

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS**

**Financial Statements**

**June 30, 2017**



## **INTRODUCTORY SECTION**



**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
YEAR ENDED JUNE 30, 2017  
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LAS VEGAS CITY SCHOOLS  
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**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
OFFICIAL ROSTER  
JUNE 30, 2017**

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Leroy Lujan		President
Dennis Romero		Vice President
Robert Duran III		Secretary
Gabriel Lucero		Member
Gloria Lovato Pacheco		Member

	<u>School Officials</u>	
Kelt Cooper		Superintendent
Mari Hillis		Director of Finance



**FINANCIAL SECTION**





## INDEPENDENT AUDITORS' REPORT

Mr. Timothy Keller  
New Mexico State Auditor  
The Office of Management and Budget  
The Board of Education  
Las Vegas City Schools  
Las Vegas, NM

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

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Las Vegas City Schools (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, based on the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of District Contributions* on pages 54-55 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.

*Management has omitted Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal





Awards (Uniform Guidance), and the other schedules required by 2.2.2 NMAC 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 and the 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 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 Schedule of Expenditures of Federal Awards and the other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in related 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 October 30, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
October 30, 2017



## **BASIC FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
 LAS VEGAS CITY SCHOOLS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2017

<b>ASSETS</b>	<b>Governmental Activities</b>
Current assets:	
Cash and cash equivalents	\$ 10,357,650
Accounts receivable	
Taxes	411,357
Due from other governments	745,880
Inventory	11,578
Total current assets	<u>11,526,465</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Land improvements	1,754,973
Buildings and building improvements	28,012,622
Furniture, fixtures and equipment	6,488,321
Less: accumulated depreciation	<u>(19,712,443)</u>
Total noncurrent assets	<u>16,543,473</u>
<b>Total assets</b>	<u>28,069,938</u>
Deferred Outflows	
Pension related	<u>3,037,536</u>
<b>Total deferred outflows</b>	<u>3,037,536</u>

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2017

LIABILITIES AND NET POSITION	<u>Governmental Activities</u>
<b>LIABILITIES</b>	
Accounts payable	305,643
Accrued interest	106,825
Accrued expenses	84,556
Current portion of compensated absences	59,653
Current portion of long-term debt	3,240,000
Total current liabilities	<u>3,796,677</u>
Noncurrent liabilities:	
Bonds due in more than one year	9,900,000
Compensated absences	173,564
Net pension liability	21,625,283
Total noncurrent liabilities	<u>31,698,847</u>
Total liabilities	<u>35,495,524</u>
Deferred inflows	
Pension related	2,024,729
Total deferred inflows	<u>2,024,729</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,403,473
Restricted for:	
Special Revenue fund	5,093,210
Debt service funds	4,485,595
Capital projects funds	1,287,776
Unrestricted	<u>(20,682,833)</u>
Total net position	<u>\$ (6,412,779)</u>

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Service</u>
<b>Primary government</b>		
Governmental activities		
Instruction	\$ 8,920,787	-
Support Services		
Students	1,840,717	-
Instruction	123,188	-
General Administration	707,790	-
School Administration	1,227,659	-
Central Services	697,406	61,125
Operation & Maintenance of Plant	3,469,255	-
Student Transportation	785,162	-
Other Support Services	19,630	-
Food Operations	757,188	-
Community Service	-	-
Capital Outlay	1,194,350	-
Interest on long-term debt	271,471	-
	<u>20,014,603</u>	<u>61,125</u>
<b>Total Primary Government</b>	<b>\$ <u>20,014,603</u></b>	<b><u>61,125</u></b>

<u>Program Revenues</u>		<u>Net</u>
<u>Operating</u>	<u>Capital</u>	<u>(Expenses)</u>
<u>Grants and</u>	<u>Grants and</u>	<u>Revenues and</u>
<u>Contributions</u>	<u>Contributions</u>	<u>Changes in</u>
		<u>Net Assets</u>
-	-	(8,920,787)
367,364	-	(1,473,353)
1,921,579	179,304	1,977,695
-	-	(707,790)
-	-	(1,227,659)
-	-	(636,281)
-	-	(3,469,255)
658,607	-	(126,555)
-	-	(19,630)
821,358	-	64,170
-	-	-
-	-	(271,471)
<u>3,768,908</u>	<u>179,304</u>	<u>(16,005,266)</u>

**General Revenues:**

Property taxes:		
Levied for general purposes		81,535
Levied for debt service		2,655,786
Levied for capital projects		525,493
State Equalization Guarantee		13,645,950
Unrestricted investment earnings		21,025
Miscellaneous		391,042
		<u>17,320,831</u>
Total general revenues		
		<u>1,315,565</u>
Change in net position		
		<u>(7,728,344)</u>
Net Position - beginning		
Net Position - ending	\$	<u><u>(6,412,779)</u></u>

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund 11000 -14000	Title I IASA 24101	Entitlement IDEA-B 24106	Bond Building 31100
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 330,450	-	-	4,231,076
Accounts receivable				
Taxes	10,214	-	-	-
Due from other governments	-	328,067	198,616	-
Interfund receivables	632,147	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 972,811</u>	<u>328,067</u>	<u>198,616</u>	<u>4,231,076</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities</i>				
Accounts payable	\$ 63,637	219	-	188,609
Accrued payroll liabilities	74,819	3,005	3,507	-
Interfund payables	-	328,514	198,617	-
<i>Total liabilities</i>	<u>138,456</u>	<u>331,738</u>	<u>202,124</u>	<u>188,609</u>
<b>DEFERRED INFLOWS</b>				
Property taxes	6,884	-	-	-
<i>Total deferred inflows</i>	<u>6,884</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	38,044	-	-	4,042,467
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	789,427	(3,671)	(3,508)	-
<i>Total fund balance</i>	<u>827,471</u>	<u>(3,671)</u>	<u>(3,508)</u>	<u>4,042,467</u>
<i>Total liabilities, deferred inflows, and fund balance</i>	<u>\$ 972,811</u>	<u>328,067</u>	<u>198,616</u>	<u>4,231,076</u>

See Notes to Financial Statements.



SB-9 Capital Improvements Local 31701	Debt Service 41000	Other Governmental Funds	Total Primary Government
1,245,952	4,224,413	325,759	10,357,650
66,029	334,425	689	411,357
-	-	219,197	745,880
-	-	-	632,147
-	-	11,578	11,578
<u>1,311,981</u>	<u>4,558,838</u>	<u>557,223</u>	<u>12,158,612</u>
25,249	-	27,929	305,643
-	-	3,225	84,556
-	-	105,016	632,147
<u>25,249</u>	<u>-</u>	<u>136,170</u>	<u>1,022,346</u>
43,219	219,582	-	269,685
<u>43,219</u>	<u>219,582</u>	<u>-</u>	<u>269,685</u>
-	-	11,578	11,578
1,243,513	4,339,256	424,659	10,087,939
-	-	-	-
-	-	-	-
-	-	(15,184)	767,064
<u>1,243,513</u>	<u>4,339,256</u>	<u>421,053</u>	<u>10,866,581</u>
<u>1,311,981</u>	<u>4,558,838</u>	<u>557,223</u>	<u>12,158,612</u>



STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balances - total governmental funds	\$ 10,866,581
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,543,473
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds	3,037,536
Defined benefit pension plan deferred inflows are not financial obligations and, therefore, are not reported in the funds	(2,024,729)
Delinquent ad valorem assessments receivable are not available to pay current year expenditures and, therefore, are reported as deferred inflows in the fund financial statements	269,685
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Accrued Interest	(106,825)
Accrued compensated absences - current portion	(59,653)
Accrued compensated absences - noncurrent portion	(173,564)
Net pension liability	(21,625,283)
General obligation bonds - current portion	(3,240,000)
General obligation bonds - noncurrent portion	<u>(9,900,000)</u>
Net Position-total Governmental Activities	<u>\$ (6,412,779)</u>

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

	<u>General Fund</u>			
	Operating 11000 - 14000	Title I IASA 24101	Entitlement IDEA-B 24106	Bond Building 31100
<i>Revenues</i>				
Charges for service	\$ 1,200	-	-	-
Property taxes	83,229	-	-	-
State grants	14,334,443	-	-	-
Federal grants	22,595	804,961	359,634	-
Miscellaneous	389,409	-	-	-
Interest	10,876	-	-	10,149
<i>Total revenues</i>	<u>14,841,752</u>	<u>804,961</u>	<u>359,634</u>	<u>10,149</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	7,071,035	562,414	165,085	-
Support Services				
Students	1,305,750	-	157,518	-
Instruction	125,482	-	-	-
General Administration	596,940	38,092	16,873	-
School Administration	1,076,313	112,441	23,666	-
Central Services	608,837	95,685	-	-
Operation & Maintenance of Plant	2,852,500	-	-	-
Student Transportation	712,918	-	-	-
Other Support Services	19,630	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	572,430
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>14,369,405</u>	<u>808,632</u>	<u>363,142</u>	<u>572,430</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>472,347</u>	<u>(3,671)</u>	<u>(3,508)</u>	<u>(562,281)</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
Proceeds from bond issue	-	-	-	3,200,000
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,200,000</u>
<i>Net change in fund balances</i>	472,347	(3,671)	(3,508)	2,637,719
<i>Fund balances, beginning of year</i>	<u>355,124</u>	<u>-</u>	<u>-</u>	<u>1,404,748</u>
<i>Fund balances, (deficits) end of year</i>	<u>\$ 827,471</u>	<u>(3,671)</u>	<u>(3,508)</u>	<u>4,042,467</u>

See Notes to Financial Statements

SB-9 Capital Improvements Local 31701	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
-	-	59,925	61,125
534,731	2,700,592	1,253	3,319,805
-	-	635,689	14,970,132
-	-	1,436,840	2,624,030
1,065	-	568	391,042
-	-	-	21,025
<u>535,796</u>	<u>2,700,592</u>	<u>2,134,275</u>	<u>21,387,159</u>
-	-	667,005	8,465,539
-	-	367,364	1,830,632
-	-	-	125,482
5,404	27,284	7,290	691,883
-	-	35,950	1,248,370
-	-	-	704,522
-	-	-	2,852,500
-	-	-	712,918
-	-	-	19,630
-	-	747,412	747,412
-	-	-	-
441,926	-	278,333	1,292,689
-	1,705,000	-	1,705,000
-	282,857	-	282,857
<u>447,330</u>	<u>2,015,141</u>	<u>2,103,354</u>	<u>20,679,434</u>
<u>88,466</u>	<u>685,451</u>	<u>30,921</u>	<u>707,725</u>
1,155,047	-	(1,155,047)	-
-	-	-	3,200,000
<u>1,155,047</u>	<u>-</u>	<u>(1,155,047)</u>	<u>3,200,000</u>
1,243,513	685,451	(1,124,126)	3,907,725
-	3,653,805	1,545,179	6,958,856
<u>1,243,513</u>	<u>4,339,256</u>	<u>421,053</u>	<u>10,866,581</u>



STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net Change in fund balances - total governmental funds	\$ 3,907,725
Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Depreciation expense	(1,410,272)
Capital Outlays	98,339
(Increase) decrease in Pension expense	250,251
Revenues that do not provide current financial resources are not reported as revenues in the fund statements but are reported in the Statement of Activities. These are the amounts by which the deferred inflows and outflows of resources changed from the prior year:	
Decrease in deferred inflows from property taxes	(56,991)
The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, whereas these amount are deferred and amortized in the statement of activities:	
(Increase) decrease in accrued interest payable	11,386
(Increase) decrease in accrued compensated absences	10,127
Bond proceeds	(3,200,000)
Principal payments on bonds	<u>1,705,000</u>
Change in Net Position-total Governmental Activities	<u>\$ 1,315,565</u>





STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
GENERAL FUND - 11000, 13000, 14000  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Charges for services	\$ -	-	1,200	1,200
Property taxes	82,379	82,379	80,683	(1,696)
State grants	14,736,215	14,310,289	14,334,442	24,153
Federal grants	75,000	75,000	8,114	(66,886)
Miscellaneous	-	-	389,409	389,409
Interest	9,500	9,500	10,876	1,376
<i>Total revenues</i>	<u>14,903,094</u>	<u>14,477,168</u>	<u>14,824,724</u>	<u>347,556</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	7,404,064	7,152,346	7,067,551	84,795
<i>Support Services</i>				
Students	1,562,053	1,303,312	1,303,312	-
Instruction	187,318	125,911	125,482	429
General Administration	430,962	691,888	652,847	39,041
School Administration	1,001,831	1,059,637	1,079,204	(19,567)
Central Services	626,256	614,041	613,894	147
Operation & Maintenance of Plant	2,790,359	2,839,347	2,823,727	15,620
Student Transportation	744,764	724,877	709,591	15,286
Other Support Services	340,192	220,130	19,630	200,500
<i>Total expenditures</i>	<u>15,087,799</u>	<u>14,731,489</u>	<u>14,395,238</u>	<u>336,251</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(184,705)</u>	<u>(254,321)</u>	<u>429,486</u>	<u>11,305</u>
<i>Other financing sources (uses)</i>				
Designated cash	282,770	282,770	-	(282,770)
<i>Total other financing sources (uses)</i>	<u>282,770</u>	<u>282,770</u>	<u>-</u>	<u>(282,770)</u>
<i>Net change in fund balances</i>	<u>\$ 98,065</u>	<u>28,449</u>	<u>429,486</u>	<u>(271,465)</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			17,027	
Expenditure accruals			25,834	
Net change in fund balance (GAAP Basis)			<u>\$ 472,347</u>	



STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
TITLE 1 IASA FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Federal grants	\$ 784,794	961,030	889,817	(71,213)
<i>Total revenues</i>	<u>784,794</u>	<u>961,030</u>	<u>889,817</u>	<u>(71,213)</u>
<i>Expenditures</i>				
Current				
Instruction	621,254	693,327	562,195	131,132
Support Services				
General Administration	35,395	43,659	38,092	5,567
School Administration	128,145	128,359	109,436	18,923
Central Services	-	95,685	95,685	-
<i>Total expenditures</i>	<u>784,794</u>	<u>961,030</u>	<u>805,408</u>	<u>155,622</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>84,409</u>	<u>(226,835)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>-</u>	<u>84,409</u>	<u>(226,835)</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			(84,856)	
Expenditure accruals			3,224	
Net change in fund balance (GAAP Basis)			<u>\$ (3,671)</u>	



STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
IDEA-B ENTITLEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Federal grants	\$ -	361,350	512,084	150,734
<i>Total revenues</i>	<u>-</u>	<u>361,350</u>	<u>512,084</u>	<u>150,734</u>
<i>Expenditures</i>				
Current				
Instruction	-	183,728	165,085	18,643
Support Services				
Students	-	160,067	157,518	2,549
General Administration	-	17,555	16,873	682
School Administration	-	-	20,159	(20,159)
<i>Total expenditures</i>	<u>-</u>	<u>361,350</u>	<u>359,635</u>	<u>1,715</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>152,449</u>	<u>152,449</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>-</u>	<u>152,449</u>	<u>152,449</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			(152,450)	
Expenditure accruals			(3,507)	
<i>Net change in fund balance (GAAP Basis)</i>			<u>\$ (3,508)</u>	



STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
AGENCY FUNDS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
JUNE 30, 2017

	<u>Agency Funds</u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash	\$ <u>373,000</u>
<i>Total assets</i>	\$ <u><u>373,000</u></u>
<b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Deposits held in trust for others	\$ <u>373,000</u>
<i>Total liabilities</i>	\$ <u><u>373,000</u></u>





**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1. NATURE OF ORGANIZATION**

The Las Vegas City School District (the "District") has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local Board of Education – Superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

The District is a special purpose government corporation governed by an elected five member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to public elementary and secondary school education within its jurisdiction. The District received funding from local, state and federal government sources and must comply with the requirements of these funding source entities. The School Board operates ten schools within the District. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the Board of Education provides transportation and school food services for the students.

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

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance. The more significant of the District's accounting policies are described below.

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement, which is effective for financial statements for periods beginning after June 15, 2012, provides, among other things, additional guidance to primary governments that are business-type activities reporting financial information in a single column. New guidance, which includes reporting a blended component unit, allows users to better distinguish between the primary government and its component unit by requiring condensed combining information in the notes to the financial statements. The District adopted GASB Statement No. 61 during fiscal year 2013, with no effect to the District's financial statements.

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement, which is effective for financial statements for periods beginning after December 15, 2011, supersedes GASB Statement No. 20. The District adopted GASB Statement No. 62 during fiscal year 2013, and its provisions were applied retroactively for all periods presented. Adoption of GASB Statement No. 62 did not materially affect the District's financial statements.

In June 2012, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes standards for reporting deferred outflows and deferred inflows of resources and net position. The statement requires reporting of deferred outflows of resources (consumption of net position applicable to future periods) and deferred inflows of resources (acquisition of net position applicable to future periods) in separate sections of the balance sheet following assets and liabilities. The difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources equals net position and net position should be displayed in three components as: net investment in capital assets, restricted and unrestricted. GASB Statement No. 63 is effective for financial statement periods beginning after December 13, 2011. The District adopted the provisions of the statement in fiscal year 2013. The adoption of GASB Statement No. 63 did not materially affect the District's financial statements. At June 30, 2014, the District has recorded uncollected property taxes as "deferred inflows".

**A. Financial Reporting Entity**

GASB Statement No. 14 established criteria for determining the government reporting entity and component units 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 Statement No. 14, 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 issued bonded debt.

The District also has no *component units*, as defined by GASB Statement No. 14 and/or GASB Statement No. 39 and/or GASB Statement No. 61, as there are no other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship. The basic but not the only criterion for including a potential component unity within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is the financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criteria used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significant of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Financial Reporting Entity (Continued)**

Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

**B. Government-wide and Fund Financial Statements**

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

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

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

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

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

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

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Expenditures-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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

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

The *General Fund* is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds.

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

The *Capital Projects Funds* are used to account for all resources for the acquisition of capital facilities by the District.

The *Debt Service Funds* are used to account for the resources for, and the payment of, principal, interest and related costs.

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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, which include funds that were not required to be presented as major but were at the discretion of management:

The *General Fund (11000 - 14000)* is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds.

*Title 1 IASA (24101)* is used to account for the major objectives of the Title 1 program, to provide supplemental educational opportunities for academically disadvantaged children. Authority for creation of this fund is Part A of Chapter 1 of Title 1 of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

*IDEA-B Entitlement (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.

*Bond Building Capital Projects Fund (31100)* 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.

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

*Debt Service Fund (41100)* is used to account for the accumulation of resources for the payment of General Long-Term Debt principal and interest.

Additionally, the government reports the following fund types:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The District's fiduciary funds are used to account for the collection and payment of student activity funds.

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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

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, and School Lunch 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 SB-9 and Bond Building Capital Project 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.

**D. Assets, Liabilities and Net Position or Equity**

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

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

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

**Restricted Assets:** The Debt Service Funds are used to report resources set aside for the payment of long-term debt principal and interest.

**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."

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

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 San Miguel District. The funds are collected by the District Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the San Miguel District Treasurer in July and August 2017 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2017. Period of availability is deemed to be sixty days subsequent to year-end.

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

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

**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 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 consist 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. The U.S.D.A. commodities are recorded at year-end. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories and deferred revenue. Non-commodity 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. No deferred revenue was recorded for unused commodity inventory as of June 30, 2017.

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual costs 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, 2016 financial statements of Las Vegas City Schools District, since the District did not own any infrastructure assets as of June 30, 2016. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the District did not maintain internally developed software in accordance with NMAC 2.20.1.9 C (5). The District expenses the cost of library books when purchased. Donated capital assets are recorded at estimated fair 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. Library books are not capitalized because they are considered to have a useful life of less than one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction projects paid for by the Public School Capital Outlay Council are included in the District's capital assets. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2016.

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

Buildings and building improvements	20-50 Years
Equipment, vehicles, and information technology equipment	2-15 Years

**Deferred Inflows – Property taxes:** This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as in inflow of resources (revenue) until that time. The District recognizes property taxes as a deferred inflow.

**Deferred Inflows - Unavailable Revenue** – Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. Revenue must also be susceptible to accrual (it must be both measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows.



STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

**Compensated Absences:** Qualified employees are entitled to accumulate annual leave up to 40 days per fiscal year. All earned vacation must be taken within one year after it is earned. Upon termination, employees will be paid for up to 40 days of accrued annual leave.

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

The District's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- (a) The employees' right to receive compensation is attributable to services already rendered.
- (b) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

**Accrued Payroll:** In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents amounts not paid by year-end and checks that were held at year-end in relation to employee's summer payroll.

**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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is minimal. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financings sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

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

*Restricted Net Position:* Consists of assets 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. Legally enforceable means that a government can be completed by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation, only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment. If it is determined that the restrictions continue to be legally enforceable, then for the purposes of financial reporting, the restricted net assets should not reflect any reduction for resources used for purposes not stipulated by the enabling legislation. Descriptions for the related restrictions for net position are restricted for “debt service or capital projects.”

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

The Government-wide Statement of Net Position reports \$6,525,101 of restricted net position, all of which is restricted by enabling legislation.

The District’s policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

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

All other Interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or 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 the 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 depreciation on assets over their estimated useful lives and the current portion of accrued compensated absences.

**E. Revenues**

**State Equalization Guarantee:** School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program 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 \$14,021,257 in state equalization guarantee and emergency supplemental distributions during the year ended June 30, 2017.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. 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 \$3,231,143 in tax revenues during the year ended June 30, 2017. 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.

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues (Continued)**

Property taxes attach as an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1<sup>st</sup> of each year to be paid in whole or in two installments by November 10<sup>th</sup> and April 10<sup>th</sup> of each year. San Miguel District collects District, 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 Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$727,979 in transportation distributions during the year ended June 30, 2017.

**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, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2017 totaled \$116,522.

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimate to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District did not receive a match for fiscal year ending June 30, 2017.

**Public School Capital Outlay:** Under the provisions of Chapter 22, Article 24, NMSA 1978, 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 necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues (Continued)**

The council shall approve an 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 District is in a District 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.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

During the year ended June 30, 2017, the District received \$43,076 in school capital outlay funds.

**Federal Grants:** The District received 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 Education). The various budgets are approved by the Local School Board and the New Mexico Public Education Department.

The District also received 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.

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Plan (ERP) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB. 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.

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3. 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 Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as restricted fund balance.

Actual expenditures may not exceed the budget on function basis, i.e., each budgeted expenditure function 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 District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department 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 PED.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting, which not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of Las Vegas City 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.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
11. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles accepted in the United States (U.S. GAAP). Encumbrances are treated the same way for U.S. 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 function.

