

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2018**

<b>OFFICIAL ROSTER</b>	<b>1</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>2</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>5</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>13</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>15</b>
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>16</b>
<b>RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS     TO THE STATEMENT OF NET POSITION</b>	<b>17</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND     BALANCES</b>	<b>18</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,     AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO     THE STATEMENT OF ACTIVITIES</b>	<b>19</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND     BALANCES – BUDGET AND ACTUAL – GENERAL FUND (11000)</b>	<b>20</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND     BALANCES – BUDGET AND ACTUAL – PUPIL TRANSPORTATION     SPECIAL REVENUE FUND (13000)</b>	<b>21</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND     BALANCES – BUDGET AND ACTUAL – INSTRUCTIONAL MATERIALS     SPECIAL REVENUE FUND (14000)</b>	<b>22</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND     BALANCES – BUDGET AND ACTUAL – TITLE I IASA SPECIAL REVENUE     FUND (24101)</b>	<b>23</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND     BALANCES – BUDGET AND ACTUAL – ENTITLEMENT IDEA-B SPECIAL     REVENUE FUND (24106)</b>	<b>24</b>
<b>STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY     FUNDS</b>	<b>25</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>26</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2018**

<b>SCHEDULE OF THE DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>	<b>59</b>
<b>SCHEDULE OF THE DISTRICT’S CONTRIBUTIONS</b>	<b>59</b>
<b>SCHEDULE OF THE DISTRICT’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY</b>	<b>60</b>
<b>SCHEDULE OF THE DISTRICT’S CONTRIBUTIONS</b>	<b>60</b>
<b>NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>61</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS</b>	<b>62</b>
<b>COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS</b>	<b>63</b>
<b>SPECIAL REVENUE FUNDS</b>	<b>64</b>
<b>CAPITAL PROJECTS FUNDS</b>	<b>69</b>
<b>COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS</b>	<b>70</b>
<b>COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS</b>	<b>78</b>
<b>SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS (REQUIRED BY 2.2.2 NMAC)</b>	<b>86</b>
<b>SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS (REQUIRED BY 2.2.2 NMAC)</b>	<b>87</b>
<b>SCHEDULE OF CASH AND TEMPORARY INVESTMENTS (REQUIRED BY 2.2.2 NMAC)</b>	<b>88</b>
<b>CASH RECONCILIATION SCHEDULE (REQUIRED BY 2.2.2 NMAC)</b>	<b>89</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>91</b>
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>93</b>
<b>REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>94</b>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2018**

<b>REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</b>	<b>96</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>99</b>
<b>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</b>	<b>107</b>
<b>EXIT CONFERENCE</b>	<b>108</b>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
OFFICIAL ROSTER  
JUNE 30, 2018**

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Board of Education

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Ed Frank	President
Terrie Dallman	Vice President
Ray Jaramillo	Secretary
Maria Flores	Member
Maury Castro	Member

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School Officials

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Dr. Gregory Ewing	Superintendent
Ed Ellison	Chief Financial Officer
Melissa Zuniga	Controller

## INDEPENDENT AUDITORS' REPORT

Board of Education  
State of New Mexico  
Las Cruces Public School District No. 2 and  
Mr. Wayne Johnson, New Mexico State Auditor

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and each major special revenue fund and the aggregate remaining fund information of the Las Cruces Public School District No. 2 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above 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, 2018 and the budgetary comparisons for the general fund and each major special revenue fund and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

During fiscal year ended June 30, 2018, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle (See Note 15). Our auditors' opinion was not modified with respect to the restatement.

### ***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 5 through 11, the Schedules of Proportionate Share of the Net Pension Liability/Contributions starting on page 59, and the Schedules of Proportionate Share of the Net OPEB Liability/Contributions starting on page 60 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 financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic 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 the other schedules required by 2.2.2.NMAC are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards and other schedules 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

Board of Education  
State of New Mexico  
Las Cruces Public School District No. 2 and  
Mr. Wayne Johnson, New Mexico State Auditor

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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
November 15, 2018



**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**Introduction**

The discussion and analysis of Las Cruces Public School District's (District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2018 are as follows:

- The net position of the governmental activities decreased for the fiscal year ended June 30, 2018 by \$218.3 million or 3,085% (Table A-1). There were two primary factors that contributed to this decrease.
  - The district is required by GASB standards to include, in the government wide financial statements, a proportionate share of the New Mexico Educational Employee's Retirement Plan (ERB) net pension liability. A change in actuarial assumptions was a factor in the increase of net pension liability by \$187.3 million or 58%. In addition, Deferred Outflows of Resources related to the net pension liability increased by \$126.6 million or 270%, and Deferred Inflows of Resources related to the net pension liability increased by \$264 thousand or 1.7% (see note 10).
  - GASB Statement no. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented for the fiscal year ended June 30, 2018. This GASB standard requires the district to include, in the government wide financial statements, a proportionate share of the New Mexico Retiree Health Care Authority (RHCA) liability. The effect of the implementation can be seen on the Statement of Net Position as Net OPEB Liability of \$137.5 million, Deferred Outflows of Resources related to the net OPEB liability of \$2.3 million and Deferred Inflows of Resources related to net OPEB liability of \$31.3 million. The implementation also caused a restatement of the beginning Net Position, which resulted in a decrease of \$163.4 million or 2,308% in the Net Position as of June 30, 2017 (see Note 11).
- Current and Other Assets increased from the prior year by \$10.9 million or 13% (Table A-1). The Operational fund cash balance increased by \$6.4 million or 38.7%. This was due in part to increases in the SEG unit value in March 2018 and June 2018. Other factors include an increase in the final June 30, 2017 cash balance of \$1.9 million and cost reduction efforts implemented during the last half of fiscal year 2018. The cash balance in the Bond Building fund increased by \$4.3 million or 65%. This is primarily due to delays in construction projects that were anticipated to be completed in fiscal year 2018 but were extended into fiscal year 2019.
- The district had \$320 million in expenses related to governmental activities; \$47.4 million of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily consisting of state equalization guarantee, property taxes, and grants and entitlements) of \$217.6 million were adequate to provide for these programs.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**Using the Basic Financial Statements**

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

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

**Reporting the District as a Whole**

**Statement of Net Position and Statements of Activities**

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

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

In the statement of net position and the statement of activities, the District has one kind of activity:

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

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**Table A-1  
The District's Net Position**

	FY 2018	FY 2017	Amount Change	Total % Change
<b>Assets:</b>				
Current and Other Assets	\$ 96,681,431	\$ 85,800,148	\$ 10,881,283	13%
Capital and Non-Current Assets	389,057,478	387,980,533	1,076,945	0%
Total Assets	<u>485,738,909</u>	<u>473,780,681</u>	11,958,228	3%
Deferred Outflows of Resources	<u>176,178,358</u>	<u>46,921,936</u>	129,256,422	275%
Total Assets and Deferred Outflows of Resources	<u>\$ 661,917,267</u>	<u>\$ 520,702,617</u>	<u>\$ 141,214,650</u>	27%
<b>Liabilities:</b>				
Current Liabilities	\$ 30,879,963	\$ 32,065,189	\$ (1,185,226)	-4%
Long-Term Liabilities	<u>794,992,867</u>	<u>465,809,077</u>	<u>329,183,790</u>	71%
Total Liabilities	825,872,830	497,874,266	327,998,564	66%
Deferred Inflows of Resources	47,314,902	15,750,424	31,564,478	200%
<b>Net Position:</b>				
Net Investment in Capital Assets	239,520,001	235,833,743	3,686,258	2%
Restricted	52,472,307	52,370,185	102,122	0%
Unrestricted	<u>(503,262,773)</u>	<u>(281,126,001)</u>	<u>(222,136,772)</u>	79%
Total Net Position	<u>(211,270,465)</u>	<u>7,077,927</u>	<u>(218,348,392)</u>	-3085%
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 661,917,267</u>	<u>\$ 520,702,617</u>	<u>\$ 141,214,650</u>	27%

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**Table A-2  
Changes in the District's Net Position**

	FY 2018	FY 2017	Amount Change	Total % Change
<b>Revenues:</b>				
<b>Program Revenues:</b>				
Charges for Services	\$ 3,872,934	\$ 3,886,240	\$ (13,306)	0%
Capital Grants and Contributions	249,182	2,165,542	(1,916,360)	-88%
Operating Grants and Contributions	43,288,262	46,040,113	(2,751,851)	-6%
<b>Total Program Revenues</b>	<b>47,410,378</b>	<b>52,091,895</b>	<b>(4,681,517)</b>	<b>-9%</b>
<b>General Revenues:</b>				
State Equalization Guarantee	180,662,016	174,733,903	5,928,113	3%
Property Taxes	32,929,588	31,885,469	1,044,119	3%
Unrestricted Investment Earnings	679,098	299,113	379,985	127%
Miscellaneous	3,369,449	2,492,154	877,295	35%
<b>Total General Revenues</b>	<b>217,640,151</b>	<b>209,410,639</b>	<b>8,229,512</b>	<b>4%</b>
<b>Total Revenues</b>	<b>265,050,529</b>	<b>261,502,534</b>	<b>3,547,995</b>	<b>1%</b>
<b>Expenses:</b>				
Instruction	173,749,296	136,984,895	36,764,401	27%
Support Services	62,500,758	49,115,944	13,384,814	27%
Central Services	7,545,472	5,446,356	2,099,116	39%
Operation and Maintenance of Plant	26,694,319	22,366,085	4,328,234	19%
Student Transportation	6,368,519	6,116,207	252,312	4%
Food Services Operations	14,323,055	12,904,972	1,418,083	11%
Community Services Operations	648,119	68,152	579,967	851%
Facilities, Materials, Supplies and Other Services	5,895,894	9,684,004	(3,788,110)	-39%
Interest on Long-Term Debt	6,033,426	5,440,419	593,007	11%
Unallocated Depreciation	16,285,003	15,191,338	1,093,665	7%
<b>Total Expenses</b>	<b>320,043,861</b>	<b>263,318,372</b>	<b>56,725,489</b>	<b>22%</b>
<b>CHANGE IN NET POSITION</b>	<b>(54,993,332)</b>	<b>(1,815,838)</b>	<b>(53,177,494)</b>	<b>2929%</b>
Net Position - Beginning of Year	7,077,927	4,165,591	2,912,336	70%
Restatement	(163,355,060)	4,728,174	(168,083,234)	-3555%
Net Position - Beginning of Year, As Restated	(156,277,133)	8,893,765	(165,170,898)	-1857%
<b>NET POSITION - END OF YEAR</b>	<b>\$ (211,270,465)</b>	<b>\$ 7,077,927</b>	<b>\$ (218,348,392)</b>	<b>-3085%</b>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**Reporting the District's Most Significant Funds**

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

Governmental Funds

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

Governmental Activities

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The statement of activities (shown as Table A-2) for government activities indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by revenues from state entitlements.

The dependence upon revenues from the State of New Mexico for governmental activities is apparent throughout the statements. Eighty percent (80%) of the instructional activities are supported through general revenues.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$280.4 million and expenditures and other financing uses of \$267.8 million. The net change in fund balance for the year was an increase of \$12.6 million.

General Fund Budgeting Highlights

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

During the course of the 2018 fiscal year, the District amended its General Fund budget as necessary. The District utilizes a site-based budgeting technique. The budgeting systems are designed to tightly control site/department budgets, and to provide flexibility for site/departmental management.

For the General Fund, final budgeted revenues and other financing sources are equal to budgeted expenditures of \$194.9 million. Actual expenditures were \$178.4 million. The difference between budget and actual expenditures was primarily due to savings in salaries, benefits, and utility costs. Although, savings were experienced throughout the budget.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

Actual revenues for the general fund were \$183.4 million, with revenues from state sources constituting 99% of this total. Actual revenues exceeded actual expenditures by \$4.9 million.

**Significant Variations Between Original and Final Budgets**

	<u>Original</u>	<u>Final</u>	<u>Change</u>	<u>% Change</u>
General Fund:				
Revenue	\$ 180,271,429	\$ 183,034,435	\$ (2,763,006)	(1.5)%
Expenditures	190,239,049	194,924,099	(4,685,050)	(2.4)%

Budgeted revenue increased by \$2.7 million or 1.53% from the original to final budget. This increase is due primarily to an increase in State Equalization Guarantee (SEG) funding from the State of New Mexico during fiscal year 2018. The District is required by state law to have a balanced budget. The difference between the final budget Revenue and Expenditures of \$11.8 million is the final cash balance at June 30, 2017. \$7 million was budgeted as emergency reserve, 1.5 million was budgeted as furlough restoration leave reserve and \$3.3 million was used for operational expenditures.

**Capital Assets and Debt Administration**

**Capital Assets**

During the 2018 fiscal year, the District had a net change of \$1.1 million. The total additions consisted primarily of construction and renovation projects across the District. At the end of fiscal year 2018, the District had \$568.8 million invested in depreciable assets, with accumulated depreciation of \$188.3 million, \$6.8 million in land and \$1.7 million in construction in progress (see note 6). A following is a summary of the District's capital assets, net of depreciation, at June 30, 2018 and 2017.

	<u>Balance, June 30, 2017</u>	<u>Additions</u>	<u>Deletions &amp; Transfers</u>	<u>Balance June 30, 2018</u>
Capital Assets Not Being Depreciated	\$ 32,538,140	\$ 16,432,638	\$ (40,456,047)	\$ 8,514,731
Land Improvements	30,171,546	645,845	-	30,817,391
Buildings and Building Improvements	471,256,382	39,828,769	(29,195)	511,055,956
Equipment and Vehicles	26,418,008	1,418,047	(916,704)	26,919,351
Less Accumulated Depreciation	(172,403,543)	(16,755,970)	909,562	(188,249,951)
Capital Assets, Net	<u>\$ 387,980,533</u>	<u>\$ 41,569,329</u>	<u>\$ (40,492,384)</u>	<u>\$ 389,057,478</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**Debt**

At June 30, 2018, the District had outstanding bonds payable of \$123.2 million and capital lease obligation of \$32 million, for total indebtedness of \$155.2 million. A summary of long-term debt at June 30, 2018 and 2017 is presented below.

