

STATE OF NEW MEXICO

ZUNI PUBLIC SCHOOLS



ANNUAL FINANCIAL REPORT

JUNE 30, 2019

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INTRODUCTORY SECTION

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
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STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2019

<u>Name</u>		<u>Title</u>
	<u>School Board</u>	
Stephanie Vicenti		President
Willard Zunie		Vice President
Masika Sweetwyne		Secretary
Jerome Haskie		Member
Anthony Lucio		Member
	<u>District Officials</u>	
Daniel Benavidez		Superintendent
Martin Romine		Director of Finance
Caroline Ukestine		Director of Federal Programs
Sheryl McNellis-Martinez		Director of Special Education
Donovan Yazzie		Director of Human Resources
Randy Stickney		Curriculum Director

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Brian Colón, 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2019, 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 6 through 13 and Schedules I through IV and notes to the required supplementary information on pages 60 through 65 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 V through VIII 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 V through VIII on pages 90 through 96 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 V through VIII 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 1 through 3 and the Summary Schedule of Prior Audit Findings – Federal Clearinghouse on pages 119 through 121 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 November 12, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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
November 12, 2019

ZUNI PUBLIC SCHOOL DISTRICT

Daniel Benavidez, Superintendent

Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2019

This Management Discussion and Analysis of the fiscal performance of the ZUNI PUBLIC SCHOOLS (District) for the period ending June 30, 2019 represents the District's twelfth year implementation of the Governmental Accounting Standards Board Statement No. 34 (GASB 34). This is the fifteenth 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, 2019. 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 1,250 students at the present time. The district is showing signs of declining enrollment at the lower grades and these declines are projected to continue and may have serious enrollment consequences in upcoming school years.

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 1,250 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, 2019

- 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 \$32,068,856 as of June 30, 2018 increased to \$33,843,523 ending accumulated depreciation as of June 30, 2019, for a difference totaling \$1,774,667. Capital Asset values increased by \$435,342 which included \$462,268 in additions and adjustments and \$26,926 in dispositions.
- The overall adjusted Fund Balance increased from \$3,757,921 for the year ending June 30, 2018 to \$4,194,770 for the year ending June 30, 2019. This represents an increase in the fund balance of \$436,849.
- Total revenues increased from \$20,861,285 for the year ending June 30, 2018 to \$21,191,886 in the year ending June 30, 2019. This change is an increase of \$330,601 reflecting an overall revenue increase of 1.58%. The revenue decreased mainly due to increases in award amounts from various federally funded grants.
- Total expenditures increased from \$19,582,287 for the year ending June 30, 2018 to \$21,191,886 for the year ending June 30, 2019. The increase in expenditures equates to \$1,147,752 or 5.86%. The district expenditures increased due to mandated and negotiated salary increases and capital purchases.
- The district has fully implemented GASB 75 and has recorded in the Statement of Net Position the Net Position including Pensions and Other Postemployment Benefits (OPEB) liabilities. The 2018 net pension and OPEB liabilities of \$51,277,539 increased to a net pension and OPEB liabilities total of \$52,259,946 for an increase of 1.9%.

DISTRICT WIDE FINANCIAL STATEMENTS

Statement of Net Position

This is the twelfth 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 noncurrent assets of \$42,224,631. The District has \$1,970,112 cash and cash equivalents on hand as of June 30, 2019 compared to \$1,141,802 in accounts payable and other current liabilities.

Assets	June 30, 2018	June 30, 2019
Cash Assets	\$ 2,560,173	\$ 1,970,112
Other Current Assets	1,163,400	2,591,264
Restricted Cash and Capital Assets	75,674,263	76,068,154
Less Accumulated Depreciation	(32,068,856)	(33,843,523)
Deferred Outflows of Resources		
Subsequent employer contributions and related deferred outflows - pensions and OPEB	14,519,132	10,951,708
Total Assets and Deferred Outflows of Resources		
	61,848,112	57,737,715
Liabilities		
Accounts Payable	233,643	132,031
Other Current Liabilities	1,090,357	1,009,771
Long Term Liabilities	5,645,000	5,155,000
Net Pension and OPEB Liabilities	51,277,539	52,259,946
Total Liabilities	58,246,539	58,556,748
Deferred Inflows of Resources		
Change in Actuarial and Investment Experience and change in proportion and assumptions - Pensions and OPEB	4,235,223	4,892,023
Net Position		
Invested in Capital Assets	36,791,361	35,927,036
Restricted	1,766,053	2,846,626
Unrestricted	(39,191,064)	(44,484,718)
Total Net Position	(633,650)	(5,711,056)
Total Liabilities, Deferred Inflows of Resources and Net Position		
	\$ 61,848,112	\$ 57,737,715

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, 71, and 75 rules now require public entities to report their net pension and OPEB liability. The result of operations and the implementation of GASB 75 resulted in a reduction in Net Position from (\$633,650) as of June 30, 2018 to (\$5,711,056) as of June 30, 2019.

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, 2019. As of June 30, 2018 the District had a Net Position of \$(633,650). The Net Position as of June 30, 2019 is \$(5,711,056) or a decrease of 5,077,406.

	June 30, 2018	June 30, 2019
Expenses for Governmental Activities	\$ (25,651,043)	\$ (26,799,535)
Charges for Services	557,294	655,751
Operating Grants and Contributions	4,236,779	5,103,902
Capital Grants and Contributions	581,714	637,401
Net (Expenses)Revenues and Changes in Assets	(20,275,256)	(20,402,481)
Taxes- General, Debr Service, Capital Projects	4,944	5,176
Federal and State Aid not restricted to specific purposes	14,938,169	15,220,013
Interest Earned	6,392	27,624
Gain on Disposal of Fixed Assets		-
Miscellaneous	397,184	97,260
Reversions to State and Other Grantees	(39,293)	(24,998)
Subtotal, General Revenues	15,307,396	15,325,075
Changes in Net Position	(4,967,860)	(5,077,406)
Net Position - Beginning of Year	17,298,937	(633,650)
Restatement - Change in Accounting Principle	(12,964,727)	-
Net Position Beginning - Restated	4,334,210	(633,650)
Net Position - Ending	\$ (633,650)	\$ (5,711,056)

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 \$21,191,886. Total expenditures for the District were \$20,730,039. The total ending fund balance was \$4,194,770 an increase of \$436,849 from the prior year. The decrease in revenues is due to decreased federal revenue and the increases in expenditures are due to the increases in operating costs, including salaries and benefits and the replacement of equipment such as activity buses.

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
2009-2010	20,252,802		21,012,450	
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%
2017-2018	20,861,285	-0.2%	19,582,287	-7.5%
2018-2019	21,191,886	1.6%	20,730,039	5.9%

*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 61% 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, 2019. 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	14,855,668	13,217,209	1,638,459
Teachergage	438,630	258,947	179,683
Transportation	636,745	563,345	73,400
Instructional Materials	180,345	-	180,345

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 \$13,488,091 of the total \$21,191,886 in overall District revenues. The Operational Fund began the year with an initial budget of \$14,033,442 and had a final budget of \$14,855,668. This change represents an increase of \$822,226. This increase was due a larger than anticipated final Impact Aid payment from previous school years, an increase in the student unit value, and a cash increase upon completion of the prior year audit.

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; \$13,120,133 was expended in the year ending June 30, 2019. 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 \$8,566,238 and represents 65% 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 77% 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 22% 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, 2018	June 30, 2019
Land Improvements	721,600	721,600
Furniture, Fixtures, & Equipment	4,726,864	5,138,089
Building & Building Improvements	69,531,753	69,555,870
Total Capital Assets	74,980,217	75,415,559
Less Accumulated Depreciation	(32,068,856)	(33,843,523)
Capital Assets - Net	42,911,361	41,572,036

During fiscal year 2019, the District expended \$462,268 for all capital outlay. Depreciation expense totaled \$1,799,769 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, 2019. 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, 2019, the District made principal payments of \$475,000.

Year Ended June 30	Principal	Interest	Total
2020	490,000	201,269	691,269
2021	505,000	185,869	690,869
2022	520,000	169,268	689,268
2023	540,000	151,319	691,319
2024	560,000	132,649	692,649
2025-2029	3,030,000	630,775	3,660,775
Total	5,645,000	1,471,149	7,116,149

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 \$257,494 as of June 30, 2019 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, 2019

Exhibit A-1

	Governmental Activities
ASSETS	
<i>Current assets:</i>	
Cash and temporary investments	1,970,112
Receivables (net of allowance for uncollectibles)	2,425,708
Inventory	165,556
<i>Total current assets</i>	4,561,376
<i>Noncurrent assets:</i>	
Restricted cash	652,595
Capital assets (net of accumulated depreciation):	
Land and land improvements	721,600
Buildings and building improvements	69,555,870
Furniture, fixtures and equipment	2,681,486
Vehicles	2,456,603
Less: accumulated depreciation	(33,843,523)
<i>Total noncurrent assets</i>	42,224,631
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pensions	10,742,021
Deferred outflows - other post-employment benefits	209,687
<i>Total deferred outflows</i>	10,951,708
<i>Total assets and deferred outflows of resources</i>	\$ 57,737,715
LIABILITIES	
<i>Current liabilities:</i>	
Accounts payable	\$ 132,031
Accrued payroll liabilities	188,022
Accrued interest payable	87,021
Unearned revenue	114,373
Current maturities of:	
Bonds payable	490,000
Compensated absences	130,355
<i>Total current liabilities</i>	1,141,802
<i>Noncurrent liabilities:</i>	
Bonds payable	5,155,000
Net pension liability	42,167,849
Net other post-employment benefits liability	10,092,097
<i>Total noncurrent liabilities</i>	57,414,946
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pensions	1,882,282
Deferred inflows - other post-employment benefits	3,009,741
<i>Total deferred inflows</i>	4,892,023
NET POSITION	
Invested in capital assets	35,927,036
Restricted for:	
Debt service	656,266
Capital projects	165,869
Other purposes - special revenue	2,024,491
Unrestricted	(44,484,718)
<i>Total net position</i>	(5,711,056)
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 57,737,715

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, 2019

Exhibit A-2

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities:					
Instruction	\$ 12,305,553	\$ 119,518	\$ 2,831,497	\$ -	\$ (9,354,538)
Support services:					
Students	1,860,475	-	297,579	-	(1,562,896)
Instruction	312,140	-	-	-	(312,140)
General administration	1,529,044	-	281,730	-	(1,247,314)
School administration	1,024,865	-	-	-	(1,024,865)
Other	792	-	-	-	(792)
Central services	1,607,788	129,369	-	-	(1,478,419)
Operation & maintenance of plant	3,715,515	379,056	-	483,501	(2,852,958)
Student transportation	641,629	-	611,897	-	(29,732)
Food services operations	1,300,846	27,808	1,081,199	-	(191,839)
Community services	-	-	-	-	-
Interest on long-term debt	216,194	-	-	-	(216,194)
Facilities materials, supplies, & other services	484,925	-	-	153,900	(331,025)
Total Primary Government	<u>\$ 26,799,535</u>	<u>\$ 655,751</u>	<u>\$ 5,103,902</u>	<u>\$ 637,401</u>	<u>(20,402,481)</u>

General Revenues:

Property taxes:	
Levied for general purposes	1,172
Levied for debt service	(687)
Levied for capital projects	4,691
State Equalization Guarantee	5,266,028
Unrestricted Federal grants	9,953,985
Unrestricted investment earnings	27,624
Loss on disposal of fixed assets	(1,684)
Miscellaneous	98,944
Reversions to State and other grantees	<u>(24,998)</u>
Total general revenues	<u>15,325,075</u>
Change in net position	(5,077,406)
Net position - beginning of year	<u>(633,650)</u>
Net position - end of year	<u>\$ (5,711,056)</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, 2019