The District is required to balance its budget each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

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

**STATE OF NEW MEXICO  
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JUNE 30, 2017**

**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2017 is presented under each budgetary statement.

**NOTE 4. 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, 2017.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by 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 cash shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

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

The collateral pledged is listed on page 113 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 as limited by Section 6-10-16, NMSA 1978.

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000, however, time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the SAME STATE will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

**Deposits**

New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt to be issued, to the District for at 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 VEGAS CITY SCHOOLS  
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JUNE 30, 2017

**NOTE 4. CASH AND TEMPORARY INVESTMENTS (CONTINUED)**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$8,339,441 of the District’s bank balances of \$8,650,430 were exposed to custodial credit risk. \$4,169,721 was uninsured and collateralized by collateral held by the pledging bank’s trust department not in the District’s name, and \$-0- was uninsured and uncollateralized. At June 30, 2017, the carrying amount of these deposits was \$10,730,650.

**Reconciliation of Cash and Cash Equivalents**

*Reconciliation to Statement of Net Position*

Governmental Funds – Balance Sheet	
Cash and cash equivalents	\$ 11,418,972
Statement of Fiduciary Assets and Liabilities	392,998
Total per bank	<u>11,811,970</u>
Add outstanding checks and other reconciling items	<u>(1,081,320)</u>
Total per financial statements	\$ 10,730,650
Agency Fund Cash	(373,000)
Total Governmental Funds Cash	<u><u>10,357,650</u></u>

The District utilizes internal pooled accounts for some of their programs and funds. Negative cash balances in individual funds that were part of the pooled account were reclassified as due to/from accounts in the combining balance sheet as of June 30, 2017. The following individual funds had negative cash balances as of June 30, 2017:

General Fund:	
Operational - 11000	\$ -
Title I Fund -24101	(328,514)
IDEA B Entitlement Fund - 24106	(198,617)
NM Autism Program Fund - 24108	(7,052)
IDEA B Preschool Fund - 24109	(3,602)
Fresh Fruits and Vegetable Fund - 24118	(114)
IDEA-B Results Plan-24132	(33,913)
English Language Acquisition-24153	(3,750)
Teacher/Principal Training Fund - 24154	(39,199)
Rural and Low Income Schools Fund - 24160	(1,488)
Title I School Improvement-24162	(3,622)
Truancy Initiative-27141	(12,276)
	<u>\$ (632,147)</u>

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 4. CASH AND TEMPORARY INVESTMENTS (CONTINUED)  
Investments**

As of June 30, 2017, the District did not have any investment balances.

**NOTE 5. RECEIVABLES**

Receivables are deemed to be 100% collectible as of June 30, 2017, are as follows:

	Property Taxes	Intergovernmental	Totals
General Fund			
Operational - 11000	\$ 10,214	-	10,214
Title 1 IASA - 24101	-	328,067	328,067
IDEA B-24106	-	198,616	198,616
Capital Imp. SB-9 Local- 31701	66,029	-	66,029
Debt Service – 41000	334,425	-	334,425
Other Governmental Funds	689	219,197	219,886
Totals	<u>\$ 411,357</u>	<u>745,880</u>	<u>1,157,237</u>

**NOTE 6. INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES**

The District records temporary Interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of Interfund balances as of June 30, 2017 are as follows:

<u>Governmental Activities:</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Major Funds:</b>		
General Fund		
Operational - 11000	\$ 632,147	-
Title I IASA - 24101	-	(328,514)
IDEA B – 24106	-	(198,617)
<b>Total Major Funds</b>	<u>632,147</u>	<u>(527,131)</u>
NM Autism Program Fund - 24108	-	(7,052)
IDEA B Preschool Fund - 24109	-	(3,602)
Fresh Fruits and Vegetable Fund - 24118	-	(114)
IDEA B – Results Plan – 24132	-	(33,913)
Title III ELA Fund - 24153	-	(3,750)
Teacher/Principal Training Fund - 24154	-	(39,199)
Rural and Low Income Schools Fund - 24160	-	(1,488)
Title I School Improvement - 24162	-	(3,622)
Truancy Initiative - 27141	-	(12,276)
<b>Total Non-Major Special Revenue Funds:</b>	<u>-</u>	<u>(105,016)</u>
Total All Funds	<u>\$ 632,147</u>	<u>(632,147)</u>

STATE OF NEW MEXICO  
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**NOTE 6. INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES (CONTINUED)**

All Interfund balances are intended to be repaid within one year. There was an Interfund transfer for the year ended June 30, 2017 as follows:

<u>Governmental Activities:</u>	<u>Transfer Out</u>	<u>Transfer In</u>
<b>Major Funds:</b>		
SB-9 Capital Improvements Local - 31701	\$ -	1,155,047
<b>Total Major Funds</b>	-	1,155,047
SB-9 Capital Improvements – 31700	(1,155,047)	-
<b>Total Non-Major Special Revenue Funds:</b>	(1,155,047)	-
Total All Funds	\$ (1,155,047)	1,155,047

**NOTE 7. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2017, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Capital assets, net of accumulated depreciation, at June 30, 2017 appear in the Statement of Net Position as follows:

	Balance June 30, 2016	Additions	Balance June 30, 2017
<b>Capital Assets used in</b>			
<b>Governmental Activities:</b>			
Non-depreciable			
Land Improvements	\$ 1,754,973	-	1,754,973
Depreciable			
Buildings and Improvements	28,012,622	-	28,012,622
Furniture, Fixtures & Equipment	6,389,982	98,339	6,488,321
Total assets	36,157,577	98,339	36,255,916
Less Accumulated Depreciation:			
Land Improvements	(872,981)	(141,409)	(1,014,390)
Buildings and Improvements	(13,109,093)	(983,781)	(14,092,874)
Furniture, Fixtures & Equipment	(4,320,097)	(285,082)	(4,605,179)
Total Accumulated Depreciation	(18,302,171)	(1,410,272)	(19,712,443)
Net Capital Assets	\$ 17,855,406	(1,311,933)	16,543,473

**STATE OF NEW MEXICO  
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**NOTE 7. CAPITAL ASSETS (CONTINUED)**

Depreciation expense for the year ended June 30, 2017 was charged to governmental activities as follows:

Instruction	\$ 599,906
Support Services – Students	43,992
Support Services – General Administration	24,352
Support Services – School Administration	6,741
Central services	14,126
Operation & maintenance of plant	486,779
Student transportation	78,178
Food services operations	16,863
Technology	<u>139,335</u>
Total	<u>\$ 1,410,272</u>

**NOTE 8. LONG-TERM DEBT**

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

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
General Obligation Bonds	\$ 11,645,000	3,200,000	1,705,000	13,140,000	3,240,000
Compensated Absences	<u>243,344</u>	<u>80,706</u>	<u>90,833</u>	<u>233,217</u>	<u>59,653</u>
Total	<u>\$ 11,888,344</u>	<u>3,280,706</u>	<u>1,795,833</u>	<u>13,373,217</u>	<u>3,299,653</u>

Interest expense paid on long-term debt totaled \$271,471 on the Statement of Activities for the year ended June 30, 2017.

The District's general obligation bonds were issued for the purposes of erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds, purchasing computer software and hardware for student use in public school grounds, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of these purposes and are payable solely from general property taxes that are levied against all taxable property in District. In prior years, the debt service fund was typically used to liquidate general obligation bonds. The District's education technology bonds were issued for the purposes of purchasing technology within the district and are payable solely from specified property taxes that are levied against all taxable property in District. In prior years, the education technology debt service fund was typically used to liquidate education technology bonds.

**STATE OF NEW MEXICO  
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**NOTE 8. LONG-TERM DEBT (CONTINUED)**

Interest payments are due semi-annually on January 1, January 15, February 15, May 1, July 1, July 15, August 15 and August 17. Interest rates on the bonds range from 1.6% to 4.5%. Principal payments in varying amounts are due annually on January 15, May 1, July 1, August 15, and November 1 through 2030.

The annual requirements to amortize the General Obligation Bonds and Education Technology Bonds as of June 30, 2017, including interest payments are as follows:

Fiscal Year Ending June 30,		Principal	Interest	Total Debt Service
2018	\$	3,240,000	258,548	3,498,548
2019		1,775,000	212,360	1,987,360
2020		1,520,000	173,751	1,693,751
2021		1,765,000	132,724	1,897,724
2022		560,000	102,850	662,850
2023-2030		4,280,000	298,909	4,578,909
Totals	\$	<u>13,140,000</u>	<u>1,179,142</u>	<u>14,319,142</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 ended June 30, 2017, compensated absences decreased by \$10,127 from the prior year accrual for the District. See Note 8 for more details.

Operating Leases – The District leases software, office equipment and storage units under short-term cancelable operating leases. Rental cost for the year ended June 30, 2017 was \$84,116.

**NOTE 9. UNEARNED REVENUE**

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent year, unless such excess revenues are requested to be returned to the grantor.

**NOTE 10. RISK MANAGEMENT**

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

**STATE OF NEW MEXICO  
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JUNE 30, 2017**

**NOTE 10. RISK MANAGEMENT (CONTINUED)**

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor’s Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

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

**NOTE 11. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

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

General Fund		
Transportation - 13000	\$	(2,822)
Title I IASA – 24101		(3,671)
Entitlement IDEA B – 24106		(3,508)
Fresh fruit & Vegetable - 24118		(114)
Educational Tech Eqpt Act – 31400		(15,070)
Total	\$	<u>(25,185)</u>

**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

**Plan Description.** The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB’s comprehensive annual financial report. The report can be found on NMERB’s Web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

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

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

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**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

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

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

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

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010 and before July 2, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes reemployed after July 1, 2010 is as follows:

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

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

- The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.

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LAS VEGAS CITY SCHOOLS  
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**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits.
- The member's age is 67, and has earned 5 or more years of service credit.

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

**Benefit Options** – The Plan has three benefit options available.

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

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



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**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

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

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%.

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

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

**Contributions** – For the fiscal year ended June 30, 2017 and 2016 educational employers contributed to the Plan based on the following rate schedule.

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

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2017 and 2016, The District paid employee and employer contributions of \$2,120,070 and \$2,081,521, which equal the amount of the required contributions for each fiscal year.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** – At June 30, 2017, the District reported a liability of \$21,625,283 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2016 the District’s proportion was .30050%, which was a decrease of .0126% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the District recognized pension expense of \$974,831. At the June 30, 2017, The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 93,819	205,684
Changes in assumptions	440,204	-
Net difference between projected and actual earnings on pension plan investments	1,290,849	-
Changes in proportion and differences between the District’s contributions and proportionate share of contributions	-	1,819,045
The District’s contributions subsequent to the measurement date	1,212,664	-
<b>Total</b>	<b>\$ 3,037,536</b>	<b>2,024,729</b>

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 JUNE 30, 2017

**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

\$1,212,664 reported as deferred outflows of resources related to pensions resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (638,516)
2019	(322,533)
2020	446,407
2021	314,786
2022	-
Thereafter	-

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

Inflation	3.0%
Salary increases	Composed of 3.0% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.
Investment rate of return	7.75% compounded annually, net of expenses. This is made up of a 3.00% inflation rate and a 4.75% real rate of return. The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.
Average of Expected Remaining Service Lives	3.77 years.

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 JUNE 30, 2017

**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

The actuarial assumptions and methods are set by the Plan’s Board of Trustees, based upon recommendations made by the Plan’s actuary. The Board adopted new assumptions on June 12, 2015 in conjunction with the six-year actuarial experience study period ending June 30, 2014. At that time, the Board adopted several assumption changes, which included a decrease in the annual wage inflation rate from 4.25% to 3.75%, and changes to the mortality rates, disability rates, and retirement rates for members who joined the plan after June 30, 2010. In addition, the Board lowered the population growth rate assumption to zero.

