 11 General Information on the 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 not 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 the member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

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

As of July 1, 2013, for current and future retirees the COLA was 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 1.8%. 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 1.9%.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 11 General Information on the Pension Plan – Educational Retirement Board (Continued)

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, 2017 and 2016 educational employers contributed to the Plan based on the following rate schedule:

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2017	7-1-16 to 6-30-17	Over \$20K	10.70%	13.90%	24.60%	0.00%
2017	7-1-16 to 6-30-17	\$20K or less	7.90%	13.90%	21.80%	0.00%
2016	7-1-15 to 6-30-16	Over \$20K	10.70%	13.90%	24.60%	0.00%
2016	7-1-15 to 6-30-16	\$20K or less	7.90%	13.90%	21.80%	0.00%

The contribution requirements of defined benefit plan members and the District are established in state 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, 2017 and 2016, the District paid employee and employer contributions of \$2,515,845 and \$2,659,582 which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2016. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. At June 30, 2017, the District’s reported a liability of \$27,533,555 for its proportionate share of the net pension liability. The District’s proportion of the net pension liability is based on the employer contributing entity’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, 2016, the District’s proportion was 0.38260% percent, which was an increase of 0.03619% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$2,951,487. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 11 General Information on the Pension Plan – Educational Retirement Board (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net (Inflows) Outflows
Differences between expected and actual experience	\$ 119,451	\$ (261,879)	\$ (142,428)
Changes of assumptions	560,473	-	560,473
Net difference between projected and actual earnings on pension plan investments	1,643,523	-	1,643,523
Changes in proportion and differences between contributions and proportionate share of contributions	1,752,037	(387,212)	1,364,825
District's contributions subsequent to the measurement date	<u>1,436,621</u>	<u>-</u>	<u>1,436,621</u>
Total	<u>\$ 5,512,105</u>	<u>\$ (649,091)</u>	<u>\$ 4,863,014</u>

Deferred outflows of resources of \$1,436,621 related to pensions resulting from the District's contributions subsequent to the measurement date of June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,

2017	\$ 862,206
2018	911,868
2019	1,251,530
2020	400,789
Thereafter	-
Total	<u>\$ 3,426,393</u>

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary Increases	Composition: 3% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75% compounded annually, net of expenses. This is made up of a 3.00% inflation rate and a 4.75 real rate of return. The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
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JUNE 30, 2017**

NOTE 11 General Information on the Pension Plan – Educational Retirement Board (Continued)

Average of Expected Remaining Service Lives	3.77 years
Mortality	<p>Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB. Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-Living Increases	2% per year, compounded annually.
Payroll Growth	3.5% per year (with no allowance for membership growth).
Contribution Accumulation	5% increase per year for all years prior to the valuation date. (Contributions are credited with 4.0% interest, compounded annually, applicable to the account balance in the past as well as the future).
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.

The 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 June 12, 2015 in conjunction with the six-year actuarial experience study period ending June 30, 2014. At that time, the Board adopted several assumption changes, which included a decrease in the annual wage inflation rate from 4.25% to 3.75%, and changes to the mortality rates, disability rates, and retirement rates for members who joined the plan after June 30, 2010. In addition, the board lowered the population growth rate assumption to zero.

The long-term expected rate of return on pension plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 11 General Information on the Pension Plan – Educational Retirement Board (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Equities	35%	
Fixed Income	28%	
Alternatives	36%	
Cash	1%	
Total	<u>100%</u>	<u>7.75%</u>

Discount rate: A single discount rate of 7.75% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels.

Additionally, contributions received through the Alternative Retirement Plan (ARP) are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.75%, 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 one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Zuni Public Schools' proportionate share of the net pension liability	<u>\$ 36,467,554</u>	<u>\$ 27,533,555</u>	<u>\$ 20,120,860</u>

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

Payables to the pension plan. The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2017 the contributions due and payable by the District were \$169,050 which were paid on July 11, 2017.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 12 Post-Employment Benefits – State Retiree Health Care Plan

Plan Description. Zuni Public Schools contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and / or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; (3) former legislators who served at least two years; and (4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee, and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

NOTE 12 Post-Employment Benefits – State Retiree Health Care Plan (Continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 12 Post-Employment Benefits – State Retiree Health Care Plan (Continued)

NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$206,718, \$218,542, and \$199,288 respectively, which equal the required contributions for each year.

NOTE 13 Unavailable Revenues

The District received \$116,831 from Capital Improvement SB-9, Fund 31700, subsequent to year-end. However, these funds were received more than 60 days after year-end. As such, the amount is recorded as a receivable and a deferred inflows of resources in the funds statements; however, for the government-wide statements the amounts are recorded as a receivable and a revenue. The District also had \$6,653 in taxes which were unavailable.

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 the specific flows of intergovernmental revenues based on modifications to the Federal and State laws and Federal and State appropriations.

NOTE 15 Contingent Liabilities

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

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 16 Subsequent Accounting Standard Pronouncements

In June 2015, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In March 2016, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, was issued. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 16 Subsequent Accounting Standard Pronouncements (Continued)

beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In January 2017, GASB Statement No. 84 *Fiduciary Activities*, was issued. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. 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 standard will affect the District.

In March 2017, GASB Statement No. 85 *Omnibus 2017*, was issued. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In May 2017, GASB Statement No. 86 *Certain Debt Extinguishment Issues*, was issued. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In June 2017, GASB Statement No. 87 *Leases*, was issued. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. 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 standard will affect the District.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 17 **Prior Period Adjustment**

During the year ended June 30, 2017, there was a prior period adjustment to the District's capital assets resulting in a decrease in net position in the amount of \$19,615. During review of the District's capital assets, it was determined that some assets and depreciation had been excluded from previous listings.

NOTE 18 **Subsequent Events**

A review of subsequent events through October 19, 2017 which is the date the financial statements were available to be issued, indicated nothing of audit significance.

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
LAST 10 FISCAL YEARS*
JUNE 30, 2017

Schedule I

	June 30		
Fiscal Year	2017	2016	2015
Measurement Date	2016	2015	2014
Zuni Public Schools' proportion of the net pension liability	0.38260%	0.34641%	0.35894%
Zuni Public Schools' proportionate share of the net pension liability	\$27,533,555	\$22,437,898	\$20,480,141
Zuni Public Schools' covered-employee payroll	\$10,927,045	\$ 9,845,896	\$ 9,893,605
Zuni Public Schools' proportionate share of the net pension liability as a percentage of covered-employee payroll	251.98%	227.89%	207.00%
Plan fiduciary net position as a percentage of total pension liability	61.58%	63.97%	66.54%

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

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF PENSION CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
LAST 10 FISCAL YEARS*
JUNE 30, 2017

Schedule II

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,436,621	\$ 1,518,865	1,368,177
Contributions in relation to the contractually required contribution	1,436,621	1,518,865	1,368,177
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Zuni Public Schools' covered-employee payroll	\$ 10,338,146	\$ 10,927,045	\$ 9,845,896
Contributions as a percentage of covered-employee payroll	13.90%	13.90%	13.90%

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

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
JUNE 30, 2017

Changes of benefit terms and assumptions . There were no benefit or assumption changes adopted since the last actuarial valuation. However, the actual cost of living adjustment (COLA) was less than the expected 2.0% which resulted in a net \$138 million decrease in the unfunded actuarial accrued liability.

See also the ***Actuarial Assumptions*** subsection of the financial statement note disclosure ***General Information on the Pension Plan - Educational Retirement Board, General Information on the Pension Plan***

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

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

Statement A-1

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 745,442	\$ 52,344	\$ 2,882	\$ 800,668
Accounts receivable				
Taxes	-	-	3,698	3,698
Due from other governments	267,942	-	-	267,942
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	17,462	-	-	17,462
<i>Total assets</i>	<u>1,030,846</u>	<u>52,344</u>	<u>6,580</u>	<u>1,089,770</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	24,969	-	-	24,969
Accrued payroll liabilities	12,381	-	-	12,381
Interfund payables	181,428	-	-	181,428
Unearned revenue	66,049	-	-	66,049
<i>Total liabilities</i>	<u>284,827</u>	<u>-</u>	<u>-</u>	<u>284,827</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	3,698	3,698
Unavailable revenues - other	300	-	-	300
<i>Total deferred inflows of resources</i>	<u>300</u>	<u>-</u>	<u>3,698</u>	<u>3,998</u>
FUND BALANCES				
Nonspendable	17,462	-	-	17,462
Restricted for:				
Grant mandates	494,597	-	-	494,597
Capital projects	-	52,344	-	52,344
Debt service	-	-	2,882	2,882
Assigned	261,788	-	-	261,788
Unassigned	(28,128)	-	-	(28,128)
<i>Total fund balances</i>	<u>745,719</u>	<u>52,344</u>	<u>2,882</u>	<u>800,945</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,030,846</u>	<u>\$ 52,344</u>	<u>\$ 6,580</u>	<u>\$ 1,089,770</u>

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

Statement A-2

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	572,583	1,517,782	-	2,090,365
Federal grants	2,616,743	-	-	2,616,743
Miscellaneous	20,747	-	-	20,747
Charges for services	59,003	-	-	59,003
Investment income	-	-	-	-
<i>Total revenues</i>	<u>3,269,076</u>	<u>1,517,782</u>	<u>-</u>	<u>4,786,858</u>
<i>Expenditures:</i>				
Current:				
Instruction	1,394,754	-	-	1,394,754
Support services				
Students	330,606	-	-	330,606
Instruction	24,867	-	-	24,867
General administration	231,484	-	-	231,484
School administration	1,576	-	-	1,576
Central services	-	-	-	-
Operation & maintenance of plant	1,753	-	-	1,753
Student transportation	154	-	-	154
Other support services	-	-	-	-
Food services operations	937,266	-	-	937,266
Community services	-	-	-	-
Capital outlay	65,896	1,513,634	-	1,579,530
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,988,356</u>	<u>1,513,634</u>	<u>-</u>	<u>4,501,990</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>280,720</u>	<u>4,148</u>	<u>-</u>	<u>284,868</u>
<i>Other financing sources (uses):</i>				
Operating transfers	(85,801)	(187,994)	-	(273,795)
<i>Total other financing sources (uses)</i>	<u>(85,801)</u>	<u>(187,994)</u>	<u>-</u>	<u>(273,795)</u>
<i>Net changes in fund balances</i>	194,919	(183,846)	-	11,073
<i>Fund balances - beginning of year</i>	<u>550,800</u>	<u>236,190</u>	<u>2,882</u>	<u>789,872</u>
<i>Fund balances - end of year</i>	<u>\$ 745,719</u>	<u>\$ 52,344</u>	<u>\$ 2,882</u>	<u>\$ 800,945</u>

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

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SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS DESCRIPTIONS

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. Special Revenue Funds include:

Food Services (21000) - This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Food Service Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13. No minimum balance required according to legislation.

