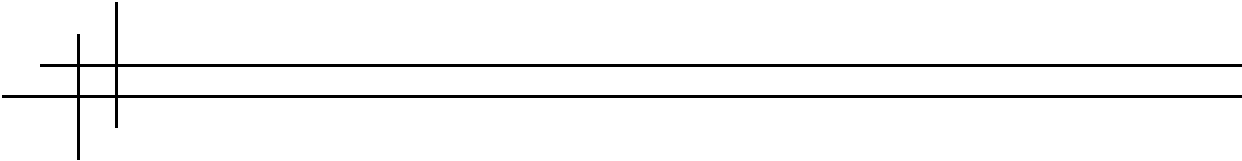


State of New Mexico
West Las Vegas Schools

Annual Financial Report
June 30, 2018

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, 2018

Board of Education

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

School Officials

Christopher Gutierrez	Superintendent
Dinah Maynes	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Independent Auditor's Report

Mr. Wayne Johnson
State Auditor of the State of New Mexico
Board Members of the West Las Vegas Schools

Mr. Johnson 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 and major special revenue funds of West Las Vegas Schools (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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, 2018, and the respective changes in financial position and the respective budgetary comparisons for the general and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedules of Required Supplementary Information for Pension Plan, Other Post Employment Benefits 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.

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements that collectively comprise the District's basic financial statements. The 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 presented as other supplemental information related to non-major funds as listed in the table of contents 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 presented as other supplemental information related to non-major funds 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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'Aun Willoughby, CPA, PC

Clovis, New Mexico
October 19, 2018

Financial Section

State of New Mexico
West Las Vegas Schools
Government-Wide Statement of Net Position
June 30, 2018

	Governmental Activities	Rio Gallinas Charter School
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 5,114,510	\$ 189,086
Taxes Receivable	588,583	0
Due from Grantor	484,221	5,209
Other Receivables	0	105,364
Inventory	13,891	0
Total Current Assets	<u>6,201,205</u>	<u>299,659</u>
Noncurrent Assets		
Capital Assets	101,760,360	174,095
Less Accumulated Depreciation	<u>(51,020,485)</u>	<u>(164,685)</u>
Total Noncurrent Assets	<u>50,739,875</u>	<u>9,410</u>
Total Assets	<u>56,941,080</u>	<u>309,069</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions		
Actuarial Experience	63,893	3,100
Changes of Assumptions	10,390,327	504,155
Changes in Proportion	0	346,502
Contributions Subsequent to Measurement Date	1,298,165	60,512
Deferred Outflows Related to Other Post Employment Benefits		
Contributions Subsequent to Measurement Date	184,731	8,707
Total Deferred Outflows of Resources	<u>11,937,116</u>	<u>922,976</u>
Liabilities		
Current Liabilities		
Accounts Payable	38,779	0
Payroll Liabilities	0	38,319
Accrued Interest	68,304	0
Compensated Absences	270,970	0
Current Portion Due of Long-Term Debt	1,545,000	0
Total Current Liabilities	<u>1,923,053</u>	<u>38,319</u>
Noncurrent Liabilities		
Bonds and Net Premiums	7,032,907	0
Pension Liability	35,593,105	1,727,033
Other Post Employment Benefits Liability	9,641,134	466,762
Total Noncurrent Liabilities	<u>52,267,146</u>	<u>2,193,795</u>
Total Liabilities	<u>54,190,199</u>	<u>2,232,114</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions		
Actuarial Experience	548,345	26,607
Investment Experience	4,883	237
Changes in Proportion	1,386,010	283,808
Deferred Inflows Related to Other Post Employment Benefits		
Actuarial Experience	369,976	17,912
Investment Experience	138,694	6,715
Changes of Assumptions	1,685,630	81,607
Total Deferred Inflows of Resources	<u>4,133,538</u>	<u>416,886</u>
Net Position		
Net Investment in Capital Assets	42,161,968	9,410
Restricted for Capital Projects	1,180,798	0
Restricted for Debt Service	1,958,861	0
Unrestricted	<u>(34,747,168)</u>	<u>(1,426,365)</u>
Total Net Position	<u>\$ 10,554,459</u>	<u>\$ (1,416,955)</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, 2018

