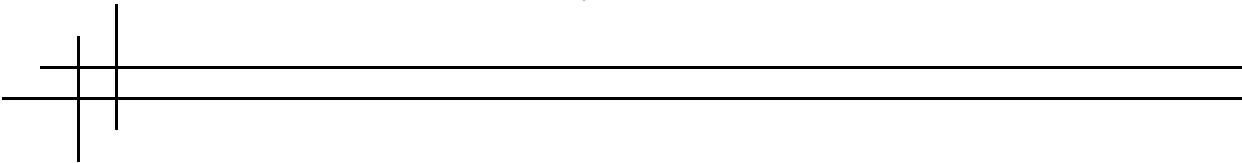


State of New Mexico  
**West Las Vegas Schools**

**Annual Financial Report**  
June 30, 2017

**De'Aun Willoughby CPA, PC**  
Certified Public Accountant  
Clovis, New Mexico



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State of New Mexico  
**West Las Vegas Schools**  
Official Roster  
June 30, 2017

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**Board of Education**

Marvin Martinez	Chairman
Patrick Marquez	Vice-Chairman
Christine Ludi	Secretary
Linda Montoya	Member
Ambrose Castellano	Member

**School Officials**

Christopher Gutierrez	Superintendent
Dinah Maynes	Business Manager

Independent Auditor's Report

Mr. Tim Keller  
State Auditor of the State of New Mexico  
Board Members of the West Las Vegas Schools

Mr. Keller and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund of West Las Vegas Schools (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. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital projects and debt service funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017, 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 misstatements, 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 of 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, 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparisons for the major capital projects and debt service funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

*Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the 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.

Accounting principles generally accepted in the United States of America require that the Schedules of Required Supplementary Information for Pension Plan and related notes 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 consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Title 2 U.S. 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 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 the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

 De'Ann Willoughby CPA PC

Clovis, New Mexico  
October 6, 2017

## Financial Section

State of New Mexico  
**West Las Vegas Schools**  
Government-Wide Statement of Net Position  
June 30, 2017

	Governmental Activities	Rio Gallinas Charter School
<b>Assets</b>		
Current Assets		
Cash and Cash Equivalents	\$ 4,860,252	\$ 166,516
Taxes Receivable	773,757	0
Due from Grantor	1,198,266	4,540
Inventory	16,844	0
Total Current Assets	<u>6,849,119</u>	<u>171,056</u>
Noncurrent Assets		
Capital Assets	96,106,512	174,095
Less: Accumulated Depreciation	<u>(49,691,667)</u>	<u>(160,698)</u>
Total Noncurrent Assets	<u>46,414,845</u>	<u>13,397</u>
Total Assets	<u>53,263,964</u>	<u>184,453</u>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows Related to Pensions		
Actuarial Experience	104,964	5,663
Investment Experience	1,444,205	77,923
Changes of Assumptions	492,501	26,574
Changes in Proportion	0	723,136
Contributions Subsequent to Measurement Date	<u>1,268,273</u>	<u>61,453</u>
Total Deferred Outflows of Resources	<u>3,309,943</u>	<u>894,749</u>
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable	31,668	1,597
Accrued Interest	58,531	0
Compensated Absences	250,260	0
Current Portion Due of Long-Term Debt	<u>905,000</u>	<u>0</u>
Total Current Liabilities	<u>1,245,459</u>	<u>1,597</u>
Noncurrent Liabilities		
Bonds	6,405,000	0
Pension Liability	<u>24,194,410</u>	<u>1,305,433</u>
Total Noncurrent Liabilities	<u>30,599,410</u>	<u>1,305,433</u>
Total Liabilities	<u>31,844,869</u>	<u>1,307,030</u>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows Related to Pensions		
Actuarial Experience	230,119	12,416
Changes in Proportion	<u>1,532,963</u>	<u>247,490</u>
Total Deferred Inflows of Resources	<u>1,763,082</u>	<u>259,906</u>
<b>Net Position</b>		
Net Investment in Capital Assets	39,104,845	13,397
Restricted for:		
Capital Projects	2,772,659	0
Debt Service	1,507,902	0
Unrestricted	<u>(20,419,450)</u>	<u>(501,131)</u>
Total Net Position	<u>\$ 22,965,956</u>	<u>\$ (487,734)</u>

The notes to the financial statements are an integral part of this statement.



State of New Mexico  
**West Las Vegas Schools**  
Government-Wide Statement of Activities  
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
<b>Governmental Activities</b>						
Instruction	\$ 11,459,505	90,322	\$ 4,845,659	\$ 0	\$ (6,523,524)	\$ 0
Support Services						
Students	2,243,284	222,313	613,296	0	(1,407,675)	0
Instruction	294,341	0	1,069	0	(293,272)	0
General Administration	687,340	0	131,354	0	(555,986)	0
School Administration	1,244,459	0	308,600	0	(935,859)	0
Central Services	449,170	143,571	33,063	0	(272,536)	0
Operation of Plant	2,939,312	67,096	94,868	410,056	(2,367,292)	0
Student Transportation	833,800	0	792,448	0	(41,352)	0
Other	13,212	0	0	0	(13,212)	0
Food Services Operations	1,296,320	13,719	1,461,159	0	178,558	0
Interest Expense	175,135	0	0	0	(175,135)	0
<b>Total Governmental Activities:</b>	<b>\$ 21,635,878</b>	<b>\$ 537,021</b>	<b>\$ 8,281,516</b>	<b>\$ 410,056</b>	<b>(12,407,285)</b>	<b>0</b>
<b>Component Unit</b>						
Rio Gallinas Charter Schoc	\$ 1,215,019	12,654	153,146	0	0	(1,049,219)
<b>General Revenues</b>						
Taxes						
Property Taxes, Levied for General Purposes					60,019	0
Property Taxes, Levied for Capital Projects					399,695	0
Property Taxes, Levied for Debt Service					2,201,316	0
Federal and State aid not restricted to specific purpose						
General					12,377,326	731,583
Capital					0	0
Interest and investment earnings					9,008	0
Miscellaneous					197,566	4,916
Subtotal, General Revenues					<u>15,244,930</u>	<u>736,499</u>
Change in Net Position					<u>2,837,645</u>	<u>(312,720)</u>
Net Position - Beginning					20,142,623	(1,266,858)
Restatement					(14,312)	1,091,844
Restated Beginning Net Position					<u>20,128,311</u>	<u>(175,014)</u>
Net Position - Ending					<u>\$ 22,965,956</u>	<u>\$ (487,734)</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
Governmental Funds  
Balance Sheet  
June 30, 2017

	General Fund		
	Operational	Transportation	Instructional
	11000	13000	Materials 14000
<b>Assets</b>			
Cash and Cash Equivalents	\$ 180,561	\$ 41	\$ 22,574
Receivables			
Taxes	15,922	0	0
Due From Grantor	0	0	0
Interfund Balance	1,060,937	0	0
Inventory	0	0	0
Total Assets	<u>\$ 1,257,420</u>	<u>\$ 41</u>	<u>\$ 22,574</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 30,071	\$ 510	\$ 0
Interfund Balance	0	0	0
Total Liabilities	<u>30,071</u>	<u>510</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	15,069	0	0
Total Deferred Inflows of Resources	<u>15,069</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Unassigned	1,212,280	(469)	22,574
Total Fund Balances	<u>1,212,280</u>	<u>(469)</u>	<u>22,574</u>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<u>\$ 1,257,420</u>	<u>\$ 41</u>	<u>\$ 22,574</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2017

	Special Revenue	Capital Projects	
	Head Start 25127	Bond Building 31100	Debt Service 41000
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 2,567,696	\$ 1,477,138
Receivables			
Taxes	0	0	638,040
Due From Grantor	245,648	0	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 245,648</u>	<u>\$ 2,567,696</u>	<u>\$ 2,115,178</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 1,008	\$ 0	\$ 0
Interfund Balance	244,640	0	0
Total Liabilities	<u>245,648</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	607,276
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>607,276</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Improvements	0	2,567,696	0
Debt Service	0	0	1,507,902
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>2,567,696</u>	<u>1,507,902</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 245,648</u>	<u>\$ 2,567,696</u>	<u>\$ 2,115,178</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
Governmental Funds  
Balance Sheet  
June 30, 2017

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	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>		
Cash and Cash Equivalents	\$ 612,242	\$ 4,860,252
Receivables		
Taxes	119,795	773,757
Due From Grantor	952,618	1,198,266
Interfund Balance	0	1,060,937
Inventory	16,844	16,844
Total Assets	<u>\$ 1,701,499</u>	<u>\$ 7,910,056</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 79	\$ 31,668
Interfund Balance	816,297	1,060,937
Total Liabilities	<u>816,376</u>	<u>1,092,605</u>
<b>Deferred Inflows of Resources</b>		
Unavailable Revenue	114,155	736,500
Total Deferred Inflows of Resources	<u>114,155</u>	<u>736,500</u>
<b>Fund Balances</b>		
Nonspendable-Inventory	16,844	16,844
Restricted for:		
Special Revenue Funds	549,161	549,161
Capital Improvements	204,963	2,772,659
Debt Service	0	1,507,902
Unassigned	0	1,234,385
Total Fund Balances	<u>770,968</u>	<u>6,080,951</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 1,701,499</u>	<u>\$ 7,910,056</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Position  
 June 30, 2017

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Total Fund Balance - Governmental Funds \$ 6,080,951

Amounts reported for governmental activities in the Statement of Net Position are different because:

Property taxes receivable will be collected after the period of availability, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 736,500

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

Capital Assets	\$ 96,106,512	
Accumulated Depreciation	<u>(49,691,667)</u>	46,414,845

Deferred Outflows and Inflows Related to Pensions are the results of differences in expected and actual actuary experience and the difference in actuary projected and actual earnings. Also changes in proportion and differences between contributions and proportionate share of contributions.

Deferred Outflows Related to Pensions	3,309,943	
Deferred Inflows Related to Pensions	<u>(1,763,082)</u>	1,546,861

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of :

Compensated Absences	(250,260)	
Accrued Interest	(58,531)	
Bonds	(7,310,000)	
Pension Liability	<u>(24,194,410)</u>	<u>(31,813,201)</u>

Total Net Position - Governmental Activities \$ 22,965,956

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
Governmental Funds  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2017

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
<b>Revenues</b>			
Property Taxes	\$ 54,378	\$ 0	\$ 0
Interest Income	2,975	0	0
Fees	247,591	0	0
State & Local Grants	12,369,531	707,624	103,207
Federal Grants	7,795	0	0
Miscellaneous	170,621	41	92
<b>Total Revenues</b>	<b>12,852,891</b>	<b>707,665</b>	<b>103,299</b>
<b>Expenditures</b>			
Current			
Instruction	6,556,276	0	110,220
Support Services			
Students	1,581,913	0	0
Instruction	297,163	0	0
General Administration	505,464	0	0
School Administration	938,473	0	0
Central Services	361,199	0	0
Operation of Plant	2,295,547	0	0
Student Transportation	123,081	707,326	0
Other	13,212	0	0
Food Service Operations	0	0	0
Capital Outlay			0
Debt Service			
Principal	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<b>12,672,328</b>	<b>707,326</b>	<b>110,220</b>
Excess (Deficiency) of Revenues Over Expenditures	180,563	339	(6,921)
<b>Other Financial Sources (Uses)</b>			
Bond Issue	0	0	0
Transfers	(18,063)	0	0
<b>Total Other Financial Sources</b>	<b>(18,063)</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>162,500</b>	<b>339</b>	<b>(6,921)</b>
Fund Balances at Beginning of Year	1,049,780	(698)	43,697
Restatement	0	(110)	(14,202)
<b>Restated Beginning Fund Balance</b>	<b>1,049,780</b>	<b>(808)</b>	<b>29,495</b>
<b>Fund Balance End of Year</b>	<b>\$ 1,212,280</b>	<b>\$ (469)</b>	<b>\$ 22,574</b>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
Governmental Funds  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2017