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. No minimum balance required according to legislation.

Skolnick Foundation (23000) – Accounts for a private donation to be used for scholarships and other projects. No minimum balance required according to legislation.

IDEA-B Entitlement Special Revenue Fund (24106) accounts for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

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 handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17. No minimum balance required according to legislation.

IDEA-B Early Intervention Services (24112) – To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420. No minimum balance required according to legislation.

Fresh Fruits and Vegetables (24118) – To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2005. Authorized by National School Lunch Act, as amended, 42 U.S.C. 1769. No minimum balance required according to legislation.

IDEA-B Results Plan (24132) – This account is to support the individual school site's Education Plan for Student Success, or areas in 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 the NMPED. No minimum balance required according to legislation.

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. No minimum balance required according to legislation.

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. No minimum balance required according to legislation. No minimum balance required according to legislation.

Rural & Low-Income Schools (24160) – To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act, Title VI, Part B. No minimum balance required according to legislation.

Title I School Improvement (24162) – To account for funds used to provide financial assistance to districts to purchase and install educational materials and systems to help improve the quality of teaching and learning in their schools. (Authority: PL 100-297) No minimum balance required according to legislation.

Carl D Perkins Special Projects – Current/Redistribution (24171) - The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. Authority for creation of this fund is Carl D Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332. No minimum balance required according to legislation.

Johnson O'Malley (25131) – To provide funding for supplemental programs in special education and the other needs of eligible Native American Indian children. Funding is provided by the Johnson- O'Malley Act of 1934 as amended, Public Law 930638. No minimum balance required according to legislation.

Impact Aid Special Education (25145) – To account for a program funded by a Federal grant to provide financial assistance to local educational agencies (LEAs) 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 8002, ESEA), where there are a significant number of children who reside on Federal (including Native American) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Sections 8003 and 8007, ESEA), where there is a sudden increase in school enrollment as the result of Federal activities (Section 8006, ESEA). To provide disaster assistance for reduced or increased operating costs for replacing or repairing damaged or destroyed support equipment and books and for repairing minor damage to facilities. Funding is authorized by the Elementary and Secondary Education Act, Title VIII, as amended. No minimum balance required according to legislation.

GRADS Child Care CYFD (25149) – To account for a Public Education Department grant through Children, Youth, and Families Department to provide for the maintenance and expansion of the teen parent programs. Authorized by the School Board and the New Mexico Public Education Department. No minimum balance required according to legislation.

Title XIX Medicaid 3/21 Years (25153) – To provide 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. (P.L. 105-33) No minimum balance required according to legislation.

US Department of Interior Bureau of Reclamation (25176) – These funds are a grant from the BIA Forestry Department and are being used to refurbish, equip, and operate a greenhouse.

Indian Education Formula Grant (25184) – To account for a program funded by a Federal grant to develop and carry out supplementary elementary and secondary school programs designed to meet the special educational and culturally related academic needs of Indian children, for example to: 1) Improve academic performance, 2) Reduce school dropout rates and improve attendance, and 3) Integrate the value of cultural education into the school curriculum for Indian children. Funding authorized by Indian Education Act of 1988, Title V, Part C, Subpart 1, as amended, Public Law 100-297 and 93-638, 25 U.S.C. 2601-2606. No minimum balance required according to legislation.

Kellogg Fund/Kellogg Foundation (26121) – This grant will expand evidence-based parent education and family support programs targeting vulnerable families in select New Mexico neighborhoods to promote parental knowledge of child development needs and parental advocacy skills. No minimum balance required according to legislation.

Dual Credit Instructional Materials (27103) – To purchase college textbooks for students who dual enroll in college credited courses while still attending high school. No minimum balance required according to legislation.

Technology for Education PED (27117) – The purpose of this grant is to assist the District to develop and implement a strategic, long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is NMSA 22-15A-1 to 22-15A-10. No minimum balance required according to legislation.

Truancy Initiative PED (27141) – To account for monies received to help students who are truant from school to be required to perform community service rather than being suspended from school. No minimum balance required according to legislation.

PreK Initiative (27149) – The Pre-K Initiative program provides high-quality early childhood services (in accordance with the NM Pre-K standards) to four year old children in need. Authorized through 32A-23-1 NMSA 1978. No minimum balance required according to legislation.

Indian Education Act (27150) – To account for funding provided by New Mexico Legislature through the New Mexico Public Education Department supporting various Exemplary Culture Based Education programs. No minimum balance required according to legislation.

Beginning Teacher Mentoring Program (27154) – The objective of this program is to provide beginning teachers an effective transition into the teaching profession, retain capable teachers, improve the achievement of students and improve the overall success of the school. Funding is provided by the New Mexico Board of Education. Authority from creation of this fund is NMSA 22-2-8-10. No minimum balance required according to legislation.

2013 Pre-K Classrooms (27177) – To account for funds provided through the Public Education Department to renovate and construct pre-kindergarten classrooms. The funding was made available through Laws of 2013, SB-60, Chapter 226, and Section 53. No minimum balance required according to legislation.

2013 School Bus (27178) – To account for funds provided by New Mexico Public Education Department to purchase school buses.

Teachers “hard to staff” Stipend (27195) – funding for stipends for teachers in hard to staff areas as specified by legislation for STEM/hard-to-staff teacher recruitment and/or retention stipends. These teacher stipends are \$5,000 per teacher and may only be awarded to teachers who have met the award criteria. Authorization for this stipend is NMPED. No minimum balance required according to legislation.

CYFD Child and Adult Care Food Program (28201) – To account for funds to provide summer lunches to community members in New Mexico communities. No minimum balance required according to legislation.

Private Direct Grants (29102) – To account for local grants awarded to provide additional funding for specific projects. No minimum balance required according to legislation.

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Food Services 21000	Athletics 22000	Skolnick Foundation 23000	IDEA-B Entitlement 24106
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 200,231	\$ 76	\$ 6,008	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	23,977
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	17,462	-	-	-
<i>Total assets</i>	<u>217,693</u>	<u>76</u>	<u>6,008</u>	<u>23,977</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	3,018	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	-	20,955
Unearned revenue	-	-	-	3,022
<i>Total liabilities</i>	<u>3,018</u>	<u>-</u>	<u>-</u>	<u>23,977</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	17,462	-	-	-
Restricted for:				
Grant mandates	102,119	76	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	95,094	-	6,008	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>214,675</u>	<u>76</u>	<u>6,008</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 217,693</u>	<u>\$ 76</u>	<u>\$ 6,008</u>	<u>\$ 23,977</u>

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	IDEA-B Preschool 24109	IDEA-B Early Intervention Services 24112	Fresh Fruits and Vegetables 24118	IDEA-B Results Plan 24132
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	300	-	910	1,200
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>300</u>	<u>-</u>	<u>910</u>	<u>1,200</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	300	-	3,383	1,200
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>300</u>	<u>-</u>	<u>3,383</u>	<u>1,200</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	300	-	-	-
<i>Total deferred inflows of resources</i>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	(300)	-	(2,473)	-
<i>Total fund balances</i>	<u>(300)</u>	<u>-</u>	<u>(2,473)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 910</u>	<u>\$ 1,200</u>

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	English Language Acquisition 24153	Teacher/Principal Training & Recruiting 24154	Rural & Low-Income Schools 24160	Title I School Improvement 24162
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	555	99,124	15,336	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>555</u>	<u>99,124</u>	<u>15,336</u>	<u>-</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	555	99,124	15,336	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>555</u>	<u>99,124</u>	<u>15,336</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 555</u>	<u>\$ 99,124</u>	<u>\$ 15,336</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Carl D Perkins Special Projects - Current 24171	Johnson O'Malley 25131	Impact Aid Special Education 25145	GRADS Child Care CYFD 25149
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ 32,643	\$ 68,738	\$ 10,000
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	10,081	-	-	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>10,081</u>	<u>32,643</u>	<u>68,738</u>	<u>10,000</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	3,076	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	8,396	-	-	-
Unearned revenue	1,685	32,643	-	10,000
<i>Total liabilities</i>	<u>10,081</u>	<u>32,643</u>	<u>3,076</u>	<u>10,000</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	65,662	(10,000)
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	10,000
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>65,662</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 10,081</u>	<u>\$ 32,643</u>	<u>\$ 68,738</u>	<u>\$ 10,000</u>

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Title XIX Medicaid 3/21 Years 25153	US Dept. of Int Bureau of Reclamation 25176	Indian Ed Formula Grant 25184	Kellogg Fund/ Kellogg Foundation 26121
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 132,192	\$ 263,154	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	25,787	-	18,699	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>157,979</u>	<u>263,154</u>	<u>18,699</u>	<u>-</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	-	-
Unearned revenue	-	-	18,699	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>18,699</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	27,988	263,154	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	129,991	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>157,979</u>	<u>263,154</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 157,979</u>	<u>\$ 263,154</u>	<u>\$ 18,699</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Dual Credit Instructional Materials 27103	Technology for Education PED 27117	Truancy Initiative PED 27141	PreK Initiative 27149
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ (26,598)
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	6,825	26,598
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	-	-	6,825	-
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	7,942	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	-	-	7,942	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(1,117)	-
<i>Total fund balances</i>	-	-	(1,117)	-
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ -	\$ -	\$ 6,825	\$ -

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Indian Education Act 27150	Beginning Teacher Mentoring Program 27154	2013 Pre-K Classrooms 27177	2013 School Bus 27178
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 27,829	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	1,065	-	-	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>28,894</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	24,237	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>24,237</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	28,894	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(24,237)	-
<i>Total fund balances</i>	<u>28,894</u>	<u>-</u>	<u>(24,237)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 28,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Teachers "hard to staff" Stipends 27195	CYFD Child and Adult Care Food Program 28201	Direct Grants 29102	Total
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ 10,474	\$ 20,695	\$ 745,442
Accounts receivable	-	-	-	-
Taxes	-	-	-	-
Due from other governments	-	37,485	-	267,942
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	17,462
<i>Total assets</i>	-	47,959	20,695	1,030,846
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	18,875	-	24,969
Accrued payroll liabilities	-	12,381	-	12,381
Interfund payables	-	-	-	181,428
Unearned revenue	-	-	-	66,049
<i>Total liabilities</i>	-	31,256	-	284,827
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	300
<i>Total deferred inflows of resources</i>	-	-	-	300
FUND BALANCES				
Nonspendable	-	-	-	17,462
Restricted for:				
Grant mandates	-	16,703	-	494,596
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	20,695	261,788
Unassigned	-	-	-	(28,127)
<i>Total fund balances</i>	-	16,703	20,695	745,719
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ -	\$ 47,959	\$ 20,695	\$ 1,030,846