	Balance, June 30, 2017	Additions	Deletions	Balance June 30, 2018
Bonds Payable	\$ 117,840,000	\$ 25,010,000	\$ (19,665,000)	\$ 123,185,000
Capital Lease	33,647,452	-	(1,678,139)	31,969,313
Compensated Absences	2,970,132	1,307,915	(1,392,282)	2,885,765
Total Long-Term Debt	<u>\$ 154,457,584</u>	<u>\$ 26,317,915</u>	<u>\$ (22,735,421)</u>	<u>\$ 158,040,078</u>

The District is bonded to 74.9% of the legal limit of \$207.3 million. In February 2018, the voters approved the issuance of \$50 million in bonds. The bonds are to be sold in blocks over a four-year period. See the following table for schedule of issuance:

<u>Date of Sale</u>	<u>Amount Sold or to be Sold</u>
September 2018	\$12.25 million
September 2019	\$12.75 million
September 2020	\$12.50 million
September 2021	\$12.50 million

**Factors Impacting Future Periods**

Las Cruces Public Schools sold the initial authorized block of the 2018 bond election in September 2018 (see Note 15). The proceeds will be utilized for safety and security projects across the district, as well as other significant improvements at school sites across the district

Significant construction deficiencies were discovered at Columbia Elementary School causing water to penetrate the exterior wall of the building. The students and staff have been relocated to an underutilized building at Centennial High School. The building will require major repairs before it can be utilized. The site will also require major improvements for flood control.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. To learn more about the District's strategic plan, goals, and program results, please visit our web site at [www.lcps.k12.nm.us](http://www.lcps.k12.nm.us). Questions about this report or additional financial information needs should be directed to:

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**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 59,138,475
Investments	27,040,967
Receivables, Net	9,815,618
Inventory	686,371
Total Current Assets	<u>96,681,431</u>
 Noncurrent Assets:	
Capital Assets:	
Construction in Progress	1,695,025
Art	20,700
Land	6,799,006
Land Improvements	30,817,391
Building and Building Improvements	511,055,956
Equipment and Vehicles	26,919,351
	<u>577,307,429</u>
 Less: Accumulated Depreciation	 188,249,951
Total Noncurrent Assets	<u>389,057,478</u>
Total Assets	485,738,909
 Deferred Outflows of Resources Related to the Net Pension Liability	 173,562,252
Deferred Outflows of Resources Related to the Net OPEB Liability	<u>2,616,106</u>
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	 <u><u>\$ 661,917,267</u></u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2018**

	<u>Governmental Activities</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	
Current Liabilities:	
Accounts Payable	\$ 2,300,398
Due to Government	325
Accrued Liabilities	12,612,134
Current Portion of Accrued Compensated Absences	2,885,765
Accrued Interest	2,339,368
Current Portion of Capital Lease Obligation	1,746,473
Current Portion of Bonds Payable	8,995,500
Total Liabilities	<u>30,879,963</u>
Noncurrent Liabilities:	
Net Pension Liability	508,428,946
Net OPEB Liability	137,522,681
Capital Lease Obligation Due in More than One Year	30,222,840
Bonds Due in More than One Year, Net of Premiums	118,818,400
Total Noncurrent Liabilities	<u>794,992,867</u>
Total Liabilities	825,872,830
Deferred Inflows of Resources Related to the Net Pension Liability	16,015,064
Deferred Inflows of Resources Related to the Net OPEB Liability	31,299,838
Net Investment in:	
Capital Assets	239,520,001
Restricted for:	
Debt Service	15,845,548
Capital Projects	18,595,038
Other	18,031,721
Unrestricted (Deficit)	<u>(503,262,773)</u>
Total Net Position	<u>(211,270,465)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 661,917,267</u></u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities:					
Instruction	\$ 173,749,296	\$ 2,096,391	\$ 12,300,371	\$ -	\$ (159,352,534)
Support Services:					
Students	31,381,105	-	8,967,203	-	(22,413,902)
Instruction	11,886,059	-	3,688,574	-	(8,197,485)
General Administration	3,485,794	-	728,437	-	(2,757,357)
School Administration	15,747,800	-	402,645	-	(15,345,155)
Central Services	7,545,472	-	26,032	-	(7,519,440)
Operation and Maintenance of Plant	26,694,319	-	133,367	-	(26,560,952)
Student Transportation	6,368,519	-	4,640,403	-	(1,728,116)
Food Services Operations	14,323,055	1,776,543	12,319,380	-	(227,132)
Community Services Operations	648,119	-	26,151	-	(621,968)
Facilities, Materials, Supplies, and Other Services	5,895,894	-	55,699	249,182	(5,591,013)
Interest on long-term debt	6,033,426	-	-	-	(6,033,426)
Unallocated Depreciation	16,285,003	-	-	-	(16,285,003)
<b>Total Governmental Activities</b>	<b>\$ 320,043,861</b>	<b>\$ 3,872,934</b>	<b>\$ 43,288,262</b>	<b>\$ 249,182</b>	<b>(272,633,483)</b>
General Revenues:					
Property Taxes:					
					1,276,009
					15,394,249
					16,259,330
					180,662,016
					679,098
					3,369,449
					<u>217,640,151</u>
<b>CHANGE IN NET POSITION</b>					
					(54,993,332)
Net Position - Beginning of Year - As Previously Reported					
					7,077,927
Restatement					
					(163,355,060)
Net Position - Beginning of Year, As Restated					
					<u>(156,277,133)</u>
<b>NET POSITION - END OF YEAR</b>					
					<u>\$ (211,270,465)</u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	Major Funds								Other Governmental Funds	Total Governmental Funds
	11000 General Fund	13000 Pupil Transportation	14000 Instructional Materials	24101 Title I IASA	24106 Entitlement IDEA-B	31100/31101 Bond Building	31600 Capital Improvements HB-33	41000 Debt Service		
<b>ASSETS</b>										
Cash and Cash Equivalents	\$ 12,814,466	\$ -	\$ 218,543	\$ -	\$ -	\$ 10,925,867	\$ 12,379,155	\$ 26,826	\$ 22,773,618	\$ 59,138,475
Investments	10,000,000	-	-	-	-	-	-	17,016,148	24,819	27,040,967
Accounts Receivable:										
Taxes	96,177	-	-	-	-	-	731,082	1,123,214	489,703	2,440,176
Due from Other Governments	52	-	-	2,071,958	2,085,703	-	-	-	3,188,959	7,346,672
Due from Other Funds	5,905,552	-	-	-	-	-	-	-	-	5,905,552
Other	9,666	-	-	-	-	-	-	18,728	376	28,770
Inventory	248,748	-	-	-	-	-	-	-	437,623	686,371
<b>Total Assets</b>	<b>\$ 29,074,661</b>	<b>\$ -</b>	<b>\$ 218,543</b>	<b>\$ 2,071,958</b>	<b>\$ 2,085,703</b>	<b>\$ 10,925,867</b>	<b>\$ 13,110,237</b>	<b>\$ 18,184,916</b>	<b>\$ 26,915,098</b>	<b>\$ 102,586,983</b>
<b>LIABILITIES</b>										
Accounts Payable	\$ 1,279,863	\$ -	\$ -	\$ 1,988	\$ 140,043	\$ 234,333	\$ 150,067	\$ -	\$ 494,104	\$ 2,300,398
Due to Government	-	-	-	-	-	-	-	-	325	325
Accrued Expenses	11,083,754	-	-	298,216	315,509	-	-	-	914,655	12,612,134
Due to Other Funds	-	-	-	1,771,754	1,630,151	-	-	-	2,503,647	5,905,552
<b>Total Liabilities</b>	<b>12,363,617</b>	<b>-</b>	<b>-</b>	<b>2,071,958</b>	<b>2,085,703</b>	<b>234,333</b>	<b>150,067</b>	<b>-</b>	<b>3,912,731</b>	<b>20,818,409</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable Revenues	76,364	-	-	-	-	-	580,334	891,027	388,657	1,936,382
<b>FUND BALANCES</b>										
Nonspendable	248,748	-	-	-	-	-	-	-	437,623	686,371
Restricted by Grantor	-	-	218,543	-	-	-	-	-	17,375,674	17,594,217
Restricted for Debt Service	-	-	-	-	-	-	-	17,293,889	-	17,293,889
Restricted for Capital Projects	-	-	-	-	-	10,691,534	12,379,836	-	4,800,413	27,871,783
Assigned	10,731,266	-	-	-	-	-	-	-	-	10,731,266
Unassigned	5,654,666	-	-	-	-	-	-	-	-	5,654,666
<b>Total Fund Balances</b>	<b>16,634,680</b>	<b>-</b>	<b>218,543</b>	<b>-</b>	<b>-</b>	<b>10,691,534</b>	<b>12,379,836</b>	<b>17,293,889</b>	<b>22,613,710</b>	<b>79,832,192</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,074,661</b>	<b>\$ -</b>	<b>\$ 218,543</b>	<b>\$ 2,071,958</b>	<b>\$ 2,085,703</b>	<b>\$ 10,925,867</b>	<b>\$ 13,110,237</b>	<b>\$ 18,184,916</b>	<b>\$ 26,915,098</b>	<b>\$ 102,586,983</b>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	\$ 79,832,192
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

The Cost of Capital Assets is	577,307,429
Accumulated Depreciation is	(188,249,951)
Total Capital Assets	389,057,478

Deferred inflow and outflows of resources related to the net pension liability and not reported in the funds.

Deferred Outflows of Resources Related to the Net Pension Liability	173,562,252
Deferred Outflows of Resources Related to the Net OPEB Liability	2,616,106
Deferred Inflows of Resources Related to the Net Pension Liability	(16,015,064)
Deferred Inflows of Resources Related to the Net OPEB Liability	(31,299,838)

Deferred Inflows of Resources - Unavailable Property Taxes	1,936,382
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Original bond issue discounts and premiums are not financial resources and, therefore, are not reported in the funds.

Bond Issuance Premiums Net of Accumulated Amortization	(4,628,900)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term and other liabilities at year end consist of:

Accrued Interest	(2,339,368)
Accrued Compensated Absences	(2,885,765)
Capital Lease Obligation	(31,969,313)
General Obligation Bonds	(123,185,000)
Net OPEB Liability	(137,522,681)
Net Pension Liability	(508,428,946)

Net Position of Governmental Activities (Statement of Net Position)	\$ (211,270,465)
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**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2018**

	Major Funds								Other Governmental Funds	Total Governmental Funds
	11000 General Fund	13000 Pupil Transportation	14000 Instructional Materials	24101 Title I IASA	24106 Entitlement IDEA-B	31100/31101 Bond Building	31600 Capital Improvements HB-33	41000 Debt Service		
<b>REVENUES</b>										
Property Taxes	\$ 1,282,539	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,753,007	\$ 15,473,032	\$ 6,589,533	\$ 33,098,111
State Grants	181,472,142	3,981,163	758,584	-	-	-	-	-	3,399,399	189,611,288
Federal Grants	-	-	-	6,779,625	5,998,261	-	-	-	21,810,286	34,588,172
Charges for Services	83,910	-	-	-	-	-	-	-	3,789,024	3,872,934
Miscellaneous	1,162,864	-	16,029	-	-	-	42,788	-	19,087	1,240,768
Local and Private Sources	-	-	-	-	-	-	-	-	2,128,681	2,128,681
Interest	295,143	-	-	-	-	144,084	77,844	107,936	54,091	679,098
<b>Total Revenues</b>	<b>184,296,598</b>	<b>3,981,163</b>	<b>774,613</b>	<b>6,779,625</b>	<b>5,998,261</b>	<b>144,084</b>	<b>9,873,639</b>	<b>15,580,968</b>	<b>37,790,101</b>	<b>265,219,052</b>
<b>EXPENDITURES</b>										
Current:										
Instruction	113,755,680	-	943,623	3,733,305	2,470,898	-	-	-	8,638,736	129,542,242
Support Services:										
Students	16,662,948	-	-	483,177	3,191,644	-	-	-	4,101,949	24,439,718
Instruction	6,067,945	-	-	2,338,605	-	-	-	-	1,580,715	9,987,265
General Administration	1,956,083	-	-	168,563	146,227	-	97,707	92,194	560,604	3,021,378
School Administration	11,005,571	-	-	42,898	326	-	-	-	309,724	11,358,519
Central Services	5,444,110	-	-	-	-	-	-	-	1,269	5,445,379
Operations and Maintenance of Plant	22,710,869	-	-	5,397	186	-	-	-	23,828	22,740,280
Student Transportation	1,690,360	3,981,163	-	-	188,980	-	-	-	462,627	6,323,130
Other Support Services	2,181	-	-	-	-	-	-	-	-	2,181
Food Service Operations	1,843	-	-	-	-	-	-	-	14,307,381	14,309,224
Community Service	29,116	-	-	7,680	-	-	-	-	34,710	71,506
Facilities, Materials, and Supplies	78,908	-	-	-	-	10,806,488	4,727,875	-	8,443,814	24,057,085
Debt Service:										
Principal	-	-	-	-	-	-	1,678,139	9,165,000	-	10,843,139
Interest	-	-	-	-	-	-	1,324,481	4,152,468	-	5,476,949
Bond Issuance Costs	-	-	-	-	-	109,389	-	117,398	-	226,787
<b>Total Expenditures</b>	<b>179,405,614</b>	<b>3,981,163</b>	<b>943,623</b>	<b>6,779,625</b>	<b>5,998,261</b>	<b>10,915,877</b>	<b>7,828,202</b>	<b>13,527,060</b>	<b>38,465,357</b>	<b>267,844,782</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>4,890,984</b>	<b>-</b>	<b>(169,010)</b>	<b>-</b>	<b>-</b>	<b>(10,771,793)</b>	<b>2,045,437</b>	<b>2,053,908</b>	<b>(675,256)</b>	<b>(2,625,730)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Bond Issuance Premiums	-	-	-	-	-	564,309	-	724,165	-	1,288,474
Proceeds from Bond Issues	-	-	-	-	-	14,550,000	-	-	-	14,550,000
Proceeds of refunding bonds	-	-	-	-	-	-	-	10,460,000	-	10,460,000
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	(11,066,767)	-	(11,066,767)
Operating Transfers In	-	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	-	-	-	15,114,309	-	117,398	-	15,231,707
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,890,984</b>	<b>-</b>	<b>(169,010)</b>	<b>-</b>	<b>-</b>	<b>4,342,516</b>	<b>2,045,437</b>	<b>2,171,306</b>	<b>(675,256)</b>	<b>12,605,977</b>
Fund Balances - Beginning	11,743,696	-	387,553	-	-	6,349,018	10,334,399	15,122,583	23,288,966	67,226,215
<b>FUND BALANCES - ENDING</b>	<b>\$ 16,634,680</b>	<b>\$ -</b>	<b>\$ 218,543</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,691,534</b>	<b>\$ 12,379,836</b>	<b>\$ 17,293,889</b>	<b>\$ 22,613,710</b>	<b>\$ 79,832,192</b>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$ 12,605,977
Amounts reported for governmental activities in the statement of activities are different because:	
Expenses related to the net pension liability not reported in the funds.	(60,896,590)
Expenses related to the net OPEB liability not reported in the funds.	(2,851,353)
Unavailable Revenue - Property Taxes	(168,523)
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 capital outlays exceed depreciation for the period.	
Depreciation Expense	(16,755,970)
Capital Outlay	17,869,252
Loss on Disposal of Capital Assets	(36,337)
The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. In addition, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Also, governmental funds report issuance of capital lease obligations as other financing sources while it is not accounted for in the statement of activities.	
Amortization of Original Issue Premium	667,657
Bond Underwriter Premiums	(1,288,474)
Increase in Accrued Interest Payable	(556,477)
Decrease in Accrued Compensated Absences	84,367
Bond Proceeds	(14,550,000)
Bond Proceeds on Refunded Bonds	(10,460,000)
Principal Payments from Refunding (paid to escrow agent)	10,500,000
Principal Payments on Bonds	9,165,000
Capital Lease Payments	1,678,139
Change in Net Position of Governmental Activities (Statement of Activities)	\$ (54,993,332)

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL – GENERAL FUND (11000)  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 1,231,791	\$ 1,231,791	\$ 1,286,408	\$ 54,617
State Grants	177,954,638	180,717,644	180,780,690	63,046
Federal Grants	515,000	515,000	68,929	(446,071)
Charges for Services	40,000	40,000	291,500	251,500
Miscellaneous	510,000	510,000	707,970	197,970
Interest	20,000	20,000	304,994	284,994
Total Revenues	<u>180,271,429</u>	<u>183,034,435</u>	<u>183,440,491</u>	<u>406,056</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	116,640,765	119,646,016	113,791,705	5,854,311
Support Services:				
Students	17,165,926	17,401,926	16,662,330	739,596
Instruction	6,205,288	6,302,288	6,051,491	250,797
General Administration	1,437,659	2,054,659	1,921,444	133,215
School Administration	11,303,039	11,482,039	11,010,378	471,661
Central Services	5,556,074	5,677,873	5,466,372	211,501
Operation/Maintenance of Plant	21,590,692	21,844,692	21,818,014	26,678
Student Transportation	1,773,510	1,783,510	1,690,273	93,237
Other Support Services	8,502,896	8,502,896	2,181	8,500,715
Food Services Operations	-	50,000	1,842	48,158
Community Services	63,200	63,200	29,116	34,084
Capital Outlay	-	115,000	78,908	36,092
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>190,239,049</u>	<u>194,924,099</u>	<u>178,524,054</u>	<u>16,400,045</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES</b>				
	(9,967,620)	(11,889,664)	4,916,437	16,806,101
Designated Cash	<u>9,967,620</u>	<u>11,889,664</u>	<u>-</u>	<u>(11,889,664)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>4,916,437</u>	<u>\$ 4,916,437</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to Revenues			856,107	
Adjustments to Expenditures			(881,560)	
Net Changes in Fund Balance (GAAP Basis)			<u>\$ 4,890,984</u>	

See accompanying Notes to Financial Statements.