EXHIBIT B-1

	General Fund				Special Revenue
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000	Title I IASA 24101
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ -	\$ 90,894	\$ 80,195	\$ 181,011	\$ -
Accounts receivable					
Taxes	206	-	-	-	-
Due from other governments	75,542	-	-	3,001	993,604
Interfund receivables	1,406,436	-	-	-	-
Other	-	-	-	-	-
Inventory	144,803	-	-	-	-
	<u>1,626,987</u>	<u>90,894</u>	<u>80,195</u>	<u>184,012</u>	<u>993,604</u>
<i>Total assets</i>					
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	70,893	15,131	-	-	6,883
Accrued payroll liabilities	144,378	502	2,983	-	1,007
Interfund payables	-	-	-	-	992,597
Unearned revenue	-	-	-	-	-
	<u>215,271</u>	<u>15,633</u>	<u>2,983</u>	<u>-</u>	<u>1,000,487</u>
<i>Total liabilities</i>					
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	206	-	-	-	-
Unavailable revenues - other	-	-	-	-	362,182
	<u>206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>362,182</u>
<i>Total deferred inflows of resources</i>					
FUND BALANCES					
Nonspendable	144,803	-	-	-	-
Restricted for:					
Transportation	-	-	77,212	-	-
Instructional materials	-	-	-	184,012	-
Grant mandates	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	1,040,781	75,261	-	-	-
Unassigned	225,926	-	-	-	(369,065)
	<u>1,411,510</u>	<u>75,261</u>	<u>77,212</u>	<u>184,012</u>	<u>(369,065)</u>
<i>Total fund balances</i>					
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,626,987</u>	<u>\$ 90,894</u>	<u>\$ 80,195</u>	<u>\$ 184,012</u>	<u>\$ 993,604</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, 2019

EXHIBIT B-1

	<u>Special Revenue</u>		<u>Capital Projects</u>		<u>Total Primary Government</u>
	IDEA-B Entitlement 24106	Impact Aid Indian Education 25147	SB-9 State Match 31700	Other Governmental Funds	
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ -	\$ 689,556	\$ -	\$ 1,581,051	\$ 2,622,707
Accounts receivable					
Taxes	-	-	-	4,496	4,702
Due from other governments	217,414	-	448,054	683,391	2,421,006
Interfund receivables	-	751,724	-	-	2,158,160
Other	-	-	-	-	-
Inventory	-	-	-	20,753	165,556
<i>Total assets</i>	<u>217,414</u>	<u>1,441,280</u>	<u>448,054</u>	<u>2,289,691</u>	<u>7,372,131</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	15,929	23,195	132,031
Accrued payroll liabilities	10,669	11,629	-	16,854	188,022
Interfund payables	213,942	-	445,969	505,652	2,158,160
Unearned revenue	-	-	-	114,373	114,373
<i>Total liabilities</i>	<u>224,611</u>	<u>11,629</u>	<u>461,898</u>	<u>660,074</u>	<u>2,592,586</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	4,496	4,702
Unavailable revenues - other	217,414	-	-	477	580,073
<i>Total deferred inflows of resources</i>	<u>217,414</u>	<u>-</u>	<u>-</u>	<u>4,973</u>	<u>584,775</u>
FUND BALANCES					
Nonspendable	-	-	-	20,753	165,556
Restricted for:					
Transportation	-	-	-	-	77,212
Instructional materials	-	-	-	-	184,012
Grant mandates	-	130,670	-	180,422	311,092
Capital projects	-	-	-	1	1
Debt service	-	-	-	3,029	3,029
Assigned	-	1,298,981	-	1,443,516	3,858,539
Unassigned	(224,611)	-	(13,844)	(23,077)	(404,671)
<i>Total fund balances</i>	<u>(224,611)</u>	<u>1,429,651</u>	<u>(13,844)</u>	<u>1,624,644</u>	<u>4,194,770</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 217,414</u>	<u>\$ 1,441,280</u>	<u>\$ 448,054</u>	<u>\$ 2,289,691</u>	<u>\$ 7,372,131</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, 2019

Exhibit B-2

	Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - governmental funds	\$ 4,194,770
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	75,415,559
Accumulated depreciation is	(33,843,523)
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	4,702
State revenues	580,073
Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and therefore, are not reported in governmental funds.	
Deferred outflows of resources - pensions	10,742,021
Deferred outflows of resources - other post-employment benefits	209,687
Deferred inflows of resources - pensions	(1,882,282)
Deferred inflows of resources - other post-employment benefits	(3,009,741)
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	(87,021)
Bonds payable	(5,645,000)
Accrued compensated absences	(130,355)
Net pension liability	(42,167,849)
Net other post-employment benefits liability	(10,092,097)
Total net position - governmental activities	\$ (5,711,056)

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, 2019

EXHIBIT B-3

	General Fund				Special Revenue
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000	Title I IASA 24101
<i>Revenues:</i>					
Property taxes	\$ 1,209	\$ -	\$ -	\$ -	\$ -
State grants	5,266,028	-	611,897	47,564	-
Federal grants	8,063,995	-	-	-	967,524
Miscellaneous	6,895	-	-	-	-
Charges for services	133,912	379,056	-	-	-
Investment income	16,052	-	-	-	-
<i>Total revenues</i>	<u>13,488,091</u>	<u>379,056</u>	<u>611,897</u>	<u>47,564</u>	<u>967,524</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	6,810,303	-	-	-	1,021,669
Support services					
Students	1,003,915	-	-	-	121,827
Instruction	25,763	-	-	-	99,832
General administration	676,183	-	-	-	71,418
School administration	752,020	-	-	-	5,325
Central services	895,032	-	-	-	-
Operation & maintenance of plant	2,901,446	251,906	-	-	474
Student transportation	30,562	-	559,683	-	-
Other support services	792	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	24,117	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>13,120,133</u>	<u>251,906</u>	<u>559,683</u>	<u>-</u>	<u>1,320,545</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>367,958</u>	<u>127,150</u>	<u>52,214</u>	<u>47,564</u>	<u>(353,021)</u>
<i>Other financing sources (uses):</i>					
Operating transfers	(533,883)	(104,288)	(24,998)	-	-
<i>Total other financing sources (uses)</i>	<u>(533,883)</u>	<u>(104,288)</u>	<u>(24,998)</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(165,925)	22,862	27,216	47,564	(353,021)
<i>Fund balances - beginning of year</i>	<u>1,577,435</u>	<u>52,399</u>	<u>49,996</u>	<u>136,448</u>	<u>(16,044)</u>
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balance - beginning of year</i>	<u>1,577,435</u>	<u>52,399</u>	<u>49,996</u>	<u>136,448</u>	<u>(16,044)</u>
<i>Fund balances - end of year</i>	<u>\$ 1,411,510</u>	<u>\$ 75,261</u>	<u>\$ 77,212</u>	<u>\$ 184,012</u>	<u>\$ (369,065)</u>

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

STATE OF NEW MEXICO

EXHIBIT B-3

ZUNI PUBLIC SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue		Capital Projects		Total Primary Government
	IDEA-B Entitlement 24106	Impact Aid Indian Education 25147	SB-9 State Match 31700	Other Governmental Funds	
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ 563	\$ 4,274	\$ 6,046
State grants	-	-	483,501	290,802	6,699,792
Federal grants	194,539	1,982,179	-	2,587,541	13,795,778
Miscellaneous	-	-	-	-	6,895
Charges for services	-	-	-	142,783	655,751
Investment income	-	-	-	11,572	27,624
<i>Total revenues</i>	<u>194,539</u>	<u>1,982,179</u>	<u>484,064</u>	<u>3,036,972</u>	<u>21,191,886</u>
<i>Expenditures:</i>					
Current:					
Instruction	381,536	313,832	-	1,106,686	9,634,026
Support services					
Students	14,353	31,451	-	251,276	1,422,822
Instruction	-	94,230	-	7,000	226,825
General administration	23,261	282,274	-	168,291	1,221,427
School administration	-	34	-	7,379	764,758
Central services	-	348,799	-	-	1,243,831
Operation & maintenance of plant	-	111,594	-	61,527	3,326,947
Student transportation	-	-	-	-	590,245
Other support services	-	-	-	-	792
Food services operations	-	-	-	1,116,128	1,116,128
Community services	-	-	-	-	-
Capital outlay	-	-	466,927	-	491,044
Debt service					
Principal	-	-	-	475,000.00	475,000
Interest	-	-	-	216,194	216,194
<i>Total expenditures</i>	<u>419,150</u>	<u>1,182,214</u>	<u>466,927</u>	<u>3,409,481</u>	<u>20,730,039</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(224,611)</u>	<u>799,965</u>	<u>17,137</u>	<u>(372,509)</u>	<u>461,847</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	638,171	(24,998)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>638,171</u>	<u>(24,998)</u>
<i>Net changes in fund balances</i>	<u>(224,611)</u>	<u>799,965</u>	<u>17,137</u>	<u>265,662</u>	<u>436,849</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>629,686</u>	<u>(30,981)</u>	<u>1,358,982</u>	<u>3,757,921</u>
<i>Prior period adjustment</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Adjusted fund balance - beginning of year</i>	<u>-</u>	<u>629,686</u>	<u>(30,981)</u>	<u>1,358,982</u>	<u>3,757,921</u>
<i>Fund balances - end of year</i>	<u>\$ (224,611)</u>	<u>\$ 1,429,651</u>	<u>\$ (13,844)</u>	<u>\$ 1,624,644</u>	<u>\$ 4,194,770</u>

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

STATE OF NEW MEXICO

Exhibit B-4

FOR THE YEAR ENDING JUNE 30, 2019
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDING JUNE 30, 2019

	Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ 436,849
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	(1,799,769)
Capital outlays	462,268
Loss on disposal of capital assets	(1,824)
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	(870)
Other unavailable revenues	557,935
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	6,119
Accrued compensated absences	(6,483)
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	475,000
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	1,453,966
Pension expense	(6,968,819)
Other post-employment benefits contributions - current year	209,687
Other post-employment benefits expense (income)	98,535
Change in net position - total governmental activities	\$ (5,077,406)

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ 1,083	\$ 1,083	\$ 1,209	\$ 126
State grants	6,856,439	5,192,078	5,266,028	73,950
Federal grants	5,912,659	8,131,807	8,073,316	(58,491)
Miscellaneous	8,000	8,000	6,895	(1,105)
Charges for services	89,750	89,750	133,912	44,162
Interest	-	-	16,053	16,053
<i>Total revenues</i>	<u>12,867,931</u>	<u>13,422,718</u>	<u>13,497,413</u>	<u>74,695</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	6,929,581	7,242,952	6,922,396	320,556
Support services				
Students	1,067,110	1,079,110	1,003,915	75,195
Instruction	10,100	37,835	25,763	12,072
General administration	666,713	767,034	679,235	87,799
School administration	725,504	758,553	752,020	6,533
Central services	823,747	924,897	883,182	41,715
Operation & maintenance of plant	2,859,182	3,093,782	2,895,227	198,555
Student transportation	46,200	46,200	30,562	15,638
Other support services	285,305	285,305	792	284,513
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	620,000	620,000	24,117	595,883
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>14,033,442</u>	<u>14,855,668</u>	<u>13,217,209</u>	<u>1,638,459</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1,165,511)</u>	<u>(1,432,950)</u>	<u>280,204</u>	<u>1,713,154</u>
<i>Other financing sources (uses):</i>				
Designated cash	1,165,511	1,432,950	-	(1,432,950)
Operating transfers	-	-	(533,883)	(533,883)
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,165,511</u>	<u>1,432,950</u>	<u>(533,883)</u>	<u>(1,966,833)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(253,679)</u>	<u>(253,679)</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,660,115</u>	<u>1,660,115</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,660,115</u>	<u>1,660,115</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,406,436</u>	<u>\$ 1,406,436</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (253,679)	
Adjustments to revenues			(9,322)	
Adjustments to expenditures			97,076	
Net change in fund balance (GAAP basis)			<u>\$ (165,925)</u>	

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

STATE OF NEW MEXICO

Exhibit C-2

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, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	365,000	365,000	378,777	13,777
Interest	-	-	-	-
<i>Total revenues</i>	<u>365,000</u>	<u>365,000</u>	<u>378,777</u>	<u>13,777</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	313,630	313,630	258,947	54,683
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	125,000	125,000	-	125,000
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>438,630</u>	<u>438,630</u>	<u>258,947</u>	<u>179,683</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(73,630)</u>	<u>(73,630)</u>	<u>119,830</u>	<u>193,460</u>
<i>Other financing sources (uses):</i>				
Designated cash	73,630	73,630	-	(73,630)
Operating transfers	-	-	(104,288)	(104,288)
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>73,630</u>	<u>73,630</u>	<u>(104,288)</u>	<u>(177,918)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>15,542</u>	<u>15,542</u>
<i>Cash or fund balance - beginning of year</i>	-	-	75,352	75,352
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>75,352</u>	<u>75,352</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,894</u>	<u>\$ 90,894</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 15,542	
Adjustments to revenues			279	
Adjustments to expenditures			7,041	
Net change in fund balance (GAAP basis)			<u>\$ 22,862</u>	