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Statement B-2

	Food Services 21000	Athletics 22000	Skolnick Foundation 23000	IDEA-B Entitlement 24106
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	944,625	-	-	352,219
Miscellaneous	-	-	20,000	-
Charges for services	18,719	40,231	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>963,344</u>	<u>40,231</u>	<u>20,000</u>	<u>352,219</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	52,693	20,500	335,006
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	17,213
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	852,699	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>852,699</u>	<u>52,693</u>	<u>20,500</u>	<u>352,219</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>110,645</u>	<u>(12,462)</u>	<u>(500)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	110,645	(12,462)	(500)	-
<i>Fund balances - beginning of year</i>	<u>104,030</u>	<u>12,538</u>	<u>6,508</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 214,675</u>	<u>\$ 76</u>	<u>\$ 6,008</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Statement B-2

	IDEA-B Preschool 24109	IDEA-B Early Intervention Services 24112	Fresh Fruits and Vegetables 24118	IDEA-B Results Plan 24132
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	6,557	300	26,848	9,611
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>6,557</u>	<u>300</u>	<u>26,848</u>	<u>9,611</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	3,732	-	-	9,611
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	195	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	26,848	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,927</u>	<u>-</u>	<u>26,848</u>	<u>9,611</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>2,630</u>	<u>300</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	<u>(2,930)</u>	<u>(300)</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>(2,930)</u>	<u>(300)</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(300)	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,473)</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ (300)</u>	<u>\$ -</u>	<u>\$ (2,473)</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Statement B-2

	English Language Acquisition 24153	Teacher/Principal Training & Recruiting 24154	Rural & Low-Income Schools 24160	Title I School Improvement 24162
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	10,004	187,032	21,699	38,085
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>10,004</u>	<u>187,032</u>	<u>21,699</u>	<u>38,085</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	9,791	170,985	21,024	38,085
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	213	14,471	675	-
School administration	-	1,576	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>10,004</u>	<u>187,032</u>	<u>21,699</u>	<u>38,085</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Statement B-2

	Carl D Perkins Special Projects - Current 24171	Johnson O'Malley 25131	Impact Aid Special Education 25145	GRADS Child Care CYFD 25149
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	38,594	141,826	112,384	2,339
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>38,594</u>	<u>141,826</u>	<u>112,384</u>	<u>2,339</u>
<i>Expenditures:</i>				
Current:				
Instruction	38,594	92,025	48,831	-
Support services				
Students	-	-	45,258	-
Instruction	-	-	-	-
General administration	-	49,801	54,742	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	2,339
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>38,594</u>	<u>141,826</u>	<u>148,831</u>	<u>2,339</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(36,447)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	(36,447)	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>102,109</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,662</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Statement B-2

	Title XIX Medicaid 3/21 Years 25153	Dept. of Inter. Bureau of Reclamation 25176	Indian Ed Formula Grant 25184	Kellogg Fund/ Kellogg Foundation 26121
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	194,495	263,154	266,971	-
Miscellaneous	-	-	-	747
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>194,495</u>	<u>263,154</u>	<u>266,971</u>	<u>747</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	245,552	22,527
Support services				
Students	116,387	-	-	-
Instruction	-	-	8,203	16,664
General administration	-	-	13,216	78,698
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	1,753	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>118,140</u>	<u>-</u>	<u>266,971</u>	<u>117,889</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>76,355</u>	<u>263,154</u>	<u>-</u>	<u>(117,142)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	(39,177)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,177)</u>
<i>Net changes in fund balances</i>	76,355	263,154	-	(156,319)
<i>Fund balances - beginning of year</i>	<u>81,624</u>	<u>-</u>	<u>-</u>	<u>156,319</u>
<i>Fund balances - end of year</i>	<u>\$ 157,979</u>	<u>\$ 263,154</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Statement B-2

	Dual Credit Instructional Materials 27103	Technology for Education PED 27117	Truancy Initiative 27141	PreK Initiative 27149
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,481	-	167,844	253,636
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>1,481</u>	<u>-</u>	<u>167,844</u>	<u>253,636</u>
<i>Expenditures:</i>				
Current:				
Instruction	1,481	-	-	251,222
Support services				
Students	-	-	168,961	-
Instruction	-	-	-	-
General administration	-	-	-	2,260
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	154
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,481</u>	<u>-</u>	<u>168,961</u>	<u>253,636</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,117)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	(6,758)	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(6,758)</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	(6,758)	(1,117)	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>6,758</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,117)</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Statement B-2

	Indian Education Act 27150	Beginning Teacher Mentoring Program 27154	2013 Pre-K Classrooms 27177	2013 School Bus 27178
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	5,296	-	1	63,557
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>5,296</u>	<u>-</u>	<u>1</u>	<u>63,557</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	5,296	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	63,557
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,296</u>	<u>-</u>	<u>-</u>	<u>63,557</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	(36,636)	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(36,636)</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	(36,636)	1	-
<i>Fund balances - beginning of year</i>	<u>28,894</u>	<u>36,636</u>	<u>(24,238)</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 28,894</u>	<u>\$ -</u>	<u>\$ (24,237)</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Statement B-2

	Teachers "hard to staff" Stipends 27195	CYFD Child and Adult Care Food Program 28201	Private Direct Grants 29102	Total
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	27,799	52,969	-	572,583
Federal grants	-	-	-	2,616,743
Miscellaneous	-	-	-	20,747
Charges for services	-	53	-	59,003
Investment income	-	-	-	-
<i>Total revenues</i>	<u>27,799</u>	<u>53,022</u>	<u>-</u>	<u>3,269,076</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	27,799	-	-	1,394,754
Support services				
Students	-	-	-	330,606
Instruction	-	-	-	24,867
General administration	-	-	-	231,484
School administration	-	-	-	1,576
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	1,753
Student transportation	-	-	-	154
Other support services	-	-	-	-
Food services operations	-	57,719	-	937,266
Community services	-	-	-	-
Capital outlay	-	-	-	65,896
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>27,799</u>	<u>57,719</u>	<u>-</u>	<u>2,988,356</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(4,697)</u>	<u>-</u>	<u>280,720</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	(85,801)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,801)</u>
<i>Net changes in fund balances</i>	-	(4,697)	-	194,919
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>21,400</u>	<u>20,695</u>	<u>550,800</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 16,703</u>	<u>\$ 20,695</u>	<u>\$ 745,719</u>

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

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CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUNDS DESCRIPTIONS

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

Bond Building (31100) – The fund is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District. No minimum balance required according to legislation.

Public School Capital Outlay Capital Projects Fund (31200) is used to account for funding provided to the District by the State of New Mexico for capital improvement projects approved by the Public School Capital Outlay Council. Funding is authorized by NMAC 6.20.2 through the New Mexico Public Education Department.

Special Capital Outlay – Local (31300) – The fund provides financing from local revenues for the construction and improvements to District buildings and facilities. No minimum balance required according to legislation.

Special Capital Outlay – State (31400) – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996. No minimum balance required according to legislation.

Public School Capital Outlay – 20% (32100) – A capital projects fund to capture the 20% of eligible federal (Forest Reserve and Impact Aid) and local revenue (local taxes) that must be budgeted I Capital Outlay. Provides financing for the construction and improvement of buildings and land, and the purchase of equipment. No minimum balance required according to legislation.

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

	Bond Building 31100	Public School Capital Outlay 31200	Special Capital Outlay - Local 31300
ASSETS			
<i>Current assets:</i>			
Cash and temporary investments	\$ 51,166	\$ -	\$ -
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Interfund receivables	-	-	-
Other	-	-	-
Inventory	-	-	-
	<u>51,166</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>51,166</u>	<u>-</u>	<u>-</u>
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	-
Unearned revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted for:			
Grant mandates	-	-	-
Capital projects	51,166	-	-
Debt service	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<u>51,166</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>51,166</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 51,166</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

	Special Capital Outlay - State 31400	Public School Capital Outlay - 20% 32100	Total
ASSETS			
<i>Current assets:</i>			
Cash and temporary investments	\$ -	\$ 1,178	\$ 52,344
Accounts receivable			-
Taxes	-	-	-
Due from other governments	-	-	-
Interfund receivables	-	-	-
Other	-	-	-
Inventory	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total assets</i>	<u>-</u>	<u>1,178</u>	<u>52,344</u>
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - other	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted for:			-
Grant mandates	-	-	-
Capital projects	-	1,178	52,344
Debt service	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total fund balances</i>	<u>-</u>	<u>1,178</u>	<u>52,344</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 1,178</u>	<u>\$ 52,344</u>

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDING JUNE 30, 2017

Statement C-2

	Bond Building 31100	Public School Capital Outlay 31200	Special Capital Outlay - Local 31300
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	-	1,517,782	-
Federal grants	-	-	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>1,517,782</u>	<u>-</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	-	-
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	-	1,517,782	(4,148)
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>1,517,782</u>	<u>(4,148)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>4,148</u>
<i>Other financing sources (uses):</i>			
Operating transfers	(136,826)	-	-
<i>Total other financing sources (uses)</i>	<u>(136,826)</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(136,826)	-	4,148
<i>Fund balances - beginning of year</i>	<u>187,992</u>	<u>-</u>	<u>(4,148)</u>
<i>Fund balances - end of year</i>	<u>\$ 51,166</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDING JUNE 30, 2017

Statement C-2

	Special Capital Outlay - State 31400	Public School Capital Outlay - 20% 32100	Total
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	-	-	1,517,782
Federal grants	-	-	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,517,782</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	-	-
Support services	-	-	-
Students	-	-	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	-	-	1,513,634
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>1,513,634</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>4,148</u>
<i>Other financing sources (uses):</i>			
Operating transfers	(51,168)	-	(187,994)
<i>Total other financing sources (uses)</i>	<u>(51,168)</u>	<u>-</u>	<u>(187,994)</u>
<i>Net changes in fund balances</i>	(51,168)	-	(183,846)
<i>Fund balances - beginning of year</i>	<u>51,168</u>	<u>1,178</u>	<u>236,190</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 1,178</u>	<u>\$ 52,344</u>

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

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DEBT SERVICE FUNDS

DEBT SERVICE FUNDS DESCRIPTIONS

Debt Service Funds account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Education Technology Debt Service Fund (43000) – The fund is to account for the debt repayments of the debt incurred through the Education Technology Equipment Act (Capital Projects Fund) (Section 6-15A-1 to 6-15A-16 NMSA 1978). No minimum balance required according to legislation.