	Special Revenue	Capital Projects	
	Head Start 25127	Bond Building 31100	Debt Service 41000
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 1,905,757
Interest Income	0	4,516	1,090
Fees	0	0	0
State & Local Grants	0	2,508,375	0
Federal Grants	1,819,173	0	0
Miscellaneous	0	26,812	0
Total Revenues	<u>1,819,173</u>	<u>2,539,703</u>	<u>1,906,847</u>
<b>Expenditures</b>			
Current			
Instruction	788,041	160,899	0
Support Services			
Students	595,565	0	0
Instruction	0	0	0
General Administration	30,986	61,285	19,091
School Administration	152,050	0	0
Central Services	0	0	0
Operation of Plant	94,868	5,137	0
Student Transportation	1,523	0	0
Other	0	0	0
Food Service Operations	4,991	0	0
Capital Outlay	151,149	4,517,423	0
Debt Service			
Principal	0	0	650,000
Interest	0	0	166,564
Total Expenditures	<u>1,819,173</u>	<u>4,744,744</u>	<u>835,655</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(2,205,041)</u>	<u>1,071,192</u>
<b>Other Financial Sources (Uses)</b>			
Bond Issue	0	1,700,000	0
Transfers	0	0	0
Total Other Financial Sources	<u>0</u>	<u>1,700,000</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>(505,041)</u>	<u>1,071,192</u>
Fund Balances at Beginning of Year	0	3,072,737	436,710
Restatement	0	0	0
Restated Beginning Fund Balance	<u>0</u>	<u>3,072,737</u>	<u>436,710</u>
 Fund Balance End of Year	 <u>\$ 0</u>	 <u>\$ 2,567,696</u>	 <u>\$ 1,507,902</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
Governmental Funds  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2017

	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>		
Property Taxes	\$ 343,020	\$ 2,303,155
Interest Income	427	9,008
Fees	289,430	537,021
State & Local Grants	974,422	16,663,159
Federal Grants	2,578,771	4,405,739
Miscellaneous	0	197,566
Total Revenues	<u>4,186,070</u>	<u>24,115,648</u>
<b>Expenditures</b>		
Current		
Instruction	1,462,348	9,077,784
Support Services		
Students	80,514	2,257,992
Instruction	1,069	298,232
General Administration	55,227	672,053
School Administration	156,550	1,247,073
Central Services	88,814	450,013
Operation of Plant	521,309	2,916,861
Student Transportation	0	831,930
Other	0	13,212
Food Service Operations	1,294,918	1,299,909
Capital Outlay	347,040	5,015,612
Debt Service		
Principal	0	650,000
Interest	0	166,564
Total Expenditures	<u>4,007,789</u>	<u>24,897,235</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>178,281</u>	<u>(781,587)</u>
<b>Other Financial Sources (Uses)</b>		
Bond Issue	0	1,700,000
Transfers	18,063	0
Total Other Financial Sources	<u>18,063</u>	<u>1,700,000</u>
Net Change in Fund Balances	<u>196,344</u>	<u>918,413</u>
Fund Balances at Beginning of Year	574,624	5,176,850
Restatement	0	(14,312)
Restated Beginning Fund Balance	<u>574,624</u>	<u>5,162,538</u>
Fund Balance End of Year	<u>\$ 770,968</u>	<u>\$ 6,080,951</u>

The notes to the financial statements are an integral part of this statement.



State of New Mexico  
**West Las Vegas Schools**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 To the Statement of Activities  
 June 30, 2017

Net Change in Fund Balances \$ 918,413

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

Some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.

Property Taxes Receivable, June 30, 2016	\$ (378,625)	
Property Taxes Receivable, June 30, 2017	<u>736,500</u>	357,875

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.

Depreciation Expense	(2,420,827)	
Capital Outlays	<u>5,015,612</u>	2,594,785

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position. (1,700,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 650,000

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accrued Interest, June 30, 2016	49,960	
Accrued Interest, June 30, 2017	<u>(58,531)</u>	(8,571)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences, June 30, 2016	211,373	
Compensated Absences, June 30, 2017	<u>(250,260)</u>	(38,887)

Pension contributions are reported as expenses in the government funds but are deferred outflows in the Statement of Net Position. Pension expense is reported in the Statement of Activities but not in the governmental funds.

Pension Contributions	1,268,273	
Pension Expense	<u>(1,204,243)</u>	<u>64,030</u>

Changes in Net Position of Governmental Activities \$ 2,837,645

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 General Fund-Operational-11000  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 54,000	\$ 54,000	\$ 54,337	\$ 337
Interest Income	0	0	2,975	2,975
Fees	109,026	109,026	247,591	138,565
State Grant	12,713,234	12,390,487	12,369,531	(20,956)
Federal Grant	0	0	7,795	7,795
Miscellaneous	252,304	252,304	170,621	(81,683)
<b>Total Revenues</b>	<b>13,128,564</b>	<b>12,805,817</b>	<b>12,852,850</b>	<b>47,033</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	4,735,189	4,884,717	4,649,400	235,317
Employee Benefits	1,734,515	1,733,375	1,629,657	103,719
Professional & Tech Services	11,300	15,300	13,387	1,913
Purchased Property Services	80,000	70,000	42,943	27,057
Other Purchased Services	126,900	167,950	142,679	25,271
Supplies	116,525	105,525	77,611	27,914
<b>Total Instruction</b>	<b>6,804,429</b>	<b>6,976,867</b>	<b>6,555,677</b>	<b>421,190</b>
<b>Support Services</b>				
<b>Students</b>				
Personnel Services	1,078,891	1,081,928	1,045,567	36,361
Employee Benefits	383,432	414,883	383,517	31,366
Professional & Tech Services	193,300	199,350	149,850	49,500
Purchased Property Services	2,500	2,500	506	1,994
Other Purchased Services	2,020	2,840	1,249	1,591
Supplies	8,300	8,300	3,497	4,803
<b>Total Students</b>	<b>1,668,443</b>	<b>1,709,801</b>	<b>1,584,186</b>	<b>125,615</b>
<b>Instruction</b>				
Personnel Services	204,001	207,721	184,898	22,823
Employee Benefits	66,461	78,712	70,263	8,449
Professional & Tech Services	800	800	0	800
Purchased Property Services	0	300	224	76
Other Purchased Services	550	2,337	2,230	107
Supplies	90,000	56,280	40,005	16,275
<b>Total Instruction</b>	<b>361,812</b>	<b>346,150</b>	<b>297,620</b>	<b>48,530</b>
<b>General Administration</b>				
Personnel Services	278,057	293,139	267,192	25,947
Employee Benefits	84,056	92,817	89,064	3,753
Professional & Tech Services	228,573	196,049	123,213	72,835
Other Purchased Services	12,427	31,048	26,269	4,779
Supplies	0	0	731	(731)
<b>Total General Administration</b>	<b>\$ 603,113</b>	<b>\$ 613,053</b>	<b>\$ 506,469</b>	<b>\$ 106,584</b>

State of New Mexico  
**West Las Vegas Schools**  
 General Fund-Operational-11000  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>School Administration</b>				
Personnel Services	\$ 766,790	\$ 688,489	\$ 676,185	\$ 12,304
Employee Benefits	288,028	290,891	258,870	32,021
Professional & Tech Services	5,600	5,101	1,127	3,974
Other Purchased Services	500	2,000	508	1,492
Supplies	4,000	4,000	1,871	2,129
Total School Administration	<u>1,064,918</u>	<u>990,481</u>	<u>938,561</u>	<u>51,920</u>
<b>Central Services</b>				
Personnel Services	280,169	300,566	231,718	68,848
Employee Benefits	108,159	103,673	68,779	34,894
Professional & Tech Services	10,640	11,640	6,955	4,685
Purchased Property Services	20,200	19,290	12,552	6,738
Other Purchased Services	40,200	40,338	33,656	6,682
Supplies	3,000	8,910	6,858	2,052
Supply Assets	900	900	665	235
Total Central Services	<u>463,268</u>	<u>485,317</u>	<u>361,183</u>	<u>124,134</u>
<b>Operation of Plant</b>				
Personnel Services	743,603	716,403	654,662	61,741
Employee Benefits	326,868	306,913	278,407	28,506
Professional & Tech Services	950	2,365	2,077	288
Purchased Property Services	1,046,475	936,558	797,660	138,898
Other Purchased Services	600,950	568,880	559,622	9,258
Supplies	34,057	76,630	18,570	58,060
Total Operation of Plant	<u>2,752,903</u>	<u>2,607,749</u>	<u>2,310,998</u>	<u>296,751</u>
<b>Student Transportation</b>				
Personnel Services	40,296	63,992	57,960	6,032
Employee Benefits	19,982	25,823	25,297	526
Professional & Tech Services	2,000	2,000	1,025	975
Purchased Property Services	25,000	39,060	34,271	4,789
Purchased Services	4,500	7,520	3,594	3,926
Supplies	1,000	1,300	935	365
Total Student Transportation	<u>92,778</u>	<u>139,695</u>	<u>123,082</u>	<u>16,613</u>
<b>Other Support Service</b>				
Other Support Services	<u>48,525</u>	<u>50,024</u>	<u>12,729</u>	<u>37,295</u>
Total Other Support Service	<u>48,525</u>	<u>50,024</u>	<u>12,729</u>	<u>37,295</u>
Total Support Services	<u>7,055,760</u>	<u>6,942,270</u>	<u>6,134,828</u>	<u>807,442</u>
Total Expenditures	\$ <u>13,860,189</u>	\$ <u>13,919,137</u>	\$ <u>12,690,505</u>	\$ <u>1,228,632</u>