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

STATE OF NEW MEXICO

Exhibit C-3

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, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	611,747	611,747	611,897	150
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>611,747</u>	<u>611,747</u>	<u>611,897</u>	<u>150</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	611,747	636,745	563,345	73,400
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>611,747</u>	<u>636,745</u>	<u>563,345</u>	<u>73,400</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(24,998)</u>	<u>48,552</u>	<u>73,550</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	24,998	-	(24,998)
Operating transfers	-	-	(24,998)	(24,998)
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>24,998</u>	<u>(24,998)</u>	<u>(49,996)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>23,554</u>	<u>23,554</u>
<i>Cash or fund balance - beginning of year</i>	-	-	56,641	56,641
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>56,641</u>	<u>56,641</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,195</u>	<u>\$ 80,195</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 23,554	
Adjustments to revenues			-	
Adjustments to expenditures			3,662	
Net change in fund balance (GAAP basis)			<u>\$ 27,216</u>	

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS

Exhibit C-4

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	44,563	47,564	44,563	(3,001)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>44,563</u>	<u>47,564</u>	<u>44,563</u>	<u>(3,001)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	177,344	180,345	-	180,345
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>177,344</u>	<u>180,345</u>	<u>-</u>	<u>180,345</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(132,781)</u>	<u>(132,781)</u>	<u>44,563</u>	<u>177,344</u>
<i>Other financing sources (uses):</i>				
Designated cash	132,781	132,781	-	(132,781)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>132,781</u>	<u>132,781</u>	<u>-</u>	<u>(132,781)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>44,563</u>	<u>44,563</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>136,448</u>	<u>136,448</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>136,448</u>	<u>136,448</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,011</u>	<u>\$ 181,011</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 44,563	
Adjustments to revenues			3,001	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ 47,564</u>	

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS

Exhibit C-5

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	1,130,391	1,401,417	746,074	(655,343)
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,130,391</u>	<u>1,401,417</u>	<u>746,074</u>	<u>(655,343)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	820,768	1,075,794	1,045,178	30,616
Support services				
Students	126,633	126,633	121,827	4,806
Instruction	89,835	105,835	99,832	6,003
General administration	80,655	80,655	71,418	9,237
School administration	11,500	11,500	5,325	6,175
Central services	-	-	-	-
Operation & maintenance of plant	1,000	1,000	474	526
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,130,391</u>	<u>1,401,417</u>	<u>1,344,054</u>	<u>57,363</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(597,980)</u>	<u>(597,980)</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>(597,980)</u>	<u>(597,980)</u>
<i>Cash or fund balance - beginning of year</i>	-	-	(394,617)	(394,617)
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(394,617)</u>	<u>(394,617)</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (992,597)</u>	<u>\$ (992,597)</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (597,980)	
Adjustments to revenues			221,450	
Adjustments to expenditures			23,509	
Net change in fund balance (GAAP basis)			<u>\$ (353,021)</u>	

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS

Exhibit C-6

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
IDEA-B ENTITLEMENT SPECIAL REVENUE FUND (24106)
FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	564,523	230,590	(333,933)
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	564,523	230,590	(333,933)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	457,304	378,212	79,092
Support services				
Students	-	76,928	14,353	62,575
Instruction	-	-	-	-
General administration	-	30,291	23,261	7,030
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>	-	564,523	415,826	148,697
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	(185,236)	(185,236)
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	(185,236)	(185,236)
<i>Cash or fund balance - beginning of year</i>	-	-	(28,706)	(28,706)
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	-	-	(28,706)	(28,706)
<i>Cash or fund balance - end of year</i>	\$ -	\$ -	\$ (213,942)	\$ (213,942)
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (185,236)	
Adjustments to revenues			(36,051)	
Adjustments to expenditures			(3,324)	
Net change in fund balance (GAAP basis)			\$ (224,611)	

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

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS

Exhibit C-7

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
IMPACT AID INDIAN EDUCATION SPECIAL REVENUE FUND (25147)
FOR THE YEAR ENDING JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	1,438,165	1,438,165	1,982,178	544,013
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,438,165</u>	<u>1,438,165</u>	<u>1,982,178</u>	<u>544,013</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	599,708	599,708	341,769	257,939
Support services				
Students	64,694	64,694	31,451	33,243
Instruction	94,231	94,231	94,230	1
General administration	331,345	331,345	282,274	49,071
School administration	7,500	7,500	34	7,466
Central services	350,135	350,135	348,799	1,336
Operation & maintenance of plant	30,000	161,683	120,285	41,398
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	457,437	325,754	-	325,754
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,935,050</u>	<u>1,935,050</u>	<u>1,218,842</u>	<u>716,208</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(496,885)</u>	<u>(496,885)</u>	<u>763,336</u>	<u>1,260,221</u>
<i>Other financing sources (uses):</i>				
Designated cash	496,885	496,885	-	(496,885)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>496,885</u>	<u>496,885</u>	<u>-</u>	<u>(496,885)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>763,336</u>	<u>763,336</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>677,944</u>	<u>677,944</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>677,944</u>	<u>677,944</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,441,280</u>	<u>\$ 1,441,280</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 763,336	
Adjustments to revenues			1	
Adjustments to expenditures			36,628	
Net change in fund balance (GAAP basis)			<u>\$ 799,965</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, 2019

Exhibit D-1

	<u>Agency Funds</u>
ASSETS	
<i>Current Assets</i>	
Cash	<u>\$ 257,494</u>
<i>Total assets</i>	<u><u>\$ 257,494</u></u>
 LIABILITIES	
<i>Current Liabilities</i>	
Deposits held in trust for others	<u>\$ 257,494</u>
<i>Total liabilities</i>	<u><u>\$ 257,494</u></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, 2019

NOTE 1 Summary of Significant Accounting Policies

Zuni Public Schools (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, 2019, the District adopted the following GASB Statements.

- GASB Statement No. 83, *Certain Asset Retirement Obligations*. 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. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District will not be affected by this Statement as it has been determined it has no assets which meet the criteria.

- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 and have been implemented by the District.

The more significant of the government’s accounting policies are described below.

A. *Financial Reporting Entity*

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB 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, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

A. *Financial Reporting Entity*

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 can 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 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 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, 2019**

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 *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 susceptible to accrual as revenue of the current period. All other revenue items are 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 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, 2019**

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, 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* (1200) 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) is used for major objectives are to provide supplemental educational opportunity for academically disadvantaged children in the area 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, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

IDEA-B Entitlement (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.

The *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.

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

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 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.

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

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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)

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 2019 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2019.

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 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.

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, 2019.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
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JUNE 30, 2019**

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)

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, 2018. Contributions of \$1,453,966 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 \$473,336; change in assumptions \$8,690,594; change in investment experience \$93,349; and actuarial experience \$30,776.

Deferred Outflows of Resources – OPEB: The government-wide financial statements report other post-employment benefits related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2018. Contributions of \$209,687 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 75; change in proportion; change in assumptions; investment experience; and actuarial experiences, but had no balances this year.

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, 2019, the District had \$114,373 of unearned revenues.

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 \$130,355 at June 30, 2019.

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.

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 \$5,645,000 as of June 30, 2019 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

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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)

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.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Plan (ERP) and additions to/deductions from ERP's fiduciary net position have been determined on the same basis as they are reported by ERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2019, the net pension liability totaled \$42,167,849.

Post-Employment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Other Post-Employment Benefits Liability: The District records its proportionate share of the difference between the value of total other post-employment benefits (OPEB) liabilities and plan assets for the State of New Mexico's Retiree Health Care plan. For the year ended June 30, 2019, net OPEB liability totaled \$10,092,097.

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 a corresponding deferred revenue, is recorded as well. Total unavailable revenues of \$580,073 and \$4,702 for grants and property taxes, respectively, were recorded at June 30, 2019.

Deferred Inflows of Resources - Pensions: Change in actuarial experience \$802,522 and change in proportion \$1,079,760 for the District are applicable to a future reporting period and will be expensed over an established 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.

Deferred Inflows of Resources – OPEB: Change in actuarial experience \$597,517, change in assumptions \$1,884,150, change in investment experience \$125,946, and change in proportion \$402,128 for the District are applicable to a future reporting period and will be expensed over an established 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:

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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)

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.

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.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

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. 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 \$5,266,028 in state equalization guarantee distributions during the year ended June 30, 2019.

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, 2019 were \$6,046. No amounts 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 \$611,897 in transportation distributions during the year ended June 30, 2019.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

E. Revenues (Continued)

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, 2019 totaled \$47,564.

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 \$483,501 in state SB-9 matching during the year ended June 30, 2019.

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, 2019, the District received no 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.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 Stewardship, Compliance and Accountability

Budgetary Information (Continued)

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.

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. 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, 2019, is presented on each funds' Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 Cash and Temporary Investments

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, 2019.

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.

	Wells Fargo Bank	Bank of Albuquerque	Total
Total amounts of deposits	\$ 1,500,658	\$ 623,435	\$ 2,124,093
FDIC coverage	250,000	-	250,000
Total uninsured public funds	<u>1,250,658</u>	<u>623,435</u>	<u>1,874,093</u>
Collateral requirement (50% of uninsured public funds)	625,329		625,329
Collateral requirement (102% of uninsured public funds)		635,904	635,904
Pledged security	<u>780,788</u>	<u>635,904</u>	<u>1,416,692</u>
Total over (under) collateralized	<u>\$ 155,459</u>	<u>\$ -</u>	<u>\$ 155,459</u>

The funds are maintained in interest bearing and non-interest-bearing checking 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.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
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JUNE 30, 2019**

NOTE 3 Cash and Temporary Investments (Continued)

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, 2019, \$1,874,093 of the District’s bank balance of \$2,124,093 was exposed to custodial credit risk as it was uninsured and the collateral was not held in the District’s name.

Reconciliation of Cash and Temporary Investments 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	\$	2,622,707
Statement of Fiduciary Net Position - cash per Exhibit D-1		257,494
Total per financial statements		2,880,201
Add outstanding checks and other reconciling items		259,937
Less: temporary investments		(1,016,045)
Bank balance of deposits	\$	2,124,093

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, 2019. Funds 24000 through 25000 are federal funds, 26000 through 29000 are non-federal funds. The funds listed in interfund payables in Note 5 are the funds which had negative cash balances as of June 30, 2019.

Temporary Investments

At June 30, 2019, the District had \$1,016,045 in an investment account held at Moreton Capital Markets. Those funds are held in a U.S. Government Money Market Fund. Information regarding the fund is as follows:

Fund	CUSIP	WAM	Ratings		Net Assets
			S&P	Moody's	
U.S. Government Money Market	74926P696				
Fund - RBC Institutional Share Classes	74926P688	16 Days	AAAm	Aaa-mf	\$4.98 Billion

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
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JUNE 30, 2019**

NOTE 4 Receivables

Receivables as of June 30, 2019 are as follows:

	Major Funds						Total Governmental Funds
	Operational 11000	Instructional Materials 14000	Title I IASA 24101	IDEA-B Entitlement 24106	SB-9 State Match 31700	Other Governmental Funds	
Property taxes	\$ 206	\$ -	\$ -	\$ -	\$ -	\$ 4,496	\$ 4,702
Due from other governments	75,542	3,001	993,604	217,414	448,054	683,391	2,421,006
Total receivables	\$ 75,748	\$ 3,001	\$ 993,604	\$ 217,414	\$ 448,054	\$ 687,887	\$ 2,425,708

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property tax revenues in the amount of \$4,702 and \$580,073 in intergovernmental revenues were not collected within the period of availability.