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2017

Statement D-1

	Education Technology Debt Service 43000
ASSETS	
<i>Current assets:</i>	
Cash and temporary investments	\$ 2,882
Accounts receivable	
Taxes	3,698
Due from other governments	-
Interfund receivables	-
Other	-
Inventory	-
	<hr/>
<i>Total assets</i>	<u><u>6,580</u></u>
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts payable	-
Accrued payroll liabilities	-
Interfund payables	-
Unearned revenue	-
	<hr/>
<i>Total liabilities</i>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues - property taxes	3,698
Unavailable revenues - other	-
	<hr/>
<i>Total deferred inflows of resources</i>	<u>3,698</u>
FUND BALANCES	
Nonspendable	-
Restricted for:	
Grant mandates	-
Capital projects	-
Debt service	2,882
Assigned	-
Unassigned	-
	<hr/>
<i>Total fund balances</i>	<u>2,882</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u><u>\$ 6,580</u></u>

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Statement D-2

	Education Technology Debt Service 43000
	<u>43000</u>
<i>Revenues:</i>	
Property taxes	\$ -
State grants	-
Federal grants	-
Miscellaneous	-
Charges for services	-
Investment income	-
<i>Total revenues</i>	<u>-</u>
<i>Expenditures:</i>	
Current:	
Instruction	-
Support services	
Students	-
Instruction	-
General administration	-
School administration	-
Central services	-
Operation & maintenance of plant	-
Student transportation	-
Other support services	-
Food services operations	-
Community services	-
Capital outlay	-
Debt service	
Principal	-
Interest	-
<i>Total expenditures</i>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>
<i>Other financing sources (uses):</i>	
Operating transfers	-
<i>Total other financing sources (uses)</i>	<u>-</u>
<i>Net changes in fund balances</i>	-
<i>Fund balances - beginning of year</i>	<u>2,882</u>
<i>Fund balances - end of year</i>	<u>\$ 2,882</u>

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

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OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
AGENCY FUNDS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDING JUNE 30, 2017

Schedule III

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Dowa Yalanne Elementary	\$ 8,827	\$ 15,146	\$ 17,915	\$ 6,058
A:Shiwi Elementary	6,662	7,024	4,074	9,612
Zuni Middle School	9,302	8,827	9,603	8,526
Zuni High School	57,966	54,547	47,559	64,954
Twin Buttes High School	5,857	906	3,744	3,019
Stephanie Anton Memorial Scholarship	118,849	19,656	-	138,505
Stephanie Anton Memorial Fund	12,454	1	-	12,455
Total Agency Funds	\$ 219,917	\$ 106,107	\$ 82,895	\$ 243,129

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF PLEDGED COLLATERAL
FOR THE YEAR ENDED JUNE 30, 2017

Schedule IV

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2017</u>
Wells Fargo Bank				
	FNMS	10/1/2026	3138AMNM3 FNMA	\$ 1,351,591
Total Wells Fargo Bank				<u>\$ 1,351,591</u>
The securities are held, not in the District's name, at:				
Bank of New York Mellon				
One Wall Street				
Fourth Floor				
New York, NY 10286				
Bank of Albuquerque:				
	Federal Home Loan Bank	6/25/2028	3136AEHF7	\$ 6,430,087
	Federal Home Loan Bank	11/25/2025	31398SAF0	2,438,719
Total Bank of Albuquerque				<u>\$ 8,868,806</u>

The securities are held, not in the District's name, at:

Federal Home Loan Bank
1 Security Benefit PL. Ste. 100
Topeka, KS 66606

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2017

Schedule V

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
Wells Fargo Bank						
Operational	Checking	\$ 1,010,975	\$ -	\$ (126,097)	\$ -	\$ 884,878
Payroll	Checking	425,337	-	(117,870)	-	307,467
Food Service	Checking	200,449	-	(2,682)	-	197,767
Athletics	Checking	76	-	-	-	76
Federal Programs	Checking	534,700	-	(43,187)	-	491,513
Teacherage	Checking	115,785	-	(3,118)	-	112,667
Savings	Savings	26,185	-	-	-	26,185
A:shiwi Elementary School	Checking	9,751	-	(139)	-	9,612
Dowa Yalanne Elementary School	Checking	6,058	-	-	-	6,058
Twin Buttes High School	Checking	3,019	-	-	-	3,019
Zuni High School	Checking	65,268	-	(313)	-	64,955
Zuni Middle School	Checking	8,526	-	-	-	8,526
Stephanie Anton Memorial Fund	Checking	12,456	-	-	-	12,456
Stephanie Anton Memorial Scholarship Fund	Checking	138,504	-	-	-	138,504
Total Wells Fargo Bank		<u>\$ 2,557,089</u>	<u>\$ -</u>	<u>\$ (293,406)</u>	<u>\$ -</u>	<u>\$ 2,263,683</u>
Bank of Albuquerque						
NM Zuni Sch Teach Hsg 2012 Debt Serv	Trust	\$ 13,429	\$ -	\$ -	\$ -	\$ 13,429
NM Zuni Sch Teach Hsg Bd 2012 Ds Res	Trust	276,000	-	-	-	276,000
NM Zuni School Teacher Hsg 2012a Ds	Trust	62,602	-	-	-	62,602
NM Zuni Sch Teach Hsg 2012a Dsr	Trust	382,500	-	-	-	382,500
Total Bank of Albuquerque		<u>\$ 734,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 734,531</u>
Total		<u>\$ 3,291,620</u>	<u>\$ -</u>	<u>\$ (293,406)</u>	<u>\$ -</u>	<u>2,998,214</u>
Cash per financial statements						
Cash and cash equivalents - Government Activities Exhibit A-1						2,755,085
Fiduciary funds - Exhibit D-1						243,129
						<u>\$ 2,998,214</u>

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2017

Schedule VI

Primary Government

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Cash, June 30, 2016	\$ 707,669	\$ 156,460	\$ 41,065	\$ 209,379	\$ 94,544
Add:					
Current year revenues	12,372,092	362,987	449,388	90,714	899,942
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	13,079,761	519,447	490,453	300,093	994,486
Less:					
Current year expenditures	(11,889,467)	(281,779)	(449,123)	(152,810)	(794,255)
Permanent cash transfers	(374,165)	(125,000)	(20,533)	(51,013)	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	(532,055)	-	-	-	-
Cash, June 30, 2017	<u>\$ 284,074</u>	<u>\$ 112,668</u>	<u>\$ 20,797</u>	<u>\$ 96,270</u>	<u>\$ 200,231</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2017

Schedule VI

Primary Government

	Athletics 22000	Skolnick Foundation 23000	Federal Flow through 24000	Federal Direct 25000	Local Grants 26000
Cash, June 30, 2016	\$ 12,538	\$ 6,508	\$ (617,267)	\$ 644,182	\$ 151,048
Add:					
Current year revenues	40,231	20,000	1,827,510	2,357,965	15,807
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	382,286	-	-
Total cash available	52,769	26,508	1,592,529	3,002,147	166,855
Less:					
Current year expenditures	(52,693)	(20,500)	(1,589,299)	(2,116,264)	(127,678)
Permanent cash transfers	-	-	(3,230)	-	(39,177)
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2017	<u>\$ 76</u>	<u>\$ 6,008</u>	<u>\$ -</u>	<u>\$ 885,883</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2017

Schedule VI

Primary Government

	State Flow through 27000	State Direct 28000	Local / State 29000	Bond Building 31100	Public School Capital Outlay 31200
Cash, June 30, 2016	\$ (133,209)	\$ 12,314	\$ 20,695	\$ 187,992	\$ -
Add:					
Current year revenues	666,385	36,187	-	-	-
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	32,179	-	-	-	-
Total cash available	565,355	48,501	20,695	187,992	-
Less:					
Current year expenditures	(520,730)	(38,027)	-	-	-
Permanent cash transfers	(43,394)	-	-	(136,826)	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2017	<u>\$ 1,231</u>	<u>\$ 10,474</u>	<u>\$ 20,695</u>	<u>\$ 51,166</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2017

Schedule VI

Primary Government	Special Capital Outlay - Local 31300	Special Capital Outlay - State 31400	Special Capital Outlay - Federal 31500	Capital Improvements SB-9 31700	Public School Capital Outlay - 20% 32100
Cash, June 30, 2016	\$ -	\$ 51,168	\$ 215,482	\$ (47,983)	\$ 1,178
Add:					
Current year revenues	-	-	150,300	337,200	-
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	117,590	-
Total cash available	-	51,168	365,782	406,807	1,178
Less:					
Current year expenditures	-	-	(65,141)	(406,807)	-
Permanent cash transfers	-	(51,168)	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,641</u>	<u>\$ -</u>	<u>\$ 1,178</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2017

Schedule VI

Primary Government

	Debt Service 41000	Education Technology Debt Service 43000	Total
Cash, June 30, 2016	\$ 770,520	\$ 2,882	\$ 2,487,165
Add:			
Current year revenues	2,432	-	19,629,140
Permanent cash transfers	687,159	-	687,159
Prior period adjustment	-	-	-
Loans from other funds	-	-	532,055
Total cash available	1,460,111	2,882	23,335,519
Less:			
Current year expenditures	(699,300)	-	(19,203,873)
Permanent cash transfers	-	-	(844,506)
Prior period adjustment	-	-	-
Loans to other funds	-	-	(532,055)
Cash, June 30, 2017	<u>\$ 760,811</u>	<u>\$ 2,882</u>	<u>\$ 2,755,085</u>

The accompanying notes are an integral part of these financial statements

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COMPLIANCE SECTION



Manning Accounting and Consulting Services, LLC

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 AUDITOR'S REPORT

Wayne Johnson
New Mexico State Auditor
The Office of Management and Budget
And the Board of Education of
Zuni Public Schools
Zuni, 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, the budgetary comparisons of the General Fund and major special revenue funds of the Zuni Public Schools (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 19, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify and deficient in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. (FS 2016-003)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of findings and questioned costs as items NM 2017-001, NM 2017-002, NM 2017-003, NM 2017-004, NM 2017-005, NM 2017-006, and NM 2017-007.

Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC

Kirtland, New Mexico

October 19, 2017

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FEDERAL FINANCIAL ASSISTANCE



Manning Accounting and Consulting Services, LLC

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

Wayne Johnson, New Mexico State Auditor
The Office of Management and Budget
And the Board of Education of
Zuni Public Schools
Zuni, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Zuni Public Schools (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 consider necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
October 19, 2017

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Schedule VII

Federal Grantor or Pass-Through Grantor / Program Title	Pass-through Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Education			
<i>Pass-through State of New Mexico Public Education Department</i>			
Special Education Cluster (IDEA)			
IDEA-B - Entitlement	24106	84.027	\$ 352,219
IDEA-B Preschool	24109	84.173	3,927
IDEA-B Results Plan	24132	84.027	9,611
Total Special Education Cluster (IDEA)			<u>365,757</u>
Title I IASA	24101	84.010	901,280
English Language Acquisition	24153	84.365A	10,004
Teacher / Principal Training & Recruiting	24154	84.367	187,032
Rural & Low Income Schools	24160	84.358	21,699
Title I School Improvement	24162	84.377A	38,085
Carl D Perkins Special Projects - Current	24171	84.048A	38,594
Total Other Programs			<u>1,196,694</u>
U.S. Department of Health & Human Services			
<i>Pass-through State of New Mexico Public Education Department</i>			
Other Programs (Treated individually for major program determination)			
GRADS Child Care CYFD	25149	93.228	2,339
<i>Subtotal - Pass-through State of New Mexico Public Education Department</i>			<u>1,564,790</u>
<i>Direct U.S. Department of Education</i>			
Other Programs (Treated individually for major program determination)			
Impact Aid			
Impact Aid (1)	11000	84.041	5,749,856
Impact Aid Special Education (1)	25145	84.041	148,831
Impact Aid Indian Education (1)	25147	84.041	1,433,984
Impact Aid Construction (1)	31500	84.041	213,252
Total Impact Aid			<u>7,545,923</u>
Indian Education Formula Grant (1)	25184	84.060	266,971
Total Other Programs			<u>7,812,894</u>
<i>Subtotal - Direct U.S. Department of Education</i>			<u>7,812,894</u>
Total U.S. Department of Education			<u>9,375,345</u>
Total U.S. Department of Health and Human Services			<u>2,339</u>
U.S. Department of Interior			
<i>Direct U.S. Department of Interior</i>			
Johnson O'Malley	25131	15.130	141,826
Total U.S. Department of Interior			<u>141,826</u>
U.S. Department of Agriculture			
<i>Direct U.S. Department of Agriculture</i>			
Other Programs (Treated individually for major program determination)			
Forest Reserve	11000	10.672	1,260
<i>Subtotal - Direct U.S. Department of Agriculture</i>			<u>1,260</u>
<i>Pass-through State of New Mexico Public Education Department</i>			
Other Programs (Treated individually for major program determination)			
Fresh Fruit and Vegetables	24118	10.582	26,848

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2017

Schedule VII

Federal Grantor or Pass-Through Grantor / Program Title	Pass-through Number	Federal CFDA Number	Federal Expenditures
Child Nutrition Cluster			
USDA School Breakfast Program	21000	10.553	217,654
National School Lunch Program	21000	10.555	571,643
<i>Pass-through State of New Mexico Department of Health and Human Services</i>			
Food Distribution (Commodities)	21000	10.553/10.555	<u>63,402</u>
Total Child Nutrition Cluster			<u>852,699</u>
<i>Subtotal - Pass-through State of New Mexico Public Education Department</i>			<u>816,145</u>
<i>Subtotal - Pass-through State of New Mexico Department of Health and Human Services</i>			<u>63,402</u>
Total U.S. Department of Agriculture			<u>880,807</u>
Total Federal Financial Assistance			<u><u>\$ 10,400,317</u></u>

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

STATE OF NEW MEXICO
 ZUNI PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2017

Schedule VII

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Subrecipients

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

3. Non Cash Federal Assistance

The District receives USDA commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2017 was \$63,402 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA numbers 10.553 and 10.555. Commodities are recorded as revenues and expenditures in the food service fund.

4. Indirect Cost Rate

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a rate established by the State of New Mexico, and the District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures. The District's indirect cost rate for the year was 5.38%

5. Matching Costs

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

6. Insurance

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

7. Loan or Loan Guarantees

There were no loans or loan guarantees outstanding at year-end.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 10,400,317
Total expenditures funded by other sources	<u>10,766,670</u>
Total expenditures	<u><u>\$ 21,166,987</u></u>

(1) Denotes Major Federal Program

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness in internal control identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Non-compliance material to financial statements noted? | None noted |

Federal Awards:

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

CFDA Number	Federal Program
84.041	Impact Aid
84.060	Indian Education Formula Grant

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Schedule VIII

Section II – Financial Statement Findings

FS 2016-03 – Improper Maintenance of Fixed Assets Inventory (Significant Deficiency) Repeated and Revised

Criteria: 2.20.1.8 NMAC 1978 FIXED ASSET ACCOUNTING SYSTEM:

- A. Agencies should implement systematic and well-documented methods for accounting for their fixed assets. A computerized system is recommended, with appropriate controls on access and authorization of transactions.
- B. The information to be recorded and maintained on its fixed assets, must include at a minimum the following:
 - 1. agency name or commonly used initials used to identify the agency;
 - 2. fixed asset number or fixed asset number plus component number;
 - 3. a description using words meaningful for identification;
 - 4. location, specifically a building and room number. If the asset is movable, the name and location of the fixed asset coordinator should be used;
 - 5. manufacturer name (NOT the vendor's name, unless vendor is the manufacturer);
 - 6. model number or model name;
 - 7. serial number, or vehicle identification number (VIN) for vehicles in agency's use & possession. If the fixed asset has no serial number, e.g., a custom-built asset, absence should be acknowledged by coding this as "none";
 - 8. estimated useful life or units expected to be produced;
 - 9. date acquired (month and year)
 - 10. cost (according to the valuation methods described in section 10 [now 2.20.1.10 NMAC];
 - 11. fund and organization that purchased the asset, or to which it was transferred.
- C. **The system must be capable of generating lists of fixed assets in sequences useful for managing them. It must track all transactions including acquisitions, depreciation (if needed), betterments and dispositions. It must generate all necessary accounting entries to the agency's general ledger.**

Condition: The fixed asset detail and the depreciation detail provided in previous audits when compared to the detail provided in the current audit were not accurate and resulted in fixed assets being understated by \$81,764 and depreciation being understated by \$101,379 for a total net misstatement of \$19,615. Additionally, when we selected ten assets to test the depreciation calculations, we identified two of the ten which was miscalculating the depreciation amount, the two items both were under-calculating the amount of depreciation that should be calculated by a total of \$10,853. We tested approximately 34% of the total depreciation costs calculated for the year.

In the prior year, fixed assets had been understated by \$348,321 while depreciation was overstated resulting in a misstatement of \$388,298.

Cause: The software system used to maintain fixed asset detail and depreciation processing appears to have dropped items from the report in the previous years and had incorrectly calculated depreciation totals in those years.

Effect: The net value of fixed assets was underreported in the previous audits by \$19,615 and may be incorrectly calculating depreciation in each year by an unknown amount.

Auditors' Recommendations: We recommend that the District work with Visions to identify why the report generates different amounts each year and appears to be miscalculating depreciation amounts on the District's fixed assets. Additionally, District staff should ensure that the reports being generated for fixed assets include all fixed assets of the District and agree to previous year's reports.

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Section II – Financial Statement Findings (Continued)

FS 2016-03 – Improper Maintenance of Fixed Assets Inventory (Significant Deficiency) Repeated and Revised (Continue)

Responsible Official's Response:

- Specific corrective action plan for finding:

The district will work with the staff from Tyler Technology to determine what is causing this issue.

- Timeline for completion of corrective action plan:

February 28, 2018

- Employee position(s) responsible for meeting the timeline:

Finance Director

STATE OF NEW MEXICO
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Section III – Federal Award Findings

None noted

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Schedule VIII

Section IV – Section 12-6-5 NMSA 1978 Findings

NM 2017-001 [FS 2013-002] – Purchase Orders and Payment Authorization (Compliance and Other Matters) Repeated and Revised

Criteria: Per the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, “**the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services, or construction.....**For each individual purchase contract, a receiving document or other recording instrument (i.e., electronic) shall be present at the delivery site to record the delivery of items or service. **Upon verifying and recording the receipt of all the items or services ordered, the receiving document or recording instrument shall be manually or electronically signed by authorized receiving personnel and processed for payment** according to procedures established by school district or charter school boards’ of education local procedures.”

13-1-157 NMSA 1978 Receipt; inspection; acceptance or rejection of deliveries.

The using agency is responsible for inspecting and accepting or rejecting deliveries. The using agency shall determine whether the quantity is as specified in the purchase order or contract and whether the quality conforms to the specifications referred to or included in the purchase order or contract. If inspection reveals that the delivery does not conform to the quantity or quality specified in the purchase order or contract, the using agency shall immediately notify the central purchasing office. The central purchasing office shall notify the vendor that the delivery has been rejected and shall order the vendor to promptly make a satisfactory replacement or supplementary delivery. In case the vendor fails to comply, the central purchasing office shall have no obligation to pay for the nonconforming items of tangible personal property. If the delivery does conform to the quantity and quality specified in the purchase order or contract, the using agency shall certify to the central purchasing office that delivery has been completed and is satisfactory.

Additionally, [13-1-158 NMSA 1978](#) states:

“**No warrant, check or other negotiable instrument shall be issued in payment for any purchase of services, construction or items of tangible personal property unless the central purchasing office or the using agency certifies that the services, construction or items of tangible personal property have been received** and meet specifications or unless prepayment is permitted under [Section 13-1-98](#) NMSA 1978 by exclusion of the purchase from the Procurement Code [[13-1-28](#) NMSA 1978].”

Condition: During our review of individually significant items we noted the following instances in which proper procedures were not followed:

- In 1 of 28 items tested the goods and or services were received prior to the approval of a purchase order. The invoice is dated 7/26/16 and the purchase order is dated 8/29/16. The value of the goods purchased was \$28,336.76

During our review of single audit disbursement’s we noted the following instances in which proper procedures were not followed:

- In 4 of 50 items reviewed the goods and or services were received prior to the approval of a purchase order.
 - 2 students performed work for the school in August and the purchase order was approved on 9/9/16. The amount distributed was \$25.50 and \$52.50.
 - A student performed work for the school in January and the purchase order was approved on 2/21/17. The amount distributed was \$16.50.
 - An invoice for \$60.00 was dated 10/7/16 and the purchase order was dated 10/11/16

During our review of credit card disbursement’s we noted the following instances in which proper procedures were not followed:

- In 1 of 25 items reviewed the goods and or services were received prior to the approval of a purchase order. A purchase for \$228.90 was purchased on 8/3/16 and the purchase order was approved on 8/8/16

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Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-001 [FS 2013-002] – Purchase Orders and Payment Authorization (Compliance and Other Matters) Repeated and Revised (Continued)

In the prior year's audit there were 15 instances in which goods and or services were purchased prior to the creation of an approved purchase order.

Cause: District personnel have not followed state guidelines or internal procedures in the payment of services. Policy states that the District must have a signed purchase order in place prior to receiving goods and or services and that there is a receiving document to verify goods and services are received.