**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL – PUPIL TRANSPORTATION SPECIAL REVENUE FUND (13000)  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	3,981,163	3,981,163	3,981,163	-
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total Revenues	<u>3,981,163</u>	<u>3,981,163</u>	<u>3,981,163</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	-	-	-
Support Services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation/Maintenance of Plant	-	-	-	-
Student Transportation	3,981,163	3,981,163	3,981,163	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>3,981,163</u>	<u>3,981,163</u>	<u>3,981,163</u>	<u>-</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to Revenues			-	
Adjustments to Expenditures			-	
Net Changes in Fund Balance (GAAP Basis)			<u>\$ -</u>	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL – INSTRUCTIONAL MATERIALS SPECIAL REVENUE FUND (14000)  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	687,232	1,059,325	758,584	(300,741)
Federal Grants	-	-	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	16,029	16,029
Interest	-	-	-	-
Total Revenues	<u>687,232</u>	<u>1,059,325</u>	<u>774,613</u>	<u>(284,712)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	687,232	1,446,878	943,623	503,255
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	-	-	-	-
Total Expenditures	<u>687,232</u>	<u>1,446,878</u>	<u>943,623</u>	<u>503,255</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES</b>	-	(387,553)	(169,010)	218,543
Designated Cash	-	387,553	-	(387,553)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(169,010)</u>	<u>\$ (169,010)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to Revenues			-	
Adjustments to Expenditures			-	
Net Changes in Fund Balance (GAAP Basis)			<u>\$ (169,010)</u>	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL – TITLE I IASA SPECIAL REVENUE FUND (24101)  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
State Grants				-
Federal Grants	8,054,387	9,695,423	5,545,364	(4,150,059)
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total Revenues	<u>8,054,387</u>	<u>9,695,423</u>	<u>5,545,364</u>	<u>(4,150,059)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	5,115,895	5,896,897	3,736,423	2,160,474
Support Services:				
Students	669,700	669,700	483,176	186,524
Instruction	1,818,802	2,560,168	2,338,605	221,563
General Administration	201,046	228,847	169,323	59,524
School Administration	215,653	306,520	42,898	263,622
Central Services	-	-	-	-
Operation/Maintenance of Plant	23,291	23,291	5,397	17,894
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	10,000	10,000	7,680	2,320
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>8,054,387</u>	<u>9,695,423</u>	<u>6,783,502</u>	<u>2,911,921</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES</b>	-	-	(1,238,138)	(7,061,980)
Designated Cash	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,238,138)</u>	<u>\$ (7,061,980)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to Revenues			1,234,261	
Adjustments to Expenditures			3,877	
Net Changes in Fund Balance (GAAP Basis)			<u>\$ -</u>	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL – ENTITLEMENT IDEA-B SPECIAL REVENUE FUND (24106)  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Federal Grants	7,584,920	8,192,424	6,883,182	(1,309,242)
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total Revenues	<u>7,584,920</u>	<u>8,192,424</u>	<u>6,883,182</u>	<u>(1,309,242)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	3,438,502	3,742,254	2,336,903	1,405,351
Support Services:				
Students	3,359,418	4,039,840	3,185,595	854,245
Instruction	-	-	-	-
General Administration	190,000	190,000	146,227	43,773
School Administration	-	330	326	4
Central Services	390,000	-	-	-
Operation/Maintenance of Plant	7,000	7,000	186	6,814
Student Transportation	200,000	213,000	188,980	24,020
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>7,584,920</u>	<u>8,192,424</u>	<u>5,858,217</u>	<u>2,334,207</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES</b>	-	-	1,024,965	(3,643,449)
Designated Cash	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	1,024,965	<u>\$ (3,643,449)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to Revenues			(884,921)	
Adjustments to Expenditures			(140,044)	
Net Changes in Fund Balance (GAAP Basis)			<u>\$ -</u>	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS**  
**JUNE 30, 2018**

	Agency Funds
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 720,930
Total Assets	\$ 720,930
<b>LIABILITIES</b>	
Current Liabilities:	
Deposits Held in Trust for Others	\$ 720,930
Total Liabilities	\$ 720,930

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Las Cruces Public School District No. 2 (the District) Board was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the state of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

The School Board operates thirty-nine schools within the District with a total enrollment of approximately 24,000 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

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 and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

**Reporting Entity**

The GASB Codification establishes criteria for determining the government reporting entity and component unit that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Codification, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The District has no component units.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of financial position and the statement of activities and changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

Separate fund 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.

STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

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 capital assets, and the servicing of long-term debt. Governmental funds include:

The *General Fund* is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds.

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

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The *Debt Service Fund* accounts for the services of 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 No. 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which include funds that were not required to be presented as major but were at the discretion of management.

The *Pupil Transportation Special Revenue Fund (13000)* is used to account for the State Equalization received from the State Department of Education which is used to pay for the costs associated with transporting school age children.

The *Instructional Materials Special Revenue Fund (14000)* is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *Title I IASA Special Revenue Fund (24101)* is used to account for the monies received from the State Department of Education and expended in the Title I program, which provides supplemental educational opportunities for academically disadvantaged children in the area of reading.

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

The *Bond Building Capital Projects Fund (31100/31101)* is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

The *Capital Improvements HB-33 (31600)* is used to account for monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of erecting, remodeling, making additions to, providing equipment for or furnishing public school buildings, purchasing or improving public school grounds.



STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

Additionally, the District reports the following agency fund:

The *Fiduciary Fund* accounts for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or student organizations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I, IDEA-B, Charter Schools, and other State and Federal funding to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources such as bond building, SB-9, and special capital outlay funding to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Likewise, general revenues include all taxes.

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

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. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

The District had no required tax abatement disclosures to report in accordance with GASB No. 77, as of June 30, 2018.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance**

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

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

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

*Receivables and Payables:* Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 Dona Ana County. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the Dona Ana County Treasurer in July and August 2018 is considered "measurable and available" and, accordingly, is recorded as revenue during the year ended June 30, 2018.

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.

*Instructional Materials:* The New Mexico State Department of Education 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, seventy percent is restricted to the requisition of material listed in the State Board of Education 'State Adopted Instructional Material' list, while thirty percent of each allocation is available for purchases directly from vendors, for which the school district receives cash draw-downs, or transfer to the seventy percent account for requisition of material from the adopted list.

*Inventory:* Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)**

Inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

*Capital Assets:* Capital assets, which include construction in progress, land and land improvements, building and building improvements, equipment, and vehicles are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. However, infrastructure assets have not been included in the June 30, 2018 financial statements of the District, since the District did not own any infrastructure assets as of June 30, 2018. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the District did not maintain internally developed software. The District expensed the cost of library books when purchased. Donated capital assets are recorded at estimated fair market value at the date of donation. 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.

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, 2018.

Capital expenditures made on the District's building construction projects by the NM Public School Facilities Authority have been recorded as a revenue and expenditure in the fund financial statements, and have been included as capital assets in the District's government-wide financial statements.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Land Improvements	20 years
Buildings/Building Improvements	20 - 50 years
Equipment and Vehicles	4 - 20 years

STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)**

*Unearned Revenues:* The District may report unearned revenues on its Statement of Net Position and various fund balance sheets. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

*Compensated Absences:* Twelve-month employees are entitled to accumulate annual leave up to 15 days per year, depending on length of service, and the employee's hire date. Upon termination, employees are paid for their accrued annual leave, up to a maximum of 30 days.

Qualified employees are entitled to accumulate sick leave. Employees employed for 182 but not more than 219 days accrue one day per month, not to exceed 10 days per year. Employees employed for 220 days accrue one day per month, not to exceed 11 days per year. Accumulated sick leave is not paid out upon termination.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-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. Bond premiums and discounts, are unearned and amortized over the life of the bonds using the effective interest method.

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. During the year, \$4,708,945 was recorded as interest on long-term debt.

*Deferred Outflows/Inflows of Resources:* In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District is reporting \$173,562,252 related to the pension plan and \$2,616,106 related to OPEB in this category as of June 30, 2018.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows that were related to the net pension liability in the amount of \$16,015,064 and net OPEB liability of \$31,299,838 as of June 30, 2018. The District also reported deferred inflows on the fund financial statements related to property tax revenue of \$1,936,382 as of June 30, 2018.

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

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

*Capital Leases:* Leases that substantially transfer all of the risks and benefits of ownership are accounted for as capital leases. Capital leases are included in the capital assets, and where appropriate, are amortized over the shorter of their economic useful lives or lease terms. The related capital lease obligations are included in the long-term liabilities in the government-wide financial statements.

*Net Position or Fund Balance:* In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

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

STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)**

*Restricted Net Position:* Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position are restricted for “debt service, capital projects or other.”

*Unrestricted Net Position:* All other net position that do not meet the definition of “restricted” or “investment in capital assets”

The government-wide statement of net position reports \$52,472,307 of restricted net position, which is restricted by enabling legislation.

The District reports fund balance based on generally accepted accounting principles using the following classifications:

- *Nonspendable* – portion of net resources that cannot be spent because of their form or because they must remain intact.
- *Restricted* – amounts constrained by external parties, constitutional provision, or enabling legislation.
- *Committed* – amounts constrained by a government using its highest level of decision-making authority. The Board of Education is the highest level of decision-making authority. There are no committed funds in the current year.
- *Assigned* – amounts a government intends to use for a particular purpose.
- *Unassigned* – amounts that are not constrained at all will be reported in the general fund.

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

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine 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 financial statements include management's estimate of the useful lives of capital assets and the net pension liability and related deferred inflows and outflows.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues**

*State Equalization Guarantee:* School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Article 8 Section 22-8-25, NMSA 1978) is at least equal to the school district's program cost."

A school district's program costs are determined through the use of various formulas using 'program units', which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual- multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$180,662,016 in state equalization guarantee distributions during the year ended June 30, 2018.

*Tax Revenues:* The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available'. The District recognized \$33,098,111 in tax revenues during the year ended June 30, 2018. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. Dona Ana County collects County, City and School taxes and distributes them to each fund once per month except in June when the taxes are distributed twice to close out the fiscal year.

*Transportation Distributions:* 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 \$3,981,163 in transportation distributions during the year ended June 30, 2018.

*Instructional Materials:* The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, 70% is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while 30% of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2018 totaled \$758,584.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues (Continued)**

*Public School Capital Outlay:* Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council (Council) necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase or construction of temporary or permanent classrooms.

The Council approves the District's application for grant assistance from the fund when the Council determines that:

1. A critical need exists requiring action;
2. The residents of the school districts have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner;
4. The school district is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

During the year ended June 30, 2018, the District did not receive any funding in special capital outlay funds.

*SB-9 State Match:* The Director distributes to any school district that has imposed a tax under the Public School Capital Outlay Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of section 22-25-3 NMSA 1978, assuming a 100% 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 is made by December 1st 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 is reduced as necessary.

*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 flow through agency (usually the New Mexico Department of Public Education). 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.



**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the cash basis, excluding encumbrances, and secure appropriation of funds for only one year and reconciled to the modified accrual GAAP financial statements. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

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

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

The 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 School Budget Planning Unit (SBPU) of the New Mexico Public Education Department a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the SBPU 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 SBPU 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. The District shall make corrections, revisions, and amendments to the estimated

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**Budgetary Information (Continued)**

- 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 SBPU.
5. 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.
  6. 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 SBPU.
  7. Legal budget control for expenditures is by function.
  8. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of Las Cruces Public Schools has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
  9. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.
  10. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

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

The accompanying statements of revenues, expenditures, and changes in fund balance – budget and actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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, 2018.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than 100% of the asked price on United States treasury bills of the same maturity on the day of deposit.

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

The collateral pledged is listed on the Schedule of Collateral Pledged by Depository for Public Funds on page 84 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Additionally, all deposits in non-interest bearing transaction accounts (such as non-interest bearing checking accounts) at participating institutions are fully guaranteed, regardless of dollar amount.

**Deposits**

NM 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 Schools for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 3 CASH AND TEMPORARY INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

	Bank of America	Citizens Bank of Las Cruces	Demand Deposit US Bank
Total Amount of Deposits	\$ 2,300	\$ 44,755,340	\$ 2,412,409
FDIC Coverage	(2,300)	(250,000)	(250,000)
Total Uninsured Public Funds	<u>\$ -</u>	<u>\$ 44,505,340</u>	<u>\$ 2,162,409</u>
Collateral Requirement (50% of Uninsured Public Funds)	\$ -	\$ 22,252,670	\$ 1,081,205
Pledged Security	-	(28,063,891)	(3,500,000)
Total Under (Over) Collateralized	<u>\$ -</u>	<u>\$ (5,811,221)</u>	<u>\$ (2,418,796)</u>
	First American Bank	Wells Fargo Bank	Total
Total Amount of Deposits	\$ 80,332	\$ 15,379,323	\$ 62,629,704
FDIC Coverage	(80,332)	(250,000)	(832,632)
Total Uninsured Public Funds	<u>\$ -</u>	<u>\$ 15,129,323</u>	<u>\$ 61,797,072</u>
Collateral Requirement (50% of Uninsured Public Funds)	\$ -	\$ 7,564,662	\$ 30,898,536
Pledged Security	(260,665)	(8,656,182)	(40,480,738)
Total Under (Over) Collateralized	<u>\$ (260,665)</u>	<u>\$ (1,091,521)</u>	<u>\$ (9,582,202)</u>

*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). At June 30, 2018, \$61,797,072 of the District's bank balances of \$62,629,704 was exposed to custodial credit risk as there was not sufficient collateral held. The entire balance of pledged collateral of \$40,480,738 is not held in the District's name.

**Investments**

As a participant in the New Mexico State Treasurer's Local Government Investment Pool (LGIP), the District is not required to categorize the value of shares in accordance with the fair value hierarchy. The District's investment in the LGIP represents a proportionate interest in the Pool's portfolio. The District's portion is not identified with specific investments and is not subject to custodial risk; however, separately issued financial statements of the LGIP disclose the collateral pledged to secure the State Treasurer's cash and investments. The most recent report may be obtained by contacting the New Mexico State Treasurer's Office, P.O. Box 5135, Santa Fe, NM 87502-5135. The District's investment in LGIP at June 30, 2018 was \$27,040,967.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 3 CASH AND TEMPORARY INVESTMENTS (CONTINUED)**

**Investments (Continued)**

*Credit Risk* - The State of New Mexico Local Government Investment Pool is authorized by state statute and is rated AAAM by Standard & Poors. The LGIP is not registered with the United States Securities Exchange Commission. Section 6-10-101, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held for short-term investment in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the pool is voluntary. The District's investment in the LGIP approximates the value of the District's pool share.

*Interest Rate Risk – Investments.* The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. The District's investments were rated AAA by Moody's Investors Services and S&P and have a weighted average days to maturity (WAM) of 58 days.

*Concentration Credit Risk – Investments.* For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The investments in the State Pool-4101 LGIP Fund represent 100% of the investment portfolio. Since the District only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the District. The District's policy related to concentration risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10- 63, NMSA 1978).