State of New Mexico  
**West Las Vegas Schools**  
 General Fund-Operational-11000  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Excess (Deficiency) of Revenues Over Expenditures	\$ (731,625)	\$ (1,113,320)	\$ 162,345	\$ 1,275,665
Other Financing Sources (Uses)				
Transfer Out	<u>0</u>	<u>0</u>	<u>(18,546)</u>	<u>5,000</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(18,546)</u>	<u>5,000</u>
Net Change in Fund Balance	(731,625)	(1,113,320)	143,799	1,280,665
Cash Balance Beginning of Year	<u>1,097,699</u>	<u>1,097,699</u>	<u>1,097,699</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 366,074</u>	<u>\$ (15,621)</u>	<u>\$ 1,241,498</u>	<u>\$ 1,280,665</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures			\$ 143,799	
Net Change in Taxes Receivable			5,681	
Net Change in Accounts Payable			18,661	
Net Change in Deferred Revenue			<u>(5,641)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 162,500</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 General Fund-Transportation-13000  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 766,072	707,624	\$ 707,624	\$ 0
Miscellaneous	0	0	41	41
Total Revenues	<u>766,072</u>	<u>707,624</u>	<u>707,665</u>	<u>41</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Student Transportation</b>				
Personnel Services	90,296	49,234	49,234	0
Employee Benefits	24,677	10,910	10,910	0
Professional & Tech Services	12,000	0	0	0
Purchased Property Services	89,772	127,017	127,017	(0)
Other Purchased Services	516,711	501,989	501,989	0
Supplies	27,616	18,584	18,584	0
Supply Assets	5,000	0	0	0
Total Student Transportation	<u>766,072</u>	<u>707,734</u>	<u>707,734</u>	<u>(0)</u>
Total Support Services	<u>766,072</u>	<u>707,734</u>	<u>707,734</u>	<u>(0)</u>
Total Expenditures	<u>766,072</u>	<u>707,734</u>	<u>707,734</u>	<u>(0)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(110)	(69)	41
<b>Other Financing Sources (Uses)</b>				
Returned to PED	0	(110)	(110)	0
Total Other Sources (Uses)	<u>0</u>	<u>(110)</u>	<u>(110)</u>	<u>0</u>
Net Change in Fund Balance	0	(220)	(179)	41
Cash Balance Beginning of Year	<u>220</u>	<u>220</u>	<u>220</u>	<u>0</u>
Cash Balance End of Year	\$ <u>220</u>	\$ <u>0</u>	\$ <u>41</u>	\$ <u>41</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures			\$ (179)	
Net Change in Accounts Payable			408	
Net Change in Returned to PED			110	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 339</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 General Fund-Instructional Materials-14000  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 81,171	\$ 90,831	\$ 103,207	\$ 12,376
Miscellaneous	0	0	92	92
Total Revenues	<u>81,171</u>	<u>90,831</u>	<u>103,299</u>	<u>12,468</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	133,531	120,846	110,740	10,106
Total Instruction	<u>133,531</u>	<u>120,846</u>	<u>110,740</u>	<u>10,106</u>
Total Expenditures	<u>133,531</u>	<u>120,846</u>	<u>110,740</u>	<u>10,106</u>
Excess (Deficiency) of Revenues Over Expenditures	(52,360)	(30,015)	(7,441)	22,574
<b>Other Financing Sources (Uses)</b>				
Returned to PED	0	0	(14,202)	14,202
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(14,202)</u>	<u>14,202</u>
Net Change in Fund Balance	(52,360)	(30,015)	(21,643)	36,776
Cash Balance Beginning of Year	<u>44,217</u>	<u>44,217</u>	<u>44,217</u>	<u>0</u>
Cash Balance End of Year	\$ <u>(8,143)</u>	\$ <u>14,202</u>	\$ <u>22,574</u>	\$ <u>36,776</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures			\$ (21,643)	
Net Change in Accounts Payable			520	
Net Change in Returned to PED			14,202	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(6,921)</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
Special Revenue Fund-Head Start-25127  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 1,921,353	\$ 2,375,569	\$ 1,573,525	\$ (802,044)
Total Revenues	<u>1,921,353</u>	<u>2,375,569</u>	<u>1,573,525</u>	<u>(802,044)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	477,775	473,261	473,259	2
Employee Benefits	194,348	193,703	193,638	64
Professional & Tech Services	25,164	36,654	36,654	0
Purchased Property Services	5,769	7,407	6,144	1,263
Other Purchased Services	3,117	7,045	7,045	0
Supplies	27,060	45,508	30,452	15,056
Fixed Assets	78,000	40,849	0	40,849
Supply Assets	0	0	40,849	(40,849)
Total Instruction	<u>811,233</u>	<u>804,427</u>	<u>788,041</u>	<u>16,386</u>
<b>Support Services</b>				
<b>Students</b>				
Personnel Services	342,434	301,185	301,185	0
Employee Benefits	137,186	117,411	117,411	0
Professional & Tech Services	17,720	26,017	25,779	239
Other Purchased Services	14,632	78,080	78,079	1
Supplies	16,357	40,953	40,777	176
Supply Assets	23,445	32,535	32,335	200
Total Students	<u>551,774</u>	<u>596,181</u>	<u>595,565</u>	<u>616</u>
<b>General Administration</b>				
Professional & Tech Services	34,286	27,986	27,986	0
Purchased Services	3,000	3,000	3,000	0
Total General Administration	<u>37,286</u>	<u>30,986</u>	<u>30,986</u>	<u>0</u>
<b>School Administration</b>				
Personnel Services	96,235	103,000	103,000	0
Employee Benefits	37,405	38,407	38,407	0
Professional & Tech Services	7,966	10,259	7,459	2,800
Other Purchased Services	4,000	3,317	3,183	134
Supplies	210	0	0	0
Supply Assets	2,870	0	0	0
Total School Administration	<u>\$ 148,686</u>	<u>\$ 154,984</u>	<u>\$ 152,050</u>	<u>\$ 2,934</u>

State of New Mexico  
**West Las Vegas Schools**  
Special Revenue Fund-Head Start-25127  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Operation of Plant</b>				
Personnel Services	\$ 26,577	\$ 25,764	\$ 25,764	\$ 0
Employee Benefits	10,543	10,295	10,295	0
Purchased Property Services	39,202	28,297	28,297	0
Other Purchased Services	5,800	4,479	4,479	0
Supplies	5,000	8,305	7,094	1,211
Fixed Assets	3,000	86,867	62,253	24,614
Supply Assets	0	0	17,931	(17,931)
Total Operation of Plant	<u>90,122</u>	<u>164,007</u>	<u>156,112</u>	<u>7,895</u>
<b>Student Transportation</b>				
Personnel Services	582	944	944	0
Employee Benefits	49	73	73	0
Purchased Property Services	1,500	0	0	0
Supplies	150	600	507	93
Total Student Transportation	<u>2,281</u>	<u>1,617</u>	<u>1,523</u>	<u>93</u>
Total Support Services	<u>830,149</u>	<u>947,774</u>	<u>936,237</u>	<u>11,537</u>
<b>Food Service</b>				
Other Purchased Services	0	910	910	0
Supplies	6,608	4,081	4,081	0
Total Food Service	<u>6,608</u>	<u>4,991</u>	<u>4,991</u>	<u>0</u>
<b>Capital Outlay</b>				
Fixed Assets	273,363	618,377	88,896	529,481
Total Capital Outlay	<u>273,363</u>	<u>618,377</u>	<u>88,896</u>	<u>529,481</u>
Total Expenditures	<u>1,921,353</u>	<u>2,375,569</u>	<u>1,818,165</u>	<u>557,404</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(244,640)	(244,640)
Cash Balance Beginning of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(244,640)</u>	\$ <u>(244,640)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (244,640)	
Net Change in Due from Grantor			245,648	
Net Change in Accounts Payable			(1,008)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

The notes to the financial statements are an integral part of this statement.



State of New Mexico  
**West Las Vegas Schools**  
Statement of Fiduciary Assets and Liabilities-Agency Funds  
June 30, 2017

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	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ <u>272,550</u>
Total Assets	\$ <u><u>272,550</u></u>
Liabilities	
Deposits Held for Others	\$ <u>272,550</u>
Total Liabilities	\$ <u><u>272,550</u></u>

The notes to the financial statements are an integral part of this statement.

### **Summary of Significant Accounting Policies**

The financial statements of the West Las Vegas Schools (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

### **Financial Reporting Entity**

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.

GASB Statement No. 14 established criteria for determining the governmental 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 issue bonded debt.

The District has one component unit, Rio Gallinas Charter School defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. A separate audit report was issued for Rio Gallinas Charter School and can be found on the Office of State Auditor web site. 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 accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

### **Governmental Funds**

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.

General Fund - 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.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the District.

Debt Service Fund - The Debt Service Fund is used to account for all resources for, and the payment of, principal, interest and related costs.

***Fiduciary Fund Type***

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

**Major Funds**

The District reports the following major governmental funds:

**General Fund (11000)(13000)(14000).**The General Fund consist of three sub funds. The first is the Operational Fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Transportation Fund includes a state grant to provide transportation for students in the District. The Instructional Materials Fund accounts for a state grant to provide text books for students in the District.

**Special Revenue Fund**

**Head Start (25127).** To account for the promotion of school readiness by enhancing the social and cognitive development of low-income children, including children on federally recognized reservations and children of migratory farm workers, through the provision of comprehensive health, education, nutritional, social and other services; and to involve parents in their children's learning and to help parents make progress toward their educational, literacy and employment goals. Head Start also emphasizes the significant involvement of parents in the administration of the local Head start programs. Community Opportunities, Accountability, Training, and Educational Services Act of 1998, Title I, Sections 101-119.

**Capital Projects Fund**

**Bond Building (31100).** The revenues are derived from a bond debt levy. Expenditures are restricted to capital improvements.

**Debt Service Fund (41000).** To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

**Measurement Focus and Basis of Accounting**

***Government-Wide Financial Statements (GWFS)***

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, Transportation, Food Service, Special Revenue Funds such as special education as well as others., and 3) program specific capital grants and contributions.

***Fund Financial Statements (FFS)***

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

Revenues

Taxes. Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

Grants. Government mandated nonexchange transaction and voluntary nonexchange transactions. Recipients should recognize revenues in the period when all applicable eligibility requirements have been met and the resources are available.

Revenue Recognition for Grants.

Eligibility requirements for government-mandated and voluntary nonexchange transaction comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The providers offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

*Entitlement and shared revenues* (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

*Other receipts* become measurable and available when cash is received by the District and are recognized as revenue at that time.

#### Expenditures

*Salaries* are recorded as paid. Salaries for nine-month employees are paid prior to the end of the fiscal year and therefore are not accrued. Salaries for the twelve month employees payroll are accrued.

#### Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

#### Basis of Budgeting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Capital Projects and Debt Service Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

The District follows the following procedures in establishing data reflected in the financial statements:

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. 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 SBFAU.

5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District 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.

Budget comparison schedules are no longer required for non-major funds and are not included.

#### Cash and Cash Equivalents

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.

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

#### Investments

All money not immediately necessary for the public uses of the District may be invested in :

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

#### Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Cafeteria Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported 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. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

### Long-Term Liabilities

Long-Term Liabilities include bonds, pension liabilities and compensated absences that are paid for over several years. Long-Term Liabilities are included in the government wide financial statements but not in the fund financial statements. Only the current portion due within 30 days is included in the fund financial statements.

### Restricted Net Position

For the government-wide statement of net position, net positions are reported as restricted when constraints placed use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available it will first be applied to restricted resources.

### Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

### Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

### Deferred Inflow

The District reports deferred revenues on its Statement of Net Position and Fund Balance Sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

### Compensated Absences

It is the School District's policy to permit employees to accumulate earned but unused vacation, which no more than 20 days will be paid to employees upon separation from the District's service. Twelve-month employees that are full time are entitled to fourteen days of paid vacation per year. Vacation days may not accrue from one year to the next without the prior approval of the superintendent, and is accrued when incurred in the government-wide financial statements.

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. The noncurrent portion of the liability is not reported.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**A. Deposits and Investments**

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

<b>Southwest Capital Bank</b>	Balance Per Bank 6/30/17	Reconciled Balance	Type
General	\$ 5,149,303	\$ 4,856,173	Checking
Cafeteria	215,684	215,684	Checking
Athletic	18,080	18,080	Checking
Accounts Payable	446,531	38,161	Checking
Payroll Clearing	145,469	4,704	Checking
Total Deposited	<u>5,975,067</u>	<u>\$ 5,132,802</u>	
Less: FDIC Coverage	(250,000)		
Uninsured Amount	5,725,067		
50% collateral requirement	2,862,534		
Pledged securities	3,500,000		
Over (Under) requirement	<u>\$ 637,467</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

The following securities are pledged at **The Southwest Capital Bank**:

<u>Description</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
Letter of Credit #4305000001	\$ 3,500,000	01/25/2018	District
Letter of Credit #4305000002	600,000	01/25/2018	District
	<u>\$ 3,500,000</u>		

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	3,500,000
Uninsured and uncollateralized	2,225,067
Total Deposits	\$ <u>5,975,067</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2017 \$2,225,067 of the District's balance of \$5,975,067 was exposed to custodial risk.

**Component Unit**

**A. Deposits and Investments**

The Charter is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

**Southwest Capital Bank**

<u>Name of Account</u>	<u>Balance Per Bank 6/30/17</u>	<u>Reconciled Balance</u>	<u>Type</u>
Rio Gallinas School for Ecology and the Arts	\$ 213,199	\$ 169,142	Checking
Total Deposited	213,199	<u>169,142</u>	
Less: FDIC Coverage	<u>(213,199)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	\$ <u>0</u>		

The Net Position reports cash of \$166,516 and the above schedule reports cash of \$169,142 for a difference of \$2,626 which is the balance of the student activity accounts held by Rio Gallinas Charter School.