Effect: Internal control over expenditures and the ability of responsible parties to appropriately monitor budgets for which they bear responsibility may be compromised. Not being in compliance with these requirements places the District and the Board at risk for fraud or misuse of public funds

Auditor's Recommendation: We recommend that all personnel be reminded of, or trained in, District and State policy in regards to payment of goods, services, or construction. All District personnel need to be aware that a purchase order must be approved prior to the purchase of goods and services and that all goods and services should be signed for indicating when items were received and by whom.

Responsible official's view:

- Specific corrective action plan for finding:

Employees involved with purchasing will receive ongoing training regarding the observation of correct purchasing guidelines.

- Timeline for completion of corrective action plan:

December 31, 2017

- Employee position(s) responsible for meeting the timeline:

Finance Director

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Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-002 [FS 2014-006] – Purchase Orders and Payment Authorization – Activity Funds (Compliance and Other Matters) Repeated and Revised

Criteria: Per the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, “**the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services, or construction.....**For each individual purchase contract, a receiving document or other recording instrument (i.e., electronic) shall be present at the delivery site to record the delivery of items or service. **Upon verifying and recording the receipt of all the items or services ordered, the receiving document or recording instrument shall be manually or electronically signed by authorized receiving personnel and processed for payment** according to procedures established by school district or charter school boards’ of education local procedures.”

13-1-157 NMSA 1978 Receipt; inspection; acceptance or rejection of deliveries.

The using agency is responsible for inspecting and accepting or rejecting deliveries. The using agency shall determine whether the quantity is as specified in the purchase order or contract and whether the quality conforms to the specifications referred to or included in the purchase order or contract. If inspection reveals that the delivery does not conform to the quantity or quality specified in the purchase order or contract, the using agency shall immediately notify the central purchasing office. The central purchasing office shall notify the vendor that the delivery has been rejected and shall order the vendor to promptly make a satisfactory replacement or supplementary delivery. In case the vendor fails to comply, the central purchasing office shall have no obligation to pay for the nonconforming items of tangible personal property. If the delivery does conform to the quantity and quality specified in the purchase order or contract, the using agency shall certify to the central purchasing office that delivery has been completed and is satisfactory.

Additionally, [13-1-158 NMSA 1978](#) states:

“**No warrant, check or other negotiable instrument shall be issued in payment for any purchase of services, construction or items of tangible personal property unless the central purchasing office or the using agency certifies that the services, construction or items of tangible personal property have been received** and meet specifications or unless prepayment is permitted under [Section 13-1-98](#) NMSA 1978 by exclusion of the purchase from the Procurement Code [[13-1-28](#) NMSA 1978].”

Condition: During our review of activity disbursements we noted the following instances in which proper procedures were not followed:

- In 6 of 25 items tested the goods and or services were received prior to the approval of a purchase order. The invoices pre-dated the purchase order from 3 to 37 days and the purchases ranged from \$75.00 to \$6,174.94.
- In 11 of 25 items tested there was no receiving documentation to verify when the goods and or services were received. These purchases ranged from \$46.41 to \$6,174.94.
- In 1 of 25 items tested there was no invoice in the purchase documents to verify the invoice to the check. The check was written for \$60.00.

In the prior year’s audit there were 2 instances in which goods and or services were purchased prior to the creation of an approved purchase order and 7 instances in which there was no receiving documentation.

Cause: District personnel have not followed state guidelines or internal procedures in the payment of services. Policy states that the District must have a signed purchase order in place prior to receiving goods and or services and that there is a receiving document to verify goods and services are received.

Effect: Internal control over expenditures and the ability of responsible parties to appropriately monitor budgets for which they bear responsibility may be compromised. Not being in compliance with these requirements places the District and the Board at risk for fraud or misuse of public funds

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Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-002 [FS 2014-006] – Purchase Orders and Payment Authorization – Activity Funds (Compliance and Other Matters) Repeated and Revised (Continued)

Auditor's Recommendation: We recommend that all personnel be reminded of, or trained in, District and State policy in regards to payment of goods, services, or construction. All District personnel need to be aware that a purchase order must be approved prior to the purchase of goods and services and that all goods and services should be signed for indicating when items were received and by whom.

Responsible official's view:

- Specific corrective action plan for finding:

The district will provide additional training in procurement areas for all school site bookkeepers.

- Timeline for completion of corrective action plan:

December 31, 2017

- Employee position(s) responsible for meeting the timeline:

Finance Director

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
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Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-003 [FS 2014-002] – Timeliness of Deposits – Activity Funds (Compliance and Other Matters) Repeated and Revised

Criteria: 6.20.2.14 NMAC 1978:

A. School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) Circular A-102, and applicable state and federal laws and regulations.

B. The school district shall issue a factory pre-numbered receipt for all money received. Pre-numbered receipts are to be controlled and secured. If a receipt is voided, all copies shall be marked "VOID" and retained in the receipt book.

C. Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day. If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference.

K. All bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration. The bank statement, deposit slips, and canceled checks shall be made available to the district's auditor during the annual audit.

Condition: During our review of activity receipts we identified the following instances in which proper procedures were not followed:

- In 4 of 25 items tested money received was not deposited within 24 hours.
 - \$2,128.74 was received on 1/4/17 and was deposited on 1/9/17
 - \$793.50 was received on 1/9/17 and was deposited on 1/11/17
 - \$25.50 was received on 5/16/2017 and was deposited on 5/19/2017
 - \$254.96 was received on 5/8/2017 and was deposited on 5/19/2017

In the previous year's audit 2 of 25 activity deposits tested were not deposited within 24 hours.

Cause: The District did not deposit the funds received within 24 hours after receipt. Proper procedures relating to cash receipts were not followed.

Effect: Non-adherence to state statutes places the District in noncompliance and lack of timeliness of deposits could subject the District to a possible occurrence of fraud.

Auditors' Recommendations: We recommend that the District emphasize the importance of timely deposits of receipts. The District should cross-train employees so that more than one individual is able to make deposits to ensure timely deposits are possible.

Responsible Official's Plan:

- Specific corrective action plan for finding:
School site bookkeepers will continue to receive training regarding the requirement to meet the 24 hour deposit timeline.
- Timeline for completion of corrective action plan:
December 31, 2017
- Employee position(s) responsible for meeting the timeline:

Finance Director

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Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-004 – Improper Reimbursement of Travel Expense (Compliance and Other Matters)

Criteria: 2.42.2.9 NMAC 1978: REIMBURSEMENT OF ACTUAL EXPENSES IN LIEU OF PER DIEM RATES:

A. **Applicability:** Per diem rates shall be paid to public officers and employees only in accordance with the provisions of this section. Per diem rates shall be paid without regard to whether expenses are actually incurred. Where lodging and/or meals are provided or paid for by the agency, the governing body, or another entity, the public officer or employee is entitled to reimbursement only for actual expenses under 2.42.2.9 NMAC.

B. **Per diem rate computation:** Except as provided in Subsections C through I of this Section, per diem rates for travel by public officers and employees shall be computed as follows:

(1) **Partial day per diem rate:** Public officers or employees who occasionally and irregularly travel shall be reimbursed for travel which does not require overnight lodging, but extends beyond a normal work day as follows:

- (a) for less than 2 hours of travel beyond normal work day, none;
- (b) for 2 hours, but less than 6 hours beyond the normal work day, \$12.00;
- (c) for 6 six hours, but less than 12 hours beyond the normal work day, \$20.00;
- (d) for 12 hours or more beyond the normal work day, \$30.00;
- (e) “Occasionally and irregularly” means not on a regular basis and infrequently as determined

by the agency. For example, an employee is not entitled to per diem rates under this subparagraph if the employee either travels once a week or travels every fourth Thursday of the month. However, the employee is entitled to per diem rates under this subparagraph if the employee either travels once a month with irregular destinations and at irregular times or travels four times in one month and then does not travel again in the next two months, so long as this is not a regular pattern.

(f) “Normal work day” means 8 hours within a nine-hour period for all public officers and employees both salaried and nonsalaried, regardless of the officers’ or employees’ regular work schedule.

(2) **Overnight travel:** Regardless of the number of hours traveled, travel for public officers and employees where overnight lodging is required shall be reimbursed as follows:

- (a) in state areas \$85.00
- (b) in state special areas \$135.00
- (c) out of state areas \$115.00;
- (d) or actual lodging and meal expenses under 2.42.2.9 NMAC.

(3) **Return from overnight travel:** On the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made. To calculate the number of hours in the partial day, begin with the time the traveler initially departed. Divide the number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as follows:

- (a) for less than 2 hours, none;
- (b) for 2 hours, but less than 6 hours, \$12.00;
- (c) for 6 hours or more, but less than 12 hours, \$20.00;
- (d) for 12 hours or more, \$30.00.

(4) **Special area designations:** For all officers and employees, the in state special area shall be Santa Fe.

2.42.2.11 NMAC 1978: MILEAGE-PRIVATE CONVEYANCE:

A. **Applicability:** Mileage accrued in the use of a private conveyance shall be paid only in accordance with the provisions of this section.

B. **Rate:** Public officers and employees of state agencies shall be reimbursed for mileage accrued in the use of a private automobile or aircraft in the discharge of official duties as follows:

(1) unless the secretary has reduced the rates set for mileage for any class of public officials and for employees of state agencies pursuant to Section 10-8-5 (D) NMSA 1978, 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle;

(2) privately owned airplane, eighty-eight cents (\$.88) per nautical mile.

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Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-004 – Improper Reimbursement of Travel Expense (Compliance and Other Matters) Continued

C. **Local public bodies: Public officers and employees of local public bodies may be reimbursed for mileage accrued in the use of a private conveyance in the discharge of official duties, at the statutory rates unless such rates have been reduced by the governing bodies of the local public body pursuant to Section 10-8-5 (D) NMSA 1978.**

D. **Privately owned automobile: For conveyance in the discharge of official duties by privately owned automobile, mileage accrued shall be reimbursed at the rate set forth in this section as follows:**

(1) **pursuant to the mileage chart of the official state map published by the state highway and transportation department for distances in New Mexico and the most recent edition of the Rand-McNally road atlas for distances outside of New Mexico; or**

(2) **pursuant to actual mileage if the beginning and ending odometer reading is certified as true and correct by the traveler; and**

(a) **the destination is not included on the official state map or on the Rand McNally road atlas, or,**

(b) **at the destination(s) of the public officer or employee, the public officer or employee was required to use the private conveyance in performance of official duties.**

2.42.2.10 NMAC 1978 TRAVEL ADVANCES:

A. **Authorizations:** Upon written request accompanied by a travel voucher, agency heads and governing boards of local public bodies or their authorized designees may approve a public officer's or employee's request to be advanced up to 80 percent of per diem rates and mileage cost or for the actual cost of lodging and meals pursuant to 2.42.2.8 NMAC and 2.42.2.9 NMAC and for other travel expenses that may be reimbursed under 2.42.2.12 NMAC. Requests for travel advances shall not be submitted to the financial control division of the department of finance and administration more than two weeks prior to travel unless, by processing the request earlier, significant savings can be realized for travel by common carrier or for registration fees for seminars and conferences.