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, 2019 is as follows:

Governmental Activities	Interfund Receivables	Interfund Payables
Major Funds:		
Operational (11000)	\$ 1,406,436	\$ -
Title I IASA (24101)	-	992,597
IDEA-B Entitlement (24106)	-	213,942
Impact Aid Indian Education (25147)	751,724	-
Capital Improvements SB-9 (31700)	-	445,969
Non-major Funds:		
IDEA-B Preschool (24109)	-	7,556
Fresh Fruits and Vegetables (24118)	-	6,452
IDEA-B Results Plan (24132)	-	30,000
English Language Acquisition (24153)	-	4,138
Teacher/Principal Training & Recruiting (24154)	-	86,423
Rural & Low-Income Schools (24160)	-	30,000
Carl D Perkins Special Projects - Current (24171)	-	21,784
Title I Comprehensive Support & Improvement (24190)	-	215,872
2012 GO Bond Student Library Fund SB66 (27103)	-	2,989
Truancy Initiative PED (27141)	-	1,117
PreK Initiative (27149)	-	92,070
Indian Education Act (27150)	-	4,042
New Mexico Grown Fresh Fruits & Vegetables (27183)	-	3,209
Totals	\$ 2,158,160	\$ 2,158,160

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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

During the year ended June 30, 2019, the District reverted \$24,998 from the Transportation Fund (13000) to the State of New Mexico. Additionally, the District transferred funds from the Operational Fund and Teacherage Fund to the Debt Service Fund for payment of the revenue bonds. Those transfers are as follow:

Governmental Activities	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
Operational (11000)	\$ -	\$ 533,883
Teacherage (12000)	-	104,288
Transportation (13000)	-	24,998
Non-major Funds:		
Debt Service (41000)	638,171	-
Totals	<u>\$ 638,171</u>	<u>\$ 663,169</u>

NOTE 6 Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2019 follows. Land and construction in progress is not subject to depreciation.

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Capital assets used in governmental activities:				
Capital assets being depreciated:				
Land improvements	721,600	-	-	721,600
Buildings and building improvements	69,531,753	24,117	-	69,555,870
Furniture, fixtures, and equipment	2,550,771	157,641	(26,926)	2,681,486
Vehicles	2,176,093	280,510	-	2,456,603
Total capital assets being depreciated	<u>74,980,217</u>	<u>462,268</u>	<u>(26,926)</u>	<u>75,415,559</u>
Less accumulated depreciation:				
Land improvements	56,340	27,164	-	83,504
Buildings and building improvements	27,951,393	1,660,864	-	29,612,257
Furniture, fixtures, and equipment	2,235,866	76,782	(25,102)	2,287,546
Vehicles	1,825,257	34,959	-	1,860,216
Total accumulated depreciation	<u>32,068,856</u>	<u>1,799,769</u>	<u>(25,102)</u>	<u>33,843,523</u>
Total capital assets, net of depreciation	<u>\$ 42,911,361</u>	<u>\$ (1,337,501)</u>	<u>\$ (1,824)</u>	<u>\$ 41,572,036</u>

Depreciation was allocated for the year as follows:

Governmental activities:	
Instruction	<u>\$ 1,799,769</u>
Total depreciation	<u>\$ 1,799,769</u>

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 Capital Assets (Continued)

At June 30, 2019, the District had no construction agreements in place.

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, 2019 the following changes occurred in the liabilities reported in the governmentwide statement of net position:

	Balance at 06/30/18	Additions	Deletions	Balance at 06/30/19	Due Within One Year
Special Revenue Bonds	\$ 6,120,000	\$ -	\$ 475,000	\$ 5,645,000	\$ 490,000
Compensated Absences	123,872	143,116	136,633	130,355	130,355
Total	\$ 6,243,872	\$ 143,116	\$ 611,633	\$ 5,775,355	\$ 620,355

General Obligation Bonds: GO bonds are direct obligations and pledge the full faith and credit of the District. The District has no outstanding general obligation bonds as of June 30, 2019.

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.

	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
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JUNE 30, 2019**

NOTE 7 Long-Term Debt (Continued)

The annual requirements to amortize the special revenue bonds as of June 30, 2019, including interest payments, are as follows:

Fiscal Year Ending June 30,	Total Revenue Bonds		Total Debt Service
	Principal	Interest	
2020	\$ 490,000	\$ 201,269	\$ 691,269
2021	505,000	185,869	690,869
2022	520,000	169,268	689,268
2023	540,000	151,319	691,319
2024	560,000	132,649	692,649
2025-2029	<u>3,030,000</u>	<u>630,775</u>	<u>3,660,775</u>
Totals	<u>\$ 5,645,000</u>	<u>\$ 1,471,149</u>	<u>\$ 7,116,149</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 can accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences increased \$6,483 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 \$114,373 of unearned revenues at June 30, 2019 as detailed below:

Fund #	Special Revenue Funds:	Amount
24118	Fresh Fruits and Vegetables	\$ 909
24171	Carl D Perkins Special Projects	1,683
25131	Johnson O'Malley	101,781
25149	GRADS Child Care CYFD	<u>10,000</u>
	Total	<u>\$ 114,373</u>

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.

**STATE OF NEW MEXICO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 Risk Management (Continued)

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$10,000 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 limits are 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, 2019, there have been no claims that have exceeded insurance coverages.

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, 2019:

Fund #	Fund Description	Amount
Major Funds:		
24101	Title I IASA	\$ 369,065
24106	IDEA-B Entitlement	224,611
31700	Capital Improvements SB-9	13,844
Non-major Funds:		
24109	IDEA-B Preschool	477
27141	Truancy Initiative PED	1,117
28201	CYFD Child and Adult Care Food Program	21,483
	Total	<u>\$ 630,597</u>

- B. Excess of expenditures over appropriations. For the year ended June 30, 2019, the District had no funds with expenditures in excess of appropriations.
- C. Cash appropriations in excess of available cash balance. For the year ended June 30, 2019, the District had one fund with cash appropriations in excess of cash balance – 25184 Indian Ed Formula Grant.

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

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.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

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

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

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

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

- 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.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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 A 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 1.5%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

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

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

Contributions. For the fiscal years ended June 30, 2019 and 2018 educational employers contributed to the Plan based on the following rate schedule:

**STATE OF NEW MEXICO
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JUNE 30, 2019**

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

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2019	7-1-18 to 6-30-19	Over \$20K	10.70%	13.90%	24.60%	0.00%
2019	7-1-18 to 6-30-19	\$20K or less	7.90%	13.90%	21.80%	0.00%
2018	7-1-17 to 6-30-18	Over \$20K	10.70%	13.90%	24.60%	0.00%
2018	7-1-17 to 6-30-18	\$20K or less	7.90%	13.90%	21.80%	0.00%

The contribution requirements 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, 2019 and 2018, the District paid employee and employer contributions of \$2,552,355 and \$2,418,383 which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2019, the District reported a liability of \$42,167,849 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018, using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. June 30, 2018, the District's proportion was 0.35461%, which was a decrease of 0.00858% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense \$5,514,853. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net (Inflows) Outflows
Differences between expected and actual experience	\$ 30,776	\$ (802,522)	\$ (771,746)
Changes of assumptions	8,690,594	-	8,690,594
Net difference between projected and actual earnings on pension plan investments	93,349	-	93,349
Changes in proportion and differences between contributions and proportionate share of contributions	473,336	(1,079,760)	(606,424)
District's contributions subsequent to the measurement date	1,453,966	-	1,453,966
Total	<u>\$ 10,742,021</u>	<u>\$ (1,882,282)</u>	<u>\$ 8,859,739</u>

\$1,453,966 reported as deferred outflows of resources related to pensions resulting in the District's contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**STATE OF NEW MEXICO
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JUNE 30, 2019**

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

Year ended June 30,

2020	\$ 4,843,009
2021	2,727,875
2022	(166,340)
2023	1,229
2024	-
Thereafter	-
Total	<u>\$ 7,405,773</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%										
Salary Increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.										
Investment Rate of Return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.										
Average of Expected Remaining Service Lives	<table> <tr> <td>Fiscal Year</td> <td><u>2017</u></td> <td><u>2016</u></td> <td><u>2015</u></td> <td><u>2014</u></td> </tr> <tr> <td>Service life in years</td> <td>3.35</td> <td>3.77</td> <td>3.92</td> <td>3.88</td> </tr> </table>	Fiscal Year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.35	3.77	3.92	3.88
Fiscal Year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>							
Service life in years	3.35	3.77	3.92	3.88							
Mortality	<p>Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB from the table's base year of 2000.</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.</p> <p>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 April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.										
Cost-of-Living Increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.										
Payroll Growth	3.00% per year (with no allowance for membership growth).										

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Contribution Accumulation The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balance in the past as well as 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 April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted several economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	33%	
Fixed Income	26%	
Alternatives	40%	
Cash	1%	
Total	100%	7.25%

Discount rate: A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. This rate is .21% less than the 5.90% discount rate used for June 30, 2017.

The June 30, 2018 single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, and a municipal bond rate of 3.62%. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

The projections of cash flows used to determine the June 30, 2018 single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 5.69%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.69%) or 1-percentage-point higher (6.69%) than the current rate:

1% Decrease (4.69%)	Current Discount Rate (5.69%)	1% Increase (6.69%)
\$ 54,802,053	\$ 42,167,849	\$ 31,859,126

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, 2019 the contributions due and payable by the District were \$85,311 which were paid on July 11, 2019.

NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA)

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

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment 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.

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

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

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)

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

Contributions - Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the District were \$313,674 and \$297,313 for the years ended June 30, 2019 and 2018, respectively.

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

At June 30, 2019, the District reported a liability of \$10,092,097 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the District's proportion was 0.23209% which was a decrease of 0.00876% from its proportion measured at June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$308,222. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net (Inflows) Outflows
Differences between expected and actual experience	\$ -	\$ (597,517)	\$ (597,517)
Changes of assumptions	-	(1,884,150)	(1,884,150)
Net difference between projected and actual earnings on			
OPEB plan investments	-	(125,946)	(125,946)
Changes in proportion	-	(402,128)	(402,128)
District's contributions subsequent to the			
measurement date	<u>209,687</u>	<u>-</u>	<u>209,687</u>
Total	<u><u>\$ 209,687</u></u>	<u><u>\$ (3,009,741)</u></u>	<u><u>\$ (2,800,054)</u></u>

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)

Deferred outflows of resources totaling \$209,687 represents Zuni Public Schools contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30,	
2020	\$ (747,735)
2021	(747,735)
2022	(747,735)
2023	(596,844)
2024	(169,692)
Thereafter	-
Total	<u>\$ (3,009,741)</u>

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.25% to 12.5% based on years of service including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plans costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

Rate of Return: The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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

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

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the School, as well as what the School’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current discount rate:

<u>1% Decrease (3.08%)</u>	<u>Current Discount Rate (4.08%)</u>	<u>1% Increase (5.08%)</u>
\$ 12,213,813	\$ 10,092,097	\$ 8,419,711

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

<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
\$ 8,531,360	\$ 10,092,097	\$ 11,315,749

OPEB plan fiduciary net position: Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2018. The reports and other relevant information can be found on NMERB’s web site at <https://www.nmrhca.org>.

Payable Changes in the Net OPEB Liability: At June 30, 2019, the District reported a payable of \$10,470 for outstanding contributions due to NMRHCA for the year ended June 30, 2019 which were paid July 5, 2019.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 Unavailable Revenues

The District received \$362,182 from Title I IASA, Fund 24101, \$217,414 from IDEA-B Entitlement, Fund 24106, and \$477 from IDEA-B Preschool, Fund 24109, subsequent to year-end. These funds were received more than 60 days after year-end. As such, the amount is recorded as a receivable and a deferred inflow of resources in the funds statement; however, for the governmentwide statement the amounts are recorded as a receivable and a revenue. The District also had \$4,702 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 Tax Abatement Disclosures

GASB Statement No. 77 requires government agencies to identify any tax abatement agreements that affect the government agency and disclose the amount of tax which was abated. There are no reported tax abatements affecting the District.

NOTE 17 Subsequent Accounting Standard Pronouncements

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 post-employment 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 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, 2019**

NOTE 17 Subsequent Accounting Standard Pronouncements (Continued)

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*, was issued. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. 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.