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LAS VEGAS CITY SCHOOLS  
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**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

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

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

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

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.** The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The District’s proportionate share of the net pension liability	\$ 28,642,185	21,625,283	15,803,236

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

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**NOTE 13. POST-EMPLOYMENT BENEFITS – 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 healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

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

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

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JUNE 30, 2017**

**NOTE 13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 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.

The District's contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$174,719, \$174,457 and \$177,202, respectively, which equal the required contributions for each year.

**NOTE 14. CONTINGENT LIABILITIES**

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

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

**NOTE 15. COMMITMENTS**

The District contracts with outside vendors for construction and renovation of various facilities. At June 30, 2017, the total amount of contracts outstanding for capital projects could not be determined by the District.

**NOTE 16. CONCENTRATIONS**

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

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 17. GOVERNMENTAL FUND BALANCE**

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

In the governmental financial statements, fund balance is classified and is displayed in five components:

*Nonspendable:* Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

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

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

**NOTE 18. SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2017, the date of the most recent statement of net position, has been evaluated for possible adjustment to the financial statements or disclosures is October 31, 2017 which is the date on which the financial statements were issued.

**NOTE 19. RECENT ACCOUNTING PRONOUNCEMENTS**

In August 2015, GASB issued Statement No. 77, Tax Abatement Disclosures. This statement requires governments who enter into tax abatement agreements to provide additional disclosure in its financial statements. This statement is effective for fiscal years beginning after December 15, 2015. The District adopted this statement; however, there are no tax abatements and the implementation of this statement had no effect on the District's financial statements.



**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 19. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

In January 2016, the GASB issued statement No. 80, *Blending Requirements for Certain Component Units*, which amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This statement did not have an impact on the District as it does not have any component units.

**NOTE 20. NEW ACCOUNTING PRONOUNCEMENTS**

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2017.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*

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

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*

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

GASB Statement No. 82, *Pension Issues (an Amendment of GASB Statements No. 67, No. 68, and No. 73)*

GASB Statement No. 83, *Certain Asset Retirement Obligations*

GASB Statement No. 84, *Fiduciary Assets*

GASB Statement No. 85, *Omnibus 2017*

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

GASB Statement No. 87, *Leases*

The District will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The District believes that the above listed new GASB pronouncements will not have a significant financial impact to the District or in issuing its financial statements.

STATE OF NEW MEXICO  
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JUNE 30, 2017

**NOTE 21. Other Required Individual Fund Disclosures**

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

**A.** The following funds exceeded approved budgetary authority for the year ended June 30, 2017:

<u>Fund - Function</u>	<u>Excess over Budget</u>
24106-Support services	\$ 16,928
25153-Support services	357

**REQUIRED SUPPLEMENTARY INFORMATION**



STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2017

New Mexico Educational Retirement Board Pension Plan  
For Last 10 Fiscal Years\*  
(Dollars in Thousands)

	Fiscal Year Measurement Date	30-Jun		
		2017 2016	2016 2015	2015 2014
District's Proportion of the Net Pension Liability (Asset)		0.00%	0.31%	0.35%
District's Proportionate Share of Net Pension Liability (Asset)	\$	21,625	20,280	19,744
Districts's Covered-Employee Payroll	\$	8,315	8,549	9,538
Districts's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-		260.07%	237.22%	207.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		61.58%	63.97%	66.54%

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



STATE OF NEW MEXICO  
 LAS VEGAS CITY SCHOOLS  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 June 30, 2017

New Mexico Educational Retirement Board Pension Plan  
 Last Ten Fiscal Years\*  
 (Dollars in Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Contributions	\$ 1,254	1,412	1,215
Contributions in Relation to the Contractually Required Contribution	<u>1,254</u>	<u>1,237</u>	<u>1,215</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>175</u>	<u>-</u>

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





**STATE OF NEW MEXICO  
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NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

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



## **SUPPLEMENTARY INFORMATION**



**GENERAL FUND**

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
COMBINING BALANCE SHEET-GENERAL FUND  
June 30, 2017

	OPERATIONAL 11000	TRANSPORTATION 13000
<b>ASSETS</b>		
Current assets		
Cash	\$ 292,154	252
Accounts receivable		
Taxes	10,214	-
Due from other governments	-	-
Interfund receivables	632,147	-
Inventory	-	-
Total assets	<u>\$ 934,515</u>	<u>252</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>		
Current liabilities		
Accounts payable	\$ 62,860	777
Unearned revenue	72,522	2,297
Interfund payables	-	-
Total liabilities	<u>135,382</u>	<u>3,074</u>
Deferred Inflows		
Unavailable revenue	<u>6,884</u>	-
Total deferred inflows	<u>6,884</u>	-
Fund balances (deficit)		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	<u>792,249</u>	<u>(2,822)</u>
Total fund balance (deficit)	<u>792,249</u>	<u>(2,822)</u>
Total liabilities, deferred inflows, and fund balance (deficit)	<u>\$ 934,515</u>	<u>252</u>

INSTRUCTIONAL MATERIALS 14000	TOTALS
38,044	330,450
-	10,214
-	-
-	632,147
-	-
<u>38,044</u>	<u>972,811</u>
-	63,637
-	74,819
-	-
-	138,456
-	6,884
-	6,884
-	-
38,044	38,044
-	-
-	-
-	789,427
<u>38,044</u>	<u>827,471</u>
<u>38,044</u>	<u>972,811</u>

See Notes to Financial Statements

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES -- GENERAL FUND  
For the Year Ended June 30, 2017

	OPERATIONAL 11000	TRANSPORTATION 13000
<i>Revenues</i>		
Charges for service	\$ 1,200	-
Property taxes	83,229	-
State grants	13,645,950	574,648
Federal grants	22,595	-
Miscellaneous	388,518	3
Interest	10,876	-
<i>Total revenues</i>	<u>14,152,368</u>	<u>574,651</u>
<i>Expenditures</i>		
<i>Current</i>		
Instruction	6,921,311	-
Support Services		
Students	1,305,750	-
Instruction	125,482	-
General Administration	596,940	-
School Administration	1,076,313	-
Central Services	608,837	-
Operation & Maintenance of Plant	2,852,500	-
Student Transportation	136,126	576,792
Other Support Services	19,630	-
Food Services Operations	-	-
Community Service	-	-
Capital outlay	-	-
Debt service		
Principal	-	-
Interest	-	-
<i>Total expenditures</i>	<u>13,642,889</u>	<u>576,792</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>509,479</u>	<u>(2,141)</u>
<i>Other financing sources (uses)</i>		
Operating transfers	-	-
Proceeds from bond issue	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	509,479	(2,141)
<i>Fund balances, beginning of year</i>	<u>282,770</u>	<u>(681)</u>
<i>Fund balances, (deficits) end of year</i>	<u>\$ 792,249</u>	<u>(2,822)</u>



INSTRUCTIONAL MATERIALS 14000	TOTALS
-	1,200
-	83,229
113,845	14,334,443
-	22,595
888	389,409
-	10,876
<u>114,733</u>	<u>14,841,752</u>
149,724	7,071,035
-	-
-	1,305,750
-	125,482
-	596,940
-	1,076,313
-	608,837
-	2,852,500
-	712,918
-	19,630
-	-
-	-
-	-
-	-
<u>149,724</u>	<u>14,369,405</u>
<u>(34,991)</u>	<u>472,347</u>
-	-
-	-
-	-
<u>(34,991)</u>	<u>472,347</u>
<u>73,035</u>	<u>355,124</u>
<u><u>38,044</u></u>	<u><u>827,471</u></u>

See Notes to Financial Statements

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
OPERATIONAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Charges for services	\$ -	-	1,200	1,200
Property taxes	82,379	82,379	80,683	(1,696)
State grants	13,967,283	13,645,950	13,645,950	-
Federal grants	75,000	75,000	8,114	(66,886)
Miscellaneous	-	-	388,518	388,518
Interest	9,500	9,500	10,876	1,376
<i>Total revenues</i>	<u>14,134,162</u>	<u>13,812,829</u>	<u>14,135,341</u>	<u>322,512</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	7,310,952	6,989,619	6,917,827	71,792
<i>Support Services</i>				
Students	1,562,053	1,303,312	1,303,312	-
Instruction	187,318	125,911	125,482	429
General Administration	430,962	691,888	652,847	39,041
School Administration	1,001,831	1,059,637	1,079,204	(19,567)
Central Services	626,256	614,041	613,894	147
Operation & Maintenance of Plant	2,790,359	2,839,347	2,823,727	15,620
Student Transportation	65,524	150,230	134,944	15,286
Other Support Services	340,192	220,130	19,630	200,500
<i>Total expenditures</i>	<u>14,315,447</u>	<u>13,994,115</u>	<u>13,670,867</u>	<u>323,248</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(181,285)</u>	<u>(181,286)</u>	<u>464,474</u>	<u>(736)</u>
<i>Other financing sources (uses)</i>				
Designated cash	282,770	282,770	-	(282,770)
<i>Total other financing sources (uses)</i>	<u>282,770</u>	<u>282,770</u>	<u>-</u>	<u>(282,770)</u>
<i>Net change in fund balances</i>	<u>\$ 101,485</u>	<u>101,484</u>	<u>464,474</u>	<u>(283,506)</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			17,027	
Expenditure accruals			27,978	
Net change in fund balance (GAAP Basis)			<u>\$ 509,479</u>	

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
TRANSPORTATION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Charges for services	\$ -	-	-	-
Property taxes	-	-	-	-
State grants	679,240	574,647	574,647	-
Federal grants	-	-	-	-
Miscellaneous	-	-	3	3
Interest	-	-	-	-
<i>Total revenues</i>	<u>679,240</u>	<u>574,647</u>	<u>574,650</u>	<u>3</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	679,240	574,647	574,647	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>679,240</u>	<u>574,647</u>	<u>574,647</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			(2,144)	
Expenditure accruals			(2,144)	
Net change in fund balance (GAAP Basis)			<u>\$ (2,141)</u>	

See Notes to Financial Statements.



STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
INSTRUCTIONAL MATERIALS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Charges for services	\$ -	-	-	-
Property taxes	-	-	-	-
State grants	89,692	89,692	113,845	24,153
Federal grants	-	-	-	-
Miscellaneous	-	-	888	888
Interest	-	-	-	-
<i>Total revenues</i>	<u>89,692</u>	<u>89,692</u>	<u>114,733</u>	<u>25,041</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	93,112	162,727	149,724	13,003
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>93,112</u>	<u>162,727</u>	<u>149,724</u>	<u>13,003</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(3,420)</u>	<u>(73,035)</u>	<u>(34,991)</u>	<u>12,038</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(3,420)</u>	<u>(73,035)</u>	<u>(34,991)</u>	<u>12,038</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals				
Expenditure accruals				
Net change in fund balance (GAAP Basis)			\$ <u>(34,991)</u>	

See Notes to Financial Statements.