B. **Travel period:** A travel advance may be authorized either for a single trip or on a monthly basis for public officers and employees who travel continually throughout the month. Payment shall be made only upon vouchers submitted with attached authorization for each travel period.

(1) **Single trip advances:** Where a travel advance is made for a single trip, the officer or employee shall remit, within 5 working days of the return from the trip, a refund of any excess advance payment to the agency. The agency or local public body shall deposit the refund and reduce the disbursement recorded when the money was advanced.

Condition: During our testing of single audit disbursements we noted the following instances in which proper procedures were not followed:

- In 1 of 50 items tested the District did not reimburse the employee according to their board approved mileage chart. The employee traveled to Santa Fe and the reimbursement rate is stated as \$174.40 but was paid \$167.84.

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Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-004 – Improper Reimbursement of Travel Expense (Compliance and Other Matters) Continued

During our review of travel and per diem we noted the following instances in which proper procedures were not followed:

- In 2 of 25 items tested an employee was not reimbursed at the proper per diem rate. The employees traveled to Santa Fe and should have been paid \$135 for per diem but instead were paid \$115.
- In 2 of 25 items tested employees were paid more than the allowed amount for meals. In one instance an employee was given \$104 for a 3 day trip. Meals are limited to \$30 per day maximum meal allotment should have been \$90. In the second instance a teacher and student were advanced \$190 for meals for a 3 day trip. Maximum meal allotment for the 2 individuals should have been \$180.
- In 2 of 25 items tested employees were paid a travel advance in excess of the 80% of the actual cost of lodging and meals. Employees were advanced \$1,040 for lodging when reservations for their lodging were completed prior to the travel advance in the amount of \$863.76. The maximum advance for lodging should have been \$691.00

Cause: The District did not reimburse an employee according to its approved reimbursement chart and issued advance payments in excess of 80% of lodging expense.

Effect: The District did not fully reimburse some employees for qualified travel expenses while other employees were paid too much on their travel expenses. Employees were not reimbursed at the District and State mandated rates.

Auditor's Recommendation: We recommend that management ensure that they are reimbursing employees properly for qualified expenses and ensure that policies are consistent for all employees.

Responsible Official's View:

- Specific corrective action plan for finding:

The district will more closely review all travel documents prior to making advance payments. Training will be provided for all personnel involved in calculating and creating travel documents to ensure that all travel is reimbursed at the correct rates.

- Timeline for completion of corrective action plan:

December 31, 2017

- Employee position(s) responsible for meeting the timeline:

Finance Director

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Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-005 – Timeliness of Deposits (Compliance and Other Matters) Repeated and Revised

Criteria: 6.20.2.14 NMAC 1978:

A. School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) Circular A-102, and applicable state and federal laws and regulations.

B. The school district shall issue a factory pre-numbered receipt for all money received. Pre-numbered receipts are to be controlled and secured. If a receipt is voided, all copies shall be marked "VOID" and retained in the receipt book.

C. Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day. If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference.

K. All bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration. The bank statement, deposit slips, and canceled checks shall be made available to the district's auditor during the annual audit.

Condition: During our review of receipts we identified the following instances in which proper procedures were not followed for food service deposits:

- In 2 of 25 items tested money received was not deposited within 24 hours
 - \$7.00 from Food Services was receipted on 12/6/2016 and deposited on 12/9/2016.
 - \$121.50 from Food Services was receipted between 6/5/2017 and 6/15/2017 and deposited on 6/16/2017

Cause: The District did not deposit the funds received within 24 hours after receipt. Proper procedures relating to cash receipts were not followed.

Effect: Non-adherence to state statutes places the District in noncompliance and lack of timeliness of deposits could subject the District to a possible occurrence of fraud.

Auditors' Recommendations: We recommend that the District emphasize the importance of timely deposits of receipts. The District should cross-train employees so that more than one individual is able to make deposits to ensure timely deposits are possible.

Responsible Official's Plan:

- Specific corrective action plan for finding:

School site personnel responsible for making deposits will receive training regarding the 24 hour deposit rule.

- Timeline for completion of corrective action plan:

December 31, 2017

- Employee position(s) responsible for meeting the timeline:

Finance Director

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Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-006 – Background Checks (Compliance and Other Matters)

Criteria: According to 22-10A-5 NMSA 1978

C. Local school boards and regional education cooperatives shall develop policies and procedure to require background checks on an applicant who has been offered employment, a contractor or a contractor's employee with unsupervised access to students at a public school.

D. An applicant for employment who has been initially licensed within twenty-four months of applying for employment with a local school board, regional education cooperative or a charter school shall not be required to submit to another background check if the department has copies of the applicant's federal bureau of investigation records on file. An applicant who has been offered employment, a contractor or a contractor's employee with unsupervised access to students at a public school shall provide two fingerprint cards or the equivalent electronic fingerprints to the local school board, regional education cooperative or charter school to obtain the applicant's federal bureau of investigation record. The applicant, contractor or contractor's employee who has been offered employment by a regional education cooperative or at a public school may be required to pay for the cost of obtaining a background check. At the request of a local school board, regional education cooperative or charter school, the department is authorized to release copies of federal bureau of investigation records that are on file with the department and that are not more than twenty-four months old. Convictions of felonies or misdemeanors contained in the federal bureau of investigation record shall be used in accordance with the Criminal Offender Employment Act; provided that other information contained in the federal bureau of investigation record, if supported by independent evidence, may form the basis for the employment decisions for good and just cause. Records and related information shall be privileged and shall not be disclosed to a person not directly involved in the employment decision affecting the specific applicant who has been offered employment, contractor or contractor's employee with unsupervised access to students at a public school.

Condition: During our review of 25 personnel files we noted the following instance in which proper procedures were not followed:

- In 2 of 25 files reviewed there was not an FBI background check in the file. Fingerprints and applications had been filled out and report had been requested but not received yet. In one instance, the background check has been requested three times without a response. In the other instance, the teacher is from the Phillipines and has been subjected to the background check on multiple occasions but the District is unsure as to where the background check has been placed.

Cause: Zuni Schools has not followed state guidelines in regards to documentation of background checks and maintaining those background checks in the employee files.

Effect: The District's failure to maintain a background check report in the employee file is a violation of state statute and puts the District at additional risk of liability for any actions that may arise regarding employee conduct and does not comply with state regulations.

Auditor's Recommendation: We recommend that Zuni Public Schools adhere to its policy regarding background checks and ensure that they are properly maintained within the employee personnel file.

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Schedule VIII

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-006 – Background Checks (Compliance and Other Matters)

Responsible Official's Plan:

- Specific corrective action plan for finding:

For all background checks that are submitted, a timeline to record receipt of approved documentation will be created which will include guidelines to follow up on documents not received in a timely manner.

- Timeline for completion of corrective action plan:

December 31, 2017

- Employee position(s) responsible for meeting the timeline:

Human Resource Director

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Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-007 – Cash Appropriations in Excess of Available Cash Balances (Compliance and Other Matters)

Criteria: 2.2.2.10 NMAC 1978 GENERAL CRITERIA:

Q. Budgetary presentation:

(2) The differences between the budgetary basis and GAAP basis revenues and expenditures shall be reconciled. If the required budgetary comparison information is included in the basic financial statements, the reconciliation shall be included on the statement itself or in the notes to the financial statements. If the required budgetary comparison is presented as RSI, the reconciliation to GAAP basis shall appear in either a separate schedule or in the notes to the RSI (AAG-SLV 11.14). **The notes to the financial statements shall disclose the legal level of budgetary control for the entity and any excess of expenditures over appropriations at the legal level of budgetary control. The legal level of budgetary control for local governments is at the fund level. The legal level of budgetary control for school districts is at the function level.**

R. Appropriations:

(1) Budget related findings:

(a) If actual expenditures exceed budgeted expenditures at the legal level of budgetary control, that fact shall be reported in a finding and disclosed in the notes to the financial statements.

(b) If budgeted expenditures exceed budgeted revenues (after prior-year cash balance and any applicable federal receivables used to balance the budget), that fact shall be reported in a finding. This type of finding shall be confirmed with the agency’s budget oversight entity (if applicable).

All District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances re-budgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures cannot exceed the actual cash balance available at the end of the prior year.

Condition: The District re-budgeted “cash balance” in excess of available cash balances in the following funds:

Major Funds:		Original Cash Budget	Actual Cash	Difference
31500	Special Capital Outlay - Federal	\$ 218,015	\$ 215,482	\$ (2,533)
31700	Capital Improvements SB-9	93,836	(47,983)	(141,819)
41000	Debt Service	1,469,593	1,457,679	(11,914)
	Total	<u>\$ 1,781,444</u>	<u>\$ 1,625,178</u>	<u>\$ (156,266)</u>

Effect: The District has budgeted a cash balance that does not exist. If the District expends all budgeted expenditures it will overdraw its existing funds.

Cause: Inadequate monitoring of ending cash balances and budgeting along with improper instructions from the budget analysts at the Public Education Department (PED) are the cause of this problem. Modifying the cash balance of Fund 31500 was missed by District personnel. However, the PED had the District budget the prior year revenues which had yet to be refunded as cash instead of revenues. Additionally, the PED also agreed that the cash transfers which were going to occur during the year to the Debt Service Fund should be budgeted as designated cash; however the total of the cash and the transferred cash still did not match the budgeted cash by \$11,914.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-007 – Cash Appropriations in Excess of Available Cash Balances (Compliance and Other Matters) (Continued)

Auditor’s Recommendation: Budget for future years should be reviewed to ensure all funds have adequate budget authority for budgeted expenditures. Greater attention should be given to the budget monitoring process end-of-the-year cash balance estimates. Adjustments should be made to cash balances after actual amounts are determined. Additionally, the District should work with the PED to determine the proper method to budget the cash in the above situations.