In August 2018, GASB Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statement No. 14 and No. 61*, was issued. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirement 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 May 2019, GASB Statement No. 91 *Conduit Debt Obligations*, was issued. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders’ uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

NOTE 18 Subsequent Events

A review of subsequent events through November 12, 2019, 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, 2019

Schedule I

Fiscal Year Ended June 30,	Measurement Date - Year Ended June 30,	District's Proportion of the Net Pension Liability (NPL)	District's Proportionate Share of the NPL	District's Covered- Employee Payroll	District's Proportionate Share of the NPL as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	2018	0.35461%	\$ 42,167,849	\$ 9,910,422	425.49%	52.17%
2018	2017	0.36319%	\$ 40,363,005	\$ 10,338,146	390.43%	52.95%
2017	2016	0.38260%	\$ 27,533,555	\$ 10,927,045	251.98%	61.58%
2016	2015	0.34641%	\$ 22,437,898	\$ 9,845,896	227.89%	63.97%
2015	2014	0.35894%	\$ 20,480,141	\$ 9,893,605	207.00%	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 the District 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, 2019

Schedule II

Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a percentage of covered-employee payroll
2019	\$ 1,453,966	\$ 1,453,966	\$ -	\$ 10,463,499	13.90%
2018	\$ 1,377,580	\$ 1,377,580	\$ -	\$ 9,910,422	13.90%
2017	\$ 1,436,621	\$ 1,436,621	\$ -	\$ 10,338,146	13.90%
2016	\$ 1,518,865	\$ 1,518,865	\$ -	\$ 10,927,045	13.90%
2015	\$ 1,368,177	\$ 1,368,177	\$ -	\$ 9,845,896	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 the District 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, 2019

Changes in benefit provisions. There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018.

Changes in assumptions and methods. Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

See also Note 11 *General Information on the Pension Plan - Educational Retirement Act* in the financial statement note disclosure on the OPEB plan.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OTHER POST-EMPLOYMENT BENEFITS (OPEB)
RETIREE HEALTH CARE AUTHORITY (RHCA)
LAST 10 FISCAL YEARS*
JUNE 30, 2019

Fiscal Year Ended June 30,	Measurement Date - Year Ended June 30,	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered- Employee Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	2018	0.23209%	\$ 10,092,097	\$ 9,910,441	101.83%	13.14%
2018	2017	0.24085%	10,914,534	\$ 10,339,603	105.56%	11.34%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2018, the year the statement's requirements became effective.

STATE OF NEW MEXICO

Schedule IV

ZUNI PUBLIC SCHOOLS

SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) CONTRIBUTIONS

RETIREE HEALTH CARE AUTHORITY (RHCA)

LAST 10 FISCAL YEARS*

JUNE 30, 2019

Year Ended June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered- employee payroll	Contributions as a percentage of covered-employee payroll
2019	\$ 209,687	\$ 209,687	\$ -	\$ 10,455,729	2.01%
2018	\$ 198,283	\$ 198,283	\$ -	\$ 9,910,422	2.00%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2018, 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
RETIREE HEALTH CARE AUTHORITY (RHCA)
JUNE 30, 2019

Changes in assumptions and methods. RHCA conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 30, 2017, RHCA implemented the following changes in assumptions for fiscal years 2018 and 2017.

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. The mortality, retirement, disability, turnover, and salary increase assumptions are based on the PERA annual valuation as of June 30, 2017 and the ERB actuarial experience study as of June 30, 2017.

- 1) Fiscal year 2018 valuation assumptions that changed based on this study:
 - a. Minor changes to demographic assumptions
- 2) Assumptions that were not changed:
 - a. Investment return 7.25%
 - b. Inflation rate 2.50% for ERB and 2.25% for PERA
 - c. Population growth per year at 0.00%
 - d. Health care cost trend rate 8% graded down to 1.5% over 14 years for Non-Medicare medical plan costs and 7.5%

See also Note 12 *Other Post-Employment Benefits (OPEB) - State Retiree Health Care Act (RHCA)* in the financial statement note disclosure on the OPEB plan.

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SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Statement A-1

	Special Revenue	Capital Projects	Debt Service	Total
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 749,568	\$ 178,888	\$ 652,595	\$ 1,581,051
Accounts receivable				
Taxes	-	825	3,671	4,496
Due from other governments	683,391	-	-	683,391
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	20,753	-	-	20,753
<i>Total assets</i>	<u>1,453,712</u>	<u>179,713</u>	<u>656,266</u>	<u>2,289,691</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	23,195	-	-	23,195
Accrued payroll liabilities	16,854	-	-	16,854
Interfund payables	505,652	-	-	505,652
Unearned revenue	114,373	-	-	114,373
<i>Total liabilities</i>	<u>660,074</u>	<u>-</u>	<u>-</u>	<u>660,074</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	825	3,671	4,496
Unavailable revenues - other	477	-	-	477
<i>Total deferred inflows of resources</i>	<u>477</u>	<u>825</u>	<u>3,671</u>	<u>4,973</u>
FUND BALANCES				
Nonspendable	20,753	-	-	20,753
Restricted for:				
Grant mandates	180,422	-	-	180,422
Capital projects	-	1	-	1
Debt service	-	-	3,029	3,029
Assigned	615,063	178,887	649,566	1,443,516
Unassigned	(23,077)	-	-	(23,077)
<i>Total fund balances</i>	<u>793,161</u>	<u>178,888</u>	<u>652,595</u>	<u>1,624,644</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,453,712</u>	<u>\$ 179,713</u>	<u>\$ 656,266</u>	<u>\$ 2,289,691</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, 2019

Statement A-2

	Special Revenue	Capital Projects	Debt Service	Total
<i>Revenues:</i>				
Property taxes	\$ -	\$ 4,274	\$ -	\$ 4,274
State grants	290,802	-	-	290,802
Federal grants	2,433,641	153,900	-	2,587,541
Miscellaneous	-	-	-	-
Charges for services	142,783	-	-	142,783
Investment income	-	-	11,572	11,572
<i>Total revenues</i>	<u>2,867,226</u>	<u>158,174</u>	<u>11,572</u>	<u>3,036,972</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	1,106,686	-	-	1,106,686
Support services				
Students	251,276	-	-	251,276
Instruction	7,000	-	-	7,000
General administration	168,243	48	-	168,291
School administration	7,379	-	-	7,379
Central services	-	-	-	-
Operation & maintenance of plant	61,527	-	-	61,527
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	1,116,128	-	-	1,116,128
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	475,000	475,000
Interest	-	-	216,194	216,194
<i>Total expenditures</i>	<u>2,718,239</u>	<u>48</u>	<u>691,194</u>	<u>3,409,481</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>148,987</u>	<u>158,126</u>	<u>(679,622)</u>	<u>(372,509)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	638,171	638,171
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>638,171</u>	<u>638,171</u>
<i>Net changes in fund balances</i>	148,987	158,126	(41,451)	265,662
<i>Fund balances - beginning of year</i>	<u>644,174</u>	<u>20,762</u>	<u>694,046</u>	<u>1,358,982</u>
<i>Fund balances - end of year</i>	<u>\$ 793,161</u>	<u>\$ 178,888</u>	<u>\$ 652,595</u>	<u>\$ 1,624,644</u>

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

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SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS DESCRIPTIONS
JUNE 30, 2019

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 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.

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.

Carl D Perkins Special Projects – Current (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.

Title I – Comprehensive Support and Improvement (24190) – LEA’s with identified CSI schools are able to identify pathways for intensive improvement under the NM ESSA plan

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.

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS DESCRIPTIONS
JUNE 30, 2019**

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.

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.

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.

NM Grown Fresh Fruits and Vegetables (27183) – To account for funds provided by New Mexico Public Education Department to purchase New Mexico locally grown fresh fruits and vegetables for school meal programs. 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 , 2019

Statement B-1

	Food Services 21000	Athletics 22000	Skolnick Foundation 23000	IDEA-B Preschool 24109
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 90,172	\$ 11,785	\$ 6,008	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	104,251	-	-	7,556
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	20,753	-	-	-
	<u>215,176</u>	<u>11,785</u>	<u>6,008</u>	<u>7,556</u>
<i>Total assets</i>				
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	12,391	123	-	-
Interfund payables	-	-	-	7,556
Unearned revenue	-	-	-	-
	<u>12,391</u>	<u>123</u>	<u>-</u>	<u>7,556</u>
<i>Total liabilities</i>				
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	477
	<u>-</u>	<u>-</u>	<u>-</u>	<u>477</u>
<i>Total deferred inflows of resources</i>				
FUND BALANCES				
Nonspendable	20,753	-	-	-
Restricted for:				
Grant mandates	-	2,960	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	182,032	8,702	6,008	-
Unassigned	-	-	-	(477)
	<u>202,785</u>	<u>11,662</u>	<u>6,008</u>	<u>(477)</u>
<i>Total fund balances</i>				
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 215,176</u>	<u>\$ 11,785</u>	<u>\$ 6,008</u>	<u>\$ 7,556</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 , 2019

Statement B-1

	Fresh Fruits and Vegetables 24118	IDEA-B Results Plan 24132	English Language Acquisition 24153	Teacher/Principal Training & Recruiting 24154
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	7,361	30,000	4,138	87,219
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>7,361</u>	<u>30,000</u>	<u>4,138</u>	<u>87,219</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	796
Interfund payables	6,452	30,000	4,138	86,423
Unearned revenue	909	-	-	-
<i>Total liabilities</i>	<u>7,361</u>	<u>30,000</u>	<u>4,138</u>	<u>87,219</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>\$ 7,361</u>	<u>\$ 30,000</u>	<u>\$ 4,138</u>	<u>\$ 87,219</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 , 2019

Statement B-1

	Rural & Low-Income Schools 24160	Carl D Perkins Special Projects - Current 24171	Title I Comprehensive Support & Impr 24190	Johnson O'Malley 25131
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ 102,466
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	30,000	23,467	215,872	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>30,000</u>	<u>23,467</u>	<u>215,872</u>	<u>102,466</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	685
Interfund payables	30,000	21,784	215,872	-
Unearned revenue	-	1,683	-	101,781
<i>Total liabilities</i>	<u>30,000</u>	<u>23,467</u>	<u>215,872</u>	<u>102,466</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>\$ 30,000</u>	<u>\$ 23,467</u>	<u>\$ 215,872</u>	<u>\$ 102,466</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 , 2019

Statement B-1

	Impact Aid Special Education 25145	GRADS Child Care CYFD 25149	Title XIX Medicaid 3/21 Years 25153	US Dept. of Int Bureau of Reclamation 25176
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 251,110	\$ 10,000	\$ 188,824	\$ 66,924
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	70,764	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
	<u>251,110</u>	<u>10,000</u>	<u>259,588</u>	<u>66,924</u>
<i>Total assets</i>	<u>251,110</u>	<u>10,000</u>	<u>259,588</u>	<u>66,924</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	1,924	-	610	-
Interfund payables	-	-	-	-
Unearned revenue	-	10,000	-	-
	<u>1,924</u>	<u>10,000</u>	<u>610</u>	<u>-</u>
<i>Total liabilities</i>	<u>1,924</u>	<u>10,000</u>	<u>610</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	110,538	66,924
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	249,186	-	148,440	-
Unassigned	-	-	-	-
	<u>249,186</u>	<u>-</u>	<u>258,978</u>	<u>66,924</u>
<i>Total fund balances</i>	<u>249,186</u>	<u>-</u>	<u>258,978</u>	<u>66,924</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 251,110</u>	<u>\$ 10,000</u>	<u>\$ 259,588</u>	<u>\$ 66,924</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 , 2019

Statement B-1

	Indian Ed Formula Grant 25184	Dual Credit Instructional Materials 27103	Truancy Initiative PED 27141	PreK Initiative 27149
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 14	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	2,989	-	92,381
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>14</u>	<u>2,989</u>	<u>-</u>	<u>92,381</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	14	-	-	311
Interfund payables	-	2,989	1,117	92,070
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>14</u>	<u>2,989</u>	<u>1,117</u>	<u>92,381</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	-	-	(1,117)	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>(1,117)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 14</u>	<u>\$ 2,989</u>	<u>\$ -</u>	<u>\$ 92,381</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 , 2019

Statement B-1

	Indian Education Act 27150	NM Grown Fresh Fruit & Vegetables 27183	CYFD Child and Adult Care Food Program 28201	Direct Grants 29102
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ 1,570	\$ 20,695
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	4,042	3,209	142	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
	4,042	3,209	1,712	20,695
<i>Total assets</i>	4,042	3,209	1,712	20,695
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	23,195	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	4,042	3,209	-	-
Unearned revenue	-	-	-	-
	4,042	3,209	23,195	-
<i>Total liabilities</i>	4,042	3,209	23,195	-
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	-	-	-	20,695
Unassigned	-	-	(21,483)	-
	-	-	(21,483)	20,695
<i>Total fund balances</i>	-	-	(21,483)	20,695
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 \$ 4,042	 \$ 3,209	 \$ 1,712	 \$ 20,695