**NONMAJOR GOVERNMENTAL FUNDS**





STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 178,922	1,187	145,650	325,759
Accounts receivable	-	-	-	-
Taxes	-	-	689	689
Due from other governments	176,121	43,076	-	219,197
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Inventory	11,578	-	-	11,578
<i>Total assets</i>	<u>\$ 366,621</u>	<u>44,263</u>	<u>146,339</u>	<u>557,223</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities</i>				
Accounts payable	\$ 12,859	15,070	-	27,929
Accrued payroll liabilities	3,225	-	-	3,225
Interfund payables	105,016	-	-	105,016
<i>Total liabilities</i>	<u>121,100</u>	<u>15,070</u>	<u>-</u>	<u>136,170</u>
<b>DEFERRED INFLOWS</b>				
Property taxes	-	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	11,578	-	-	11,578
Restricted	234,057	44,263	146,339	424,659
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(114)	(15,070)	-	(15,184)
<i>Total fund balance</i>	<u>245,521</u>	<u>29,193</u>	<u>146,339</u>	<u>421,053</u>
<i>Total liabilities and fund balance</i>	<u>\$ 366,621</u>	<u>44,263</u>	<u>146,339</u>	<u>557,223</u>



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

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
<i>Revenues</i>				
Charges for Services	\$ 59,925	-	-	59,925
Property taxes	-	-	1,253	1,253
State grants	456,385	179,304	-	635,689
Federal grants	1,436,840	-	-	1,436,840
Miscellaneous	568	-	-	568
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,953,718</u>	<u>179,304</u>	<u>1,253</u>	<u>2,134,275</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	667,005	-	-	667,005
Support Services		-		
Students	367,364	-	-	367,364
Instruction	-	-	-	-
General Administration	7,267	-	23	7,290
School Administration	35,950	-	-	35,950
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	747,412	-	-	747,412
Capital outlay	83,959	194,374	-	278,333
Debt service		-		
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,908,957</u>	<u>194,374</u>	<u>23</u>	<u>2,103,354</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>44,761</u>	<u>(15,070)</u>	<u>1,230</u>	<u>30,921</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	(1,155,047)	-	(1,155,047)
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(1,155,047)</u>	<u>-</u>	<u>(1,155,047)</u>
<i>Net change in fund balances</i>	<u>44,761</u>	<u>(1,170,117)</u>	<u>1,230</u>	<u>(1,124,126)</u>
<i>Fund balances, beginning of year</i>	<u>200,760</u>	<u>1,199,310</u>	<u>145,109</u>	<u>1,545,179</u>
<i>Fund balances, end of year</i>	<u>\$ 245,521</u>	<u>29,193</u>	<u>146,339</u>	<u>421,053</u>

See Notes to Financial Statements



**SPECIAL REVENUE FUNDS**



**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
DESCRIPTION OF SPECIAL REVENUE FUNDS  
JUNE 30, 2017**

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 Service Fund (21000)** – This fund is used 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 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.

**New Mexico Autism Project (24108)** – To support the District’s implementation of NMAP and to improve the outcomes for students with Autism Spectrum Disorders (ASD).

**IDEA-B Preschool (24109 and 24209)** – The objective of the Assistance to States for the Education for 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.

**Fresh Fruit and Vegetable (24118)** – To assist States, through cash grants, in providing free fruits and vegetable 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.

**IDEA-B Results Plan Non-Title I Schools (24132)** – To improve growth rates in the areas of reading and math for students with disabilities.

**Title III 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.

**Title IIA Teacher/Principal Training (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 IVA Safe & Drug Free Schools (24157)** – To establish a local program of alcohol and drug abuse education and prevention coordinate with related community efforts and resources.

**Rural and Low Income Schools (24160)** – To account for a federal grant to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. The grant is authorized by the Elementary and Secondary Education Act of 1965 (ESEA, Title VI, Part B, as amended).

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
DESCRIPTION OF SPECIAL REVENUE FUNDS  
JUNE 30, 2017**

**Title I School Improvement (24162 and 24262)** – To provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that 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 XIX Medicaid (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.

**Child & Adult Food Program (25171)** – To account for the revenues and expenditures for program to provide for healthier schools by providing a health center at the schools. Funding is provided by the New Mexico Department of Health.

**LANL Foundation (26113)** – Educational enrichment grant in support of The Renaissance Program at Las Vegas City Schools.

**Dual Credit Instructional Materials (27103)** – A one-time appropriation for schools for dual credit materials.

**Incentives for School Improvement Act (27138)** – To account for monies received from the Award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools.

**Truancy Initiative (27141)** – The purpose of the Truancy Initiative is to establish a cohort of truancy and dropout prevention coaches placed in middle and high schools whose role is to work with students, families, schools and districts to improve attendance for habitually truant students, as well as decrease the number of students dropping out of school.

**Beginning Teacher Mentoring Program (27154)** – The objective of this program is to provide beginning teachers and effective transition into the teaching profession, retain capable teachers, improve the achievement of students and improve the overall success of the school. Funding is provided by the New Mexico Board of Education. Authority for creation of this fund is NMSA 22-2-8-10.

**Breakfast for Elementary Students (27155)** – Student wellness can be enhanced by more students eating a nutritious breakfast; especially school breakfast. The 2008 Dairy MAX School Wellness through Expanding Breakfast Grant Program can help your schools begin new expanded breakfast programs to improve student access to nutritious meals and also the grant can help your district fund the tactics of your district wellness policy.

**Kindergarten 3 Plus Program (27166)** – To provide services for a summer program for Kindergarten – 3<sup>rd</sup> grade.



**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
DESCRIPTION OF SPECIAL REVENUE FUNDS  
JUNE 30, 2017**

**School Bus (27178)** – To account for a program, funding by the New Mexico Public Education Department, to purchase school buses statewide. Funding is authorized by the Laws of 2013, SB-60, Section 53.

**New Mexico Grow Fresh Fruit (27183)** – To account for New Mexico grown fresh fruits and vegetables for school meal programs.

**Teachers Hard to Staff (27195)** – To provide stipends to effective, highly effective, and exemplary STEM (grades 6-12), special education (K-12), bilingual (K-12), or other hard-to-staff teaching positions to serve in low performing (D/F) schools.

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017

	Food Service 21000	Athletics 22000	Competitive IDEA-B 24108
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 91,425	3,798	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	7,052
Interfund receivables	-	-	-
Other receivables	-	-	-
Inventory	11,578	-	-
<i>Total assets</i>	<u>\$ 103,003</u>	<u>3,798</u>	<u>7,052</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current Liabilities</i>			
Accounts payable	\$ 63	2,000	-
Accrued payroll liabilities	1,602	-	-
Interfund payables	-	-	7,052
<i>Total liabilities</i>	<u>1,665</u>	<u>2,000</u>	<u>7,052</u>
<b>DEFERRED INFLOWS</b>			
Property taxes	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable	11,578	-	-
Restricted	89,760	1,798	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<i>Total fund balance</i>	<u>101,338</u>	<u>1,798</u>	<u>-</u>
<i>Total liabilities, deferred inflows, and fund balance</i>	<u>\$ 103,003</u>	<u>3,798</u>	<u>7,052</u>

Preschool IDEA-B 24109	Fresh Fruit & Vegetable 24118	IDEA B Results Plan 24132	English Language Acquisition 24153	Teacher/ Principal Training 24154
-	-	-	-	-
-	-	-	-	-
3,602	-	33,913	3,750	39,199
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>3,602</u>	<u>-</u>	<u>33,913</u>	<u>3,750</u>	<u>39,199</u>
-	-	-	-	-
-	-	-	-	-
3,602	114	33,913	3,750	39,199
<u>3,602</u>	<u>114</u>	<u>33,913</u>	<u>3,750</u>	<u>39,199</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(114)	-	-	-
-	(114)	-	-	-
<u>3,602</u>	<u>-</u>	<u>33,913</u>	<u>3,750</u>	<u>39,199</u>

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017

	Rural & Low-Income Schools 24160	Title I School Improvement 24162	Title XIX Medicaid 3/21 Years 25153	Child & Adult Food Program 25171
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	-	-	73,430
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	1,488	11,355	35,730	27,756
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 1,488</u>	<u>11,355</u>	<u>35,730</u>	<u>101,186</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities</i>				
Accounts payable	\$ -	-	-	10,796
Accrued payroll liabilities	-	-	-	1,623
Interfund payables	1,488	3,622	-	-
<i>Total liabilities</i>	<u>1,488</u>	<u>3,622</u>	<u>-</u>	<u>12,419</u>
<b>DEFERRED INFLOWS</b>				
Property taxes	-	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	7,733	35,730	88,767
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balance</i>	<u>-</u>	<u>7,733</u>	<u>35,730</u>	<u>88,767</u>
<i>Total liabilities, deferred inflows, and fund balance</i>	<u>\$ 1,488</u>	<u>11,355</u>	<u>35,730</u>	<u>101,186</u>

<u>LANL Foundation 26113</u>	<u>Dual Credit Instructional Materials 27103</u>	<u>Incentives for School Improvements 27138</u>	<u>Truancy Initiative 27141</u>	<u>Beg Teacher Mentoring Program 27154</u>	<u>Breakfast For Elementary Students 27155</u>
913	-	2,936	-	1,602	4,818
-	-	-	-	-	-
-	-	-	12,276	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>913</u>	<u>-</u>	<u>2,936</u>	<u>12,276</u>	<u>1,602</u>	<u>4,818</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	12,276	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>12,276</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
913	-	2,936	-	1,602	4,818
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>913</u>	<u>-</u>	<u>2,936</u>	<u>-</u>	<u>1,602</u>	<u>4,818</u>
<u>913</u>	<u>-</u>	<u>2,936</u>	<u>12,276</u>	<u>1,602</u>	<u>4,818</u>



STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017

	K-3 Plus State Grant 27166	School Bus 27178	NM Grown Fresh Fruit 27183	Teachers Hard to Staff 27195	Total
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and cash equivalents	\$ -	-	-	-	178,922
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	-	-	176,121
Interfund receivables	-	-	-	-	-
Other receivables	-	-	-	-	-
Inventory	-	-	-	-	11,578
<i>Total assets</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>366,621</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<i>Current Liabilities</i>					
Accounts payable	\$ -	-	-	-	12,859
Accrued payroll liabilities	-	-	-	-	3,225
Interfund payables	-	-	-	-	105,016
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,100</u>
<b>DEFERRED INFLOWS</b>					
Property taxes	-	-	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>					
Nonspendable	-	-	-	-	11,578
Restricted	-	-	-	-	234,057
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(114)
<i>Total fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,521</u>
<i>Total liabilities, deferred inflows, and fund balance</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>366,621</u>

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

	Food Service 21000	Athletics 22000	Competitive IDEA-B 24108
<i>Revenues</i>			
Charges for service	\$ 5,346	54,579	-
Property taxes	-	-	-
State grants	-	-	-
Federal grants	635,878	-	7,052
Miscellaneous	355	213	-
Interest	-	-	-
<i>Total revenues</i>	<u>641,579</u>	<u>54,792</u>	<u>7,052</u>
<i>Expenditures</i>			
<i>Current</i>			
Instruction	-	61,383	-
Support Services			
Students	-	-	7,052
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Other Support Services	-	-	-
Food Services Operations	610,381	-	-
Community Service	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>610,381</u>	<u>61,383</u>	<u>7,052</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>31,198</u>	<u>(6,591)</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Operating transfers	-	-	-
Proceeds from bond issue	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	31,198	(6,591)	-
<i>Fund balances, beginning of year</i>	<u>70,140</u>	<u>8,389</u>	<u>-</u>
<i>Fund balances, (deficits) end of year</i>	<u>\$ 101,338</u>	<u>1,798</u>	<u>-</u>