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
Governmental Activities						
Instruction	\$ 12,661,573	62,306	\$ 2,102,698	\$ 0	\$ (10,496,569)	\$ 0
Support Services						
Students	2,914,230	331,324	654,009	0	(1,928,897)	0
Instruction	263,401	0	23,496	0	(239,905)	0
General Administration	783,536	0	79,878	0	(703,658)	0
School Administration	1,437,155	0	292,015	0	(1,145,140)	0
Central Services	521,960	60,212	68,784	0	(392,964)	0
Operation of Plant	2,921,963	66,753	154,323	0	(2,700,887)	0
Student Transportation	906,704	0	805,780	0	(100,924)	0
Other	72,438	0	0	0	(72,438)	0
Food Services Operations	1,301,223	11,515	1,147,770	0	(141,938)	0
Interest Expense	171,892	0	0	0	(171,892)	0
Total Governmental Activities:	\$ 23,956,075	\$ 532,110	\$ 5,328,753	\$ 0	(18,095,212)	0
Component Unit						
Rio Gallinas Charter Schoc	\$ 1,323,256	\$ 7,121	\$ 122,124	\$ 0	0	(1,194,011)
General Revenues						
Taxes						
Property Taxes, Levied for General Purposes					58,766	0
Property Taxes, Levied for Capital Projects					343,998	0
Property Taxes, Levied for Debt Service					1,856,889	0
Federal and State Aid Not Restricted to Specific Purpose						
General					12,591,712	796,716
Capital					2,324,815	0
Interest and Investment Earnings					8,670	0
Miscellaneous					66,748	22,513
Total General Revenues					17,251,598	819,229
Change in Net Position					(843,614)	(374,782)
Net Position - Beginning					22,965,956	(487,734)
Restatement					(11,567,883)	(554,439)
Restated Beginning Net Position					11,398,073	(1,042,173)
Net Position - Ending					\$ 10,554,459	\$ (1,416,955)

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, 2018

	General Fund		
	Operational	Transportation	Instructional
	11000	13000	Materials 14000
Assets			
Cash and Cash Equivalents	\$ 1,563,570	\$ 1	\$ 22,246
Receivables			
Taxes	16,231	0	0
Due From Grantor	0	0	0
Interfund Balance	454,936	0	0
Inventory	0	0	0
Total Assets	\$ 2,034,737	\$ 1	\$ 22,246
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 31,230	\$ 264	\$ 0
Interfund Balance	0	0	0
Total Liabilities	31,230	264	0
Deferred Inflows of Resources			
Unavailable Revenue	15,329	0	0
Total Deferred Inflows of Resources	15,329	0	0
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for			
Special Revenue Funds	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Unassigned	1,988,178	(263)	22,246
Total Fund Balances	1,988,178	(263)	22,246
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 2,034,737	\$ 1	\$ 22,246

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, 2018

	Special Revenue	Capital Projects	
	Title I 24101	Bond Building 31100	Debt Service 41000
Assets			
Cash and Cash Equivalents	\$ 0	\$ 1,059,549	\$ 1,926,016
Receivables			
Taxes	0	0	481,405
Due From Grantor	138,027	0	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	\$ 138,027	\$ 1,059,549	\$ 2,407,421
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	138,027	0	0
Total Liabilities	138,027	0	0
Deferred Inflows of Resources			
Unavailable Revenue	0	0	448,560
Total Deferred Inflows of Resources	0	0	448,560
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for			
Special Revenue Funds	0	0	0
Capital Improvements	0	1,059,549	0
Debt Service	0	0	1,958,861
Unassigned	0	0	0
Total Fund Balances	0	1,059,549	1,958,861
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 138,027	\$ 1,059,549	\$ 2,407,421

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, 2018

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash and Cash Equivalents	\$ 543,128	\$ 5,114,510
Receivables		
Taxes	90,947	588,583
Due From Grantor	346,194	484,221
Interfund Balance	0	454,936
Inventory	13,891	13,891
Total Assets	<u>\$ 994,160</u>	<u>\$ 6,656,141</u>
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$ 7,285	\$ 38,779
Interfund Balance	316,909	454,936
Total Liabilities	<u>324,194</u>	<u>493,715</u>
Deferred Inflows of Resources		
Unavailable Revenue	84,887	548,776
Total Deferred Inflows of Resources	<u>84,887</u>	<u>548,776</u>
Fund Balances		
Nonspendable-Inventory	13,891	13,891
Restricted for		
Special Revenue Funds	449,939	449,939
Capital Improvements	121,249	1,180,798
Debt Service	0	1,958,861
Unassigned	0	2,010,161
Total Fund Balances	<u>585,079</u>	<u>5,613,650</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 994,160</u>	<u>\$ 6,656,141</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, 2018