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Balance</u>
Collateralized:	
Insured	213,199
Total Deposits	\$ <u>213,199</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2017 none of the Charter's balance of \$213,199 was exposed to custodial risk.

**B. Receivables**

Following is a schedule of property taxes receivable as of June 30, 2017:

	General Fund	Debt Service	Other Governmental	Total
Property Tax Available	\$ 853	\$ 30,764	\$ 5,640	\$ 37,257
Unavailable and Deferred	15,069	607,276	114,155	736,500
Total Property Taxes Receivable	<u>\$ 15,922</u>	<u>\$ 638,040</u>	<u>\$ 119,795</u>	<u>\$ 773,757</u>

Amounts due from other agencies and units of government were as follows as of June 30, 2016:

	Other Governmental	Total
Federal Agencies	\$ 776,344	\$ 776,344
State Agencies	421,922	421,922
Total	<u>\$ 1,198,266</u>	<u>\$ 1,198,266</u>

**C. Interfund Receivables, Payables and Transfers**

Interfund balances during the year ending June 30, 2017 were as follows:

Due to General Fund from:	
Head Start	\$ 245,648
Other Governmental Funds	815,289
Totals	<u>\$ 1,060,937</u>

Short term loans from the General Fund to the above funds were to cover costs during the year until the grant revenue is received. The loans will be repaid within one year.

**D. Capital Assets**

Capital Assets Balances and Activity for the Year Ended June 30, 2017, is as follows:

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 972,505	\$ 0	\$ 0	\$ 972,505
Construction in Progress	835,340	4,165,617	(452,788)	4,548,169
Total Capital Assets not being Depreciated	<u>1,807,845</u>	<u>4,165,617</u>	<u>(452,788)</u>	<u>5,520,674</u>
Capital Assets, being Depreciated				
Buildings & Improvements	74,912,035	515,607	0	75,427,642
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	14,371,020	787,176	0	15,158,196
Total Capital Assets, being Depreciated	<u>89,283,055</u>	<u>1,302,783</u>	<u>0</u>	<u>90,585,838</u>
Total Capital Assets	<u>\$ 91,090,900</u>	<u>\$ 5,468,400</u>	<u>\$ (452,788)</u>	<u>\$ 96,106,512</u>

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**Less Accumulated Depreciation**

Buildings & Improvements	\$ 33,864,127	\$ 2,225,081	\$ 0	\$ 36,089,208
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	13,406,713	195,746	0	13,602,459
Total Accumulated Depreciation	<u>47,270,840</u>	<u>2,420,827</u>	<u>0</u>	<u>49,691,667</u>
Capital Assets, net	\$ <u>43,820,060</u>	\$ <u>3,047,573</u>	\$ <u>(452,788)</u>	\$ <u>46,414,845</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ <u>2,420,827</u>
Total Depreciation Expenses	\$ <u><u>2,420,827</u></u>

**Component Unit**

**D. Capital Assets**

Capital Assets Balances and Activity for the Year Ended June 30, 2017, is as follows:

	Balance 6/30/16	Increases	Decreases	Balance 6/30/17
<b>Governmental Activities</b>				
Capital Assets, being Depreciated				
Buildings Improvements	\$ 29,249	\$ 0	\$ 0	\$ 29,249
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	144,846	0	0	144,846
Total Capital Assets, being Depreciated	<u>174,095</u>	<u>0</u>	<u>0</u>	<u>174,095</u>
Total Capital Assets	\$ <u>174,095</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>174,095</u>
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements	\$ 12,309	\$ 1,067	\$ 0	\$ 13,376
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	143,717	3,605	0	147,322
Total Accumulated Depreciation	<u>156,026</u>	<u>4,672</u>	<u>0</u>	<u>160,698</u>
Capital Assets, net	\$ <u>18,069</u>	\$ <u>(4,672)</u>	\$ <u>0</u>	\$ <u>13,397</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ <u>4,672</u>
Total Depreciation Expenses	\$ <u><u>4,672</u></u>

**E. Long-Term Debt and Other Liabilities**

A summary of activity in the Long-Term Debt is as follows:

	Balance 6/30/16	Additions	Reductions	Balance 6/30/17	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 7,260,000	\$ 1,700,000	\$ 1,650,000	\$ 7,310,000	\$ 1,375,000
Total Bonds	<u>7,260,000</u>	<u>1,700,000</u>	<u>1,650,000</u>	<u>7,310,000</u>	<u>1,375,000</u>
Other Liabilities					
Compensated					
Absences	211,372	75,337	36,449	250,260	250,260
Total Other					
Liabilities	<u>211,372</u>	<u>75,337</u>	<u>36,449</u>	<u>250,260</u>	<u>250,260</u>
Long-Term Liabilities	<u>\$ 7,471,372</u>	<u>\$ 1,775,337</u>	<u>\$ 1,686,449</u>	<u>\$ 7,560,260</u>	<u>\$ 1,625,260</u>

Payments on the general obligation bonds are made by the Debt Service Funds. The compensated absences liability will ultimately be liquidated by several of the District's governmental funds, with most being paid by the General Fund.

General Obligation Bonds.

The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

Series	Original Amount	Maturity Date	Interest Rate	Balance
2005	1,200,000	12/01/2018	3.75%	\$ 235,000
2010 B	775,000	08/15/2017	2.95%	475,000
2011	1,200,000	08/15/2019	2.50%	950,000
2012	975,000	10/01/2019	1.80%	825,000
2013	80,000	08/15/2025	2.20%	750,000
2014	1,000,000	08/15/2026	2.50%	890,000
2015	1,500,000	08/15/2027	2.00%	1,485,000
2016	1,700,000	08/15/2028	2-2.5%	1,700,000
				<u>\$ 7,310,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,375,000	\$ 148,827	\$ 1,523,827
2019	1,170,000	121,629	1,291,629
2020	1,200,000	94,821	1,294,821
2021	460,000	75,179	535,179
2022	485,000	64,031	549,031
2023-2027	2,200,000	163,151	2,363,151
2028-2029	420,000	7,750	427,750
Total	<u>\$ 7,310,000</u>	<u>\$ 675,388</u>	<u>\$ 7,985,388</u>

**F. Commitments**

The District is involved in a major renovation of the Middle School and repairs campus wide.

**G. Retirement Plan**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

**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.

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

**Benefits.** 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
- \*The member has service credit totaling 25 years or more.

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

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

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

- \*The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.
- \*The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits.
- \*The member's age is 67, and has earned 5 or more years of service credit.

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

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

Option A. Straight Life Benefit. The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.

Option B. Joint 100% Survivor Benefit. The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

Option C. Joint 50% Survivor Benefit. The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A. The member's increased monthly benefit commences in the month following the beneficiary's death.

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

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

\*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.



State of New Mexico  
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Notes to the Financial Statements  
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**Contributions.** For the fiscal year ended June 30, 2017 educational employers contributed to the Plan based on the following rate schedule.

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

There was no change in the rates from the previous year.

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 the employee and employer contributions were \$2,216,006 and \$106,039 for the component unit.

**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 \$24,194,410 and \$1,305,433 was reported for the component unit for their 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, 2015. 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 as 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 0.3362%, which was a decrease of 0.02214% and the component unit's proportion was 0.01814%, which was a decrease of 0.00526% from their proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the District recognized pension expense of \$1,204,243 and the component unit recognized a pension expense of \$404,847. At the June 30, 2017, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 104,964	\$ 230,119
Net difference between projected and actual earnings on pension plan investments	1,444,205	0
Changes of assumptions	492,501	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	0	1,532,963
District's contributions subsequent to the measurement date	1,268,273	0
Total	\$ <u>3,309,943</u>	\$ <u>1,763,082</u>

State of New Mexico  
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Notes to the Financial Statements  
June 30, 2017

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\$1,268,273 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2018	\$ (565,541)
2019	(144,001)
2020	635,947
2021	352,183
Total	<u>\$ 278,588</u>

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

Inflation	3.00%
Salary Increases	Composed of 3% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service.
Investment Rate of Return	7.75% compounded annually, net of expenses. This is made up of a 3.00% inflation rate and a 4.75 real rate of return. The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.
Average of Expected Remaining Service Lives	3.77 years.
Mortality	<p>Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB. Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.

Cost-of-Living Increases	2% per year, compounded annually.
Payroll Growth	3.5% per year (with no allowance for membership growth).
Contribution Accumulation	5.5% increase per year for all years prior to the valuation date. (Contributions are credited with 4.0% interest, compounded annually, applicable to the account balance in the past as well as the future).
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.

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

The long-term expected rate of return on pension plan 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 Rate of Return
Equities	35%	
Fixed Income	28%	
Alternatives	36%	
Cash	1%	
	100%	7.75%

**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 period of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability.** 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% lower (6.75 percent) or 1% higher (8.75percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Districts' proportionate share of the net pension liability	\$ 32,044,934	\$ 24,194,410	\$ 17,680,693

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

**H. Retiree Health Care**

**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 the 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. 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, 2015, 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, 2015, 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 \$182,668, \$192,459, and \$192,671 respectively, which equal the required contributions for each year.

**I. Reconciliation of Budgetary Basis to GAAP Basis Statements**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

The reconciliation of budgetary basis to GAAP basis statements are located at the bottom of each budget actual.

**J. 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.

**K. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Contract School Bus Coverage; and Crime

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

**L. Joint Powers Agreements**

The District is part of a joint powers agreement with the Northeast Regional Center Cooperative (NEREC). NEREC is a regional cooperative center that operates as an agency for participating school districts and provides cooperative services as its primary service.

The purpose of the agreement is to provide supplementary special education services to local education agencies utilizing federal PL 94-142 funds.

The agreement is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The financial statements for the REC were prepared by an IPA. The audit report is available at the REC located in Las Vegas, New Mexico and at [www.saonm.org](http://www.saonm.org).

**M. 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.

**N. Subsequent Events**

Subsequent events were evaluated through October 6, 2017 which is the date the financial statements were available to be issued.

**O. Restatements**

The following fund balances were restated:

		<u>Reason</u>
Transportation-13000	\$ (110)	Funds returned to PED
Instructional Materials-14000	<u>(14,202)</u>	Funds returned to PED
	<u>\$ (14,312)</u>	

The Net Position was restated:

Fund Balance Restatements	\$ <u>(14,312)</u>
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Component Unit Restatements

Fund Balance was restated \$(920) for Instructional Materials-14000 for funds returned to PED.

Net Position was restated \$1,091,844 for the following:

Deferred Outflows related to pension	\$ 1,099,244
Deferred Inflows related to pension	64,985
Pension Liability	(71,465)
Instructional Materials-Returned to PED	<u>(920)</u>
	<u>\$ 1,091,844</u>

**P. Fund Deficient Balances**

Transportation-13000 has a deficient fund balance of \$(469).

**Q. Subsequent Pronouncements**

GASB Statement No. 85, Omnibus 2017. Issued 06/17. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. Of the ten topics, only the following will apply to this District:

- \*Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus.
- \*Recognizing on-behalf payments for pensions or OPEB in employer financial statements.
- \*Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB.
- \*Classifying employer-paid member contributions for OPEB.
- \*Simplifying certain aspects of the alternative measurement method for OPEB.
- \*Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The District is still evaluating how this pronouncement will affect the financial statements.

GASB Statement No. 86, Certain Debt Extinguishment Issues. Issued 05/17. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

GASB Statement No. 87, Leases. Issued 06/17. Effective Date: For reporting periods beginning after December 15, 2019. The District is still evaluating how this pronouncement will affect the financial statements.