Responsible Official’s Plan:

- Specific corrective action plan for finding:

Fund 41000 – When Fund 41000 was originally budgeted, NMPED requested that I make a change in the budgeted cash amounts in order to recognize cash that would be received into the fund during the year, via permanent cash transfers, and budget that amount as Restricted Cash. While it is true that the cash was not actually cash in the bank at the time of the budget, I understand why I was asked to budget the amount this way. In the NMPED approved Chart of Accounts the option to budget funds with a permanent cash transfer is not allowed and there is no object code for permanent cash transfers. The closest object code that could be used would be 45114, Special Revenue Bond Proceeds, which I have used in the past; but this was also incorrect as the funds used to pay the debt were and are a combination of Teacherage rental income and Impact Aid revenues. Using this code to recognize the funds transferred to make the payment is also incorrect because it recognizes as income, funds that were already recorded as income in their respective funds, thereby recording income twice that was received only once. I believe that this would probably be a violation of GAAP. It appears to me that this funding/budgeting conundrum is a result of the fact that this district, due to its location on an Indian reservation, cannot raise funds via a bond election to finance the construction of teacherage housing The state of New Mexico specifically NMPSFA, which has the authority to finance the construction of teacherage housing but so far has refused to do so. These two factors are what force the district to make the permanent cash transfers to pay the teacherage construction debt and thereby contribute to the unique and difficult budgeting situation. In the future the district will continue to budget the amount of cash to be transferred into the Debt Service Fund and upon completion of all transfers, the budgeted cash will be reviewed to make sure it does not exceed the actual cash in the account.

Fund 31500 – Upon completion of the audit, all funds will be reviewed to ensure that the budgeted cash amount does not exceed available cash.

Fund 31700 – During the Spring Budget conference for the 2016-17 school year, business officials were informed that a new capital outlay fund had been created with the number 31701. We were told that this would allow districts to better spend the cash balances that had built up over the years in fund 31700. In order to make use of the new fund, the cash, attributed to Ad Valorem tax receipts, was calculated by deducting the current cash balance in the GL from the total outstanding RFRs, the difference was budgeted in Fund 31701. This finding states that the funds were not cash in the bank and should have been budgeted as revenue but the difference between the outstanding RFRs and the bank balance in the GL indicates that there was excess cash in the account. Since there was cash in the account, the assumption was made that it had already been recorded as revenue and as such needed to be recorded as cash when budgeting the new fund. I would not budget this fund any differently if I had to do it over again.

Auditor’s Response: With regards to Fund 41000, we agree that because of the constraints of the chart of accounts in use by the New Mexico Public Education Department, the planned transfers of cash to Fund 41000 to service payments of principal and interest can be counted as cash for budgeting purposes in Fund 41000 as long as it is not counted as cash in the original funds as well or the same cash is counted twice for budgeting purposes. If the District only counts the cash once, in the Debt Service Fund, and adjusts its designated cash up or down to the net cash in each fund affected by these transfers, then we believe the intent of the law is met within the constraints of the existing chart of accounts.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Schedule VIII

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2017-007 – Cash Appropriations in Excess of Available Cash Balances (Compliance and Other Matters)
(Continued)

With regards to the SB-9 Fund, Fund 31700/31701, we do disagree with the accounting of the District. The cash in the account has been recorded as revenue at some time in the past. This may have been only recently or may exist because of revenues from many years in the past. In the case we are discussing, the actual net cash was negative for the fund at June 30, 2016. The outstanding requests for reimbursement (RfR) which hadn't been received by the District as of June 30, 2016 should not be counted as cash for budgeting purposes just as it wouldn't be counted as cash in the General Fund, Title I IASA, Medicaid, or any other fund for any RfRs outstanding at year-end. Additionally, when those funds were received in the 2016-2017 fiscal year they were recorded as revenues as they should have been recorded on a cash basis, as is the method used for budgeting purposes. For cash basis reporting and budgeting, as is the requirement for the District, actual cash in the bank is the correct cash amount to budget, and cash receipts are recorded as revenues when received.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Schedule VIII

Section V – Prior Year Audit Findings

Financial Statement Findings

FS 2013-002 – Purchase Orders and Payment Authorization – Repeated and Revised (Reclassified to NM 2017-001)
FS 2014-006 – Purchase Orders and Payment Authorization – Activity Accounts – Repeated and Revised (Reclassified to NM 2017-002)
FS 2014-002 – Timeliness of Deposits – Activity Funds – Repeated and Revised (Reclassified to NM 2017-003)
FS 2016-001 – Improper Retention of Bid/RFP Documentation and Approval of Award – Resolved
FS 2016-002 – Failure to Follow Proper Internal Controls Related to Cash – Resolved
FS 2016-003 – Improper Recording and Maintenance of Fixed Assets Inventory – Repeated and Revised

Federal Awards Findings

None Noted

Section 12-6-5 NMSA 1978 Findings

None noted

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UNAUDITED SUPPLEMENTAL INFORMATION

ZUNI PUBLIC SCHOOL DISTRICT #89

P. O. DRAWER A, 12 TWIN BUTTES DR.

ZUNI, NM 87327 PH: 505-782-5511 FAX: 505-782-5870

SUPERINTENDENT

Daniel Benavidez



BOARD OF EDUCATION

Ms. Stephanie Vicenti , President
Willard Zunie, Vice-President
Ms. Masika Sweetwyne, Secretary
Mr. Jerome Haskie, Member
Mr. Anthony Lucio, Member

Summary Schedule of Prior Audit Findings

Findings Resolution Year Ended June 30, 2015

FS 2012-005 [2012-05] Budgetary Controls – Resolved

FS 2013-002 [2013-02] Purchase Orders and Payment Authorization (Reclassified to NM 2017-001)

The District has conducted ongoing training with all staff responsible for creating purchase documents to ensure that they are trained in proper purchasing protocols. Mr Martin Romine, Director of Finance, has conducted the trainings

FS 2014-001 Timeliness of Deposits – Resolved

FS 2014-002 Timeliness of Deposits – Activity Funds – Repeated and Revised (Reclassified to NM 2017-003)

The District has provided ongoing training to include principals and sponsors so that all parties are instructed in the regulations regarding the handling of cash associated with activity funds. Mr. Martin Romine, Director of Finance has conducted the trainings.

FS 2014-006 Purchase Orders and Payment Authorization – Activity Accounts - Repeated and Revised (Reclassified to NM 2017-002)

The District has conducted ongoing training with all staff responsible for creating purchase documents to ensure that they are trained in proper purchasing protocols. Mr Martin Romine has conducted the trainings.

FS 2014-008 Background Checks – Resolved

FS 2014-013 Recording of Warehouse Inventory – Resolved

FS 2015-001 Improper Purchase of High Grade Fuel – Resolved

FS 2015-002 Improper Cash Controls and Outstanding Warrants – Resolved

FS 2015-003 Segregation of Duties – Resolved

Findings Resolution For the Year Ended June 30, 2016

FS 2013-002 – Purchase Orders and Payment Authorization – Repeated and Revised (Reclassified to NM 2017-001)

The District has conducted ongoing training with all staff responsible for creating purchase documents to ensure that they are trained in proper purchasing protocols. Mr Martin Romine has conducted the trainings.

FS 2014-006 - Purchase Orders and Payment – Activity Accounts Repeated and Revised (Reclassified to NM 2017-002)

The District has conducted ongoing training with all staff responsible for creating purchase documents to ensure that they are trained in proper purchasing protocols. Mr Martin Romine has conducted the trainings.

FS 2014-002 – Timeliness of Deposits – Activity Funds – Repeated and Revised (Reclassified to NM 2017-003)

The District has provided ongoing training to include principals and sponsors so that all parties are instructed in the regulations regarding the handling of cash associated with activity funds. Mr. Martin Romine, Director of Finance has conducted the trainings.

FS 2016-001 – Improper Retention of Bid/RFP Documentation and Approval of Award – Resolved
FS 2016-002 – Failure to Follow Proper Internal Controls Related to Cash – Resolved
FS 2016-003 – Improper Recording and Maintenance of Fixed Assets Inventory – Repeated and Revised

The district will monitor the fixed asset listing in the district financial software more closely.

Findings Resolution For the Year Ended June 30, 2017

FS 2016-003 – Improper Maintenance of Fixes Assets Inventory (Repeated and Revised)

Mr. Romine, Director of Finance, will work with the staff of Tyler Technology, the company that provides the district’s financial software, to determine what is causing the asset total valuation and depreciation issues. This will be completed by February 28, 2018.

NM 2017-001 [FS 2013-002] Purchase Orders and Payment Authorization – Repeated and Revised

The District Administrative team will create a policy and procedure to help the staff involved in creating purchase documents understand state procurement protocols. Mr. Martin Romine will chair the team tasked with creating the policy and procedure. This will be completed by December 31, 2017.

NM 2017-002 [FS 2014-006] Purchase Orders and Payment Authorization – Activity Accounts – Repeated and Revised.

The District Administrative team will create a policy and procedure to help the staff involved in creating purchase documents understand state procurement protocols. Mr. Martin Romine will chair the team tasked with creating the policy and procedure. This will be completed by December 31, 2017.

NM 2017-003 [FS 2014-002] Timeliness of Deposits – Activity Funds – Repeated and Revised

The District Administrative team will create a policy and procedure to help the staff involved in handling cash understand state cash handling protocols. Mr. Martin Romine will chair the team tasked with creating the policy and procedure. This will be completed by December 31, 2017.

NM 2017-004 Improper Reimbursement of Travel Expense

Mr. Romine will more closely review all travel documents prior to making advance payments to ensure that no more than 80% of the anticipated travel cost is advanced. Additional training will be provided to ensure that all travel is reimbursed and the correct state allowable rates. This will be completed by December 31, 2017.

NM 2017-005 Timeliness of Deposits

The District Administrative team will create a policy and procedure to help the staff involved in handling cash understand state cash handling protocols. Mr. Martin Romine will chair the team tasked with creating the policy and procedure. This will be completed by December 31, 2017.

NM 2017-006 Background Checks

For all background checks that are submitted, a timeline to record receipt of approved documentation will be created by the District Human Resources Director, Tammie Gerrard, which will include guidelines to follow up on documents not received in a timely manner. This will be completed by December 31, 2017.

NM 2017-007 Cash Appropriations in Excess of Available Cash Balances

The district disagrees with the opinion of the auditor. The amount of negative cash in the fund was less than the amount of outstanding reimbursements indicating that there was cash that could have been budgeted had the district decided to do so. If I had to create this entry over again, I would have done it the same way.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2017

Auditor Prepared Financial Statements

Manning Accounting and Consulting Services, LLC prepared the GAAP-basis financial statements and footnotes of Zuni Public Schools from the original books and records provided to them by the management of the District. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements. The responsibility for the financial statements remains with the District.

Exit Conference

The contents of this report were discussed on October 19, 2017. The following individuals were in attendance.

Zuni Public Schools

Daniel Benavidez, Superintendent
Martin Romine, Director of Finance
Jerome Haskie, Board Member
Anthony Lucio, Board Member

Manning Accounting and Consulting Services, LLC

Byron R. Manning, CPA, Managing Partner
Chris Manning, Staff Accountant