Total Fund Balance - Governmental Funds \$ 5,613,650

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. 548,776

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

Capital Assets	\$ 101,760,360	
Accumulated Depreciation	<u>(51,020,485)</u>	50,739,875

Deferred Outflows and Inflows Related to Pensions and Other Post-Employment Benefits (OPEB) 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	11,752,385	
Deferred Outflows Related to OPEB	184,731	
Deferred Inflows Related to Pensions	(1,939,238)	
Deferred Inflows Related to OPEB	<u>(2,194,300)</u>	7,803,578

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 :

Accrued Interest	(68,304)	
Compensated Absences	(270,970)	
Bonds	(8,435,000)	
Good Faith Deposit	(50,000)	
Bond Premiums, net	(92,907)	
Pension Liability	(35,593,105)	
Other Post Employment Benefits Liability	<u>(9,641,134)</u>	<u>(54,151,420)</u>

Total Net Position - Governmental Activities \$ 10,554,459

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, 2018

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
Revenues			
Property Taxes	\$ 58,506	\$ 0	\$ 0
Interest Income	4,240	0	0
Fees	132,911	0	0
State and Local Grants	12,519,121	803,089	40,528
Federal Grants	72,591	0	0
Miscellaneous	66,101	0	647
Total Revenues	12,853,470	803,089	41,175
Expenditures			
Current			
Instruction	6,267,025	0	41,503
Support Services			
Students	1,401,821	0	0
Instruction	215,486	0	0
General Administration	487,917	0	0
School Administration	864,418	0	0
Central Services	367,820	0	0
Operation of Plant	2,311,218	0	0
Student Transportation	92,120	765,992	0
Other	69,747	0	0
Food Service Operations	0	0	0
Capital Outlay	0	36,891	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	12,077,572	802,883	41,503
Excess (Deficiency) of Revenues Over Expenditures	775,898	206	(328)
Other Financial Sources			
Bond Issue	0	0	0
Premium on Bond Issue	0	0	0
Good Faith Money on Future Bond Issue	0	0	0
Total Other Financial Sources	0	0	0
Net Change in Fund Balances	775,898	206	(328)
Fund Balances at Beginning of Year	1,212,280	(469)	22,574
Restatement	0		0
Restated Beginning Fund Balance	1,212,280	(469)	22,574
Fund Balance End of Year	\$ 1,988,178	\$ (263)	\$ 22,246

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, 2018

	Special Revenue	Capital Projects	Debt Service
	Title I 24101	Bond Building 31100	41000
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 2,015,605
Interest Income	0	3,328	1,054
Fees	0	0	0
State and Local Grants	0	1,824,952	0
Federal Grants	493,165	0	0
Miscellaneous	0	0	0
Total Revenues	<u>493,165</u>	<u>1,828,280</u>	<u>2,016,659</u>
Expenditures			
Current			
Instruction	314,513	32,258	0
Support Services			
Students	1,436	0	0
Instruction	0	0	0
General Administration	22,884	85,201	20,135
School Administration	129,332	0	0
Central Services	25,000	0	0
Operation of Plant	0	2,472	0
Student Transportation	0	0	0
Other	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	5,843,099	0
Debt Service			
Principal	0	0	1,375,000
Interest	0	0	170,565
Total Expenditures	<u>493,165</u>	<u>5,963,030</u>	<u>1,565,700</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(4,134,750)</u>	<u>450,959</u>
Other Financial Sources			
Bond Issue	0	2,500,000	0
Premium on Bond Issue	0	76,603	0
Good Faith Money on Future Bond Issue	0	50,000	0
Total Other Financial Sources	<u>0</u>	<u>2,626,603</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>(1,508,147)</u>	<u>450,959</u>
Fund Balances at Beginning of Year	0	2,567,696	1,507,902
Restatement	0	0	0
Restated Beginning Fund Balance	<u>0</u>	<u>2,567,696</u>	<u>1,507,902</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 1,059,549</u>	<u>\$ 1,958,861</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, 2018