**Supplemental Information Related to  
Major Funds**



State of New Mexico

**West Las Vegas Schools**

Capital Projects Fund-Bond Building-31100

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Bond Issue	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	\$ 0
Interest Income	0	0	4,516	(4,516)
Total Revenues	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,704,516</u>	<u>(4,516)</u>
<b>Expenditures</b>				
<b>Support Services</b>				
General Administration				
Bond Issue Cost	0	0	61,285	(61,285)
Total General Administration	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 61,285</u>	<u>\$ (61,285)</u>
<b>Capital Outlay</b>				
Professional & Tech Services	400,000	450,000	157,808	292,192
Other Purchased Services	3,608,232	3,488,232	1,342,587	2,145,645
Supplies	1,000	131,000	0	131,000
Software	0	0	120,976	(120,976)
Land Improvements	225,455	703,505	8,482	695,023
Fixed Assets	0	0	402,745	(402,745)
Supply Assets	0	0	41,471	(41,471)
Total Capital Outlay	<u>4,234,687</u>	<u>4,772,737</u>	<u>2,074,069</u>	<u>2,698,668</u>
Total Expenditures	<u>4,234,687</u>	<u>4,772,737</u>	<u>2,135,354</u>	<u>2,637,383</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,534,687)	(3,072,737)	(430,838)	2,641,899
<b>Other Financing Sources (Uses)</b>				
Premium	0	0	26,812	5,000
Returned to PSFA	0	0	(101,015)	5,000
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(74,203)</u>	<u>5,000</u>
Net Change in Fund Balance	(2,534,687)	(3,072,737)	(505,041)	2,646,899
Cash Balance Beginning of Year	<u>3,072,737</u>	<u>3,072,737</u>	<u>3,072,737</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 538,050</u>	<u>\$ 0</u>	<u>\$ 2,567,696</u>	<u>\$ 2,646,899</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (505,041)</u>	
Net Change in Fund Balances			<u>\$ (505,041)</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
Debt Service-41000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 1,704,034	\$ 1,704,034	\$ 1,908,844	\$ 204,810
Interest Income	0	0	1,091	1,091
Total Revenues	<u>1,704,034</u>	<u>1,704,034</u>	<u>1,909,935</u>	<u>205,901</u>
<b>Expenditures</b>				
<b>Support Services</b>				
General Administration				
Professional & Tech Services	17,030	22,030	19,093	2,937
Total General Administration	<u>17,030</u>	<u>22,030</u>	<u>19,093</u>	<u>2,937</u>
Total Support Service	<u>17,030</u>	<u>22,030</u>	<u>19,093</u>	<u>2,937</u>
<b>Debt Service</b>				
Principal	1,650,000	1,650,000	1,650,000	0
Interest	182,713	182,713	182,713	0
Total Debt Service	<u>1,832,713</u>	<u>1,832,713</u>	<u>1,832,713</u>	<u>0</u>
Total Expenditures	<u>1,849,743</u>	<u>1,854,743</u>	<u>1,851,806</u>	<u>2,937</u>
Excess (Deficiency) of Revenues Over Expenditures	(145,709)	(150,709)	58,129	208,838
Cash Balance Beginning of Year	<u>1,419,009</u>	<u>1,419,009</u>	<u>1,419,009</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,273,300</u>	<u>\$ 1,268,300</u>	<u>\$ 1,477,138</u>	<u>\$ 208,838</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures			\$ 58,129	
Net Change in Taxes Receivable			292,472	
Net Change in Current Principal Due			1,000,000	
Net Change in Current Interest Due			16,150	
Net Change in Deferred Revenue			(295,559)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,071,192</u>	

The notes to the financial statements are an integral part of this statement.

**Supplemental Information Related to  
Nonmajor Funds**

**Nonmajor Special Revenue Funds**

**Food Service (21000).** To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

**Athletics (22000).** To account for revenue and expenditures associated with the District's budgeted athletic activities. (NMAC 6.20.2).

**Title I (24101)(24162).** To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

**IDEA B (24106)(24120)(24132).** 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 the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

**IDEA Preschool (24109).** To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

**Fresh Fruit & Vegetables (24118).** To account for a Federal grant to provide a variety of free fresh fruits and vegetables to children to help create a healthier school environment. Funding is authorized by the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Act, signed in November 2005, Public Law 109-97.

**English Language Acquisition (24153).** To account for the educational performance of limited English proficient students by assisting the children to learn English and meet state academic content standards. (Resolution R-98-33)

**Improving Teacher Quality (24154).** To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

**Rural and Low Income Schools (24160).** To account for and encourage eligible entities to provide or maintain a guarantee to eligible low income students who obtain a secondary diploma, of the financial assistance necessary to permit the student to attend an institution of higher education; and provide additional support services to students who are at risk of dropping out of school. Higher Education Act, Title IV, Part A, Subpart 2, Chapter 2, Public Law 105-244

**Youth Resiliency Project (24186).** To account for the promotion of protective factors and risk behaviors that contribute to the leading causes of death, disability, and social problems among youth and adults. The fund was created by the authority of federal grant provisions.

**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. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

**NM Community Foundation (26176).** To account for a health education/obesity prevention program that will serve 1,596 elementary school students from 13 schools in two districts in rural New Mexico. The goal of the program is to mobilize resources and sustain a community wide focus on lifelong physical fitness and health. The fund was created by the authority of grant provisions.

**Dual Credit Instructional Materials (27103).** To provide financial assistance to purchased instructional materials for the college classes offered to students who are taking them for dual credits. The fund was created by the authority of state grant provisions.

**GO Library Books (27107).** To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

**NM Reads to Lead (27114).** To account for revenue and expenditures received from a state grant for the purpose of improving skills of young students in the area of reading. The fund was created by the authority of state grant provisions.

**Pre-K Initiative (27149).** To account for revenue and expenditures received from... The fund was created by the authority of state grant provisions.

**Breakfast for Elementary (27155).** To account for Student wellness enhancement by more students eating a nutritious breakfast; especially school breakfast. The 2009 Dairy MAX School Wellness through Expanding Breakfast Grant Program can help your schools begin new expanded breakfast programs to improve student access to nutritious meal and also the grant can help your district fund the tactics of your district wellness policy. The fund was created by grant provisions.

**Kindergarten 3 Plus (27166).** To account for funds received to provide the opportunity for the district to address early literacy. The full-day kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading. The fund was created by grant provisions.

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

**NM Grown Fruit & Vegetables (27183).** To account for a state grant to purchase only NM grown fruit and vegetables to be used in the Food Service program. The fund was created by grant provisions.

**NMDOT (28120).** To account for a state grant from NMDOT to fund a parking lot and bus area improvements. The fund was created by grant provisions.

**Local Projects (29102).** To account for various small private grants to be used as specified in the grant. The fund was created by grant provisions.

**Teen Pregnancy (29103).** To account for revenues and expenditures to provide an adolescent pregnancy prevention program at West Las Vegas School District Middle School in the after-school hours using Teen Outreach Prevention Curriculum (TOP). The fund was created by provision in a contract.

**Nonmajor Capital Projects Fund**

**Special Capital Outlay-State (31400).** To account for a state grant to pay for capital improvements.

**Senate Bill Nine-State (31700).** The revenues are derived from a district tax levy and matched by the State. Expenditures are restricted to capital improvements.

**Senate Bill Nine-Local (31701).** The revenues are derived from a district tax levy. Expenditures are restricted to capital improvements, repairs and maintenance, supplies and supply assets used in the upkeep of the facilities.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	Title I 24101
<b>Assets</b>			
Cash and Cash Equivalents	\$ 216,358	\$ 18,305	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	136,321	0	139,806
Inventory	16,844	0	0
Total Assets	<u>\$ 369,523</u>	<u>\$ 18,305</u>	<u>\$ 139,806</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 79	\$ 0	\$ 0
Interfund Balance	0	0	139,806
Total Liabilities	<u>79</u>	<u>0</u>	<u>139,806</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	16,844	0	0
Restricted for:			
Special Revenue	352,600	18,305	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>369,444</u>	<u>18,305</u>	<u>0</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 369,523</u>	<u>\$ 18,305</u>	<u>\$ 139,806</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	IDEA B Entitlement 24106	IDEA Preschool 24109	Fresh Fruit & Vegetables 24118
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	159,722	2,974	11,093
Inventory	0	0	0
Total Assets	<u>\$ 159,722</u>	<u>\$ 2,974</u>	<u>\$ 11,093</u>
<b>Liabilities and Fund Balance</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	159,722	2,974	11,093
Total Liabilities	<u>159,722</u>	<u>2,974</u>	<u>11,093</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 159,722</u>	<u>\$ 2,974</u>	<u>\$ 11,093</u>

The notes to the financial statements are an integral part of this statement.



State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	IDEA B Risk Pool 24120	IDEA B Results Plan 24132	English Language Acquisition 24153
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	0	6,972	22,853
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 6,972</u>	<u>\$ 22,853</u>
<b>Liabilities and Fund Balance</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	6,972	22,853
Total Liabilities	<u>0</u>	<u>6,972</u>	<u>22,853</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 0</u>	 <u>\$ 6,972</u>	 <u>\$ 22,853</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	Teacher Principal Training and Recruiting 24154	Rural and Low Income Schools 24160	Title I School Improvements 24162
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	34,327	6,591	8,820
Inventory	0	0	0
Total Assets	<u>\$ 34,327</u>	<u>\$ 6,591</u>	<u>\$ 8,820</u>
<b>Liabilities and Fund Balance</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	34,327	6,591	8,820
Total Liabilities	<u>34,327</u>	<u>6,591</u>	<u>8,820</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 34,327</u>	 <u>\$ 6,591</u>	 <u>\$ 8,820</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	<u>Special Revenue Fund</u>		
	Youth Resiliency Project 24186	Medicaid 25153	NM Community Foundation 26176
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 155,270	\$ 372
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	1,217	0	0
Inventory	0	0	0
Total Assets	<u>\$ 1,217</u>	<u>\$ 155,270</u>	<u>\$ 372</u>
<b>Liabilities and Fund Balance</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	1,217	0	0
Total Liabilities	<u>1,217</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	155,270	372
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>155,270</u>	<u>372</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 1,217</u>	 <u>\$ 155,270</u>	 <u>\$ 372</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	Dual Credit Instructional Materials 27103	GO Student Library 27107	NM Reads to Lead 27114
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	0	1,069	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 1,069</u>	<u>\$ 0</u>
<b>Liabilities and Fund Balance</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	1,069	0
Total Liabilities	<u>0</u>	<u>1,069</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 0</u>	 <u>\$ 1,069</u>	 <u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	Pre-K Initiative 27149	Breakfast for Elementary 27155	Kindergarten 3 Plus 27166
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	53,610	733	53,796
Inventory	0	0	0
Total Assets	<u>\$ 53,610</u>	<u>\$ 733</u>	<u>\$ 53,796</u>
<b>Liabilities and Fund Balance</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	53,610	733	53,796
Total Liabilities	<u>53,610</u>	<u>733</u>	<u>53,796</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 53,610</u>	 <u>\$ 733</u>	 <u>\$ 53,796</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	School Bus 27178	NM Grown Fruit & Vegetables 27183	NMDOT 28120
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	83,301	0	0
Inventory	0	0	0
Total Assets	<u>\$ 83,301</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Liabilities and Fund Balance</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	83,301	0	0
Total Liabilities	<u>83,301</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 83,301</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>
	Private Grant 29102	Teen Pregnancy 29103	Special Capital Outlay State 31400
<b>Assets</b>			
Cash and Cash Equivalents	\$ 500	\$ 22,114	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	0	0	54,891
Inventory	0	0	0
Total Assets	<u>\$ 500</u>	<u>\$ 22,114</u>	<u>\$ 54,891</u>
<b>Liabilities and Fund Balance</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	54,891
Total Liabilities	<u>0</u>	<u>0</u>	<u>54,891</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	500	22,114	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>500</u>	<u>22,114</u>	<u>0</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 500</u>	 <u>\$ 22,114</u>	 <u>\$ 54,891</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	<u>Capital Projects Funds</u>		
	<u>Senate Bill Nine-State 31700</u>	<u>Senate Bill Nine-Local 31701</u>	<u>Total</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 199,323	\$ 612,242
Receivables			
Taxes Receivable	0	119,795	119,795
Due From Grantor	174,522	0	952,618
Inventory	0	0	16,844
Total Assets	<u>\$ 174,522</u>	<u>\$ 319,118</u>	<u>\$ 1,701,499</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	79
Interfund Balance	174,522	0	816,297
Total Liabilities	<u>174,522</u>	<u>0</u>	<u>816,376</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	114,155	114,155
Total Deferred Inflows of Resources	<u>0</u>	<u>114,155</u>	<u>114,155</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	16,844
Restricted for:			
Special Revenue	0	0	549,161
Capital Projects	0	204,963	204,963
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>204,963</u>	<u>770,968</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 174,522</u>	<u>\$ 319,118</u>	<u>\$ 1,701,499</u>

The notes to the financial statements are an integral part of this statement.