**NOTE 4 RECEIVABLES**

	General	Title I IASA	Entitlement IDEA-B Fund	Debt Service	Capital Improvements HB 33	Governmental Funds	Total
Property Taxes	\$ 96,177	\$ -	\$ -	\$ 1,123,214	\$ 731,082	\$ 489,703	\$ 2,440,176
Due From Other Governments	52	2,071,958	2,085,703	-	-	3,188,959	7,346,672
Other	9,666	-	-	18,728	-	376	28,770
	<u>\$ 105,895</u>	<u>\$ 2,071,958</u>	<u>\$ 2,085,703</u>	<u>\$ 1,141,942</u>	<u>\$ 731,082</u>	<u>\$ 3,679,038</u>	<u>\$ 9,815,618</u>

The above receivables are deemed 100% collectible.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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. Interfund balances as of June 30, 2018 consist of the following:

	Interfund Receivables	Interfund Payables
Governmental Activities:		
Major Funds:		
General Fund	\$ 5,905,552	\$ -
Title I IASA	-	1,771,754
IDEA - B - Entitlement Fund	-	1,630,151
Nonmajor Funds:		
Migrant Children Education IASA	-	7,733
New Mexico Autism Project	-	5,110
Preschool IDEA-B	-	30,827
IDEA - B Early Intervention Services	-	41,870
Education of Homeless	-	22,962
IDEA - B Private School Share	-	39
Fresh Fruits & Vegetables USDA	-	114,375
English Language Acquisition	-	127,533
Teacher/Principal Training and Recruiting	-	589,575
Title I School Improvement	-	12,528
Carl D Perkins Secondary - Current	-	46,530
Carl D Perkins Secondary - Redistrib	-	2,402
Carl D. Perkins High Schools That Work Current	-	45,518
Migrant Regional Recruiting	-	8,723
Student Support & Academic Achievement	-	61,956
Headstart	-	420,881
Safe Routes to School NMDOT	-	11,320
Food Stamps Nutrition	-	67,393
Dual Credit Instructional Materials	-	13,580
2012 GO Bonds Student Library SB - 66	-	158,991
Truancy Initiative	-	82,531
New Mexico Prek	-	99,856
Breakfast for Elementary Students	-	7,855
Teachers Hard to Staff Stipend	-	61,563
Capital Improvements SB - 9 State Match	-	461,996
Total Governmental Activities	\$ 5,905,552	\$ 5,905,552

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 6 CAPITAL ASSETS**

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

	June 30, 2017	Additions/ Transfers	Deletions/ Transfers	June 30, 2018
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 25,718,434	\$ 16,432,638	\$ (40,456,047)	\$ 1,695,025
Art	20,700	-	-	20,700
Land	6,799,006	-	-	6,799,006
Total Capital Assets Not Being Depreciated	32,538,140	16,432,638	(40,456,047)	8,514,731
Capital Assets Used in Governmental Activities:				
Land Improvements	30,171,546	645,845		30,817,391
Buildings and Building Improvements	471,256,382	39,828,769	(29,195)	511,055,956
Equipment and Vehicles	26,418,008	1,418,047	(916,704)	26,919,351
Total Capital Assets Being Depreciated	527,845,936	41,892,661	(945,899)	568,792,698
Less Accumulated Depreciation of:				
Land and Land Improvements	(11,493,568)	(1,508,113)	-	(13,001,681)
Buildings and Building Improvements	(140,113,941)	(13,926,045)	28,812	(154,011,174)
Equipment and Vehicles	(20,796,034)	(1,321,812)	880,750	(21,237,096)
Total Accumulated Depreciation	(172,403,543)	(16,755,970)	909,562	(188,249,951)
Total Capital Assets	<u>\$ 387,980,533</u>	<u>\$ 41,569,329</u>	<u>\$ (40,492,384)</u>	<u>\$ 389,057,478</u>

Depreciation expense for the year ended June 30, 2018 was charged to governmental activities as follows:

Instruction	\$ 217,721
Support Services - Students	107,238
Support Services - Instruction	920
Support Services - General Administration	14,149
Support Services - School Administration	2,843
Central Services	362
Operations and Maintenance of Plant	4,227
Food Services	13,094
Capital Outlay	110,413
Unallocated	16,285,003
Total	<u>\$ 16,755,970</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 7 LONG-TERM DEBT**

During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Bonds Payable	\$ 117,840,000	\$ 25,010,000	\$ (19,665,000)	\$ 123,185,000	\$ 8,995,500
Unamortized Bond Premiums	4,008,083	1,288,474	(667,657)	4,628,900	-
Capital Lease	33,647,452	-	(1,678,139)	31,969,313	1,746,473
Compensated Absences	2,970,132	1,307,915	(1,392,282)	2,885,765	2,885,765
Total Long-Term Debt	<u>\$ 158,465,667</u>	<u>\$ 27,606,389</u>	<u>\$ (23,403,078)</u>	<u>\$ 162,668,978</u>	<u>\$ 13,627,738</u>

The District's general obligation bonds were issued for the purposes of creating, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds and are payable solely from general property taxes that are levied against all taxable property in the District. The bonds are payable out of the Debt Service Fund (Fund 41000). Interest payments are due semi-annually on August 1 and February 1. Interest rates on the bonds range from 2% to 5.25%. Principal payments in varying amounts are due annually on August 1 through 2034.

The annual requirements to amortize the General Obligation Bonds and Bond Anticipation Notes as of June 30, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 8,950,000	\$ 3,783,561	\$ 12,733,561
2020	7,720,000	3,596,886	11,316,886
2021	8,290,000	1,333,150	9,623,150
2022	7,375,000	2,657,536	10,032,536
2023	8,110,000	2,997,099	11,107,099
2024-2028	43,475,000	9,292,560	52,767,560
2029-2033	37,605,000	2,994,331	40,599,331
2034-2036	1,660,000	24,900	1,684,900
Total	<u>\$ 123,185,000</u>	<u>\$ 26,680,023</u>	<u>\$ 149,865,023</u>

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

**Capital Lease**

The District entered into a capital lease for the Early College High School (ECHS) I, Early College High School II, and Court Youth Center (CYC), LLC to acquire facilities for a charter school on August 1, 2010, April 1, 2013, and August 20, 2014, respectively. The total of the transaction (principal) is \$18,000,000 for ECHS I, \$15,500,000 for ECHS II, and \$5,500,000 for CYC. Amortization of the leased buildings included \$1,950,000 in the current year and is included with depreciation expense. Total accumulated depreciation of the leased buildings is \$10,316,667. The remaining balance on ECHS I, ECHS II, and CYC will be paid with equal semi-annual payments of \$730,676, \$567,827, and \$202,806 beginning on August 1, 2012, May 1, 2015, and May 1, 2016, respectively. The District has a bargain purchase option to purchase all three buildings for \$1.00 at the end of the lease.



**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 7 LONG-TERM DEBT (CONTINUED)**

**Capital Lease (Continued)**

The total remaining capital lease obligation is \$31,969,313, of which \$1,746,473 is considered current. The following represents future minimum lease payments as of June 30, 2018:

Fiscal Year Ending June 30,	Interest	Principal	Total Debt Service
2019	\$ 1,256,146	\$ 1,746,473	\$ 3,002,619
2020	1,184,967	1,817,653	3,002,620
2021	1,110,822	1,891,797	3,002,619
2022	1,033,586	1,969,033	3,002,619
2023	2,049,493	2,049,493	4,098,986
2024-2028	3,435,990	11,577,108	15,013,098
2029-2033	1,028,540	10,331,175	11,359,715
2034-2036	21,836	586,581	608,417
Total	<u>\$ 11,121,380</u>	<u>\$ 31,969,313</u>	<u>\$ 43,090,693</u>

**Compensated Absences**

Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2018, compensated absences decreased \$84,367 over the prior year accrual.

**Operating Leases**

The District leases office equipment and storage units under short-term cancelable operating leases. Rental cost for the year ended June 30, 2018 was \$136,405.

**Advance Refunding**

On October 24, 2017, the District issued \$10,460,000 in General Obligation School Bonds with interest rates ranging between 2% to 3%. The District issued the bonds to advance refund \$10,500,000 of the outstanding Series 2009 General Obligation School Building Bonds with a 3.5% to 4% interest rate. The District used the net proceeds to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for future debt service on the refunded portion of the 2009 Series bonds. As a result, the 2009 Series bonds are considered defeased, and the District has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$10,500,000 at June 30, 2018.

The advance refunding kept the total debt service payments over the next seven years consistent. This resulted in no gain or loss on this transaction.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 8 RISK MANAGEMENT**

The District is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The NMPSIA was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery, and Student Accident Insurance.

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

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2018, there have been no claims that have exceeded insurance coverage.

**NOTE 9 OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

- Deficit fund balance of individual funds. The following funds reported a deficit fund balance at June 30, 2018:

Major Funds: None  
Nonmajor Funds: None

- Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2018:

Major Funds: None  
Nonmajor Funds: None

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

**Plan Description**

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

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at [www.nmerb.org](http://www.nmerb.org).

**Benefits Provided**

A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and 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. A brief summary of Plan coverage provisions follows:

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 or 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. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date 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.

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. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case,

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

**Benefits Provided (Continued)**

the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. 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.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

**Contributions**

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 legislature. For the fiscal year ended June 30, 2015 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2016, employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2017, employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2018, employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$18,189,068 for the year ended June 30, 2018.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017. At June 30, 2018, the District reported a liability of \$508,428,946 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2017. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2018, the District's proportion was 4.5749%, which was an increase from its proportion of 4.4627% measured as of June 30, 2017.

For the year ended June 30, 2018, the District recognized pension expense of \$79,085,654. As of June 30, 2018, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 912,679	\$ -
Changes of Assumptions	148,420,401	(7,832,827)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(69,746)
Changes in Proportion and Differences Between the District Contributions and Proportionate Share of Contributions	6,040,104	(8,112,491)
The District's Contributions Subsequent to the Measurement Date	18,189,068	-
Total	<u>\$ 173,562,252</u>	<u>\$ (16,015,064)</u>

\$18,189,068 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 51,857,510
2020	55,826,921
2021	35,860,214
2022	(4,186,525)
Thereafter	
Total	<u>\$ 139,358,120</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

**Actuarial Assumptions**

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled forward from the valuation date to the Plan's year ended June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. The liabilities reflect the impact of the new assumptions adopted by the Board of Trustees on April 21, 2017 as well as the change in the single discount rate between June 30, 2016 and June 30, 2017. Specifically, the liabilities measured as of June 30, 2017 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. The new assumptions adopted by the Board on April 21, 2017 in conjunction with the change in the single discount rate, and
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	2.50%

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

**Actuarial Assumptions (Continued)**

Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.25%
Single Discount Rate	5.90%
Retirement Age	Experience based table of age and service rates
Mortality	Healthy Males – RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB. Healthy Females – 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.

**Rate of Return**

Disclosure of the annual money-weighted return is a requirement of GASB 67. It incorporates both the size and timing of cash flows to determine an internal rate of return, and expresses investment performance adjusted for the changing amounts actually invested. The requirements of the calculation are listed below.

- The rate is computed net of investment expenses, but not net of administrative expenses.
- External cash flows used as inputs should be determined on at least a monthly basis.
- Cash flows should be determined on an accrual basis of accounting.
- Cash flow weighting should be representative of the Plan's actual external cash flow timing.

Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2017 and 2016 for 30-year return assumptions are summarized net of fees and inflation in the following table by asset class.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

**Rate of Return (Continued)**

Schedule of Long-Term Rate of Return by Asset Class

Asset Class	2017 Percentage	2016 Percentage
Cash	(0.25)%	(0.25)%
U.S. Treasuries	0.25	-
IG Corp Credit	1.75	1.75
Mortgage Backed Securities	0.25	0.25
Core Bonds*	0.75	0.64
Treasury Inflation Protected Securities	0.50	0.75
High-Yield Bonds	2.50	2.50
Bank Loans	2.75	2.75
Global Bonds (Unhedged)	(0.50)	(0.50)
Global Bonds (Hedged)	(0.38)	(0.38)
Emerging Market Debt External	2.50	2.75
Emerging Market Debt Local Currency	3.25	3.25
Large Cap Equities	4.25	4.25
Small/Mid Cap Equities	4.50	4.50
International Equities (Unhedged)	4.50	4.75
International Equities (Hedged)	4.89	5.14
Emerging International Equities	6.25	6.25
Private Equity	6.25	6.25
Private Debt	4.75	4.75
Private Real Assets	5.90	4.50
Real Estate	3.25	3.25
Commodities	2.25	2.25
Hedge Funds	3.22	3.25

\*Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and Mortgage Backed Securities).

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year 2017. In particular, the table presents the District's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (4.90%) or one percentage point higher (6.90%) than the single discount rate.

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
The District's Proportionate Share of the Net Pension Liability	<u>\$ 661,548,050</u>	<u>\$ 508,428,946</u>	<u>\$ 383,021,312</u>



**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

**Payables to the Pension Plan**

The payable to the plan as of June 30, 2018, which is related to required contributions outstanding at the end of the period was: \$5,742,925.

**Pension Plan Fiduciary Net Position**

Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2017 and 2016 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

**NOTE 11 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN**

**Plan Description**

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

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

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

**Funding Policy**

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 11 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

**Funding Policy (Continued)**

legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

**Contributions**

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees who were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2018, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees who were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act. Contributions to the OPEB plan from the District were \$2,616,106 for the year ended June 30, 2018

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

The total OPEB liability, net OPEB liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. Therefore, the employer's portion was established as of the measurement date June 30, 2017. At June 30, 2018, the District reported a liability of \$137,522,681 for its' proportionate share of the net OPEB liability. The District's proportion of the net OPEB liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2017. The contribution amounts were defined by Section 10-7C-15, NMSA 1978. At June 30, 2018, the District's proportion was 3.0347%.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 11 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

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

For the year ended June 30, 2018, the District recognized pension expense of \$5,467,460. As of June 30, 2018, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (5,277,391)
Changes of Assumptions	-	(24,044,089)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(1,978,358)
The District's Contributions Subsequent to the Measurement Date	2,616,106	-
Total	<u>\$ 2,616,106</u>	<u>\$ (31,299,838)</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2019	\$ (6,654,564)
2020	(6,654,564)
2021	(6,654,564)
2022	(6,654,564)
Thereafter	(4,681,582)
Total	<u>\$ (31,299,838)</u>

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 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
Amortization Method	30-year open-ended amortization, level percent of payroll
Remaining Amortization Period	30 years as of June 30, 2016
Asset Valuation Method	Market value of assets

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 11 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

**Actuarial Assumptions (Continued)**

Inflation	2.50% for ERB; 2.25% for PERA
Projected Payroll Increases	3.50%
Investment Rate of Return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health Care Cost Trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	
<i>After Retirement</i>	Males – RP-2000 Combined Mortality Table with white collar adjustments, generationally projected with scale BB. Females – GRS Southwest Region Teacher Mortality Table, set back one year, generationally projected with scale BB.
<i>After Disability Retirement</i>	RP-2000 Disabled Mortality Table, set back three years for males and no set back for females, projected with Scale BB to 2016.

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

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. Core Fixed Income	4.1 %
U.S. Equity - Large Cap	9.1
Non U.S. - Emerging Markets	12.2
Non U.S. - Developed Equities	9.8
Private Equity	13.8
Credit and Structured Finance	7.3
Real Estate	6.9
Absolute Return	6.1
U.S. Equity - Small/Mid Cap	9.1

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 11 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

**Actuarial Assumptions (Continued)**

The discount rate used to measure the total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus 3.81% is the blended discount rate.

***Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.*** The following presents the net OPEB liability of the 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 (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
The District's Proportionate Share of the OPEB Liability	\$ 166,812,869	\$ 137,522,681	\$ 114,541,896

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 healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

**OPEB Plan Fiduciary Net Position**

Detailed information about the NMRHCA's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2017 and 2016, which are publicly available at [www.nmrhca.org](http://www.nmrhca.org).

**Payables to the OPEB Plan**

The payable to the plan as of June 30, 2018, which is related to required contributions outstanding at the end of the period was: \$708,479.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 12 CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be allowed 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 the resolution of these matters will not have a material adverse effect on the financial condition of the District.

**NOTE 13 COMMITMENTS**

The District has committed to pay several construction contractors for construction of District Facilities as of June 30, 2018. The commitments, in some instances, are projected for which costs will be shared with the New Mexico Public School Facilities Authority.

**NOTE 14 JOINT POWERS AGREEMENTS (JPA)**

**JPA – School Resource Officer Program**

Participants	Las Cruces Public Schools No. 2 and Town of Mesilla
Responsible Party	Las Cruces Public Schools No. 2 and Town of Mesilla
Description	To encourage educational programs and activities that will increase students' knowledge of and respect for the law and the function of law enforcement
Term of Agreement	June 20, 2017 to June 30, 2018
Amount of Project	\$56,543
District Contributes	Reimbursement of actual expenditures of School Resource Officer costs, not to exceed \$56,543
Audit Responsibility	Las Cruces Public School District No. 2

**NOTE 15 RESTATEMENT**

In FY2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This implementation has no impact on the District's governmental fund financial statements. However, as a result of this implementation, the beginning net position was restated as follows:

Net Position - as Previously Reported	\$ 7,077,927
Cumulative Effect of Implementing GASB 75	<u>(163,355,060)</u>
Net Position - as Restated	<u><u>(156,277,133)</u></u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY AND CONTRIBUTIONS –  
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN –  
LAST 10 FISCAL YEARS\*  
(REQUIRED SUPPLEMENTARY INFORMATION)**

	Measurement Date			
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
The District's Proportion of the Net Pension Liability (Asset)	4.57489%	4.46272%	4.73255%	4.69000%
The District's Proportionate Share of the Net Pension Liability (Asset)	\$ 508,428,946	\$ 321,156,680	\$ 306,539,866	\$ 267,644,295
The District's Covered Payroll	\$ 130,283,547	\$ 127,456,763	\$ 134,530,374	\$ 129,295,745
The District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	390%	252%	228%	207%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.95%	61.58%	63.97%	66.54%

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

	2018	2017	2016	2015
Contractually Required Contribution	\$ 18,189,068	\$ 18,109,413	\$ 17,716,490	\$ 18,699,722
Contributions in Relation to the Contractually Required Contribution	\$ 18,189,068	\$ 18,109,413	\$ 17,716,490	\$ 18,699,722
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 130,856,604	\$ 130,283,547	\$ 127,456,763	\$ 134,530,374
Contributions as a Percentage of Covered Payroll	13.90%	13.90%	13.90%	13.90%

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

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY AND CONTRIBUTIONS –  
NM RETIREE HEALTH CARE AUTHORITY (NMRHCA) PLAN –  
LAST 10 FISCAL YEARS\*  
(REQUIRED SUPPLEMENTARY INFORMATION)**

	Measurement Date June 30, 2017
The District's Proportion of the Net OPEB Liability (Asset)	3.03470%
The District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 137,522,681
The District's Covered Payroll	\$ 130,277,300
The District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	106%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.34%

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

	2018
Contractually Required Contribution	\$ 2,616,106
Contributions in Relation to the Contractually Required Contribution	\$ 2,616,106
Contribution Deficiency (Excess)	\$ -
District's Covered Payroll	\$ 130,805,300
Contributions as a Percentage of Covered Payroll	2%

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



**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2018**

**Changes of Benefit Terms – Net Pension Liability**

There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2017.