	Other Governmental Funds	Total Governmental Funds
Revenues		
Property Taxes	\$ 373,266	\$ 2,447,377
Interest Income	48	8,670
Fees	399,199	532,110
State and Local Grants	717,925	15,905,615
Federal Grants	3,773,909	4,339,665
Miscellaneous	0	66,748
Total Revenues	<u>5,264,347</u>	<u>23,300,185</u>
Expenditures		
Current		
Instruction	1,856,842	8,512,141
Support Services		
Students	950,348	2,353,605
Instruction	23,496	238,982
General Administration	60,722	676,859
School Administration	162,683	1,156,433
Central Services	46,783	439,603
Operation of Plant	374,093	2,687,783
Student Transportation	0	858,112
Other	2,691	72,438
Food Service Operations	1,212,069	1,212,069
Capital Outlay	669,509	6,549,499
Debt Service		
Principal	0	1,375,000
Interest	0	170,565
Total Expenditures	<u>5,359,236</u>	<u>26,303,089</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(94,889)</u>	<u>(3,002,904)</u>
Other Financial Sources		
Bond Issue	0	2,500,000
Premium on Bond Issue	0	76,603
Good Faith Money on Future Bond Issue	0	50,000
Total Other Financial Sources	<u>0</u>	<u>2,626,603</u>
Net Change in Fund Balances	<u>(94,889)</u>	<u>(376,301)</u>
Fund Balances at Beginning of Year	770,968	6,080,951
Restatement	(91,000)	(91,000)
Restated Beginning Fund Balance	<u>679,968</u>	<u>5,989,951</u>
Fund Balance End of Year	<u>\$ 585,079</u>	<u>\$ 5,613,650</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, 2018

Net Change in Fund Balances \$ (376,301)

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, 2017	\$ (736,500)	
Property Taxes Receivable, June 30, 2018	<u>548,776</u>	(187,724)

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	(2,224,469)	
Capital Outlays	<u>6,549,499</u>	4,325,030

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. However, neither are reported on the Statement of Activities. Also, governmental funds report premiums when bonds are first issued, whereas the premiums are deferred and amortized in the Statement of Activities reducing interest expense.

Bond Proceeds	(2,550,000)	
Repayment of Bond Principal	1,375,000	
Premium Received on the Bond Issue	(76,603)	
Amortization of Premiums	<u>8,446</u>	(1,243,157)

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, 2017	58,531	
Accrued Interest, June 30, 2018	<u>(68,304)</u>	(9,773)

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, 2017	250,260	
Compensated Absences, June 30, 2018	<u>\$ (270,970)</u>	\$ (20,710)

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, 2018

Pension and Other Post-Employment Benefits (OPEB) contributions are reported as expenses in the government funds but are deferred outflows in the Statement of Net Position. Pension and OPEB expense is reported in the Statement of Activities but not in the governmental funds.

Pension Contributions	\$ 1,298,165
OPEB Contributions	184,731
Pension Expense	(4,430,574)
OPEB Expense	<u>(383,301)</u>
	\$ <u>(3,330,979)</u>
Changes in Net Position of Governmental Activities	\$ <u>(843,614)</u>