State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	Title I 24101
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	402	25	0
Fees	13,719	53,398	0
State & Local Grants	0	0	0
Federal Grants	1,349,111	0	578,976
Total Revenues	<u>1,363,232</u>	<u>53,423</u>	<u>578,976</u>
<b>Expenditures</b>			
Current			
Instruction	0	53,015	394,904
Support Services			
Students	0	0	2,113
Instruction	0	0	0
General Administration	0	0	26,370
School Administration	0	0	127,064
Central Services	55,751	0	28,525
Operation of Plant	0	0	0
Food Service Operations	1,243,758	0	0
Capital Outlay	15,151	0	0
Total Expenditures	<u>1,314,660</u>	<u>53,015</u>	<u>578,976</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>48,572</u>	<u>408</u>	<u>0</u>
<b>Other Financial Sources (Uses)</b>			
Transfers	0	0	0
Total Other Financial Sources	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	48,572	408	0
Fund Balances at Beginning of Year	<u>320,872</u>	<u>17,897</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 369,444</u>	<u>\$ 18,305</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Funds		
	IDEA B Entitlement 24106	IDEA Preschool 24109	Fresh Fruit & Vegetables 24118
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	362,434	10,190	39,517
Total Revenues	<u>362,434</u>	<u>10,190</u>	<u>39,517</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	336,468	9,946	0
Support Services			
Students	9,262	0	0
Instruction	0	0	0
General Administration	16,704	244	0
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	39,517
Capital Outlay	0	0	0
Total Expenditures	<u>362,434</u>	<u>10,190</u>	<u>39,517</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other Financial Sources (Uses)</b>			
Transfers	0	0	0
Total Other Financial Sources	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Funds		
	IDEA B Risk Pool 24120	IDEA B Results Plan 24132	English Language Acquisition 24153
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	0	19,699	26,372
Total Revenues	<u>0</u>	<u>19,699</u>	<u>26,372</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	19,699	25,926
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	446
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>0</u>	<u>19,699</u>	<u>26,372</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other Financial Sources (Uses)</b>			
Transfers	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financial Sources	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Funds		
	Teacher Principal Training and Recruiting 24154	Rural and Low Income Schools 24160	Title I School Improvements 24162
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	89,924	37,136	62,769
<b>Total Revenues</b>	<u>89,924</u>	<u>37,136</u>	<u>62,769</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	80,688	35,428	62,769
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	3,111	1,708	0
School Administration	1,587	0	0
Central Services	4,538	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
<b>Total Expenditures</b>	<u>89,924</u>	<u>37,136</u>	<u>62,769</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other Financial Sources (Uses)</b>			
Transfers	0	0	0
<b>Total Other Financial Sources</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	0	0
<b>Fund Balances at Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Fund		
	Youth Resiliency Project 24186	Medicaid 25153	NM Community Foundation 26176
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	222,313	0
State & Local Grants	0	0	0
Federal Grants	2,643	0	0
Total Revenues	<u>2,643</u>	<u>222,313</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	2,643	0	41
Support Services			
Students	0	66,714	0
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>2,643</u>	<u>66,714</u>	<u>41</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>155,599</u>	<u>(41)</u>
<b>Other Financial Sources (Uses)</b>			
Transfers	0	0	0
Total Other Financial Sources	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	155,599	(41)
Fund Balances at Beginning of Year	<u>0</u>	<u>(329)</u>	<u>413</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 155,270</u>	<u>\$ 372</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Funds		
	Dual Credit Instructional Materials 27103	GO Student Library 27107	NM Reads to Lead 27114
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State & Local Grants	6,441	1,069	0
Federal Grants	0	0	0
Total Revenues	<u>6,441</u>	<u>1,069</u>	<u>0</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	6,441	0	0
Support Services			
Students	0	0	0
Instruction	0	1,069	0
General Administration	0	0	0
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>6,441</u>	<u>1,069</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other Financial Sources (Uses)</b>			
Transfers	0	0	0
Total Other Financial Sources	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Funds		
	Pre-K Initiative 27149	Breakfast for Elementary 27155	Kindergarten 3 Plus 27166
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State & Local Grants	285,643	11,643	129,302
Federal Grants	0	0	0
Total Revenues	<u>285,643</u>	<u>11,643</u>	<u>129,302</u>
<b>Expenditures</b>			
Current			
Instruction	282,437	0	119,466
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	3,206	0	0
School Administration	0	0	27,899
Central Services	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	11,643	0
Capital Outlay	0	0	0
Total Expenditures	<u>285,643</u>	<u>11,643</u>	<u>147,365</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>(18,063)</u>
Other Financial Sources (Uses)			
Transfers	0	0	18,063
Total Other Financial Sources	<u>0</u>	<u>0</u>	<u>18,063</u>
Net Change in Fund Balances	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Funds		
	School Bus 27178	NM Grown Fruit & Vegetables 27183	NMDOT 28120
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State & Local Grants	83,301	0	10,622
Federal Grants	0	0	0
<b>Total Revenues</b>	<u>83,301</u>	<u>0</u>	<u>10,622</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	0	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Capital Outlay	83,301	0	10,622
<b>Total Expenditures</b>	<u>83,301</u>	<u>0</u>	<u>10,622</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other Financial Sources (Uses)</b>			
Transfers	0	0	0
<b>Total Other Financial Sources</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	0	0
<b>Fund Balances at Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.



State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Funds		Capital Projects Fund
	Private Grant 29102	Teen Pregnancy 29103	Special Capital Outlay State 31400
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State & Local Grants	1,058	45,909	84,220
Federal Grants	0	0	0
Total Revenues	<u>1,058</u>	<u>45,909</u>	<u>84,220</u>
<b>Expenditures</b>			
Current			
Instruction	0	32,477	0
Support Services			
Students	0	2,425	0
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	84,220
Total Expenditures	<u>0</u>	<u>34,902</u>	<u>84,220</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,058</u>	<u>11,007</u>	<u>0</u>
Other Financial Sources (Uses)			
Transfers	0	0	0
Total Other Financial Sources	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	1,058	11,007	0
Fund Balances at Beginning of Year	<u>(558)</u>	<u>11,107</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 500</u>	<u>\$ 22,114</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico  
**West Las Vegas Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	<u>Capital Projects Funds</u>		
	Senate Bill Nine-State 31700	Senate Bill Nine-Local 31701	Total
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 343,020	\$ 343,020
Interest Income	0	0	427
Fees	0	0	289,430
State & Local Grants	315,214	0	974,422
Federal Grants	0	0	2,578,771
Total Revenues	<u>315,214</u>	<u>343,020</u>	<u>4,186,070</u>
<b>Expenditures</b>			
Current			
Instruction	0	0	1,462,348
Support Services			
Students	0	0	80,514
Instruction	0	0	1,069
General Administration	0	3,438	55,227
School Administration	0	0	156,550
Central Services	0	0	88,814
Operation of Plant	164,568	356,741	521,309
Food Service Operations	0	0	1,294,918
Capital Outlay	150,646	3,100	347,040
Total Expenditures	<u>315,214</u>	<u>363,279</u>	<u>4,007,789</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(0)</u>	<u>(20,259)</u>	<u>178,281</u>
<b>Other Financial Sources (Uses)</b>			
Transfers	0	0	18,063
Total Other Financial Sources	<u>0</u>	<u>0</u>	<u>18,063</u>
Net Change in Fund Balances	(0)	(20,259)	196,344
Fund Balances at Beginning of Year	0	225,222	574,624
Fund Balance End of Year	<u>\$ (0)</u>	<u>\$ 204,963</u>	<u>\$ 770,968</u>

The notes to the financial statements are an integral part of this statement.

**Required Supplemental Information**

State of New Mexico  
**West Las Vegas Schools**  
Schedules of Required Supplementary Information  
For the Year Ended June 30, 2017

**Schedule of the District's Proportionate Share of the Net Pension**

Last 10 Fiscal Years*	Fiscal Year Measurement Date	June 30,		
		2015 2014	2016 2015	2017 2016
District's proportion of the net pension liability		0.37403%	0.33986%	0.33986%
District's proportionate share of the net pension liability	\$	21,341,136	\$ 22,013,637	\$ 22,013,637
District's covered-employee payroll	\$	10,309,633	\$ 9,279,267	\$ 9,124,269
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		207.00%	237.23%	241.26%
Plan fiduciary net position as a percentage of the total		66.54%	63.97%	61.58%

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

**Schedule of District's Contributions**

Last 10 Fiscal Years*	June 30,		
	2014	2015	2016
Contractually required contribution	\$ 1,342,498	\$ 1,316,800	\$ 1,268,273
Contributions in relation to the contractually required	1,342,498	1,316,800	1,268,273
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0
District's covered-employee payroll	9,658,259	9,473,381	9,124,269
Contributions as a percentage of covered-employee payroll	13.90%	13.90%	13.90%

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

**Notes to Required Supplementary Information**

**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.

The notes to the financial statements are an integral part of this statement.

## Other Supplemental Information

**Activity Trust Fund**

To account for funds of various student groups that are custodial in nature.