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 , 2019

Statement B-1

	Total
ASSETS	
<i>Current assets:</i>	
Cash and temporary investments	\$ 749,568
Accounts receivable	-
Taxes	-
Due from other governments	683,391
Interfund receivables	-
Other	-
Inventory	20,753
<i>Total assets</i>	1,453,712
LIABILITIES	
<i>Current liabilities:</i>	
Accounts payable	23,195
Accrued payroll liabilities	16,854
Interfund payables	505,652
Unearned revenue	114,373
<i>Total liabilities</i>	660,074
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues - property taxes	-
Unavailable revenues - other	477
<i>Total deferred inflows of resources</i>	477
FUND BALANCES	
Nonspendable	20,753
Restricted for:	
Grant mandates	180,422
Capital projects	-
Debt service	-
Assigned	615,063
Unassigned	(23,077)
<i>Total fund balances</i>	793,161
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 \$ 1,453,712

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, 2019

	Food Services 21000	Athletics 22000	Skolnick Foundation 23000	IDEA-B Preschool 24109
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	991,952	-	-	12,755
Miscellaneous	-	-	-	-
Charges for services	27,666	114,975	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>1,019,618</u>	<u>114,975</u>	<u>-</u>	<u>12,755</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	103,705	-	7,399
Support services				
Students	-	-	-	5,034
Instruction	-	-	-	-
General administration	-	-	-	799
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	1,028,272	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,028,272</u>	<u>103,705</u>	<u>-</u>	<u>13,232</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(8,654)</u>	<u>11,270</u>	<u>-</u>	<u>(477)</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>	(8,654)	11,270	-	(477)
<i>Fund balances - beginning of year</i>	<u>211,439</u>	<u>392</u>	<u>6,008</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 202,785</u>	<u>\$ 11,662</u>	<u>\$ 6,008</u>	<u>\$ (477)</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, 2019

	Fresh Fruits and Vegetables 24118	IDEA-B Results Plan 24132	English Language Acquisition 24153	Teacher/Principal Training & Recruiting 24154
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	30,441	30,000	4,139	155,535
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>30,441</u>	<u>30,000</u>	<u>4,139</u>	<u>155,535</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	30,000	3,951	116,876
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	188	9,142
School administration	-	-	-	7,379
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	30,441	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>30,441</u>	<u>30,000</u>	<u>4,139</u>	<u>133,397</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,138</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>	-	-	-	22,138
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,138)</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, 2019

	Rural & Low-Income Schools 24160	Carl D Perkins Special Projects - Current 24171	Title I Comprehensive Support & Impr 24190	Johnson O'Malley 25131
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	30,000	23,468	215,872	113,893
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>30,000</u>	<u>23,468</u>	<u>215,872</u>	<u>113,893</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	30,000	23,468	204,770	80,948
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	11,102	32,945
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>30,000</u>	<u>23,468</u>	<u>215,872</u>	<u>113,893</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, 2019

	Impact Aid Special Education 25145	GRADS Child Care CYFD 25149	Title XIX Medicaid 3/21 Years 25153	Dept. of Inter. Bureau of Reclamation 25176
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	281,730	-	272,552	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>281,730</u>	<u>-</u>	<u>272,552</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	91,859	-	-	-
Support services				
Students	16,144	-	205,071	-
Instruction	-	-	-	-
General administration	61,603	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	1,699	59,828
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>169,606</u>	<u>-</u>	<u>206,770</u>	<u>59,828</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>112,124</u>	<u>-</u>	<u>65,782</u>	<u>(59,828)</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>	112,124	-	65,782	(59,828)
<i>Fund balances - beginning of year</i>	<u>137,062</u>	<u>-</u>	<u>193,196</u>	<u>126,752</u>
<i>Fund balances - end of year</i>	<u>\$ 249,186</u>	<u>\$ -</u>	<u>\$ 258,978</u>	<u>\$ 66,924</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, 2019

	Indian Ed Formula Grant 25184	Dual Credit Instructional Materials 27103	Truancy Initiative 27141	PreK Initiative 27149
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	2,989	25,027	199,938
Federal grants	271,304	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>271,304</u>	<u>2,989</u>	<u>25,027</u>	<u>199,938</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	213,813	2,989	-	192,866
Support services				
Students	-	-	25,027	-
Instruction	7,000	-	-	-
General administration	50,491	-	-	1,973
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>271,304</u>	<u>2,989</u>	<u>25,027</u>	<u>194,839</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,099</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>	-	-	-	5,099
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(1,117)</u>	<u>(5,099)</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, 2019

	Indian Education Act 27150	2013 Pre-K Classrooms 27183	CYFD Child and Adult Care Food Program 28201	Private Direct Grants 29102
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	4,042	3,209	55,597	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	142	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>4,042</u>	<u>3,209</u>	<u>55,739</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	4,042	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	3,209	54,206	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,042</u>	<u>3,209</u>	<u>54,206</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>1,533</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>	-	-	1,533	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(23,016)</u>	<u>20,695</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,483)</u>	<u>\$ 20,695</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, 2019

	Total
<i>Revenues:</i>	
Property taxes	\$ -
State grants	290,802
Federal grants	2,433,641
Miscellaneous	-
Charges for services	142,783
Investment income	-
<i>Total revenues</i>	2,867,226
<i>Expenditures:</i>	
Current:	
Instruction	1,106,686
Support services	
Students	251,276
Instruction	7,000
General administration	168,243
School administration	7,379
Central services	-
Operation & maintenance of plant	61,527
Student transportation	-
Other support services	-
Food services operations	1,116,128
Community services	-
Capital outlay	-
Debt service	
Principal	-
Interest	-
<i>Total expenditures</i>	2,718,239
<i>Excess (deficiency) of revenues</i>	
<i>over (under) expenditures</i>	148,987
<i>Other financing sources (uses):</i>	
Operating transfers	-
<i>Total other financing sources (uses)</i>	-
<i>Net changes in fund balances</i>	148,987
<i>Fund balances - beginning of year</i>	644,174
<i>Fund balances - end of year</i>	\$ 793,161

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

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CAPITAL PROJECTS FUNDS

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
CAPITAL PROJECTS FUNDS DESCRIPTIONS
JUNE 30, 2019**

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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.

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

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, 2019

Statement C-1

	Special Capital Outlay Federal 31500	Capital Improvements SB-9 (Local) 31701	Public School Capital Outlay - 20% 32100	Total
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 164,187	\$ 13,523	\$ 1,178	\$ 178,888
Accounts receivable				-
Taxes	-	825	-	825
Due from other governments	-	-	-	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>164,187</u>	<u>14,348</u>	<u>1,178</u>	<u>179,713</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	-	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	825	-	825
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>825</u>	<u>-</u>	<u>825</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				-
Grant mandates	-	-	-	-
Capital projects	1	-	-	1
Debt service	-	-	-	-
Assigned	164,186	13,523	1,178	178,887
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>164,187</u>	<u>13,523</u>	<u>1,178</u>	<u>178,888</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 164,187</u>	<u>\$ 14,348</u>	<u>\$ 1,178</u>	<u>\$ 179,713</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, 2019

Statement C-2

	Special Capital Outlay Federal 31500	Capital Improvements SB-9 (Local) 31701	Public School Capital Outlay - 20% 32100	Total
<i>Revenues:</i>				
Property taxes	\$ -	\$ 4,274	\$ -	\$ 4,274
State grants	-	-	-	-
Federal grants	153,900	-	-	153,900
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>153,900</u>	<u>4,274</u>	<u>-</u>	<u>158,174</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	48	-	48
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>	<u>48</u>	<u>-</u>	<u>48</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>153,900</u>	<u>4,226</u>	<u>-</u>	<u>158,126</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>	153,900	4,226	-	158,126
<i>Fund balances - beginning of year</i>	<u>10,287</u>	<u>9,297</u>	<u>1,178</u>	<u>20,762</u>
<i>Fund balances - end of year</i>	<u>\$ 164,187</u>	<u>\$ 13,523</u>	<u>\$ 1,178</u>	<u>\$ 178,888</u>

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

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DEBT SERVICE FUNDS

**STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
DEBT SERVICE FUNDS DESCRIPTIONS
JUNE 30, 2019**

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

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

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, 2019

Statement D-1

	Debt Service 41000	Education Technology Debt Service 43000	Total
ASSETS			
<i>Current assets:</i>			
Cash and temporary investments	\$ 649,713	\$ 2,882	\$ 652,595
Accounts receivable			-
Taxes	1,292	2,379	3,671
Due from other governments	-	-	-
Interfund receivables	-	-	-
Other	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>651,005</u>	<u>5,261</u>	<u>656,266</u>
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	-
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	1,292	2,379	3,671
Unavailable revenues - other	-	-	-
<i>Total deferred inflows of resources</i>	<u>1,292</u>	<u>2,379</u>	<u>3,671</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted for:			
Grant mandates	-	-	-
Capital projects	-	-	-
Debt service	147	2,882	3,029
Assigned	649,566	-	649,566
Unassigned	-	-	-
<i>Total fund balances</i>	<u>649,713</u>	<u>2,882</u>	<u>652,595</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 651,005</u>	<u>\$ 5,261</u>	<u>\$ 656,266</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, 2019

Statement D-2

	Debt Service 41000	Education Technology Debt Service 43000	Total
	<u>41000</u>	<u>43000</u>	<u>Total</u>
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	-	-	-
Federal grants	-	-	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	11,572	-	11,572
<i>Total revenues</i>	<u>11,572</u>	<u>-</u>	<u>11,572</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	475,000	-	475,000
Interest	216,194	-	216,194
<i>Total expenditures</i>	<u>691,194</u>	<u>-</u>	<u>691,194</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(679,622)</u>	<u>-</u>	<u>(679,622)</u>
<i>Other financing sources (uses):</i>			
Operating transfers	638,171	-	638,171
<i>Total other financing sources (uses)</i>	<u>638,171</u>	<u>-</u>	<u>638,171</u>
<i>Net changes in fund balances</i>	(41,451)	-	(41,451)
<i>Fund balances - beginning of year</i>	<u>691,164</u>	<u>2,882</u>	<u>694,046</u>
<i>Fund balances - end of year</i>	<u>\$ 649,713</u>	<u>\$ 2,882</u>	<u>\$ 652,595</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 V

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDING JUNE 30, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS				
Dowa Yalanne Elementary	\$ 6,058	\$ -	\$ 6,058	\$ -
A:Shiwi Elementary	13,238	9,455	12,569	10,124
Zuni Middle School	12,571	14,892	8,900	18,563
Zuni High School	57,336	73,480	67,472	63,344
Twin Buttes High School	2,541	1,408	578	3,371
Stephanie Anton Memorial Scholarship	161,597	-	11,979	149,618
Stephanie Anton Memorial Fund	12,456	18	-	12,474
Total Agency Funds	<u>\$ 265,797</u>	<u>\$ 99,253</u>	<u>\$ 107,556</u>	<u>\$ 257,494</u>
LIABILITIES				
Deposits held for others	<u>\$ 265,797</u>	<u>\$ 99,253</u>	<u>\$ 107,556</u>	<u>\$ 257,494</u>

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, 2019

Schedule VI

<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, 2018</u>
Wells Fargo Bank				
	FMAC	9/1/2035	3128P8BP5	\$ 195,543
	FNMA	2/1/2043	3138W3RR6	349,264
	FNMA	5/1/2031	3140F4F76	235,981
Total Wells Fargo Bank				<u>\$ 780,788</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:				
	FNMA, FHLMC, GNMA	Multiple	Multiple	<u>\$ 636,405</u>
Total Bank of Albuquerque				<u>\$ 636,405</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, 2019