See Notes to Financial Statements



Preschool IDEA-B 24109	Fresh Fruit & Vegetable 24118	IDEA B Results Plan 24132	English Language Acquisition 24153	Teacher Principal Training 24154
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
11,155	38,845	120,000	14,485	86,593
-	-	-	-	-
-	-	-	-	-
<u>11,155</u>	<u>38,845</u>	<u>120,000</u>	<u>14,485</u>	<u>86,593</u>
10,632	-	119,999	14,196	82,531
-	-	-	-	-
-	-	-	-	-
523	-	-	284	4,062
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	38,846	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>11,155</u>	<u>38,846</u>	<u>119,999</u>	<u>14,480</u>	<u>86,593</u>
<u>-</u>	<u>(1)</u>	<u>1</u>	<u>5</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	(1)	1	5	-
<u>-</u>	<u>(113)</u>	<u>(1)</u>	<u>(5)</u>	<u>-</u>
<u>-</u>	<u>(114)</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Rural & Low-Income Schools 24160	Title I School Improvement 24162	Title XIX Medicaid 3/21 Years 25153	Child & Adult Food Program 25171
<i>Revenues</i>				
Charges for service	\$ -	-	-	-
Property taxes	-	-	-	-
State grants	-	-	-	-
Federal grants	38,859	31,506	325,822	126,645
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>38,859</u>	<u>31,506</u>	<u>325,822</u>	<u>126,645</u>
<i>Expenditures</i>				
Current				
Instruction	37,021	30,946	43,675	87
Support Services				
Students	-	-	310,361	-
Instruction	-	-	-	-
General Administration	1,838	560	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	78,195
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>38,859</u>	<u>31,506</u>	<u>354,036</u>	<u>78,282</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(28,214)</u>	<u>48,363</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
Proceeds from bond issue	-	-	-	-
<i>Total other financing sources (uses)</i>				
<i>Net change in fund balances</i>	-	-	(28,214)	48,363
<i>Fund balances, beginning of year</i>	<u>-</u>	<u>7,733</u>	<u>63,944</u>	<u>40,404</u>
<i>Fund balances, (deficits) end of year</i>	<u>\$ -</u>	<u>7,733</u>	<u>35,730</u>	<u>88,767</u>

See Notes to Financial Statements

LANL Foundation 26113	Dual Credit Instructional Materials 27103	Incentives for School Improvements 27138	Truancy Initiative 27141	Beginning Teacher Mentoring 27154	Breakfast for Elementary Students 27155
-	-	-	-	-	-
-	-	-	-	-	-
-	2,671	-	49,951	-	16,990
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,671	-	49,951	-	16,990
-	2,671	-	-	-	-
-	-	-	49,951	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	16,990
-	-	-	-	-	-
-	-	-	-	-	-
-	2,671	-	49,951	-	16,990
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
913	-	2,936	-	1,602	4,818
913	-	2,936	-	1,602	4,818



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

	K-3 Plus State Grant 27166	School Bus 27178	NM Grown Fresh Fruit 27183	Teachers Hard to Staff 27195	Total
<i>Revenues</i>					
Charges for service	\$ -	-	-	-	59,925
Property taxes	-	-	-	-	-
State grants	210,240	83,959	3,000	89,574	456,385
Federal grants	-	-	-	-	1,436,840
Miscellaneous	-	-	-	-	568
Interest	-	-	-	-	-
<i>Total revenues</i>	<u>210,240</u>	<u>83,959</u>	<u>3,000</u>	<u>89,574</u>	<u>1,953,718</u>
<i>Expenditures</i>					
<i>Current</i>					
Instruction	174,290	-	-	89,574	667,005
Support Services					
Students	-	-	-	-	367,364
Instruction	-	-	-	-	-
General Administration	-	-	-	-	7,267
School Administration	35,950	-	-	-	35,950
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student Transportation	-	-	-	-	-
Other Support Services	-	-	-	-	-
Food Services Operations	-	-	3,000	-	747,412
Community Service	-	-	-	-	-
Capital outlay	-	83,959	-	-	83,959
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>210,240</u>	<u>83,959</u>	<u>3,000</u>	<u>89,574</u>	<u>1,908,957</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,761</u>
<i>Other financing sources (uses)</i>					
Operating transfers	-	-	-	-	-
Proceeds from bond issue	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-	44,761
<i>Fund balances, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,760</u>
<i>Fund balances, (deficits) end of year</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,521</u>

See Notes to Financial Statements



**CAPITAL PROJECTS FUNDS**





**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
DESCRIPTION OF CAPITAL PROJECTS FUNDS  
JUNE 30, 2017**

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:

**State Capital Projects Fund (31400)** – To account for revenues received from the U.S. Department of Energy for a conservation program. Also, to account for revenues received from the Jocona Holding Pond, Secondary Road and Water improvements at the High School, all received by the State of New Mexico Severance Tax Bonds Series 1998 B (Chapters 11 and 7, Laws of 1998). Part of the Secondary Road was financed by the State Highway and Transportation Department.

**Senate Bill 9 (31700)** – To account for a 2.0 mill levy restricted by board resolution for erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, improving school grounds and maintenance of school buildings and grounds, exclusive of salary expense of employees. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10. Reported as a capital projects fund.

**Educational Technology Equipment Act (31900)** – To account for funding which is to be used by the District to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination and collaboration activities. Authorization is NMSA 22-15A-1.



STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2017

	Educational Technology Equipment Act 31400	Capital Improvements SB-9 31700	Educational Tech Equip Act 31900	Total
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	937	250	1,187
Accounts receivable				-
Taxes	-	-	-	-
Due from other governments	-	43,076	-	43,076
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>44,013</u>	<u>250</u>	<u>44,263</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities</i>				
Accounts payable	\$ 15,070	-	-	15,070
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	-	-
<i>Total liabilities</i>	15,070	-	-	15,070
<b>DEFERRED INFLOWS</b>				
Property taxes				-
<i>Total deferred inflows</i>	-	-	-	-
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	44,013	250	44,263
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(15,070)	-	-	(15,070)
<i>Total fund balance</i>	<u>\$ (15,070)</u>	<u>44,013</u>	<u>250</u>	<u>29,193</u>
<i>Total liabilities, deferred inflows, and fund balances</i>	<u>-</u>	<u>44,013</u>	<u>250</u>	<u>44,263</u>



STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Educational Technology Equipment Act 31400	Capital Improvements SB-9 31700	Educational Tech Equip Act 31900	Total
<i>Revenues</i>				
Charges for service	\$ -	-	-	-
Property taxes	-	-	-	-
State grants	136,228	43,076	-	179,304
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>136,228</u>	<u>43,076</u>	<u>-</u>	<u>179,304</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	151,298	43,076	-	194,374
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>151,298</u>	<u>43,076</u>	<u>-</u>	<u>194,374</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(15,070)</u>	<u>-</u>	<u>-</u>	<u>(15,070)</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	(1,155,047)	-	(1,155,047)
Proceeds from bond issue	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(1,155,047)</u>	<u>-</u>	<u>(1,155,047)</u>
<i>Net change in fund balances</i>	(15,070)	(1,155,047)	-	(1,170,117)
<i>Fund balances, beginning of year</i>	<u>-</u>	<u>1,199,060</u>	<u>250</u>	<u>1,199,310</u>
<i>Fund balances, end of year</i>	<u>\$ (15,070)</u>	<u>44,013</u>	<u>250</u>	<u>29,193</u>

See Notes to Financial Statements



**DEBT SERVICE FUNDS**





**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
DESCRIPTION OF DEBT SERVICE FUNDS  
JUNE 30, 2017**

Debt Service Funds are used to account for the resources for, and the payment of, principal, interest and related costs.

The District has the following separate funds classified as Debt Service Funds:

**Educational Technology Debt Service Fund (43000)** – To accumulate resources for payment of principal and interest due on educational technology bonds. Financing is provided by a special tax levy approved by the voters of the District and assessed by the District Assessor and collected and remitted to the District by the District Treasurer.



STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
JUNE 30, 2017

	Educational Technology Debt Service 43000	Total
	<u>43000</u>	<u>Total</u>
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and temporary investments	\$ 145,650	145,650
Accounts receivable		
Taxes	689	689
Due from other governments	-	-
Interfund receivables	-	-
Inventory	-	-
	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 146,339</u>	<u>146,339</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<i>Current Liabilities</i>		
Accounts payable	\$ -	-
Interfund payables	-	-
Deferred revenue - other	-	-
	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS</b>		
Property taxes	-	-
	<u>-</u>	<u>-</u>
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>
<i>Fund balances</i>		
Nonspendable	-	-
Restricted	146,339	146,339
Committed	-	-
Assigned	-	-
Unassigned	-	-
	<u>-</u>	<u>-</u>
<i>Total fund balance</i>	<u>146,339</u>	<u>146,339</u>
	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows, and fund balances</i>	<u>\$ 146,339</u>	<u>146,339</u>

See Notes to Financial Statements.

See Notes to Financial Statements



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

	Educational Technology Debt Service 43000	Total
<i>Revenues</i>		
Property taxes	\$ 1,253	1,253
State grants	-	-
Federal grants	-	-
Charges for service	-	-
Miscellaneous	-	-
Interest	-	-
	<hr/>	<hr/>
<i>Total revenues</i>	1,253	1,253
<i>Expenditures</i>		
Current		
Instruction	-	-
Support Services		
Students	-	-
Instruction	-	-
General Administration	23	23
School Administration	-	-
Central Services	-	-
Operation & Maintenance of Plant	-	-
Student Transportation	-	-
Other Support Services	-	-
Food Services Operations	-	-
Community Service	-	-
Capital outlay	-	-
Debt service		
Principal	-	-
Interest	-	-
	<hr/>	<hr/>
<i>Total expenditures</i>	23	23
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<hr/>	<hr/>
	1,230	1,230
<i>Other financing sources (uses)</i>		
Operating transfers		
Proceeds from bond issue	-	-
	<hr/>	<hr/>
<i>Total other financing sources (uses)</i>	-	-
<i>Net change in fund balances</i>	1,230	1,230
<i>Fund balances, beginning of year</i>	<hr/>	<hr/>
	145,109	145,109
<i>Fund balances, end of year</i>	<hr/>	<hr/>
	\$ 146,339	146,339

See Notes to Financial Statements



## **SUPPORTING SCHEDULES**





STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
AGENCY FUNDS  
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Robertson High School	\$ 178,770	185,046	(195,690)		168,126
Central Office	114,088	56,579	(49,990)		120,677
Legion Park School	305	19,097	(18,905)	(54)	443
Sierra Vista School	10,978	11,664	(12,378)		10,264
Los Ninos School	12,383	4,427	(10,162)		6,648
Middle School	39,757	22,154	(20,158)		41,753
Paul D. Henry School	8,628	4,345	(7,716)	18	5,275
Mike Mateo School	10,247	5,654	(2,459)	(18)	13,424
Early Childhood Care	6,071	4,549	(4,284)	54	6,390
Total All Schools	\$ <u>381,227</u>	<u>313,515</u>	<u>(321,742)</u>	<u>-</u>	<u>373,000</u>

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

Bank Account Type	Bank Balance	Reconciling Items	Reconciled Balance
<b>Southwest Capital Bank</b>			
General Account - Checking	\$ 8,257,432	(1,061,322)	7,196,110
Activity Account - Checking	319,965	(19,998)	299,967
RHS Arturo Tenorio Scholarship - Certificate of Deposit	12,044	-	12,044
Total Southwest Capital Bank	8,589,441	(1,081,320)	7,508,121
<b>Wells Fargo Bank, N.A.- Certificate of Deposit</b>	60,989	-	60,989
<b>New Mexico Finance Authority</b>	3,161,542	-	3,161,542
Total All Banks	\$ 8,650,430	(1,081,320)	7,569,110
Cash per financial statements			
Governmental Activities Exhibit A-1			\$ 10,357,650
Fiduciary Funds Exhibit D-1			373,000
Cash per financial statements			\$ 10,730,650