State of New Mexico  
**West Las Vegas Schools**  
Agency Funds - Activity  
Schedule of Fiduciary Assets and Liabilities-Agency Funds  
For the Year Ended June 30, 2017

	Balance 6/30/16	Receipts	Expenditures	Balance 6/30/17
<b>Assets</b>				
<b>Administration</b>				
Car Usage	\$ 6,494	\$ 89,202	\$ 590	\$ 95,107
School Board Student Incentive	15,253	0	3,850	11,402
Head Start Administration	383	0	311	72
Family Partnership	543	0	14	529
Pre-K Program	745	0	200	545
Rio Gallinas Charter	829	0	0	829
	<u>24,246</u>	<u>89,202</u>	<u>4,964</u>	<u>108,483</u>
<b>Scholarships</b>				
BJ Gonzales Scholarship	4,296	7,180	2,000	9,476
Orlando Espinoza Scholarship	5,740	1,478	4,250	2,968
Justin Roper Scholarship	1,000	1,000	500	1,500
Fabian Trujillo Scholarship	500	500	750	250
Summit Scholarships	16,175	4,750	4,000	16,925
	<u>27,711</u>	<u>14,908</u>	<u>11,500</u>	<u>31,119</u>
<b>Elementary Schools</b>				
Armijo Elementary	9,045	7,209	7,102	9,152
Martinez Elementary	10,489	24,111	25,187	9,413
Tony Serna Elementary	6,805	18,757	19,644	5,918
Union Elementary	4,761	20,748	17,582	7,927
	<u>31,100</u>	<u>70,825</u>	<u>69,516</u>	<u>32,409</u>
<b>High School</b>				
Administration	17,711	13,372	14,808	16,275
Band	(246)	1,176	200	730
BPA	4,153	24,409	28,185	377
Student Council	1,606	86	804	888
Yearbook	5,202	12,508	12,706	5,004
Choir	325	1,797	1,981	141
Technology	2,924	9,344	10,652	1,615
Key Club	0	632	0	632
Baseball	0	173	0	173
All Sports	35,855	113,373	118,241	30,987
Library	1,005	0	0	1,005
MESA	1,483	3,188	2,291	2,379
GUTS	27	0	0	27
Class of 2016	(1,680)	1,680	0	0
Class of 2017	3,044	3,249	3,423	2,870
Class of 2018	2,620	10,267	9,892	2,994
Mariachi	662	0	0	662
One Special Place	691	937	1,217	411
Class of 2020	0	502	0	502
Class of 2019	1,912	2,625	535	4,002
	<u>\$ 77,294</u>	<u>\$ 199,316</u>	<u>\$ 204,934</u>	<u>\$ 71,675</u>

State of New Mexico  
**West Las Vegas Schools**  
 Agency Funds - Activity  
 Schedule of Fiduciary Assets and Liabilities-Agency Funds  
 For the Year Ended June 30, 2017

	Balance 6/30/16	Receipts	Expenditures	Balance 6/30/17
Middle School				
BPA	\$ 3,384	\$ 1,782	\$ 1,012	\$ 4,154
8th Grade	0	1,775	687	1,089
Administration	1,779	63	780	1,062
Mesa	7,090	217	1,304	6,003
Yearbook	506	2,857	0	3,364
PTO	366	1,721	403	1,684
Student Council	543	415	90	868
6th Grade	398	0	300	98
Library	72	0	0	72
	<u>14,136</u>	<u>8,832</u>	<u>4,575</u>	<u>18,393</u>
Valley Elementary				
Valley Administration	8,636	15,585	16,572	7,649
Valley Band	2,168	0	787	1,381
Valley-Frank Montenegro	1,440	0	0	1,440
	<u>12,244</u>	<u>15,585</u>	<u>17,359</u>	<u>10,470</u>
<b>Total Assets</b>	<b>\$ <u>186,731</u></b>	<b>\$ <u>398,667</u></b>	<b>\$ <u>312,848</u></b>	<b>\$ <u>272,550</u></b>
<b>Liabilities</b>				
Deposits Held for Others	<u>\$ 186,731</u>	<u>\$ 398,667</u>	<u>\$ 312,848</u>	<u>\$ 272,550</u>
<b>Total Liabilities</b>	<b>\$ <u>186,731</u></b>	<b>\$ <u>398,667</u></b>	<b>\$ <u>312,848</u></b>	<b>\$ <u>272,550</u></b>

The notes to the financial statements are an integral part of this statement.



State of New Mexico  
**West Las Vegas Schools**  
Cash Reconciliation-All Funds  
For the Year Ended June 30, 2017

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		Beginning Cash <u>6/30/16</u>	Revenue	Expenditures	Ending Cash <u>6/30/17</u>
Operational	11000 \$	1,097,699	12,852,851	12,709,052	1,241,498
Transportation	13000	220	707,665	707,844	41
Instructional Materials	14000	44,217	103,300	124,942	22,575
Food Service	21000	251,896	1,189,212	1,224,751	216,357
Athletics	22000	17,967	53,423	53,086	18,304
Federal Flowthrough	24000	(357,224)	1,249,552	1,286,703	(394,375)
Federal Direct	25000	0	1,795,838	1,885,208	(89,370)
Local Grants	26000	413	0	41	372
State Flowthrough	27000	(150,595)	493,693	535,607	(192,509)
State/Local Grants	28000	0	10,622	10,622	0
Local Grants	29000	10,549	46,968	34,903	22,614
Bond Building	31100	3,072,737	1,731,327	2,236,368	2,567,696
Special State CO	31400	(65,000)	94,329	84,220	(54,891)
Senate Bill Nine-State	31700	(24,648)	165,341	315,214	(174,521)
Senate Bill Nine-Local	31701	221,588	343,722	365,987	199,323
Debt Service	41000	1,419,009	1,909,935	1,851,806	1,477,138
Activities	23000	186,731	398,667	312,848	272,550
Total		\$ 5,725,559	\$ 23,146,445	\$ 23,739,202	\$ 5,132,802

The notes to the financial statements are an integral part of this statement.

## **Federal Compliance**

State of New Mexico  
**West Las Vegas Schools**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2017

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U. S. Department of Agriculture</u>			
Child Nutrition Cluster			
Pass-through New Mexico Department of Health and Human Services			
Commodity Supplemental Food Program	10.565	21000	(1) 90,350
Pass-through New Mexico Public Education Department:			
School Breakfast Program	10.553	21000	\$ 481,994
National School Lunch Program	10.555	21000	776,767
			<u>1,349,111</u>
Fresh Fruit and Vegetables	10.582	24118	39,517
Direct Program			
Rural Development, Forestry, and Communities	10.672	11000	7,795
Total U. S. Department of Agriculture			<u>1,396,423</u>
<u>U. S. Department of Education</u>			
Pass-through State Public Education Department:			
Special Education Cluster			
IDEA B Entitlement	84.027	24106	362,434
IDEA B Results Plan	84.027	24132	19,699
IDEA Preschool	84.173	24109	10,190
			<u>392,323</u>
Pass-through State Public Education Department:			
Title I	84.010	24101	578,976
Title I School Improvements	84.010	24162	62,769
English Language Acquisition	84.365	24153	26,372
Improving Teacher Quality	84.367	24154	89,924
Rural and Low Income Schools	84.358	24160	37,136
Total U. S. Department of Education			<u>1,187,500</u>
<u>U. S. Department of Health and Human Services</u>			
Direct Program			
Youth Resiliency Project	93.079	24186	2,643
Head Start	93.600	25127	1,819,173
Total U. S. Department of Health and Human Services			<u>1,821,816</u>
Total Federal Assistance-District			\$ <u>4,405,739</u>
<b>Rio Gallinas Charter School</b>			
<u>U. S. Department of Education</u>			
Pass-through State Public Education Department:			
Title I	84.010	24101	\$ 28,525
Title I School Improvements	84.010	24162	21,026
IDEA B Entitlement	84.027	24106	36,016
Improving Teacher Quality	84.367	24154	4,538
Total U. S. Department of Education			<u>90,105</u>
Total Federal Assistance-Charter School			<u>90,105</u>

State of New Mexico  
**West Las Vegas Schools**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2017

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Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
Total Federal Assistance			\$ 4,495,844
(1) Non-cash assistance			

See accompanying notes to the Schedule of Expenditures of Federal Awards

State of New Mexico

**West Las Vegas Schools**

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2017

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Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

Note 2: Insurance Requirements

There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards

Note 3: Loans or Loan Guarantees

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

Note 4: De Minimis Indirect Rate

The District did not elect to use the 10% de minimis indirect cost rate.

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
In Accordance with *Government Auditing Standards*

Independent Auditor's Report

Mr. Tim Keller  
State Auditor of the State of New Mexico  
Board Members of the West Las Vegas Schools

Mr. Keller and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general and special revenue funds of the West Las Vegas Schools (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 the combining and individual funds and budgetary comparisons of the major capital projects and debt service funds of the District, presented as supplemental information, and have issued our report thereon dated October 6, 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 District'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 are less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies. 2014-002, 2016-002, 2016-004, 2016-005, 2016-007, 2016-008, 2017-002 and for the Charter 2017-001 and 2017-002.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002, 2016-002, 2016-004, 2016-005, 2016-007, 2016-008, 2017-002 and for the Charter 2017-001 and 2017-002.

#### District's Responses to Findings

The District's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Questioned Cost. responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

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



Clovis, New Mexico  
October 6, 2017

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Report on Compliance With Requirements  
Applicable To Each Major Program and Internal Control  
Over Compliance in Accordance With OMB Uniform Guidance

Independent Auditor's Report

Mr. Tim Keller  
State Auditor of the State of New Mexico  
Board Members of the West Las Vegas Schools

Mr. Keller and Members of the Board

Report on Compliance for Each Major Federal Program

We have audited West Las Vegas Schools (District) compliance with the types of compliance requirements described in the *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements in the 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 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 with those requirements.



#### Basis for Qualified Opinion on Child Nutrition Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding CFDA 10.553, 10.555 and 10.565 Child Nutrition Cluster as described in finding number 2017-001 for Reporting. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

#### Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

The District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider to be material weaknesses.

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.

*De'Ann Willoughby, CPA PC*

Clovis, New Mexico  
October 6, 2017

**A. Summary of Audit Results**

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

\* Material weaknesses identified? No

\* Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

\* Material weaknesses identified? Yes

\* Significant deficiencies identified? No

Type of auditor's report issued on compliance for major programs Modified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance Yes

Identification of major programs:

<u>CFDA Numbers)</u>	<u>Name of Federal Program of Cluster</u>
10.553	Child Nutrition Cluster
10.555	School Breakfast Program
10.565	National School Lunch Program
	Commodity Supplemental Food Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Audited qualified as low risk Auditee Yes

**Federal Awards Finding**

**Prior Year Audit Findings**

None

**Current Year Audit Findings**

Reference Number	<b>2017-001</b>
Program	Child Nutrition Cluster
CFDA Numbers	10.553, 10.555, 10.565
Federal Agency	US Department of Agriculture
Pass-Through Agency	New Mexico Public Education Department
Applicable ARRA Programs	N/A
Grantor Number	21000
Questioned Costs	Unable to Quantify
Type of Finding	Material Weakness and Noncompliance
Compliance Requirement	Reporting

**Condition**

The District over reported both breakfast and lunch meals served. An unapproved method, block counting, was used to count meals served resulting in always over reporting the meals served.

**Criteria**

According to 7 CFR §§210.7(c), 210.8(c), and 225.9(d), to receive reimbursement payments for meals served, the District must submit claims for reimbursement to its administering agency. All claims must be supported by accurate meal counts by category and type taken at the point of service or developed through an approved alternative procedure.

**Cause**

District management met with the food service management company in December 2014 to point out that expenditures were greater than revenue. Beginning in January 2015, block counting was initiated.

**Effect**

Meals served were overstated resulting in excess reimbursements to the District. The District could be required to repay all federal reimbursements for the child nutrition grants from January 2015 until a point of service or approved alternative has been implemented. An estimate of that amount is \$3,260,000.

**Recommendation**

Block counting should cease immediately and meals served should be counted with a point of service or counted with an approved alternative procedure.

**Response**

**Corrective Action:** The District has purchased and implemented a scanning system counting meals at the point of service.

**Due Date of Completion:** The system was implemented on November 10, 2017.

**Responsible Party:** Superintendent

**Financial Statements Findings**

<b>Prior Year Audit Findings</b>	<b>Status</b>
2014-002 Expenditures	Repeated & Modified
2016-001 Request for Grant Expenditures	Resolved
2016-002 Payroll	Repeated & Modified
2016-003 State Unemployment	Resolved
2016-004 ERB	Repeated & Modified
2016-005 NMPSIA	Repeated & Modified
2016-006 District Policies	Resolved
2016-007 Receipt Books	Repeated & Modified
2016-008 Certification of Inventory	Repeated & Modified
2016-009 Overdrawn Activity Accounts	Resolved
2016-010 Pledged Securities	Resolved

**Current Year Audit Findings**

**2014-002 Expenditure Issues-Compliance and Internal Control-Significant Deficiency Condition**

Out of 145 expenditures totaling \$3,899,996.56 sampled we note:  
 We noted the CPO is not the one signing the PO's.  
 Fund 11000 - Of the 50 expenditures sampled totaling \$1,187,892.14 1 had after fact PO totaling \$12,109.55 or 1.02% and 2 were paid late totaling \$23,488.61 or 1.98%.