**Changes of Assumptions – Net Pension Liability**

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%.

**Actuarial Methods and Assumptions Used – Net OPEB Liability:**

Actuarial cost method:	Entry age, level percent of pay
Amortization method:	Level percent of payroll
Remaining amortization period:	30 years open (non-decreasing)
Asset valuation method:	Market value of assets

Actuarial assumptions

- Investment rate of return 7.25%
- Inflation rate 3.00%
- Salary increases 0.50%-0.75%

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 17,803,050	\$ 4,970,568	\$ 22,773,618
Investments	-	24,819	24,819
Accounts Receivable:			
Taxes	-	489,703	489,703
Due from Other Governments	2,726,963	461,996	3,188,959
Due from Other Funds	-	-	-
Other	340	36	376
Inventory	437,623	-	437,623
	<u>437,623</u>	<u>-</u>	<u>437,623</u>
 Total Assets	 <u>\$ 20,967,976</u>	 <u>\$ 5,947,122</u>	 <u>\$ 26,915,098</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Current Liabilities:			
Accounts Payable	\$ 198,373	\$ 295,731	\$ 494,104
Due to Government	-	325	325
Accrued Expenses	914,655	-	914,655
Interfund Payables	2,041,651	461,996	2,503,647
Total Liabilities	<u>3,154,679</u>	<u>758,052</u>	<u>3,912,731</u>
 Deferred Inflows of Resources:			
Unavailable Revenues	-	388,657	388,657
 Fund Balances:			
Nonspendable	437,623	-	437,623
Restricted by Grantor	17,375,674	-	17,375,674
Restricted for Capital Projects	-	4,800,413	4,800,413
Total Fund Balance	<u>17,813,297</u>	<u>4,800,413</u>	<u>22,613,710</u>
 Total Liabilities and Fund Balances	 <u>\$ 20,967,976</u>	 <u>\$ 5,947,122</u>	 <u>\$ 26,915,098</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018**

	Special Revenue	Capital Projects	Total
<b>REVENUES</b>			
Property Taxes	\$ -	\$ 6,589,533	\$ 6,589,533
State Grants	3,150,217	249,182	3,399,399
Federal Grants	21,810,286	-	21,810,286
Charges for Services	3,789,024	-	3,789,024
Miscellaneous	15,089	3,998	19,087
Local and Private Sources	1,540,334	588,347	2,128,681
Interest	14,382	39,709	54,091
Total Revenues	<u>30,319,332</u>	<u>7,470,769</u>	<u>37,790,101</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	8,638,736	-	8,638,736
Support Services:			-
Students	4,101,949	-	4,101,949
Instruction	1,580,715	-	1,580,715
General Administration	494,576	66,028	560,604
School Administration	309,724	-	309,724
Central Services	1,269	-	1,269
Operation and Maintenance of Plant	23,828	-	23,828
Student Transportation	462,627	-	462,627
Other Support Services	-	-	-
Food Service Operations	14,307,381	-	14,307,381
Community Service	34,710	-	34,710
Facilities, Materials, and Supplies	55,343	8,388,471	8,443,814
Total Expenditures	<u>30,010,858</u>	<u>8,454,499</u>	<u>38,465,357</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	308,474	(983,730)	(675,256)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers in	-	-	-
Operating Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	308,474	(983,730)	(675,256)
Fund Balances - Beginning of Year	<u>17,504,823</u>	<u>5,784,143</u>	<u>23,288,966</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 17,813,297</u></u>	<u><u>\$ 4,800,413</u></u>	<u><u>\$ 22,613,710</u></u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SPECIAL REVENUE FUNDS  
JUNE 30, 2018**

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. Grants accounted for in the Special Revenue Funds include:

**Food Services (21000)** – To account for the cost of operating a student breakfast, lunch, snack bar and summer lunch program and is financed with federal grants and fees paid by program users.

**Athletics (22000)** – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

**Non-Instructional Materials (23000)** – To account for budgeted revenues and expenditures which relate to student activities other than athletics.

**Migrant Children Education IASA (24103)** – To account for federal resources administered by the State Public Education Department to provide for special educational needs of migratory agricultural workers (P.L. 100-297).

**New Mexico Autism Project (24108)** – This award will support the District's implementation of NMAP and improve the outcomes for students with Autism Spectrum Disorders (ASD).

**Preschool IDEA-B (24109)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. 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.

**IDEA-B Early Intervention (24112)** – To account for a sub-award from IDEA-B Basic grant (24106) to develop and implement coordinated early intervening educational services. The services are designed to directly benefit nondisabled children who need additional academic and behavioral support to succeed in the general education environment.

**Education of Homeless (24113)** – To ensure that homeless children and youth have equal access to the same free, appropriate public education as other children; to provide activities for and services to ensure that these children enroll in, attend, and achieve success in school; to develop and implement programs for school personnel to heighten awareness of specific problems of homeless children and youth. Authorized by McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

**IDEA-B Private Schools (24115)** – To account for a sub-award from IDEA-B Basic grant (24106) to assist in providing special education and related services to students with disabilities who are parentally placed in private elementary and secondary schools located in the school district served by the LEA.

**Fresh Fruits & Vegetables USDA (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.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SPECIAL REVENUE FUNDS  
JUNE 30, 2018**

**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.

**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.

**Title I School Improvement (24162)** – 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 criterion that identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. 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.

**Title III Immigrant Student Education Program (24163)** – These funds are specifically targeted to eligible immigrant students and their families through the provision of supplementary programs and services for the underlying purpose of assuring that these students meet the same challenging grade level and graduation standards as mainstream students.

**Carl D. Perkins (24174 – Secondary Current) (24175 – Secondary PY Oblig.) (24176 – Secondary Redistribution)** – 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.

**Carl D. Perkins High Schools That Work Current, Prior Year, and Redistribution (24180, 24181, and 24182)** – To account for funds administered through the State Public Education Office to the deployment of the HSTW framework is intended to improve student achievement, increase graduation rates and provide relevant and rigorous high school instruction.

**Migrant Regional Recruiting (24187)** – To identify and recruit migrant students in New Mexico and support recruitment in other areas as needed. The work is performed through the region as assigned by the Department, and includes accurately documenting the facts of eligibility. Recruiter will assist in the monitoring of student academic progress and provide outreach to the families. In addition, recruiter will work with identified personnel in school districts to identify migrant students.

**Headstart (25127)** – To account for federal resources administered by the U.S. Department of Health and Human Services to provide comprehensive early childhood development for disadvantaged preschool children and their families. (Community Opportunities, Accountability and Training Act of 1998).

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SPECIAL REVENUE FUNDS  
JUNE 30, 2018**

**Title XX – Health & Social Services (25129)** – To account for federal resources administered through the Human Service Department to provide day care benefits to qualifying low income families with dependent children (P.L. 103-66, P.L. 100-485).

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

**Safe Routes to School NMDOT (25146)** – To account for funds administered by New Mexico Department of Transportation to promote or improve safety of walking of bicycling to school.

**Food Stamps Nutrition (25150)** – To account for funds administered by the New Mexico State University through New Mexico Human Services Department to promote nutrition education to students and parents.

**Title XIX MEDICAID 3/21 Years (25153)** – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children.

**SCIAD (26136)** – To account for funds awarded to support the science advisors (SCIAD) program and math, science and technology projects. Science professionals, teachers, parents and other community supporters are recruited to service as SCIAD's to students. Authorization is a grant from the Honeywell Corporation.

**Daniels Funds (26141)** – To explore how early childhood education can be enhanced in Dona Ana County so that more children have access to high quality early childhood education. More specifically, to explore how partner organization's services in early childhood education can be aligned, expanded and/or become more accessible throughout Dona Ana County. Develop a cadre of "parent educators" who facilitate First Teacher or Abriendo Puertas with a common knowledge curriculum to enhance early childhood education throughout the county, and to improve "Workforce Development for Early Childhood Education."

**Paso Del Norte Health Foundation (26153)** – To account for funds awarded to various schools to support Coordinated Approach to Child Health initiatives.

**Spaceport GRT Grant Dona Ana County (26204)** – These funds are intended for middle and high school students who will explore aerospace-related topics and participate in activities and programs that enhance learning and promote post-secondary education, leading to careers in science, technology, engineering, and mathematics.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SPECIAL REVENUE FUNDS  
JUNE 30, 2018**

**Dual Credit Instructional Materials (27103)** – This grant is intended for dual credit instructional materials for the students.

**2012 GO Bond Public School Library (27107)** – The purpose of the 2012 GOB Public School Library Award is to acquire library books and library resources for public school libraries statewide. These funds were made available through Senate Bill 66, Laws of 2012, 2<sup>nd</sup> Session, Chapter 54, Section 10.B(3).

**Truancy Initiative PED (27141)** – To hire Truancy and Dropout Prevention Coaches with appropriate state licensure. The coaches will monitor and report on the performance of each school assigned a coach. The reporting will include information about truancy and dropout statistics, as well as documentation about various events and programming provided by the school as related to truancy and dropout prevention.

**Breakfast for Elementary Students (27155)** – The 2005 Legislative General Appropriations Act allocated \$475,000 to implement Breakfast in the Classroom for elementary schools in need of improvement based on 2004-2005 AYP designation.

**Kindergarten Three Plus (27166)** – The funding is part of a pilot project for Kindergarten through third grade students at both Ann Parish Elementary and Desert View Elementary. Funds used for teachers, educational assistants, nurses, an academic coach, and PE coach at both schools.

**NM Grown FVV (27183)** – The purpose of the NM Grown FVV appropriation is to provide for the purchase of New Mexico grown fresh fruits and vegetables for school meal programs.

**Teachers Hard to Staff Stipend (27195)** – To provide a \$5,000 stipend per year to qualified STEM (grades 7-12), Special Education (K-12), Bilingual (K-12) or other hard-to-staff teaching positions to serve in low performing (D/F), urban or rural schools. These funds can be used as a stipend to recruit these hard-to-staff experts to teach in hard to staff schools or to attract and retain these teachers in low-performing schools.

**AFSC Local Vegetables and Fruits (28120)** – To procure local vegetables and fruits from local farmers, prioritizing purchasing from farmers who have participated, or are currently participating in farmer training programs. The American Friends Service Committee (AFSC) will provide list of local farmers that can supply the Las Cruces Public Schools with fresh vegetables and fruits.

**Regn. Alliance Science/Eng/Math NMSU (28160)** – Regional Alliance/ Science/ English/ Math NMSU – To account for funds from NMSU for Teacher Outreach in the science, technology, engineering, and mathematics curriculum.

**GRADS Child Care CYFD (28189)** – To account for an agreement to provide childcare services in conjunction with the Graduation, Reality, and Dual Role Skills Program. Funding is provided by State of New Mexico Children Youth and Families Department.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SPECIAL REVENUE FUNDS  
JUNE 30, 2018**

**GRADS Instruction (28190)** – To provide grants to States, Territories, or Tribes to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193. This was fund 25162 in the prior year.

**Safe Routes to School DOH (28199)** – To account for monies received from the Department of Health to expand opportunities to promote safe routes to schools within the District and to encourage active living for children where they live, learn, and play.

**GRADS PLUS (28203)** – The purpose of GRADS PLUS funding is to support a shared case management model between the GRADS program, school, and community partners.

**Private Dir Grants (Categorical) (29102)** – To account for local grants awarded to provide additional funding for specific projects. The French award was used to help students become physically fit.

**School Based Health Centers (29130)** – To account for funds administered by the Department of Health and the County of Dona Ana in support of providing Primary Care and Mental Health Service on school campus.



**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
CAPITAL PROJECTS FUNDS  
JUNE 30, 2018**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The District has the following separate funds classified as Capital Projects Funds:

**Special Capital Outlay – Local (31300)** – To account for revenues that are derived from local sources, such as the sale of a building.

**Capital Improvements SB9 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).

**Capital Improvements SB9 Local Fund (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).

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2018**

	SPECIAL REVENUE FUNDS					
	21000	22000	23000	24103	24108	24109
	Food Services	Athletics	Non-Instructional Materials	Migrant Children Education IASA	New Mexico Autism Project	Preschool IDEA-B
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 7,714,503	\$ 661,471	\$ 1,075,156	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts Receivable:						
Taxes	-	-	-	-	-	-
Due from Other Governments	-	-	-	8,107	5,110	36,926
Interfund Receivables	-	-	-	-	-	-
Other Receivables	340	-	-	-	-	-
Inventory	437,623	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 8,152,466</b>	<b>\$ 661,471</b>	<b>\$ 1,075,156</b>	<b>\$ 8,107</b>	<b>\$ 5,110</b>	<b>\$ 36,926</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Current Liabilities:						
Accounts Payable	\$ 39,216	\$ -	\$ 35,374	\$ -	\$ -	\$ -
Due to Government	-	-	-	-	-	-
Accrued Expenses	360,146	2,681	28,655	374	-	6,099
Interfund Payables	-	-	-	7,733	5,110	30,827
<b>Total Liabilities</b>	<b>399,362</b>	<b>2,681</b>	<b>64,029</b>	<b>8,107</b>	<b>5,110</b>	<b>36,926</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenues	-	-	-	-	-	-
<b>FUND BALANCES</b>						
Nonspendable	437,623	-	-	-	-	-
Restricted by Grantor	7,315,481	658,790	1,011,127	-	-	-
Restricted for Capital Projects	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>7,753,104</b>	<b>658,790</b>	<b>1,011,127</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,152,466</b>	<b>\$ 661,471</b>	<b>\$ 1,075,156</b>	<b>\$ 8,107</b>	<b>\$ 5,110</b>	<b>\$ 36,926</b>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2018**

SPECIAL REVENUE FUNDS							
24112	24113	24115	24118	24153	24154	24162	24163
IDEA-B Early Intervention	Education of Homeless	IDEA-B Private Schools	Fresh Fruits & Vegetables USDA	English Language Acquisition	Teacher/Principal Training & Recruiting	Title I School Improvement	Title III Immigrant Student Education Pgm.
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
51,627	22,962	39	115,384	133,790	676,753	21,401	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 51,627</u>	<u>\$ 22,962</u>	<u>\$ 39</u>	<u>\$ 115,384</u>	<u>\$ 133,790</u>	<u>\$ 676,753</u>	<u>\$ 21,401</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,046	\$ -	\$ -
-	-	-	-	-	-	-	-
9,757	-	-	1,009	6,257	85,132	8,873	-
41,870	22,962	39	114,375	127,533	589,575	12,528	-
51,627	22,962	39	115,384	133,790	676,753	21,401	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 51,627</u>	<u>\$ 22,962</u>	<u>\$ 39</u>	<u>\$ 115,384</u>	<u>\$ 133,790</u>	<u>\$ 676,753</u>	<u>\$ 21,401</u>	<u>\$ -</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2018**

	SPECIAL REVENUE FUNDS					
	24174	24175	24176	24180	24181	24182
	Carl D. Perkins Secondary Current	Carl D. Perkins Secondary PY Obligation	Carl D. Perkins Secondary Redistribution	Carl D. Perkins High Schools that Work - Current	Carl D. Perkins High Schools that Work - Prior Year	Carl D. Perkins High Schools that Work - Redistribution
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts Receivable:						
Taxes	-	-	-	-	-	-
Due from Other Governments	73,501	-	7,397	45,518	-	-
Interfund Receivables	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 73,501</b>	<b>\$ -</b>	<b>\$ 7,397</b>	<b>\$ 45,518</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Current Liabilities:						
Accounts Payable	\$ 26,971	\$ -	\$ 4,995	\$ -	\$ -	\$ -
Due to Government	-	-	-	-	-	-
Accrued Expenses	-	-	-	-	-	-
Interfund Payables	46,530	-	2,402	45,518	-	-
Total Liabilities	73,501	-	7,397	45,518	-	-
	-	-	-	-	-	-
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted by Grantor	-	-	-	-	-	-
Restricted for Capital Projects	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 73,501</b>	<b>\$ -</b>	<b>\$ 7,397</b>	<b>\$ 45,518</b>	<b>\$ -</b>	<b>\$ -</b>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2018**