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Southwest Capital Bank</u>	<u>Wells Fargo Bank</u>	<u>Total All Banks</u>
Funds on Deposit			
Interest bearing deposits	\$ 8,257,432	-	8,257,432
Non-interest bearing deposits	319,965	-	319,965
Certificates of deposit	12,044	60,989	73,033
<i>Total on deposit:</i>	8,589,441	60,989	8,650,430
Less: FDIC insurance	250,000	60,989	310,989
<b>Total uninsured public funds:</b>	<b>\$ 8,339,441</b>	<b>-</b>	<b>8,339,441</b>
Pledged Collateral Required:			
50% on deposits			4,169,721
Pledged Collateral at June 30, 2017			4,360,000
<b>Excess (Deficiency):</b>			<b>\$ 190,279</b>

**Pledged Collateral**

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2017</u>
Southwest Capital	FHLB LOC 4305000001	1/25/2018		\$ 3,500,000
Southwest Capital	FHLB LOC 4305000003	1/25/2018		360,000
Southwest Capital	FHLB LOC 4305000001	1/25/2018		300,000
Southwest Capital	FHLB LOC 4305000002	1/25/2018		200,000
				<u>\$ 4,360,000</u>

STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
CASH RECONCILIATION  
JUNE 30, 2017

	<b>Operational 11000</b>	<b>Transportation 13000</b>	<b>Instructional Materials 14000</b>	<b>Food Services 21000</b>	<b>Athletics 22000</b>
Cash, June 30, 2016	\$ 378,988	498	73,035	79,353	8,389
Add:					
2016-17 revenues	<u>14,135,341</u>	<u>574,651</u>	<u>114,733</u>	<u>641,580</u>	<u>54,792</u>
Total cash available	14,514,329	575,149	187,768	720,933	63,181
Less:					
2016-17 expenditures	(13,670,867)	(574,897)	(149,724)	(629,508)	(59,383)
Transfers to/from other funds	-	-	-	-	-
Proceeds from bond issues	-	-	-	-	-
Permanent Cash Transfers	-	-	-	-	-
Modified accrual adjustments	<u>80,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2017	924,301	252	38,044	91,425	3,798
Loans to/from other funds	<u>(632,147)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash per books	<u>\$ 292,154</u>	<u>252</u>	<u>38,044</u>	<u>91,425</u>	<u>3,798</u>

<b>Federal 24000 -27000</b>	<b>Bond Building Account 31100</b>	<b>Special Capital Outlay /State 31400</b>	<b>Capital Improvement SB9/State 31700</b>	<b>Capital Improvement SB9/Local 31701</b>	<b>Ed. Tech Equipment 31900</b>
(1,051,745)	1,404,340	(76,570)	1,149,322	-	250
<u>2,922,556</u>	<u>3,210,150</u>	<u>212,798</u>	<u>44,013</u>	<u>518,482</u>	<u>-</u>
1,870,811	4,614,490	136,228	1,193,335	518,482	250
(2,406,214)	(383,414)	(136,228)	(43,076)	(420,774)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(1,149,322)	1,149,322	-
<u>(13,045)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,078)</u>	<u>-</u>
(548,448)	4,231,076	-	937	1,245,952	250
<u>632,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>83,699</u>	<u>4,231,076</u>	<u>-</u>	<u>937</u>	<u>1,245,952</u>	<u>250</u>



STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
CASH RECONCILIATION  
JUNE 30, 2017

	<b>Debt Service Fund 41000</b>	<b>Debt Service Fund 43000</b>	<b>Total</b>
Cash, June 30, 2016	\$ 2,818,761	144,136	4,928,757
Add:			
2016-17 revenues	<u>2,612,406</u>	<u>1,530</u>	<u>25,043,032</u>
Total cash available	5,431,167	145,666	29,971,789
Less:			
2016-17 expenditures	(2,013,981)	(16)	(20,488,082)
Transfers to/from other funds	-	-	-
Proceeds from bond issues	-	-	-
Permanent Cash Transfers	-	-	-
Modified accrual adjustments	<u>807,227</u>	<u>-</u>	<u>873,943</u>
Cash, June 30, 2017	4,224,413	145,650	10,357,650
Loans to/from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Cash per books	<u>\$ 4,224,413</u>	<u>145,650</u>	<u>10,357,650</u>





## **COMPLIANCE SECTION**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

Mr. Timothy Keller  
New Mexico State Auditor  
The Office of Management and Budget  
The Board of Education  
Las Vegas City Schools  
Las Vegas, NM

We have audited, 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and major special revenue funds of Las Vegas City Schools (the “District”), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated October 30, 2017.

***Internal Control over Financial Reporting***

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

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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency as item 2009-002, 2011-001, 2012-002 and 2013-004.

### ***Compliance and Other Matters***

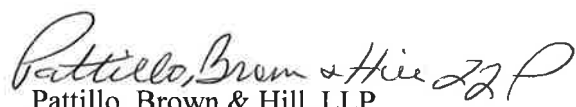
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 schedule of findings and responses as item 2015-001, 2017-001 and 2017-002.

### **The District's Response to Findings**

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



Pattillo, Brown & Hill, LLP  
Albuquerque, New Mexico  
October 30, 2017



**FEDERAL FINANCIAL ASSISTANCE**





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

Mr. Timothy Keller  
New Mexico State Auditor  
The Office of Management and Budget  
The Board of Education  
Las Vegas City Schools  
Las Vegas, NM

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Las Vegas City Schools (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

We have audited Las Vegas City Public School District's (the "District") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's 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 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 other major federal programs for the year ended June 30, 2017.

### **Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

### **Report on Internal Control over Compliance**

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

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

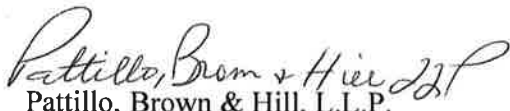
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or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



However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-002 that we consider to be a compliance and other matter.

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

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



Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
October 30, 2017



STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2017

Federal Grantor or Pass-Through Grantor/Program Title	Passthrough Number	Federal CFDA	Federal Expenditures
<b>U.S. Department of Education</b>			
<i>Passthrough State of New Mexico Department of Education</i>			
Title I-IASA (1)**	24101	84.010	\$ 805,628
Entitlement IDEA B*	24106	84.027	359,634
New Mexico Autism Project (NMAP)*	24108	84.027	7,052
Preschool IDEA-B*	24109	84.173	11,155
IDEA-B Results Plan	24132	84.027	120,000
English Language Acquisition	24153	84.365A	14,485
Teacher/Principal Training & Recruiting	24154	84.367A	86,593
Rural & Low-Income Schools	24160	84.358B	38,859
Title I School Improvement	24162	84.377	31,506
<i>Total - Passthrough State of New Mexico Department of Education</i>			<u>1,474,912</u>
<b>Total U.S. Department of Education</b>			<u>1,474,912</u>
<b>U.S. Department of Agriculture</b>			
<i>Passthrough State of New Mexico Department of Education</i>			
School Lunch Program	21000	10.555	629,508
Fresh Fruits & Vegetables	24118	10.582	38,845
<i>Subtotal - Passthrough State of New Mexico Department of Education</i>			<u>668,353</u>
<i>Passthrough State of New Mexico Department of Health and Human Services</i>			
Food Distribution (Commodities)	21000	10.550	55,746
Child & Adult Food Program	25171	10.558	93,048
<i>Subtotal - Passthrough State of New Mexico Department of Health and Human Services</i>			<u>148,794</u>
<i>Direct U.S. Department of Agriculture</i>			
Forest Reserve	11000	10.672	8,114
<i>Subtotal - Direct U.S. Department of Agriculture</i>			<u>8,114</u>
<b>Total U.S. Department of Agriculture</b>			<u>825,261</u>
			<u>\$ 2,300,173</u>

\*IDEA-B Cluster (IDEA) and Major Federal Financial Assistance Program

\*\* Major Federal Financial Assistance Program

See notes to schedule of expenditures of federal awards.





**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2017**

**Notes to Schedule of Expenditures of Federal Awards**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Las Vegas City Schools (District) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States and Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts present in, or used in the preparation of the financial statements.

**2. Subrecipients**

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

**3. Non-Cash Federal Assistance**

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2016 was \$43,648 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDS number 10.550. Commodities are recorded as revenues and expenditures in the food service fund.

**4. Other**

The district opted not to use the 10% de minimus rate for charging indirect costs to federal programs.

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

Section A - Summary of Audit Results

*Financial Statements:*

- |   |            |
|---|------------|
| 1. Type of auditors' report issued  | Unmodified |
| 2. Internal control over financial reporting                                    |            |
| a. Material weaknesses identified?  | No         |
| b. Control deficiency identified not considered to be a significant deficiency? | Yes        |
| c. Noncompliance material to financial statements noted?                        | No         |

*Federal Awards:*

- |  |            |
|--|------------|
| 1. Internal control over major programs:   |            |
| a. Material weakness identified?   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?   | No         |
| c. Known questioned costs greater than \$25,000 for a compliance requirement for a major program?  | No         |
| d. Known questioned costs greater than \$25,000 for which is not audited as a major program?   | No         |
| e. Known or likely fraud?  | No         |
| f. Significant instances of abuse relating to major programs?  | No         |
| g. Circumstances causing the auditor's report on compliance for each major program to be modified, unless otherwise reported as audit findings?  | No         |
| h. Instances where results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of any prior audit finding? | No         |
| 2. Type of auditors' report issued on compliance for major programs  | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  | Yes        |

4. Identification of major programs:

CFDA Number	Federal Program
84.010	Title I

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

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
STATUS OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2017**

**B. FINANCIAL STATEMENT FINDINGS**

**2009-002 Cash Receipts (Significant Deficiency) Repeated and Modified**

**CONDITION:** During our test work of internal controls over cash receipts, we noted that for two out of five deposits totaling \$11,825, the monies were not deposited within twenty-four hours of the date of collection. Additionally, on one of the deposits totaling \$979 the deposit form was not initialed by the District employee.

Management has not implemented a protocol that has been effective to come into compliance with this requirement.

**CRITERIA:** NMAC 6.20.2.14c states that a School District shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adhere to cash management requirements of the Office of Management and Budget (OMB) Circular 102, and applicable state and federal laws and regulations.

District policies and procedures require that all deposit forms are signed off by the individual verifying funds received.

**EFFECT:** Non-adherence to state statutes places the District in noncompliance and lack of timeliness of deposits could subject the cash to be misappropriated.

**CAUSE:** Policies over cash deposits were not adhered to by the student activity fund staff.

**RECOMMENDATION:** The District should familiarize responsible employees with the New Mexico Administrative Code relating to Public Schools in order to ensure compliance with regulations and implement pre-numbered receipts into their receipting process. We recommend that the District emphasize the importance of timely deposits of receipts and monitor receipts more closely in order to be compliant with state statutes.

**MANAGEMENT RESPONSE:** The District has a policy which notes that daily deposits are required by State Statute. We will continue to work with all employees to stress the importance of timely deposits of receipts and recording of deposits in order to be in compliance with state statute.

**RESPONSIBLE PARTY / TIMELINE TO CORRECT:** The Finance Director; Our estimated timeline to resolve this finding is in 2018-19 with the hopes that we can provide additional assistance with our staff and provide regular communication to all staff about the rules.