**Management has made progress in correcting the above issues from the prior year.**

**Criteria**

6.20.2.17 Purchasing: Each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq, NMSA 1978.

**Cause**

The District's personnel has not followed procedures in the purchase of items and services or paid invoices within thirty days.

**Effect**

Without proper documentation and following the procurement act, there are not adequate controls over expenditures. Results could be over spending.

**Recommendation**

Personnel should be trained in the procurement process and there should be consequences for failing to follow the process.

**Response**

Management will set up training for personnel to follow proper steps in following procurement.

The Superintendent is responsible for enforcing the procurement process. The finding should be resolved by June 30, 2018.

**2016-002 Payroll-Compliance and Internal Control-Significant Deficiency**

**Condition**

During our testing of 30 employees payroll we noted the following:

One W-4 could not be located.

Thirty I-9's were incomplete or incorrectly completed.

**Management has not made progress in correcting the above issues from the prior year.**

**Criteria**

NMAC 6.20.2.18 states the local board shall establish written 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 district 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, direct deposit authorizations, pay or position change notices and ERA plan application.

**Cause**

The District's representative who is responsible for completing the forms did not understand how the forms should be completed.

**Effect**

The District is subject to penalties. The penalties can include \$250 to \$3,000 for improper completion of the I-9 form. Improper completion, retention or making it available for inspection fines range from \$100 to \$1,100 for each I-9. Knowingly hiring or continuing to employ unauthorized workers fines range from \$250 up to \$11,000 per violation

**Recommendation**

We recommend additional training, supervision and review. All W-4's and I-9's should be reviewed and updated as necessary.

**Response**

Payroll clerk currently completes I-9s. Business manager and human resource manager will review all I-9s with payroll clerk, with I-9s redone as necessary by the payroll clerk and all three individuals attending training to ensure they are aware how the I-9s should be completed.

The payroll clerk is responsible for this finding and is confident it will be resolved in the fiscal year ending 2018.

**2016-004 ERB & RHCA - Compliance and Internal Control-Significant Deficiency**

**Condition**

When testing payroll that was submitted to ERB and RHCA, we estimate \$337,557 dollars were paid to employees that should have been paying into ERB and RHCA. The amount owed to ERB and RHCA based on this estimate is \$69,346 and \$10,127 respectfully.

**Management has not made progress in correcting the above issues from the prior year.**

**Criteria**

The ERB handbook states any employee working .25 FTE or more is covered by ERB's retirement program.

**Cause**

The District did not apply the .25 FTE to several employees but instead excluded all temporary and part time employees from ERB and RHCA.

**Effect**

Benefits were underpaid and the employee did not received full credit for earnings at ERB.

**Recommendation**

Additional training is necessary to correctly classify employees for ERB and RHCA benefits.

**Response**

Management will apply the .25 FTE in determining those who qualify for ERB and RHCA rather than excluding them because they are temporary or part-time employees.

The Business Manager is responsible for this finding and it has been corrected.

**2016-005 NMPSIA-Compliance and Internal Control-Significant Deficiency**

**Condition**

Of the 30 employees sampled we noted the following: 12 employees had left the District prior to July 1, 2016, did not receive any pay from the District after this date, but was left on the NMPSIA bill until December 2016 and January 2017. The District paid both employee and employer portions of the bill costing the District a total of \$25,265 and estimating a total cost across all employees of \$63,163. One employee was not on the NMPSIA bill but the payroll journal showed the District was paying Basic Life for the employee. One employee was not on the NMPSIA bill nor were NMPSIA benefits deducted in the payroll journal, however, this employee worked 64 hours for the pay period which is more than the 15 hours required to be eligible for NMPSIA.

**Management has not made progress in correcting the above issues from the prior year.**

**Criteria**

6.50.8.1 NMAC Subsection D of Section 22-29-7 NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978.

**Cause**

The payroll process lacks adequate review or oversight allowing the mistakes documented above to occur.

**Effect**

These mistakes are costing the District money that could be used to educated the students.

**Recommendation**

The NMPSIA bill should be reconciled monthly comparing the amount withheld and paid to the amount due on the bill. Differences should be resolved within the month.

**Response**

Management will ensure that the NMPSIA invoice is being reconciled on a monthly basis and it will be verified by the business manager.

The Business Manager is responsible for this finding and it has been corrected.



**2016-007 Receipt Books-Compliance and Internal Control-Significant Deficiency**

**Condition**

Some receipts were made to activities rather than individuals. Receipts were not always given for money collected. Receipts was signed by the person receiving the receipt. The original receipts are turned into central office instead of giving them to the individuals paying the money. Money was not always deposited within 24 hours. Voided receipts did not include the original receipt attached. Duplicate receipts were found in a receipt book. None of the receipts have the District's name preprinted on them.

**Management has not made progress in correcting the above issues from the prior year.**

**Criteria**

6-5-2 NMSA Internal Accounting Controls: Internal controls and procedures should be in writing and followed allowing documentation for the responsible party.

**Cause**

A lack of training and monitoring allows the issues described in the condition of this finding.

**Effect**

Activity funds pose a high risk of fraud making the implementation of a strong internal control system very important. Without a strong working control system, activity funds could easily be misappropriated.

**Recommendation**

The District should provide the personnel responsible for handling activity receipts with sufficient training and supervision to ensure compliance with internal control systems.

**Response**

Management will hold staff training with all who handle cash receipts.

The Controller is responsible for the internal control system for receipting money. The issue should be corrected by the end of the current fiscal year.

**2016-008 Certification of Inventory-Compliance and Internal Control-Significant Deficiency**

**Condition**

The District did not certify the inventory for the fiscal year ended June 30, 2017.

**Management has not made progress in correcting the above issues from the prior year.**

**Criteria**

Section 12-6-10(A) NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors.

**Effect**

Items that cost less than \$5,000 could be misappropriated intentionally or not intentionally. Without taking inventory and certifying it, it is not known if all inventory has been accounted for. Replacing items cost the District funds that could be spent on educating the students.

**Cause**

An inventory was attempted but management felt employees did not actually perform an inventory but instead just signed the form. For this reason, management refused to certify the inventory.

**Recommendation**

We recommend a physical inventory be taken annually and certified as to its correctness. The certification should be made available to the auditors.

**Response**

Management will involve school site administrators in producing an accurate inventory at each school site. The inventory will be certified by management.

Principals and supervisors are responsible and it is not known when this finding will be resolved. The finding should be resolved by June 30, 2018.

**2017-002 Clearing Accounts not Reconciling to Zero-Compliance and Internal Control-Significant Deficiency Condition**

Payroll clearing and accounts payable clearing accounts did not reconcile to zero or a set dollar amount each month.

**Criteria**

6.20.2.14.G. NMAC. Clearing accounts or pooled accounts may be used to combine more than one fund in one bank account. Clearing accounts shall reconcile to a zero balance at the end of each month. Bank reconciliations for clearing accounts shall be completed on a monthly basis.

**Cause**

It is unknown why the clearing accounts would not reconcile. The amount continued to grow each month.

**Effect**

Failing to reconcile clearing bank accounts to zero or a set amount each month does not give assurance the general ledger accounts are correct.

**Recommendation**

The clearing accounts and all bank accounts should be consolidated into one bank account resolving the issue.

**Response**

Management is still in the process of closing two clearing accounts to resolve this ongoing issue.

The Controller is responsible and the accounts will be closed by January 1, 2018.

**Financial Statement Preparation**

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

**Exit Conference**

An exit conference was held on October 6, 2017. Those present were Marvin Martinez- Board President, Linda Montoya-Board Member, Henry Abey-Audit Committee, Christopher Gutierrez-Superintendent, Dinah Maynes-Business Manager and De'Aun Willoughby, CPA.

**Rio Gallinas Charter School**  
 Schedule of Findings and Recommendations  
 For the Year Ended June 30, 2017

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**Findings**

<b>Prior Year Audit Findings</b>	<b>Status</b>
2016-001 Payroll Issues	Repeated & Modified
2016-002 Board Minutes Review	Resolved
2016-003 Certification of Inventory	Resolved

**Current Year Audit Findings**

**2016-001 Payroll Issues-Compliance and Internal Control-Significant Deficiency Condition**

Thirteen of thirteen I-9s sampled were incomplete or incorrectly completed.

**Manage**

**Criteria**

Employers have certain responsibilities under immigration law during the hiring process. The employer sanctions provisions, found in section 274A of the Immigration and Nationality Act (INA), were added by the Immigration Reform and Control Act of 1986 (IRCA). These provisions further changed with the passage of the Immigration Act of 1990 and the Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) of 1996.

**Cause**

Management was not aware of how to complete an I-9 correctly nor the importance of it.

**Effect**

Improper completion, retention or making it available for inspection fines range from \$100 to \$1,100 for each I-9.

**Recommendation**

All I-9s should be updated after additional training has occurred to assure they are completed correctly.

**Response**

During FY2017, some staff changes took place and new staff has been made aware of the requirements. The interpretation of filling out the I-9 within 3 days of hire was not interpreted as being 3 days after hire date.

The assistant business manager is responsible for this finding and it is expected that the issues will be resolved during the current fiscal year.

**2017-001 Expenditure Issues-Compliance and Internal Control-Significant Deficiency Condition**

Out of 40 expenditures totaling \$124,954.20 sampled we noted:  
 Fund 11000 - Of the 34 expenditures for this fund totaling \$111,527.76, 6 had after fact PO's totaling \$13,020.14 or 11.67% of the population tested, 2 were written to a individual instead of the company's name that was on the invoice totaling \$804.76 or .72%, and 1 PO totaling \$210.41 had no date.  
 24106 - Of the 3 expenditures for this fund totaling \$12,410.75, 1 had an after fact PO totaling \$751.18 or 6.05% of the population tested .

**Criteria**

6.20.2.17 Purchasing: Each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq, NMSA 1978.

**Cause**

A lack of training or enforcement caused purchases were made before obtaining a purchase order.

**Effect**

Without proper documentation and following the procurement act, there are not adequate controls over expenditures. Results could be over spending.

**Recommendation**

State of New Mexico

**West Las Vegas Schools**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2017

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Personnel should be trained in the procurement process and there should be consequences for failing to follow the process.

**Response**

Personnel should be trained in the procurement process and there should be consequences for failing to follow the process.

The director is responsible for this finding and expects it to be resolved in the current fiscal year.

**2017-002 Receipts-Compliance and Internal Control-Significant Deficiency**

**Condition**

The original receipt was still in the receipt book rather than given to the individual issued the receipt. The receipts were not preprinted with the Charter's name. Receipts are made out to activities rather than individuals.

**Criteria**

NMAC 6.20.2.11 and NMAC 6.20.2.14 describe internal controls for receipting money.

**Cause**

Some of the personnel were not aware of the requirements for receipting money.

**Effect**

Activity funds pose a high risk of fraud making the implementation of a strong internal control system very important. Without a strong working control system, activity funds could easily be misappropriated.

**Recommendation**

The Charter should provide the personnel responsible for handling activity receipts with sufficient training and supervision to ensure compliance with internal control systems.

**Response**

We will provide training and supervision to those issuing receipts.

The director is responsible for this finding and expects it to be resolved in the current fiscal year.

**Financial Statement Preparation**

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

**Exit Conference**

An exit conference was held on October 2, 2017. Those in attendance were Kurt Ludi, Director, Katherine Espinoza, Assistant Business Manager, Elizabeth Romero, Business Manager and DeAun Willoughby, CPA.