SPECIAL REVENUE FUNDS							
24187	24189	25127	25129	25145	25146	25150	25153
Migrant Regional Recruiting	Student Support and Academic Enrichment Grants	Headstart	Title XX - Health & Social Services	Impact Aid Special Education	Safe Routes to School NMDOT	Food Stamps Nutrition	Title XIX MEDICAID 3/1 Years
\$ -	\$ -	\$ -	\$ 8,628	\$ 15,679	\$ -	\$ -	\$ 6,764,198
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,617	64,185	633,783	-	-	14,121	68,631	283,515
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 11,617</u>	<u>\$ 64,185</u>	<u>\$ 633,783</u>	<u>\$ 8,628</u>	<u>\$ 15,679</u>	<u>\$ 14,121</u>	<u>\$ 68,631</u>	<u>\$ 7,047,713</u>
\$ 261	\$ 1,790	\$ 49,956	\$ -	\$ -	\$ -	\$ 366	\$ 5,713
-	-	-	-	-	-	-	-
2,633	439	162,946	8,628	-	2,801	872	145,849
8,723	61,956	420,881	-	-	11,320	67,393	-
11,617	64,185	633,783	8,628	-	14,121	68,631	151,562
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	15,679	-	-	6,896,151
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	15,679	-	-	6,896,151
<u>\$ 11,617</u>	<u>\$ 64,185</u>	<u>\$ 633,783</u>	<u>\$ 8,628</u>	<u>\$ 15,679</u>	<u>\$ 14,121</u>	<u>\$ 68,631</u>	<u>\$ 7,047,713</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2018**

	SPECIAL REVENUE FUNDS					
	26136	26141	26153	26204	27103	27107
	SCIAD	Daniels Funds	Paseo Del Norte Health Foundation	Spaceport GRT Grant Dona Ana County	Dual Credit Instructional Materials	2012 GO Bond Public School Library
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 61	\$ 1,281	\$ 57,364	\$ 1,444,778	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts Receivable:						
Taxes	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	13,580	159,287
Interfund Receivables	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 61</b>	<b>\$ 1,281</b>	<b>\$ 57,364</b>	<b>\$ 1,444,778</b>	<b>\$ 13,580</b>	<b>\$ 159,287</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Current Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ 31,389	\$ -	\$ 296
Due to Government	-	-	-	-	-	-
Accrued Expenses	-	-	2,697	55,122	-	-
Interfund Payables	-	-	-	-	13,580	158,991
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>2,697</b>	<b>86,511</b>	<b>13,580</b>	<b>159,287</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenues	-	-	-	-	-	-
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted by Grantor	61	1,281	54,667	1,358,267	-	-
Restricted for Capital Projects	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>61</b>	<b>1,281</b>	<b>54,667</b>	<b>1,358,267</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 61</b>	<b>\$ 1,281</b>	<b>\$ 57,364</b>	<b>\$ 1,444,778</b>	<b>\$ 13,580</b>	<b>\$ 159,287</b>

**STATE OF NEW MEXICO  
 LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
 COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 JUNE 30, 2018**

SPECIAL REVENUE FUNDS							
27141	27149	27155	27166	27183	27195	28120	28160
Truancy Initiative	New Mexico PreK Program	Breakfast for Elementary Students	Kindergarten Three Plus	NM Grown FVV	Teachers Hard to Staff Stipend	AFSC Local Vegetables and Fruits	Regn. Alliance Science/Eng/Math NMSU
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,862
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
106,071	99,856	7,855	-	-	61,563	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 106,071</u>	<u>\$ 99,856</u>	<u>\$ 7,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,563</u>	<u>\$ -</u>	<u>\$ 5,862</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
23,540	-	-	-	-	-	-	-
82,531	99,856	7,855	-	-	61,563	-	-
<u>106,071</u>	<u>99,856</u>	<u>7,855</u>	<u>-</u>	<u>-</u>	<u>61,563</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,862
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,862</u>
<u>\$ 106,071</u>	<u>\$ 99,856</u>	<u>\$ 7,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,563</u>	<u>\$ -</u>	<u>\$ 5,862</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2018**

	SPECIAL REVENUE FUNDS					
	28189	28190	28199	28203	29102	29130
	GRADS Child Care CYFD	GRADS Instruction	Safe Routes to School DOH	GRADS PLUS	Private Dir. Grants (Categorical)	School Based Health Centers
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,654	\$ (4,384)	\$ 25,014	\$ -	\$ 22,697	\$ 9,088
Investments	-	-	-	-	-	-
Accounts Receivable:						
Taxes	-	-	-	-	-	-
Due from Other Governments	-	4,384	-	-	-	-
Interfund Receivables	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,654</b>	<b>\$ -</b>	<b>\$ 25,014</b>	<b>\$ -</b>	<b>\$ 22,697</b>	<b>\$ 9,088</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Current Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Government	-	-	-	-	-	-
Accrued Expenses	-	-	145	-	-	-
Interfund Payables	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>145</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenues	-	-	-	-	-	-
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted by Grantor	1,654	-	24,869	-	22,697	9,088
Restricted for Capital Projects	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>1,654</b>	<b>-</b>	<b>24,869</b>	<b>-</b>	<b>22,697</b>	<b>9,088</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,654</b>	<b>\$ -</b>	<b>\$ 25,014</b>	<b>\$ -</b>	<b>\$ 22,697</b>	<b>\$ 9,088</b>



**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2018**

CAPITAL PROJECT FUNDS					
	31300	31700	31701		
Total Special Revenue Funds	Special Capital Outlay	Capital Improvements SB9 State Match	Capital Improvements SB9 Local Fund	Total Capital Project Funds	Total All Non-Major Funds
\$ 17,803,050	\$ 967,939	\$ -	\$ 4,002,629	\$ 4,970,568	\$ 22,773,618
-	-	-	24,819	24,819	24,819
-	-	-	489,703	489,703	489,703
2,726,963	-	461,996	-	461,996	3,188,959
-	-	-	-	-	-
340	-	-	36	36	376
437,623	-	-	-	-	437,623
<u>\$ 20,967,976</u>	<u>\$ 967,939</u>	<u>\$ 461,996</u>	<u>\$ 4,517,187</u>	<u>\$ 5,947,122</u>	<u>\$ 26,915,098</u>
\$ 198,373	\$ -	\$ -	\$ 295,731	\$ 295,731	\$ 494,104
-	-	-	325	325	325
914,655	-	-	-	-	914,655
2,041,651	-	461,996	-	461,996	2,503,647
3,154,679	-	461,996	296,056	758,052	3,912,731
-	-	-	388,657	388,657	388,657
437,623	-	-	-	-	437,623
17,375,674	-	-	-	-	17,375,674
-	967,939	-	3,832,474	4,800,413	4,800,413
-	-	-	-	-	-
-	-	-	-	-	-
17,813,297	967,939	-	3,832,474	4,800,413	22,613,710
<u>\$ 20,967,976</u>	<u>\$ 967,939</u>	<u>\$ 461,996</u>	<u>\$ 4,517,187</u>	<u>\$ 5,947,122</u>	<u>\$ 26,915,098</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2018**

	SPECIAL REVENUE FUNDS					
	21000	22000	23000	24103	24108	24109
	Food Services	Athletics	Non-Instructional Materials	Migrant Children Education IASA	New Mexico Autism Project	Preschool IDEA-B
<b>REVENUES</b>						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-	-	-
Federal Grants	11,900,676	-	-	102,561	5,166	114,223
Charges for Services	1,776,543	487,063	1,525,418	-	-	-
Miscellaneous	-	-	15,089	-	-	-
Local and Private Sources	-	-	-	-	-	-
Interest	6,351	876	1,097	-	-	-
Total Revenues	<u>13,683,570</u>	<u>487,939</u>	<u>1,541,604</u>	<u>102,561</u>	<u>5,166</u>	<u>114,223</u>
<b>EXPENDITURES</b>						
Current:						
Instruction	-	703,415	1,735,397	61,772	2,520	109,157
Support Services:						
Students	-	-	-	3,532	2,517	2,215
Instruction	-	-	-	10,772	-	-
General Administration	310,314	-	-	2,593	129	2,851
School Administration	-	-	-	5,158	-	-
Central Services	-	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	402	-	-
Student Transportation	-	-	-	18,332	-	-
Other Support Services	-	-	-	-	-	-
Food Service Operations	13,623,653	-	-	-	-	-
Community Service	-	-	-	-	-	-
Facilities, Materials, and Supplies	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Total Expenditures	<u>13,933,967</u>	<u>703,415</u>	<u>1,735,397</u>	<u>102,561</u>	<u>5,166</u>	<u>114,223</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(250,397)	(215,476)	(193,793)	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from Bond Issues	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(250,397)	(215,476)	(193,793)	-	-	-
Fund Balances - Beginning of Year	<u>8,003,501</u>	<u>874,266</u>	<u>1,204,920</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 7,753,104</u>	<u>\$ 658,790</u>	<u>\$ 1,011,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

SPECIAL REVENUE FUNDS							
24112	24113	24115	24118	24153	24154	24162	24163
IDEA-B Early Intervention	Education of Homeless	IDEA-B Private Schools	Fresh Fruits & Vegetables USDA	English Language Acquisition	Teacher/Principal Training & Recruiting	Title I School Improvement	Title III Immigrant Student Education Pgm.
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
209,926	43,360	3,514	403,139	317,391	1,373,987	127,872	21,936
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>209,926</u>	<u>43,360</u>	<u>3,514</u>	<u>403,139</u>	<u>317,391</u>	<u>1,373,987</u>	<u>127,872</u>	<u>21,936</u>
-	35,711	3,426	-	255,115	580,462	126,093	21,936
-	6,567	-	-	2,912	2,156	-	-
71,568	-	-	-	2,714	743,524	-	-
5,240	1,082	88	-	9,182	34,398	1,779	-
133,118	-	-	-	16,155	13,447	-	-
-	-	-	-	-	-	-	-
-	-	-	-	14,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	403,139	-	-	-	-
-	-	-	-	17,313	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>209,926</u>	<u>43,360</u>	<u>3,514</u>	<u>403,139</u>	<u>317,391</u>	<u>1,373,987</u>	<u>127,872</u>	<u>21,936</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

	SPECIAL REVENUE FUNDS					
	24174	24175	24176	24180	24181	24182
	Carl D. Perkins Secondary Current	Carl D. Perkins Secondary PY Obligation	Carl D. Perkins Secondary Redistribution	Carl D. Perkins High Schools that Work - Current	Carl D. Perkins High Schools that Work - Prior Year	Carl D. Perkins High Schools that Work - Redistribution
<b>REVENUES</b>						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-	-	-
Federal Grants	242,977	7,181	17,349	85,925	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Local and Private Sources	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Revenues	<u>242,977</u>	<u>7,181</u>	<u>17,349</u>	<u>85,925</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current:						
Instruction	231,028	7,181	17,041	80,139	-	-
Support Services:						
Students	-	-	-	466	-	-
Instruction	182	-	-	-	-	-
General Administration	5,536	-	308	2,145	-	-
School Administration	6,036	-	-	3,175	-	-
Central Services	195	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-
Community Service	-	-	-	-	-	-
Facilities, Materials, and Supplies	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Total Expenditures	<u>242,977</u>	<u>7,181</u>	<u>17,349</u>	<u>85,925</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from Bond Issues	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

SPECIAL REVENUE FUNDS							
24187	24189	25127	25129	25145	25146	25150	25153
Migrant Regional Recruiting	Student Support and Academic Enrichment Grants	Headstart	Title XX - Health & Social Services	Impact Aid Special Education	Safe Routes to School NMDOT	Food Stamps Nutrition	Title XIX MEDICAID 3/1 Years
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
126,512	64,185	2,717,917	49,190	-	33,502	203,154	3,638,643
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,015
<u>126,512</u>	<u>64,185</u>	<u>2,717,917</u>	<u>49,190</u>	<u>-</u>	<u>33,502</u>	<u>203,154</u>	<u>3,643,658</u>
3,350	34,961	1,440,780	49,190	-	-	-	-
118,098	23,619	862,442	-	-	33,502	-	2,475,648
-	2,003	283,241	-	-	-	-	-
3,154	1,557	63,553	-	-	-	5,197	-
-	2,045	-	-	-	-	-	-
-	-	710	-	-	-	-	364
1,910	-	10,821	-	-	-	-	3,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	197,957	-
-	-	1,027	-	-	-	-	-
-	-	55,343	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>126,512</u>	<u>64,185</u>	<u>2,717,917</u>	<u>49,190</u>	<u>-</u>	<u>33,502</u>	<u>203,154</u>	<u>2,479,012</u>
-	-	-	-	-	-	-	1,164,646
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	15,679	-	-	5,731,505
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,896,151</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

	SPECIAL REVENUE FUNDS					
	26136	26141	26153	26204	27103	27107
	SCIAD	Daniels Funds	Paseo Del Norte Health Foundation	Spaceport GRT Grant Dona Ana County	Dual Credit Instructional Materials	2012 GO Bond Public School Library
<b>REVENUES</b>						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-	90,534	173,490
Federal Grants	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Local and Private Sources	-	-	157,131	1,383,203	-	-
Interest	-	-	-	1,043	-	-
Total Revenues	-	-	157,131	1,384,246	90,534	173,490
<b>EXPENDITURES</b>						
Current:						
Instruction	-	-	134,112	1,240,254	90,534	-
Support Services:						
Students	-	5,090	17,735	4,500	-	-
Instruction	-	-	-	258,146	-	173,490
General Administration	-	-	4,189	40,291	-	-
School Administration	-	-	-	-	-	-
Central Services	-	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-
Community Service	-	4,576	11,794	-	-	-
Facilities, Materials, and Supplies	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Total Expenditures	-	9,666	167,830	1,543,191	90,534	173,490
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>						
	-	(9,666)	(10,699)	(158,945)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from Bond Issues	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>						
	-	(9,666)	(10,699)	(158,945)	-	-
Fund Balances - Beginning of Year	61	10,947	65,366	1,517,212	-	-
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 61</b>	<b>\$ 1,281</b>	<b>\$ 54,667</b>	<b>\$ 1,358,267</b>	<b>\$ -</b>	<b>\$ -</b>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

SPECIAL REVENUE FUNDS							
27141	27149	27155	27166	27183	27195	28120	28160
Truancy Initiative	New Mexico PreK Program	Breakfast for Elementary Students	Kindergarten Three Plus	NM Grown FVV	Teachers Hard to Staff Stipend	AFSC Local Vegetables and Fruits	Regn. Alliance Science/Eng/Math NMSU
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
387,899	99,856	75,632	2,080,518	-	220,904	7,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
387,899	99,856	75,632	2,080,518	-	220,904	7,000	-
-	98,866	-	1,349,552	-	220,904	-	-
387,899	-	-	127,311	-	-	-	-
-	-	-	35,075	-	-	-	-
-	990	-	-	-	-	-	-
-	-	-	130,590	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	7,695	-	-	-	-
-	-	-	430,295	-	-	-	-
-	-	-	-	-	-	-	-
-	-	75,632	-	-	-	7,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
387,899	99,856	75,632	2,080,518	-	220,904	7,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,862
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,862

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

	SPECIAL REVENUE FUNDS					
	28189	28190	28199	28203	29102	29130
	GRADS Child Care CYFD	GRADS Instruction	Safe Routes to School DOH	GRADS PLUS	Private Dir. Grants (Categorical)	School Based Health Centers
<b>REVENUES</b>						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	4,384	10,000	-	-	-
Federal Grants	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Local and Private Sources	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>4,384</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current:						
Instruction	1,654	4,186	-	-	-	-
Support Services:						
Students	-	198	21,307	-	-	4,235
Instruction	-	-	-	-	-	-
General Administration	-	-	-	-	-	-
School Administration	-	-	-	-	-	-
Central Services	-	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-
Community Service	-	-	-	-	-	-
Facilities, Materials, and Supplies	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Total Expenditures	<u>1,654</u>	<u>4,384</u>	<u>21,307</u>	<u>-</u>	<u>-</u>	<u>4,235</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,654)	-	(11,307)	-	-	(4,235)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from Bond Issues	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,654)	-	(11,307)	-	-	(4,235)
Fund Balances - Beginning of Year	<u>3,308</u>	<u>-</u>	<u>36,176</u>	<u>-</u>	<u>22,697</u>	<u>13,323</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,654</u>	<u>\$ -</u>	<u>\$ 24,869</u>	<u>\$ -</u>	<u>\$ 22,697</u>	<u>\$ 9,088</u>