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
STATUS OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2017**

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2011-001 Payroll Documentation (Significant Deficiency) – Repeated and Modified**

**CONDITION:** Out of 40 payroll disbursements/employee files selected for testing:

- Four personnel files were missing Form I-9;
- Eight personnel files did not contain a Form I-9 that was signed by an authorized representative of the District;
- One personnel file was missing a NM Teaching Certificate;
- One personnel file was missing evidence that a background check had been conducted;
- One payroll disbursement was made, where a supervisor did not sign the employee's time card.

Management at the District has not yet implemented a process to maintain systematic filing procedures that could potentially eliminate this type of administrative finding.

**CRITERIA:** NMAC 6.20.2.18 states the local board shall establish written payroll policies and procedures, which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

**EFFECT:** Employees not eligible to work in the United States may be receiving payment. Employees may be receiving pay at the incorrect rate of pay for their given position. Having an employee on staff without proof of a background check leaves the District vulnerable to potential lawsuits.

**CAUSE:** The District financial department did not ensure that the personnel files included all the required documentation.

**RECOMMENDATION:** We recommend the District comply with NMAC 6.20.2.18 and obtain the required forms prior to processing the employee's payroll. We also recommend that the District tighten its policies with respect to personnel file maintenance.

**MANAGEMENT RESPONSE:** The District is working to ensure payroll and HR files contain the proper documentation as required. We are working with staff to ensure that the contracts are correct, the I-9's are maintained in the employee files as well as teaching certificates and background check information is maintained as well. Note that employees are not paid any salary until a required I-9 and W-4 are completed. It does appear that some items were misfiled or inadvertently filed elsewhere.

**RESPONSIBLE PARTY / TIMELINE TO CORRECT:** The Finance Director; Our estimated timeline to resolve this finding is in FY 2017-18.

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
STATUS OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2017**

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2012-002 Purchase Orders and Purchase Approval (Significant Deficiency) – Repeated and modified**

**CONDITION:** Out of 40 cash disbursements randomly selected for controls testing, eight disbursements were issued with the invoice predating the purchase order for a total of \$8,311. Additionally, in a sample of five activity fund disbursements, one purchase in the amount of \$1,529 was paid with no apparent approval to pay the invoice.

Management of the District has not yet implemented a system whereby all staff are compliant with the purchase order system.

**CRITERIA:** Per the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, “the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction.

**EFFECT:** Not complying with state purchasing requirements places the District at risk for fraud or misuse of public funds.

**CAUSE:** District personnel have not followed state guidelines or internal procedures in the purchase of items. Policy clearly states that the individual must have an approved purchase order.

**RECOMMENDATION:** We recommend that all personnel be reminded of, or trained in, district and state policy in regards to purchasing of goods, services, or construction. All District personnel should be reminded that initiation of a purchase order is not sufficient for ordering, that an executed and properly approved purchase order is required per policy and state guidelines.

**MANAGEMENT RESPONSE:** The District will continue to work with staff to ensure that required purchase orders are put in place prior to ordering goods and services and that all required approvals are obtained prior to the ordering of the items.

**RESPONSIBLE PARTY / TIMELINE TO CORRECT:** The Finance Director; Our estimated timeline to resolve this finding is in FY 2017-18.

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
STATUS OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2017**

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2013-004 Disaster Recovery Plan (Significant Deficiency) – Repeated and modified**

**CONDITION:** The District has no disaster recovery plan in place for the potential loss of data.

Management is aware of the importance of this finding, and is working to implement an updated IT system to include disaster recovery considerations.

**CRITERIA:** Disaster recovery planning is a critical component of a stable Information Technology (IT) environment and represents an effective control to limit the negative impact on IT systems resulting from a disaster or major outage.

**EFFECT:** The District is more exposed to loss of operating functionality and high recovery cost should a disaster or major outage occur.

**CAUSE:** Limited resources and focus on other financial problem areas.

**RECOMMENDATION:** We recommend the District develop a disaster recovery plan for critical Information Technology systems and data bases.

**MANAGEMENT RESPONSE:** The District is continuing to work on a plan to purchase a service for multiple software systems to be backed up on a regular basis to assure that data is not lost. Discussions continue and have been ongoing with the Superintendent and the new IT Director to put this plan in place.

**RESPONSIBLE PARTY / TIMELINE TO CORRECT:** The IT Director; Our estimated timeline to resolve this finding is in FY 2018-19.

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
STATUS OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2017**

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2017-001 Activity Funds (Other Matter)**

**CONDITION:** During our testing of the cash receipts of the student activity funds we noted that the District is not maintaining supporting documentation for fundraising activities. We selected two events and the sponsors for these two events did not keep detail records of the cash received from the fundraising events. The cash receipts recorded in the general ledger for these two events totaled \$19,932.

**CRITERIA:** 6-5-2C NMSA 1978 states that an entity shall implement internal controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

**EFFECT:** The District is non-compliant with State Law.

**CAUSE:** Budget adjustment requests were not submitted to the Public Education Department to obtain budgetary authority for these expenditures.

**RECOMMENDATION:** We recommend that the District implement “standardized” policies with respect to controls over student activity funds at “all” schools. A lack of consistency of protocol existed as a result of our tests.

**MANAGEMENT’S RESPONSE:** A new fundraising form and revised policy has been approved which requires approval by the Superintendent. In addition, the forms will be routed to the Business Office in order to reconcile deposits with planned fund raising activities.

**RESPONSIBLE PARTY / TIMELINE TO CORRECT:** The Finance Director; Our estimated timeline to resolve this finding is in FY 2017-18.

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
STATUS OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2017**

**C. FEDERAL AWARD FINDINGS**

**2016-002 Allocation of Hours to Federal Programs (Other matter and compliance) – Repeated and modified**

**CONDITION:** For the Title I program tested, 4 of 5 employees tested did not have a timesheet on file to substantiate the allocation of hours; For the IDEA B program tested, 1 of 5 employees tested did not have a timesheet on file to substantiate the allocation of hours.

Funding Agency: US Department of Education Title:

Title I – EASA / IDEA B

CFDA #: 84.010 / 84.027

Questioned costs: None

Management of the District has not yet implemented a system whereby all staff are compliant with the time and effort reporting.

**CRITERIA:** Per CFR 200.405 Allocable Costs (d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.

**EFFECT:** There is the potential that the proper amount of hours billed to the respective programs was not calculated and/or billed properly for reimbursement.

**CAUSE:** Program staff did not implement sound internal control processes to allow them to be compliant with federal regulations over payroll processing and/or record keeping.

**RECOMMENDATION:** We recommend that District staff in charge of federal programs monitor their activity and be familiar with best practices over internal controls to prevent future occurrences of this nature.

**MANAGEMENT RESPONSE:** The District is working on implementing a system to include time sheets which will document time and effort for employees to substantiate the hours worked on federal programs.

**RESPONSIBLE PARTY / TIMELINE TO CORRECT:** The Finance Director; Our estimated timeline to resolve this finding is in FY 2017-18.



**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
STATUS OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2017**

**D. OTHER FINDINGS, AS REQUIRED BY NEW MEXICO STATE STATUTE, SECTION 12-6-5, NMSA 1978**

**2015-001 Exceeded Budgetary Authority (Compliance and Other Matter) – Repeated and modified**

**CONDITION:** The District exceeded budgetary authority at the function level for the following funds:

<u>Fund</u>	<u>Function</u>	<u>Excess over Budget</u>
24106 Entitlement IDEA-B	Support Services	\$ 16,928
25153 Title XIX Medicaid 3/21 years	Support Services	\$ 357

Management is aware of the issue that caused these overages and has identified plans to prevent this from occurring in the future and continues to address the budget overages.

**CRITERIA:** Section 6-6-6 NMSA 1978 restricts local governmental entities from expending above the approved budget.

**EFFECT:** The district could be expending funds for unauthorized or unbudgeted purposes and potentially putting the fund balance into a deficit.

**CAUSE:** Expenditures were charged to functions that did not have amounts budgeted to them. Certain functions were not monitored closely to identify budget overages.

**RECOMMENDATION:** We recommend the final review of the budget for the fiscal year be performed to accommodate any potential year-end adjustments that might cause the budget to be exceeded, or, other procedures on an ongoing basis to prevent non-compliance.

**MANAGEMENT RESPONSE:** The District will work on a more regular basis to review budget for the fiscal year to accommodate for potential year-end adjustments. A quarterly, if not monthly review is being recommended and should be able to be implemented during the current fiscal year. One thing to note, however, is the excess over budget is only at the function level and not the fund level.

**RESPONSIBLE PARTY / TIMELINE TO CORRECT:** The Finance Director; Our estimated timeline to resolve this finding is in FY 2017-18.

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
STATUS OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2017**

**D. OTHER FINDINGS, AS REQUIRED BY NEW MEXICO STATE STATUTE, SECTION 12-6-5, NMSA 1978**

**2017-002 Procurement of Professional Services – Compliance and Other Matter**

**CONDITION:** In a random sample of forty expenditures, it was noted that for one vendor, the District did not have a signed contract in place. Further examination showed that the District paid this vendor \$141,966 for the year ended June 30, 2017 for professional services. The District did not seek a Request for Proposal for this professional service for the year ended June 30, 2017.

**CRITERIA:** The New Mexico Procurement Code, specifically sections 13-1-102 and 13-1-125 NMSA 1978, professional services exceeding \$60,000 require a competitive sealed bid.

**EFFECT:** The actual impact was noncompliance with the State of New Mexico Procurement Code. The potential impact could be that the District is not maximizing the purchasing value of public monies for the procurement detailed above.

**CAUSE:** The District did not anticipate annual purchases exceeding \$60,000 and thus did not seek a competitive bid process for the year ended June 30, 2017.

**RECOMMENDATION:** We recommend that the District procure professional services that exceed \$60,000 with a competitive bid process.

**MANAGEMENT RESPONSE:** The District will be preparing a current RFP for ongoing legal services in order to be in compliance with NM Procurement Code.

**RESPONSIBLE PARTY / TIMELINE TO CORRECT:** The Finance Director; Our estimated timeline to resolve this finding is in FY 2017-18.

**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
STATUS OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2017**

**STATUS OF PRIOR YEAR AUDIT FINDINGS**

2009-002 Cash Receipts – Repeated and modified  
2009-008 Cash Management – Resolved  
2011-001 Payroll Documentation – Repeated and modified  
2012-002 Purchase Orders and Documentation – Repeated and modified  
2013-004 Disaster Recovery Plan – Repeated and modified  
2015-001 Exceeded Budgetary Authority – Repeated and modified  
2016-001 Internal Controls – Resolved  
2016-002 Allocation of Hours to Federal Programs – Repeated and modified



**STATE OF NEW MEXICO  
LAS VEGAS CITY SCHOOLS  
EXIT CONFERENCE  
JUNE 30, 2017**

The contents of this report were discussed in the exit conference held on October 25, 2017 in a closed executive session with the following in attendance:

**Representing Las Vegas City Schools:**

Leroy Lujan, Board President  
Dennis Romero, Board Vice President  
Kelt Cooper, Superintendent  
Mari Hillis, Business Manager  
Karen Armijo, Assistant Business Manager

**Representing Pattillo, Brown & Hill, LLP:**

Chris Garner, CPA

**Auditor Prepared Financials:**

The financial statements were prepared with the assistance of Pattillo, Brown & Hill, LLP from the books and records of Las Vegas City Schools. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.