Schedule VII

<u>Bank Name/Account Type</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Other Adjustments</u>	<u>Book Balance</u>
Wells Fargo Bank						
Operational	Checking	\$ 290,529	\$ -	\$ (48,193)	\$ -	\$ 242,336
Payroll	Checking	329,910	-	(62,592)	(116,414)	150,904
Food Service	Checking	85,764	-	(199)	-	85,565
Athletics	Checking	11,782	-	(120)	-	11,662
Federal Programs	Checking	424,283	-	(21,915)	-	402,368
Teacherage	Checking	96,394	-	(6,002)	-	90,392
A:shiwi Elementary School	Checking	10,681	-	(557)	-	10,124
Twin Buttes High School	Checking	3,556	-	(185)	-	3,371
Zuni High School	Checking	67,102	-	(3,758)	-	63,344
Zuni Middle School	Checking	18,562	-	-	-	18,562
Stephanie Anton Memorial Fund	Checking	149,618	-	-	-	149,618
Stephanie Anton Memorial Scholarship Fund	Checking	12,475	-	-	-	12,475
Total Wells Fargo Bank		<u>\$1,500,656</u>	<u>\$ -</u>	<u>\$ (143,521)</u>	<u>\$ (116,414)</u>	<u>\$ 1,240,721</u>
Bank of Albuquerque						
NM Zuni Sch Teach Hsg Bd 2012 Ds Res	Trust	\$ 268,141	\$ -	\$ -	\$ -	\$ 268,141
NM Zuni School Teacher Hsg 2012a Ds	Trust	41,294	-	-	-	41,294
NM Zuni Sch Teach Hsg 2012a Dsr	Trust	314,000	-	-	-	314,000
Total Bank of Albuquerque		<u>\$ 623,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 623,435</u>
Moreton Capital Markets						
US Government Money Market Fund	Investment	\$1,016,045	\$ -	\$ -	\$ -	\$ 1,016,045
Total Moreton Capital Markets		<u>\$1,016,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,016,045</u>
Total		<u>\$3,140,136</u>	<u>\$ -</u>	<u>\$ (143,521)</u>	<u>\$ (116,414)</u>	<u>\$ 2,880,201</u>
Cash per financial statements						
Cash and cash equivalents - Government Activities Exhibit A-1						\$ 2,622,707
Fiduciary funds - Exhibit D-1						257,494
						<u>\$ 2,880,201</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, 2019

Schedule VIII

Primary Government

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Cash, June 30, 2018	\$ 1,660,115	\$ 75,352	\$ 56,641	\$ 136,448	\$ 200,334
Add:					
Current year revenues	13,497,413	378,777	611,897	44,563	850,198
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	15,157,528	454,129	668,538	181,011	1,050,532
Less:					
Current year expenditures	(13,217,209)	(258,947)	(563,345)	-	(960,360)
Permanent cash transfers	(533,883)	(104,288)	(24,998)	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	(1,406,436)	-	-	-	-
Cash, June 30, 2019	<u>\$ -</u>	<u>\$ 90,894</u>	<u>\$ 80,195</u>	<u>\$ 181,011</u>	<u>\$ 90,172</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, 2019

Schedule VIII

Primary Government

	Athletics 22000	Skolnick Foundation 23000	Federal Flow through 24000	Federal Direct 25000	State Flow through 27000
Cash, June 30, 2018	\$ 392	\$ 6,008	\$ (674,305)	\$ 1,144,363	\$ (101,160)
Add:					
Current year revenues	114,975	-	1,308,712	2,959,770	236,279
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	1,608,764	-	103,427
Total cash available	115,367	6,008	2,243,171	4,104,133	238,546
Less:					
Current year expenditures	(103,582)	-	(2,243,171)	(2,043,515)	(238,546)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	(751,724)	-
Cash, June 30, 2019	<u>\$ 11,785</u>	<u>\$ 6,008</u>	<u>\$ -</u>	<u>\$ 1,308,894</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, 2019

Schedule VIII

Primary Government

	State Direct 28000	Local / State 29000	Bond Building 31100	Special Capital Outlay - Federal 31500	Capital Improvements SB-9 (State Match) 31700
Cash, June 30, 2018	\$ 7,944	\$ 20,695	\$ 51,166	\$ 10,287	\$ (44,582)
Add:					
Current year revenues	55,597	-	-	153,900	82,114
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	445,969
Total cash available	63,541	20,695	51,166	164,187	483,501
Less:					
Current year expenditures	(61,971)	-	(51,166)	-	(483,501)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2019	<u>\$ 1,570</u>	<u>\$ 20,695</u>	<u>\$ -</u>	<u>\$ 164,187</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, 2019

Schedule VIII

Primary Government	Capital Improvements SB-9 (Local) 31701	Public School Capital Outlay - 20% 32100	Debt Service 41000	Education Technology Debt Service 43000	Total
Cash, June 30, 2018	\$ 9,297	\$ 1,178	\$ 691,164	\$ 2,882	\$ 3,254,219
Add:					
Current year revenues	4,274	-	11,572	-	20,310,041
Permanent cash transfers	-	-	638,171	-	638,171
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	2,158,160
Total cash available	13,571	1,178	1,340,907	2,882	26,360,591
Less:					
Current year expenditures	(48)	-	(691,194)	-	(20,916,555)
Permanent cash transfers	-	-	-	-	(663,169)
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	(2,158,160)
Cash, June 30, 2019	<u>\$ 13,523</u>	<u>\$ 1,178</u>	<u>\$ 649,713</u>	<u>\$ 2,882</u>	<u>\$ 2,622,707</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

Brian Colón
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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 12, 2019.

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.

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 2019-001, and NM 2019-002.

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
November 12, 2019

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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

Brian Colón, 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, 2019. 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, 2019.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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

November 12, 2019

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule IX

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	\$ 419,150
IDEA-B Preschool	24109	84.173	13,232
IDEA-B Results Plan	24132	84.027	30,000
Total Special Education Cluster (IDEA)			<u>462,382</u>
Other Programs (Treated individually for major program determination)			
Title I			
Title I IASA	24101	84.010	1,320,545
Title I Comprehensive Support & Improvement	24190	84.010A	215,872
Total Title I			<u>1,536,417</u>
English Language Acquisition	24153	84.365A	4,139
Teacher / Principal Training & Recruiting	24154	84.367	133,397
Rural & Low Income Schools	24160	84.358	30,000
Carl D Perkins Special Projects - Current	24171	84.048A	23,468
Total Other Programs			<u>1,727,421</u>
<i>Subtotal - Pass-through State of New Mexico Public Education Department</i>			<u>3,726,220</u>
U.S. Department of Education			
<i>Direct Grants</i>			
Other Programs (Treated individually for major program determination)			
Impact Aid			
Impact Aid (1)	11000	84.041	7,971,806
Impact Aid Special Education (1)	25145	84.041	169,606
Impact Aid Indian Education (1)	25147	84.041	1,182,214
Total Impact Aid			<u>9,323,626</u>
Indian Education Formula Grant (1)	25184	84.060	271,304
Total Other Programs			<u>9,594,930</u>
<i>Subtotal - Direct U.S. Department of Education</i>			<u>9,594,930</u>
Total U.S. Department of Education			<u>11,784,733</u>
U.S. Department of Interior			
<i>Direct U.S. Department of Interior</i>			
Johnson O'Malley	25131	15.130	113,893
Forestry on Indian Lands	25176	15.035	59,828
Total U.S. Department of Interior			<u>173,721</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	14,428
<i>Subtotal - Direct U.S. Department of Agriculture</i>			<u>14,428</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	30,441

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, 2019

Schedule IX

Federal Grantor or Pass-Through Grantor / Program Title	Pass-through Number	Federal CFDA Number	Federal Expenditures
Child Nutrition Cluster			
USDA School Breakfast Program (1)	21000	10.553	341,833
National School Lunch Program (1)	21000	10.555	621,270
Total Child Nutrition Cluster			<u>963,103</u>
<i>Pass-through State of New Mexico Human Services Department</i>			
Food Distribution (Commodities)	21000	10.565	<u>65,169</u>
<i>Subtotal - Pass-through State of New Mexico Public Education Department</i>			
			<u>993,544</u>
<i>Subtotal - Pass-through State of New Mexico Human Services Department</i>			
			<u>65,169</u>
Total U.S. Department of Agriculture			<u>1,073,141</u>
Total Federal Financial Assistance			<u>\$ 13,031,595</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, 2019

Schedule IX

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, 2019 was \$65,169 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.565. 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 5.67%

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	\$ 13,031,595
Total expenditures funded by other sources	7,698,444
	\$ 20,730,039
	\$ 20,730,039

(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, 2019

Schedule X

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 identified |
| b. Significant deficiencies identified not considered to be material weaknesses? | None identified |
| c. Non-compliance material to financial statements noted? | None identified |

Federal Awards:

- | | |
|---|-----------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None identified |
| b. Significant deficiencies identified not considered to be material weaknesses? | None identified |
| 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 identified |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
84.041	Impact Aid
84.060	Indian Education Formula Grant
10.553 and 10.555	Child Nutrition Cluster

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low risk auditee? | Yes |

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

Section II – Financial Statement Findings

None Identified

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

Section III – Federal Award Findings

None Identified

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

NM 2017-001 [FS 2013-002] – Purchase Orders and Payment Authorization (Other Non-Compliance) 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 cash disbursements items we noted the following instances in which proper procedures were not followed:

- In 1 of 25 items tested the goods and or services were received prior to the approval of a purchase order.
 - An invoice for \$1,104 was dated 2/12/19 and the purchase order was approved 2/25/19

During our review of credit cards, we noted the following instances in which proper procedures were not followed.

- In 1 of 25 items tested there was no supporting documentation for a purchase of \$73.79

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.

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

- In 1 of 34 items reviewed the payment amount was less than the invoice amount. The invoice amount was for \$59,856.85 but payment was only \$51,166.
- In 1 of 34 items reviewed the goods and or services were received prior to the approval of a purchase order.
 - An invoice for \$32,503.13 was dated 6/9/18 and the purchase order was approved 7/1/18.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

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

The District has not made any additional improvement in the area of purchase orders created after commitment of funds or in proper receiving documentation. Very few items were found in either year, but there are still minor errors occurring in the District.

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.

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. Additionally, care should be taken to make sure there is supporting documentation for all purchases.

Responsible official's view:

- Specific corrective action plan for finding:

The Director of Finance will continue to train personnel in the state statutes governing purchasing and will us specific audit examples of what went wrong during the past year to improve the situation.

- Timeline for completion of corrective action plan:

The initial training will be completed by December 31, 2019.

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

The Director of Finance is responsible for scheduling, planning, and presenting the training.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

NM 2017-002 [FS 2014-006] – Purchase Orders and Payment Authorization – Activity Funds (Other Non-Compliance) 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 2 of 25 items tested the goods and or services were received prior to the approval of a purchase order.
 - An invoice for \$375 is dated 12/12/18 and the purchase order is approved 12/18/18
 - An invoice of \$422.65 is dated 10/22/18 and the purchase order is approved 10/23/18
- In 14 of 25 items tested there was no receiving documents to verify the goods and or services were received. The amounts of the purchases ranged from \$44.75 to \$375.00
- In 3 of 25 items tested there was no invoice to verify date of purchase or proper payment.
 - A payment of \$56.52 was issued on 5/16/19
 - A payment of \$250.00 was issued on 6/4/19
 - A payment of \$50.00 was issued on 6/12/19

In the prior year’s audit, there were 4 instances in which goods and or services were purchased prior to the creation of an approved purchase order and 4 instances in which there was no invoice.

The District has regressed with regards to activity accounts for receiving, purchase orders, and copies of invoices on hand during the current year, particularly with regards to receiving documentation.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

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

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 receiving documentation.

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 regarding 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 Director of Finance will continue to train personnel in the state statutes governing purchasing and will us specific audit examples of what went wrong during the past year to improve the situation.

- Timeline for completion of corrective action plan:

The initial training will be completed by December 31, 2019.

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

The Director of Finance is responsible for scheduling, planning, and presenting the training.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

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

Criteria: 6.20.2.14 NMAC 1978 CASH CONTROL STANDARDS:

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 3 of 25 items tested money received was not deposited within 24 hours.
 - \$161.81 was received on 9/4/18 and was deposited on 9/8/18
 - \$51.00 was received on 10/25/18 and was deposited on 10/29/18
 - \$171.76 was received on 5/25/19 and was deposited on 6/4/19

In the previous year's audit 4 of 25 deposits tested were not deposited within 24 hours.

With regards to activity deposits, the District made a slight improvement reducing from four to three the number of deposits not made within 24 hours.