**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

CAPITAL PROJECT FUNDS					
	31300	31700	31701		
Total Special Revenue Funds	Special Capital Outlay	Capital Improvements SB9 State Match	Capital Improvements SB9 Local Fund	Total Capital Project Funds	Total All Non-Major Funds
\$ -	\$ -	\$ -	\$ 6,589,533	\$ 6,589,533	\$ 6,589,533
3,150,217	-	249,182	-	249,182	3,399,399
21,810,286	-	-	-	-	21,810,286
3,789,024	-	-	-	-	3,789,024
15,089	3,998	-	-	3,998	19,087
1,540,334	588,347	-	-	588,347	2,128,681
14,382	9,333	-	30,376	39,709	54,091
<u>30,319,332</u>	<u>601,678</u>	<u>249,182</u>	<u>6,619,909</u>	<u>7,470,769</u>	<u>37,790,101</u>
8,638,736	-	-	-	-	8,638,736
4,101,949	-	-	-	-	4,101,949
1,580,715	-	-	-	-	1,580,715
494,576	-	-	66,028	66,028	560,604
309,724	-	-	-	-	309,724
1,269	-	-	-	-	1,269
23,828	-	-	-	-	23,828
462,627	-	-	-	-	462,627
-	-	-	-	-	-
14,307,381	-	-	-	-	14,307,381
34,710	-	-	-	-	34,710
55,343	1,761,731	249,182	6,377,558	8,388,471	8,443,814
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>30,010,858</u>	<u>1,761,731</u>	<u>249,182</u>	<u>6,443,586</u>	<u>8,454,499</u>	<u>38,465,357</u>
308,474	(1,160,053)	-	176,323	-	308,474
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
308,474	(1,160,053)	-	176,323	(983,730)	(675,256)
<u>17,504,823</u>	<u>2,127,992</u>	<u>-</u>	<u>3,656,151</u>	<u>5,784,143</u>	<u>23,288,966</u>
<u>\$ 17,813,297</u>	<u>\$ 967,939</u>	<u>\$ -</u>	<u>\$ 3,832,474</u>	<u>\$ 4,800,413</u>	<u>\$ 22,613,710</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS  
AND LIABILITIES – AGENCY FUNDS  
(REQUIRED BY 2.2.2 NMAC)  
YEAR ENDED JUNE 30, 2018**

	Balance June 30, 2017	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2018
Alameda Elementary	\$ 7,541	\$ 17,005	\$ 10,515	\$ -	\$ 14,031
BT Washington Elementary	174	-	122	-	52
Cesar Chavez	1,759	-	-	-	1,759
Columbia Elementary	489	735	1,015	-	209
Conlee Elementary	8,834	8,389	11,683	-	5,540
Dona Ana Elementary	882	196	539	-	539
Desert Hills Elementary	14,120	16,939	14,439	-	16,620
East Picacho Elementary	41,133	30,211	26,462	-	44,882
Fairacres Elementary	10,629	8,496	7,869	-	11,256
Hermosa Height Elementary	1,009	5,415	2,901	-	3,523
Highland Elementary	1,594	6,432	2,620	-	5,406
Hillrise Elementary	825	-	-	-	825
Jornada Elementary	2,673	2,645	3,034	-	2,284
Loma Heights Elementary	507	-	-	-	507
MacArthur Elementary	164	745	824	-	85
Mesilla Elementary	2,173	161	55	-	2,279
Mesilla Park Elementary	19	676	806	-	(111)
Monte Vista Elementary	158	-	-	-	158
Sunrise Elementary	226	-	-	-	226
Tombaugh Elementary	1,913	2,649	2,402	-	2,160
University Hills Elementary	453	(10)	328	-	115
Valley View Elementary	-	-	-	-	-
White Sands Elem/Mid	5,843	5,319	6,171	-	4,991
Camino Real Mid School	25,804	48,103	47,185	-	26,722
Lynn Mid School	43,589	159,125	147,043	-	55,671
Mesa Mid School	2,201	18,703	19,311	-	1,593
Picacho Mid School	15,982	28,063	26,335	-	17,710
Sierra Mid School	49,291	31,268	57,344	-	23,215
Vista Mid School	64	26,473	24,924	-	1,613
Zia Mid School	3,765	4,830	5,785	-	2,810
Centennial High School	55,446	109,800	104,490	-	60,756
Las Cruces High School	100,062	165,196	172,073	-	93,185
Mayfield High School	130,755	136,445	145,176	-	122,024
Ocate High School	53,461	106,034	110,081	-	49,414
Rio Grande Preparatory High School	5,291	23,802	16,211	-	12,882
Early College High School	37,181	47,182	46,443	-	37,920
District	164,642	84,810	198,284	-	51,168
Expendable Trust	5,415	55,343	19,449	-	41,309
Non-Expendable Trust	500	-	-	-	500
Certificates of Deposit	5,101	1	-	-	5,102
<b>Total All Schools</b>	<b>\$ 801,668</b>	<b>\$ 1,151,181</b>	<b>\$ 1,231,919</b>	<b>\$ -</b>	<b>\$ 720,930</b>
Liabilities - Funds Held for the Benefit of Others*					<b>\$ 720,930</b>

\* The FDIC has issued an option that, due to the fiduciary nature of these funds, each school is independently insured at each financial institution up to a maximum of \$250,000. District policy states that no school can maintain more than \$250,000 in any one financial institution.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULE OF COLLATERAL PLEDGED BY  
DEPOSITORY FOR PUBLIC FUNDS  
(REQUIRED BY 2.2.2 NMAC)  
JUNE 30, 2018**

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Face Value or Fair Market Value
<u>First American Bank</u>				
	FHLB	8/1/2019	257584AK8	\$ 175,520
	FHLB	8/1/2021	883005CH1	85,145
Location of Safekeeper: 303 W. Main St., Artesia, NM 88210		Total First American Bank		260,665
<u>Citizens Bank of Las Cruces</u>				
	FHLB	8/15/2018	3133X0PF0	2,010,164
	FHLB	8/15/2018	3133X0PF0	2,609,188
	FHLB	12/14/2018	3133XSUN6	2,016,518
	FHLB	1/6/2021	3133ECNP5	1,942,244
	FHLB	9/10/2021	313383ZU8	1,510,931
	FHLB	12/10/2021	3130A0EN6	2,734,088
	FHLB	2/28/2022	313382CK7	1,010,431
	FHLB	3/11/2022	313378CR0	2,450,838
	FHLB	3/8/2024	3130A3E59	2,028,412
	FHLB	12/13/2024	3135G0RT2	1,963,960
	FFCB	10/10/2025	3130A3GE8	1,932,612
	FHLB	11/7/2025	3130A0XE5	1,927,094
	FHLB	3/13/2026	3130AAUF3	1,947,782
	FHLB	9/11/2026	3130A2VE3	1,980,630
Location of Safekeeper: P.O. Box 2018, Las Cruces, NM 88004		Total Citizens Bank of Las Cruces		28,064,892
<u>US Bank</u>				
	Letter of Credit	7/2/2018	524774	3,500,000,000
Location of Safekeeper: 221 E. 4th Street, Cincinnati, OH 45202		Total US Bank		3,500,000,000
<u>Wells Fargo Bank</u>				
	FNMA	5/1/1931	3140F4JS6	8,656,184
Location of Safekeeper: One Wall Street, New York, NY 10286		Total Wells Fargo Bank		8,656,184
			Total	<u>\$ 3,536,981,741</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULE OF CASH AND TEMPORARY INVESTMENTS  
(REQUIRED BY 2.2.2 NMAC)  
JUNE 30, 2018**

Bank Account Type	Bank of America	Wells Fargo Bank	Citizens	US Bank	First American Bank	Total
Checking - Accounts Payable Clearing	\$ -	\$ 1,084,900	\$ -	\$ -	\$ -	\$ 1,084,900
Checking - Payroll Clearing	-	14,294,423	-	-	-	14,294,423
Certificate of Deposit	2,302	-	2,800	-	-	5,102
Checking - Food Service	-	-	7,403,167	-	-	7,403,167
Checking - Operational Account	-	-	9,563,182	-	-	9,563,182
Checking - Bond Building Account	-	-	27,788,991	-	-	27,788,991
Certificate of Deposit	-	-	-	-	-	-
Certificate of Deposit	-	-	-	-	-	-
Checking - Debt Service	-	-	-	86,270	-	86,270
Checking - Activity	-	-	-	1,111,570	-	1,111,570
Checking - Activity Investment	-	-	-	1,214,569	-	1,214,569
Checking - Federal Programs Direct Account	-	-	-	-	80,332	80,332
Total on Deposit	<u>2,302</u>	<u>15,379,323</u>	<u>44,758,140</u>	<u>2,412,409</u>	<u>80,332</u>	<u>62,632,506</u>
Reconciling Items	-	(15,382,977)	12,562,102	(13,459)	-	(2,834,334)
Reconciled Balance - June 30, 2018	<u>\$ 2,302</u>	<u>\$ (3,654)</u>	<u>\$ 57,320,242</u>	<u>\$ 2,398,950</u>	<u>\$ 80,332</u>	59,798,172
Investments with State of New Mexico Treasurer's Office						27,040,967
Plus: Petty Cash						-
Plus: Cash with Fiscal Agent						61,233
Subtotal						<u>86,900,372</u>
Less: Fiduciary Funds Cash						<u>(720,930)</u>
Cash and Investments per Government-Wide Financial Statements						<u>\$ 86,179,442</u>

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
CASH RECONCILIATION SCHEDULE  
(REQUIRED BY 2.2.2 NMAC)  
YEAR ENDED JUNE 30, 2018**

	Operational Account 11000	Pupil Transportation 13000	Instructional Materials 14000	Food Services 21000	Athletics Fund 22000	Student Activity 23000	Projects Account 24000	Direct Account 25000	Grants Fund 26000
<b>June 30, 2017 Cash Available to Budget</b>	\$ 11,852,088	\$ -	\$ 387,553	\$ 7,503,797	\$ 874,407	\$ 1,222,952	\$ (4,461,601)	\$ 4,866,585	\$ 1,694,434
2017-2018 Revenue	184,310,318	3,981,163	774,613	12,822,064	487,939	1,541,754	15,148,615	6,552,988	1,541,377
2017-2018 Expenditures	(178,524,052)	(3,981,163)	(943,623)	(12,971,164)	(703,523)	(1,716,691)	(15,878,475)	(5,451,748)	(1,791,660)
Permanent Cash Transfers/Reversions	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-
<b>June 30, 2018 Cash Available to Budget</b>	17,638,354	-	218,543	7,354,697	658,823	1,048,015	(5,191,461)	5,967,825	1,444,151
June 30, 2018 Payroll Liabilities	11,083,262	-	-	360,142	2,681	28,655	798,483	321,086	57,819
June 30, 2018 Temporary Interfund Loans	(5,905,552)	-	-	-	-	-	4,519,580	429,636	-
June 30, 2018 Adjustments/Reconciling Differences	(1,598)	-	-	(336)	(33)	(1,514)	(126,602)	69,958	1,514
<b>June 30, 2018 Cash (Book Balance)</b>	<u>\$ 22,814,466</u>	<u>\$ -</u>	<u>\$ 218,543</u>	<u>\$ 7,714,503</u>	<u>\$ 661,471</u>	<u>\$ 1,075,156</u>	<u>\$ -</u>	<u>\$ 6,788,505</u>	<u>\$ 1,503,484</u>
<b>Reconciliation to PED Cash Report Line 7</b>									
June 30, 2018 Cash (Book Balance)	\$ 22,814,466	\$ -	\$ 218,543	\$ 7,714,503	\$ 661,471	\$ 1,075,156	\$ -	\$ 6,788,505	\$ 1,503,484
June 30, 2018 Payroll Liabilities	(11,083,262)	-	-	(360,142)	(2,681)	(28,655)	(798,483)	(321,086)	(57,819)
June 30, 2018 Temporary Interfund Loans	5,905,552	-	-	-	-	-	(4,519,580)	(429,636)	-
Audit adjustments and reclassifications	(85)	-	-	336	-	-	-	-	-
<b>Line 7 PED Cash Report June 30, 2018 *</b>	<u>\$ 17,636,671</u>	<u>\$ -</u>	<u>\$ 218,543</u>	<u>\$ 7,354,697</u>	<u>\$ 658,790</u>	<u>\$ 1,046,501</u>	<u>\$ (5,318,063)</u>	<u>\$ 6,037,783</u>	<u>\$ 1,445,665</u>

\* May include rounding errors when compared to PED Cash Report

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
CASH RECONCILIATION SCHEDULE  
(REQUIRED BY 2.2.2 NMAC) (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

	State Flowthrough Fund 27000	State Direct Account 28000	Local/State Account 29000	Bond Building Fund 31100	Special Capital Outlay 31300	Capital Improve. HB 33 31600	Debt Service 41000	Capital Improve. State SB9 31700	Capital Improve. Local SB9 31701	Total Primary Government
<b>June 30, 2017 Cash Available to Budget</b>	\$ (127,139)	\$ 11,224	\$ 36,021	\$ 6,621,986	\$ 2,661,796	\$ 12,146,894	\$ 14,850,180	\$ (1,952,744)	\$ 3,814,820	\$ 62,003,253
2017-2018 Revenue	2,807,760	49,468	-	20,154,962	601,678	9,876,251	15,602,457	1,969,300	6,616,569	284,839,276
2017-2018 Expenditures	(3,028,681)	(32,691)	(4,235)	(11,084,138)	(2,295,535)	(9,659,073)	(13,472,536)	(461,997)	(6,420,696)	(268,421,681)
Permanent Cash Transfers/Reversions	-	-	-	-	-	-	-	(1,833,500)	1,833,500	-
Adjustments	-	-	-	-	-	-	-	-	-	-
<b>June 30, 2018 Cash Available to Budget</b>	(348,060)	28,001	31,786	15,692,810	967,939	12,364,072	16,980,101	(2,278,941)	5,844,193	78,420,848
June 30, 2018 Payroll Liabilities	23,540	145	-	-	-	-	-	-	-	12,675,813
June 30, 2018 Temporary Interfund Loans	75,826	-	-	-	-	-	-	143,769	-	(736,741)
June 30, 2018 Adjustments/Reconciling Differences	248,694	-	(1)	(4,766,943)	-	15,083	62,873	2,135,172	(1,816,745)	(4,180,478)
<b>June 30, 2018 Cash (Book Balance)</b>	<u>\$ -</u>	<u>\$ 28,146</u>	<u>\$ 31,785</u>	<u>\$ 10,925,867</u>	<u>\$ 967,939</u>	<u>\$ 12,379,155</u>	<u>\$ 17,042,974</u>	<u>\$ -</u>	<u>\$ 4,027,448</u>	<u>\$ 86,179,442</u>
<b>Reconciliation to PED Cash Report Line 7</b>										
June 30, 2018 Cash (Book Balance)	\$ -	\$ 28,146	\$ 31,785	\$ 10,925,867	\$ 967,939	\$ 12,379,155	\$ 17,042,974	\$ -	\$ 4,027,448	\$ 86,179,442
June 30, 2018 Payroll Liabilities	(23,540)	(145)	-	-	-	-	-	-	-	(12,675,813)
June 30, 2018 Temporary Interfund Loans	(75,826)	-	-	(45,518)	-	-	-	(143,769)	-	691,223
Audit adjustments and reclassifications	-	-	-	-	-	(15,083)	(62,873)	(2,135,172)	-	(2,212,877)
<b>Line 7 PED Cash Report June 30, 2018 *</b>	<u>\$ (99,366)</u>	<u>\$ 28,001</u>	<u>\$ 31,785</u>	<u>\$ 10,880,349</u>	<u>\$ 967,939</u>	<u>\$ 12,364,072</u>	<u>\$ 16,980,101</u>	<u>\$ (2,278,941)</u>	<u>\$ 4,027,448</u>	<u>\$ 71,981,975</u>

\* May include rounding errors when compared to PED Cash Report

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Grantor Pass-Through Grantor Number	Federal Participating Expenditures
<b>U.S. Department of Health and Human Services</b>			
Direct U.S. Department of Health and Human Services Head Start	93.600	25127	<u>\$ 2,717,917</u>
<b>Total U.S. Department of Health and Human Services</b>			2,717,917
<b>U.S. Department of Education</b>			
Pass-Through State of New Mexico Department of Education:			
Special Education - Grants to States	84.027	24106	5,998,261
Special Education - Grants to States	84.027	24112	209,926
Special Education - Grants to States	84.027	24108	5,166
IDEA Private School Share	84.027	24115	<u>3,514</u>
Total Special Education - Grants to States			6,216,867
Special Education - Preschool Grants:	84.173	24109	<u>114,223</u>
Total Special Education Cluster (IDEA)			6,331,090
Title I Grants to Local Educational Agencies	84.010	24101	6,779,625
Title I Grants to Local Educational Agencies	84.010	24162	<u>127,872</u>
Total Title I Grants to Local Educational Agencies			6,907,497
Migrant Education - State Grant Program	84.011	24103	102,561
Migrant Education - State Grant Program	84.011	24187	<u>126,512</u>
Total Migrant Education - State Grant Program			229,073
Career and Technical Education - Basic Grants to States	84.048	24174	242,977
Career and Technical Education - Basic Grants to States	84.048	24175	7,181
Career and Technical Education - Basic Grants to States	84.048	24176	17,349
Career and Technical Education - Basic Grants to States	84.048	24180	85,925
Career and Technical Education - Basic Grants to States	84.048	24181	-
Career and Technical Education - Basic Grants to States	84.048	24182	<u>-</u>
Total Career and Technical Education - Basic Grants to States			353,432
Education for Homeless Children and Youth	84.196	24113	43,360
Twenty-First Century Community Learning Centers	84.287	24119	-
English Language Acquisition State Grants	84.365	24153	317,391
Title III Immigrant Proposal (English Language Acquisition)	84.365	24163	21,936
Improving Teacher Quality State Grants	84.367	24154	1,373,987
Title IV Student Support and Academic Enrichment	84.424	24189	<u>64,185</u>
<b>Total U.S. Department of Education</b>			15,641,951
<b>U.S. Department of Transportation</b>			
Pass-Through State of New Mexico Department of Education:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	25146	<u>33,502</u>
<b>Total U.S. Department of Transportation</b>			33,502

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Grantor Pass-Through Grantor Number	Federal Participating Expenditures
<b>U.S. Department of Agriculture</b>			
Pass-Through State of New Mexico Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	21000	\$ 3,674,990
National School Lunch Program	10.555	21000	7,189,422
Special Milk Program for Children	10.556	21000	170,587
Pass-Through State of New Mexico Human Services Department:			
National School Lunch Program - Commodities	10.555	21000	861,649
Total Child Nutrition Cluster			<u>11,896,648</u>
Fresh Fruit and Vegetable Program	10.582	24118	403,139
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition	10.561	25150	203,154
Pass-Through State of New Mexico Children, Youth, and Families Dept.:			
Child and Adult Care Food Program	10.558	25129	<u>49,190</u>
<b>Total U.S. Department of Agriculture</b>			<u>12,552,131</u>
<b>Total Federal Assistance</b>			<u>\$ 30,945,501</u>

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:  
Primary Government**

Total Federal Awards Expended per Schedule of Expenditures of Federal Awards	\$ 30,945,501
Total Expenditures Funded by Other Sources	<u>236,899,281</u>
Total Expenditures, Governmental Funds	<u>\$ 267,844,782</u>



**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Las Cruces Public Schools (District) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flow of the District.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), where certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10% de minimis indirect cost rate allowed under the uniform guidance.

**NOTE 3. SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the District did not provide any federal awards to subrecipients.



**REPORT OF INDEPENDENT AUDITORS 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**

Board of Education  
State of New Mexico  
Las Cruces Public School District No. 2 and  
Mr. Wayne Johnson, New Mexico State Auditor

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 budgetary comparisons for the general fund and each major special revenue fund and the aggregate remaining fund information of Las Cruces Public School District No. 2 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2018.

**Internal Control Over Financial Reporting**

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

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

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

Board of Education  
State of New Mexico  
Las Cruces Public School District No. 2 and  
Mr. Wayne Johnson, New Mexico State Auditor

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2018-003, 2018-004, 2018-005, and 2018-006.

### **The District's 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 response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
November 15, 2018



**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education  
State of New Mexico  
Las Cruces Public School District No. 2  
and Mr. Wayne Johnson, New Mexico State Auditor

**Report on Compliance for Each Major Federal Program**

We have audited Las Cruces Public School District No. 2's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on 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 the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for 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, 2018.

Board of Education  
State of New Mexico  
Las Cruces Public School District No. 2 and  
Mr. Wayne Johnson, New Mexico State Auditor

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002. Our opinion on each major federal program is not modified with respect to these matters.

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

### **Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002, that we consider to be significant deficiencies.

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

Board of Education  
State of New Mexico  
Las Cruces Public School District No. 2 and  
Mr. Wayne Johnson, New Mexico State Auditor

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
November 15, 2018

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditor’s report issued on compliance for major program: Unmodified

Any audit findings, disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

**Identification of Major Federal Programs:**

<b>CFDA Numbers</b>	<b>Name of Federal Program</b>
10.553/10.555/10.556 84.IDEA	Child Nutrition Cluster Special Education – IDEA

Dollar threshold used to distinguish between Type A and Type B programs: \$928,365

Auditee qualified as low-risk auditee?  yes  no

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

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**Section II – Financial Statement Findings**

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There were no findings in FY18.



**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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**2018-001 Payroll Disbursements (Significant Deficiency, Instance of Noncompliance)**

**Federal Program:** CFDA 84.027/84.173 - Special Education Cluster (IDEA)

**Federal Agency:** U.S. Department of Education

**Federal Award Number/Year:** Various

**Pass-through Entity:** New Mexico Publication Education Department

**Questioned Costs:** None

**Condition:** During our review of 40 payroll expenditures, six samples did not have a completed time and effort form for the employees. Upon further review, we identified that three of the six employees' primary job code is Special Education Instructor. Two of the samples were for substitute instructors filling in for Special Education- educational assistants, and the other was an instructor.

**Criteria:** Per §200.430 Compensation-personal services, charges to Federal awards for salaries and wages must be based on records that comply with the established accounting policies and procedures of the non-Federal entity; be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; and reasonably reflect the total activity for which the employee is compensated by the non-Federal entity. Las Cruces Public Schools internal policy for Special Education fund requires any employee paid out of a Special Education grant to have a completed Time and Effort form.

**Context:** See "Condition"

**Cause:** Management oversight at the school site by not complying with District policy. District oversight ensuring schools are submitting Time and Effort forms for all employees funded by the grant.

**Effect:** Noncompliance with applicable regulations and District policy.

**Auditor's Recommendation:** We recommend the district complete audits at school sites to ensure Time and Efforts are completed and policy is being followed. In addition, we recommend utilizing an employee listing to audit that all required employees have a Time and Effort form in order to comply with program requirements.

**Management Response:** The mechanism for certification of Time and Effort in our department involves the use of inter office mail to send the reports to the school sites in order for the employee to sign the after the fact Time and Effort report. Several logistical barriers at the school site may impede personnel from acquiring signatures and returning these reports to the Administration offices in a timely manner, which can result in challenges in locating these reports. The department will implement a process of periodic internal Time and Effort audits throughout the school year, therefore providing a more accurate line of sight into those reports that have not been returned. At this point, the Department will reach out to the schools regarding the individuals in question to ensure that Time and Effort reports are returned and filed in a timely fashion.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

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**Section III – Findings and Questioned Costs – Major Federal Programs (Continued)**

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**2018-002 Eligibility (Significant Deficiency, Instance of Noncompliance)**

**Federal Program:** CFDA 10.553/10.555/10.556– National School Breakfast and Lunch Program

**Federal Agency:** U.S. Department of Agriculture

**Federal Award Number/Year:** 2017-2018

**Pass-through Entity:** New Mexico Publication Education Department

**Questioned Costs:** None

**Condition:** During our review of 40 participant files, the following was identified:

- 1 participant's application was missing the last four of the parent's social security number, which would make the applicant incomplete until corrected. The applicant was processed as "free" lunch status student. We subsequently were informed the student attended a CEP school and would ultimately receive free lunch.
- 1 participant application did not have a stamped "Received date" to validate the application was processed within 10 days of receipt per the department's internal procedures.

**Criteria:** Per §245.6a, the local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced price meal benefits for that school year. An application must be approved if it contains the essential documentation specified in the definition of Documentation in §245.2 and, if applicable, the household meets the income eligibility criteria for free or reduced price benefits. Verification efforts must not delay the approval of applications.

**Context:** See "Condition"

**Cause:** Management oversight. Lack of adequate training over federal program by responsible staff and knowledgeable staff due to department turnover.

**Effect:** Noncompliance with grant requirements.

**Auditor's Recommendation:** We recommend the Department create internal controls and thorough review of applications to ensure applications are complete and meet the grant eligibility requirements. In addition, we recommend that responsible staff complete training of grant requirements to prevent non-compliance.

**Management Response:** Nutrition service staff shall attend Grant training to gain knowledge of specific grant compliance requirements. Staff will apply knowledge gained to specific processes, procedures and controls. Management will implement controls over the free and reduced price meal application processing to ensure compliance with requirements. In addition, a review process will be put in place to validate form completion and eligibility.

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

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**Section IV – Other Findings**

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**2018-003 Travel and Per Diem (Other Non-Compliance)**

**Condition:** During our review of travel and per diem disbursements, we identified a disbursement that was incorrectly calculated. The District incorrectly reimbursed the employee at a mileage rate of \$0.44, when they should have been reimbursed at the current rate of \$0.43 per mile.

**Criteria:** Per NMAC 6.20.2.19, each school district shall establish and implement written policies and procedures for travel and training. Travel policies and procedures shall be in compliance with the Per Diem and Mileage Act, Sections 10.8.1 - 10.8.8, NMSA 1978, and Department of Finance and Administration (DFA) regulations.

**Cause:** Management oversight, as the previous travel forms stating the previous mileage rate were still in circulation.

**Effect:** Mileage reimbursement overpayment and noncompliance with state statute.

**Auditor's Recommendation:** We recommend management and respective staff are familiar with the Per Diem and Mileage Act and are aware of changes as a result of new rate changes. We recommend that internal travel forms be updated to reflect a mileage rate effective through date to assist with review for noncompliance prior to payment.

**Management's Response:** This irregularity was due to a misunderstanding by the individual responsible for posting the mileage reimbursement rate. The individual thought the mileage rate was to be updated in January, when the IRS issues the new mileage rate. Per NMAC 2.42.2.11 (B), the mileage rate is 80% of the IRS rate set January 1<sup>st</sup> of the previous year. Once management identified that the mileage rate had incorrectly been updated, it was immediately corrected. A notification was sent out to all finance secretaries and all travel reimbursement forms in process were corrected. In addition to the notification, training was conducted internally within finance to address mileage rates. The District's Travel and Per Diem policies, regulations, procedures and form are currently being updated and revised. Clarification on how and when the mileage rate is updated will be incorporated into the revisions.

**Estimated Implementation:** Prior to June 30th, 2019.

**Person Responsible:** Chief Financial Officer

STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018

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**Section IV – Other Findings (Continued)**

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**2018-004 IT General Controls (Original Finding #2011-001) (Finding That Does Not Rise To The Level Of Significant Deficiency) (Repeated)**

**Condition:** During our review of IT general controls that are significant to financial reporting, we noted the District has established an IT Committee since the previous fiscal year, but the District has yet to complete penetration testing over its internal security software systems. In addition, security logs are not reviewed on a regular basis.

*Management's Progress for Repeat Findings: Management failed to implement adequate controls to resolve the finding and will work toward corrective action during FY2019.*

**Criteria:** Framework DS5 (Ensure System Security) provides that the need to maintain integrity of information and protect IT assets requires a security management process. This process includes establishing and maintaining IT security and roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weakness or incidents. Effective security management protects all IT assets to minimize the business/financial impact of security vulnerabilities and incidents.

**Cause:** Lack of formal policies and resources.

**Effect:** Security issues identified decreases overall system security which makes the infrastructure vulnerable to attack and unauthorized data access or modification. Unauthorized access to system by terminated employees.

**Auditor's Recommendation:** We recommend management review security logs on a regular basis and build into their budget a plan to complete penetration testing over its internal security software.

**Management's Response:** Due to budget cuts this fiscal year, the log auditing platform was removed. Due to the tremendous volume of logs, an auditing tool will be necessary since manual log auditing would be unsustainable. The IT department has identified several issues that would be found during a penetration test that we are planning to mitigate with an upcoming network upgrade. Penetration testing has been part of the plan after the upgrades are installed. Both items will be requested in FY 19/20.

**Estimated Implementation:** 12-18 months, dependent on funding

**Person Responsible:** IT Management

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

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**Section III – Other Findings (Continued)**

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**2018-005– Fuel Cards (Finding That Does Not Rise To The Level Of Significant Deficiency)**

**Condition:** During testing over fuel cards, it was identified that the respective department liaison was not reconciling their fuel card statements against their department's receipts. In addition, supporting receipts were not maintained by the department in order to test against the fuel card statement.

**Criteria:** The Las Cruces Public School's (District) P-Card Policy and Procedures Manual states the Liaison shall, "Ensure timely reconciliations and/or approvals each month. Receive and review all Cardholder charge slips, receipts, and reconcile to the monthly statement and then forward to Accounts Payable."

**Cause:** Management oversight and staff turnover within department.

**Effect:** Noncompliance with District P-Card Policy and possible abuse or unsupported fuel costs.

**Auditor's Recommendation:** We recommend management implement a training and review of the District P-Card Policy and Procedures and that random audits be completed to determine that departments are reconciling their statements to physical receipts.

**Management's Response:** Management will provide continuous training to department Liaisons' on reconciliation process of fuel charges. Management will also conduct audit reviews to ensure reconciliation is done on a monthly basis.

**Estimated Implementation:** Prior to June 30, 2019

**Person Responsible:** Chief Financial Officer

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

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**Section III – Other Findings (Continued)**

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**2018-006– Timely Cash Deposits (Original Finding #2017-005) (Other Non-Compliance) (Repeated)**

**Condition:** During our testing of cash receipts, we encountered 4 out of 22 receipts, totaling \$2,152, which were not deposited within 24-hours of receipt.

*Management's Progress for Repeat Findings: Management failed to implement adequate controls to resolve the finding and will work toward corrective action during FY2019.*

**Criteria:** NMAC 6.20.2.14 states that money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.

**Cause:** Management oversight.

**Effect:** Noncompliance with state statute.

**Auditor's Recommendation:** We recommend implementing a procedure to ensure all receipts of monies are deposited within 24 hours of receipt.

**Management's Response:** The District is currently updating and revising its policies, regulations, procedures and forms regarding Cash Controls. This will include updates and revisions to internal controls and audits of cash transactions at site locations. All individuals involved with site financial transactions will receive extensive training on the proper procedures of cash handling.

**Estimated Implementation:** Prior to June 30, 2019

**Person Responsible:** Chief Financial Officer

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2018**

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**Section V – Financial Statement Findings**

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<b>Finding #</b>	<b>Status</b>
2017-001 Internal Control over Financial Reporting (Material Weakness)	Resolved

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**Section VI – Findings and Questioned Costs – Major Federal Programs**

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None.

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**Section VII – Other**

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<b>Finding #</b>	<b>Status</b>
2017-002 Payroll (Compliance and Other Matters)	Resolved
2017-003 IT General Controls (Compliance and Other Matters)	Repeated as 2018-004
2017-004 Final Payment Prior to Report Release Date	Resolved
2017-005 Timely Cash Deposits (Compliance and Other Matters)	Repeated as 2018-006

**STATE OF NEW MEXICO  
LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2  
EXIT CONFERENCE  
JUNE 30, 2018**

An exit conference was held with the District on November 13, 2018. The conference was held at the District's offices in Las Cruces, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**

Ed Frank, President  
Ed Ellison, CFO  
Will A. Manning, Director of Purchasing  
Melissa Zuniga, Controller  
Sylvia Martinez, Finance – Assistant Controller  
Veronica Moreno, Assistant Controller - Payroll  
Ed Frank, Vice President, LCPS School Board  
Maury Castro, LCPS Board Member  
Wendy Baetticher, Community Member  
Shammi Gandhi, Community Member

**CLIFTONLARSONALLEN LLP**

Matt Bone, CPA, CGFM, CGMA, Engagement Principal  
Elizabeth Nunez, CPA, Senior Associate

**PREPARATION OF FINANCIAL STATEMENTS**

The financial statements presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditors' Report. Management reviewed and approved the financial statements.