Cause: The District received an exception to the 24-hour rule during the school year. The District is required to deposit cash amounts once its cash on hand reaches \$500 or at a minimum of once a week regardless of amount collected. Cash can be kept in the school's vault for a maximum of 3 days. A small amount was collected and not deposited within the extended time allowed.

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:

The Director of Finance will continue to train personnel in the state statutes governing purchasing and will us specific audit examples of what went wrong during the past year to improve the situation.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

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

- Timeline for completion of corrective action plan:

The initial training will be completed by December 31, 2019.

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

The Director of Finance is responsible for scheduling, planning, and presenting the training

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

NM 2017-004 – Improper Reimbursement of Travel Expense (Other Non-Compliance) Repeated and Revised

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

A. **Applicability:** Upon written request of a public officer or an employee, agency heads may grant written approval for a public officer or employee of that agency or local public body to be reimbursed actual expenses in lieu of the per diem rate where overnight travel is required.

B. **Overnight travel:** For overnight travel for state officers and employees where overnight lodging is required, the public officer or employee will be reimbursed as follows:

(1) **Actual reimbursement for lodging:** A public officer or an employee may elect to be reimbursed actual expenses for lodging not exceeding the single occupancy room charge (including tax) in lieu of the per diem rate set forth in this Section. Whenever possible, public officers and employees should stay in hotels which offer government rates. Agencies, public officers or employees who incur lodging expenses in excess of \$215.00 per night must obtain the signature of the agency head or chairperson of the governing board on the travel voucher prior to requesting reimbursement and on the encumbering document at the time of encumbering the expenditure.

(2) **Actual reimbursement for meals: Actual expenses for meals are limited by Section 10-8-4(K)(2) NMSA 1978 (1995 Repl. Pamp.) to a maximum of \$30.00 for in-state travel and \$45.00 for out-of-state travel for a 24-hour period.**

(3) **Receipts required:** The public officer or employee must submit receipts for the actual meal and lodging expenses incurred. Under circumstances where the loss of receipts would create a hardship, an affidavit from the officer or employee attesting to the expenses may be substituted for actual receipts. The affidavit must accompany the travel voucher and include the signature of the agency head or governing board. See Appendix B for a sample affidavit.

C. **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 on the travel. Divide the total number of hours traveled by 24. **The hours remaining constitute the partial day which shall be reimbursed as follows:**

- (1) for less than 2 hours, none;
- (2) for 2 hours but less than 6 hours, \$12.00;
- (3) for 6 hours or more, but less than 12 hours, \$20.00;
- (4) for 12 hours or more, \$30.00;
- (5) **no reimbursement for actual expenses will be granted in lieu of partial day per diem rates.**

2.42.2.10 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.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

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

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

- In 13 of 25 items tested the District reimbursed the employee for actual expenses on the final day from overnight travel instead of the partial day per diem rate.
- In 1 of 25 items tested the employee was not paid the proper amount for a travel advance. The employee's estimated lodging and meals were \$1,542.95. 80% of that amount would be \$1,234.36, but the employee was advanced \$1,300.12.
- In 1 of 25 items tested an employee was reimbursed up to \$45 per day for meal expenses for in-state travel.

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

- Three employees were paid actuals instead of per diem on the final day of travel. In the first instance an employee was paid \$13.50 instead of \$20. In the second instance the employee was paid \$10.88 instead of \$12. In the final instance the employee was paid \$14 instead of \$12.

In the prior year's audit, there were two instances in which an employee was not reimbursed for the partial day per diem on their final day of an overnight trip.

The District had a significant number of exceptions in the current year as compared to the prior year. This is principally due to the District deciding to reimburse final day travel at actuals versus at the partial day per diem rate.

Cause: The District is paying actuals on the final day of travel in most instances as they feel it is the fiscally responsible thing to do as it saves the District money while still reimbursing employee's for properly accrued expenses.

Effect: The District is not in compliance with the state mileage and per-diem act.

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:
All travel documents requiring an advance will be more closely reviewed prior to approval to verify that the correct calculations are being used.

In the interest of proper fiscal management, the district has made the decision to reimburse actual meal cost for additional hours beyond 24 for the final day of travel. As written, the current statute encourages waste and abuse of taxpayer funds.

Meal fund reimbursements will be more closely monitored to ensure accuracy.

- Timeline for completion of corrective action plan:
Immediately
- Employee position(s) responsible for meeting the timeline:
The Director of Finance is responsible for implementation of these changes and has begun to implement them.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

NM 2019-001 – Timeliness of Deposits (Other Non-Compliance)

Criteria: 6.20.2.14 NMAC 1978 CASH CONTROL STANDARDS:

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:

- In 2 of 25 items tested money received was not deposited within 5 days.
 - \$41.25 was received on 9/10/18 and was deposited on 9/24/18
 - \$54.50 was received on 12/11/18 and was deposited on 12/17/18

Cause: The District received an exception to the 24-hour rule during the school year. The District is required to deposit cash amounts once its cash on hand reaches \$500 or at a minimum of once a week regardless of amount collected. Cash can be kept in the school's vault for a maximum of 3 days. A small amount was collected and not deposited within the extended time allowed.

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:
The Director of Finance will continue to train personnel in the state statutes governing purchasing and will us specific audit examples of what went wrong during the past year to improve the situation.
- Timeline for completion of corrective action plan:
The initial training will be completed by December 31, 2019.
- Employee position(s) responsible for meeting the timeline:
The Director of Finance is responsible for scheduling, planning, and presenting the training.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

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

FS 2019-002 – Cash Appropriations in Excess of Available Cash Balances (Other Non-Compliance)

Criteria: 2.2.2.10 NMAC 1978 GENERAL CRITERIA:

Q. Budgetary presentation:

(1) Prior year balance included in budget:
(a) If the agency prepares its budget on the accrual or modified accrual basis, the statement of revenues and expenditures (budget and actual) or the budgetary comparisons shall include the amount of fund balance on the budgetary basis used to balance the budget.

(b) **If the agency prepares its budget on the cash basis, the statement of revenues and expenditures (budget and actual) or the budgetary comparisons shall include the amount of prior-year cash balance used to balance the budget (or fund balance on the cash basis).**

(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 fund:

		Original	Actual	
Non-major Funds:		Cash Budget	Cash	Difference
25184	Indian Ed Formula Grant	\$ 64,177	\$ (37,818)	\$ (101,995)

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

Cause: Inadequate monitoring of ending cash balances and budgeting are the cause of this problem.

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.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

FS 2019-002 – Cash Appropriations in Excess of Available Cash Balances (Other Non-Compliance)
(Continued)

Responsible Official's Plan:

- Specific corrective action plan for finding:
The Director of Finance will monitor budgeted cash vs actual cash on hand at beginning of year more closely so as to avoid this situation.

- Timeline for completion of corrective action plan:
The first review will be as soon as the audit is finalized.

- Employee position(s) responsible for meeting the timeline:
Director of Finance is responsible for the oversight.

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

Section V – Prior Year Audit Findings

Financial Statement Findings

None Noted

Federal Awards Findings

FA 2018-001 – Improper Method of Procurement - Resolved

Section 12-6-5 NMSA 1978 Findings

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

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

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

NM 2017-004 – Improper Reimbursement of Travel Expense – Repeated and Revised

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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

Findings Resolution Recap

Findings Resolution for the Year Ended June 30, 2017

FS 2016-003 – Improper Maintenance of Fixes Assets Inventory – Resolved

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

The District provided training to all employees at the back to school orientation, instructing them in NM state statutes requiring that a purchase order be in place before any purchase is made. Ongoing training will be provided during the school year. The training was provided by the district’s Director of Finance.

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

The District provided training to all employees at the back to school orientation, instructing them in NM state statutes requiring that a purchase order be in place before any purchase is made. Ongoing training will be provided during the school year. The training was provided by the district’s Director of Finance.

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

Training was provided to all employees at the back to school orientation outlining state 24-hour deposit rules. Ongoing training will be provided during the school year. A waiver of that deposit rule has been obtained from the New Mexico Public Education Department and it will be renewed on an annual basis. All training was provided by the Director of Finance

NM 2017-004 Improper Reimbursement of Travel Expense

A spreadsheet has been created to track all travel expenditures by 24-hour time period. The spreadsheet is created for all travel and attached to the payment documents prior to processing. This was completed by the Director of Finance.

NM 2017-005 Timeliness of Deposits

Training was provided to all employees at the back to school orientation outlining state 24-hour deposit rules. Ongoing training will be provided during the school year. A waiver of that deposit rule has been obtained from the New Mexico Public Education Department and it will be renewed on an annual basis. All training was provided by the Director of Finance.

NM 2017-006 Background Checks - Resolved in 2018

NM 2017-007 Cash Appropriations in Excess of Available Cash Balances – Resolved in 2018

ACADEMIC EXCELLENCE COMMUNITY CONTROL PARENT INVOLVEMENT

Zuni Public School District is an Equal Opportunity Employer
The Zuni Public School District is a drug –free, tobacco-free district.

Findings Resolution for the Year Ended June 30, 2018

FA 2018-001 – Improper Method of Procurement – Resolved in 2019

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

The District provided training to all employees at the back to school orientation, instructing them in NM state statutes requiring that a purchase order be in place before any purchase is made. Ongoing training will be provided during the school year. The training was provided by the district's Director of Finance.

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

The District provided training to all employees at the back to school orientation, instructing them in NM state statutes requiring that a purchase order be in place before any purchase is made. Ongoing training will be provided during the school year. The training was provided by the district's Director of Finance.

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

Training was provided to all employees at the back to school orientation outlining state 24-hour deposit rules. Ongoing training will be provided during the school year. A waiver of that deposit rule has been obtained from the New Mexico Public Education Department and it will be renewed on an annual basis. All training was provided by the Director of Finance

NM 2017-004 Improper Reimbursement of Travel Expense – Repeated and Revised

A spreadsheet has been created to track all travel expenditures by 24-hour time period. The spreadsheet is created for all travel and attached to the payment documents prior to processing. This was completed by the Director of Finance.

Findings Resolution for the Year Ended June 30, 2019

NM 2017-001 [FS 2013-002} – Purchase Orders and Payment Authorization (Other Non-Compliance Repeated and Revised

The Director of Finance will continue to train personnel in the state statutes governing purchasing and will us specific audit examples of what went wrong during the past year to improve the situation

The initial training will be completed by December 31, 2019

The Director of Finance is responsible for scheduling, planning, and presenting the training

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

The Director of Finance will continue to train personnel in the state statutes governing purchasing and will us specific audit examples of what went wrong during the past year to improve the situation

The initial training will be completed by December 31, 2019

The Director of Finance is responsible for scheduling, planning, and presenting the training

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

The Director of Finance will continue to train personnel in the state statutes governing purchasing and will us specific audit examples of what went wrong during the past year to improve the situation

The initial training will be completed by December 31, 2019

The Director of Finance is responsible for scheduling, planning, and presenting the training

NM 2017-004 – Improper Reimbursement of Travel Expense (Other Non-Compliance) Repeated and Revised

All travel documents requiring an advance will be more closely reviewed prior to approval to verify that the correct calculations are being used.

In the interest of proper fiscal management, the district has made the decision to reimburse actual meal cost for additional hours beyond 24 for the final day of travel. As written, the current statute encourages waste and abuse of taxpayer funds.

Meal fund reimbursements will be more closely monitored to ensure accuracy.

The Director of Finance is responsible for implementation of these changes and has begun to implement them.

NM 2019-001 – Timeliness of Deposits (Other Non Compliance)

The Director of Finance will continue to train personnel in the state statutes governing purchasing and will us specific audit examples of what went wrong during the past year to improve the situation

The initial training will be completed by December 31, 2019

The Director of Finance is responsible for scheduling, planning, and presenting the training

FS 2019-002 Cash Appropriations in Excess of Available Cash Balances (Other Non-Compliance)

The Director of Finance will monitor budgeted cash vs actual cash on hand at beginning of year more closely so as to avoid this situation

The first review will be as soon as the audit if finalized

Director of Finance is responsible for the oversight

STATE OF NEW MEXICO
ZUNI PUBLIC SCHOOLS
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2019

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 November 12, 2019. The following individuals were in attendance.

Zuni Public Schools

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

Manning Accounting and Consulting Services, LLC

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