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, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 57,545	\$ 57,545	\$ 58,458	\$ 913
Interest Income	2,681	2,681	4,240	1,559
Fees	193,366	193,366	132,911	(60,455)
State Grant	12,476,074	12,476,074	12,519,121	43,047
Federal Grant	0	0	72,591	72,591
Miscellaneous	216,219	216,219	66,101	(150,118)
Total Revenues	<u>12,945,885</u>	<u>12,945,885</u>	<u>12,853,422</u>	<u>(92,463)</u>
Expenditures				
Instruction				
Personnel Services	4,748,833	4,827,683	4,380,796	446,887
Employee Benefits	1,814,270	1,715,436	1,591,829	123,607
Professional & Tech Services	14,250	23,250	22,906	344
Purchased Property Services	95,000	95,000	47,589	47,411
Other Purchased Services	206,900	207,300	122,083	85,217
Supplies	157,281	167,865	101,752	66,113
Total Instruction	<u>7,036,534</u>	<u>7,036,534</u>	<u>6,266,955</u>	<u>769,579</u>
Support Services				
Students				
Personnel Services	1,001,435	1,009,557	930,245	79,312
Employee Benefits	397,142	389,070	345,030	44,040
Professional & Tech Services	170,450	170,450	123,834	46,616
Purchased Property Services	550	550	0	550
Other Purchased Services	6,200	6,300	600	5,700
Supplies	5,000	4,850	1,160	3,690
Total Students	<u>1,580,777</u>	<u>1,580,777</u>	<u>1,400,869</u>	<u>179,908</u>
Instruction				
Personnel Services	177,475	173,725	133,365	40,360
Employee Benefits	88,199	82,199	53,320	28,879
Purchased Property Services	300	300	0	300
Other Purchased Services	2,000	11,750	11,855	(105)
Supplies	65,000	65,000	16,991	48,009
Total Instruction	<u>332,974</u>	<u>332,974</u>	<u>215,531</u>	<u>117,443</u>
General Administration				
Personnel Services	278,848	278,848	277,013	1,835
Employee Benefits	99,430	99,730	90,744	8,986
Professional & Tech Services	274,750	256,850	103,169	153,681
Other Purchased Services	37,000	37,100	16,834	20,266
Supplies	1,500	1,500	891	609
Total General Administration	<u>\$ 691,528</u>	<u>\$ 674,028</u>	<u>\$ 488,651</u>	<u>\$ 185,377</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, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
School Administration				
Personnel Services	\$ 610,727	\$ 616,133	\$ 612,980	\$ 3,153
Employee Benefits	261,514	254,708	239,186	15,522
Professional & Tech Services	1,000	2,400	1,782	618
Other Purchased Services	1,000	1,000	236	764
Supplies	15,000	15,000	10,235	4,765
Total School Administration	<u>889,241</u>	<u>889,241</u>	<u>864,419</u>	<u>24,822</u>
Central Services				
Personnel Services	207,525	234,103	238,059	(3,956)
Employee Benefits	83,495	78,005	75,120	2,885
Professional & Tech Services	10,840	7,052	5,764	1,288
Purchased Property Services	12,600	15,600	14,734	866
Other Purchased Services	30,350	22,350	22,842	(492)
Supplies	10,000	11,500	11,315	185
Supply Assets	10,000	6,900	0	6,900
Total Central Services	<u>364,810</u>	<u>375,510</u>	<u>367,834</u>	<u>7,676</u>
Operation of Plant				
Personnel Services	681,675	695,492	668,661	26,831
Employee Benefits	319,108	310,291	287,410	22,881
Professional & Tech Services	2,335	2,335	2,244	91
Purchased Property Services	1,030,186	1,479,980	828,255	651,725
Other Purchased Services	561,568	572,568	513,348	59,220
Supplies	16,423	104,454	10,371	94,083
Total Operation of Plant	<u>2,611,295</u>	<u>3,165,120</u>	<u>2,310,289</u>	<u>854,831</u>
Student Transportation				
Personnel Services	40,397	40,397	34,187	6,210
Employee Benefits	24,620	20,248	14,859	5,389
Professional & Tech Services	600	2,000	1,064	936
Purchased Property Services	32,520	34,838	40,856	(6,018)
Purchased Services	6,000	7,154	1,154	6,000
Supplies	1,000	20,000	0	20,000
Total Student Transportation	<u>105,137</u>	<u>124,637</u>	<u>92,120</u>	<u>32,517</u>
Other Support Service				
Other Support Services	<u>7,862</u>	<u>8,562</u>	<u>69,746</u>	<u>(61,184)</u>
Total Other Support Service	<u>7,862</u>	<u>8,562</u>	<u>69,746</u>	<u>(61,184)</u>
Total Support Services	<u>6,583,624</u>	<u>7,150,849</u>	<u>5,809,459</u>	<u>1,341,390</u>
Total Expenditures	\$ <u>13,620,158</u>	\$ <u>14,187,383</u>	\$ <u>12,076,414</u>	\$ <u>2,110,969</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, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Excess (Deficiency) of Revenues Over Expenditures	\$ (674,273)	\$ (1,241,498)	\$ 777,008	\$ 2,018,506
Cash Balance Beginning of Year	<u>1,241,498</u>	<u>1,241,498</u>	<u>1,241,498</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 567,225</u>	<u>\$ 0</u>	<u>\$ 2,018,506</u>	<u>\$ 2,018,506</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures			\$ 777,008	
Net Change in Taxes Receivable			308	
Net Change in Accounts Payable			(1,158)	
Net Change in Unearned Revenue			<u>(260)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 775,898</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, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 782,682	803,109	\$ 803,089	\$ (20)
Total Revenues	<u>782,682</u>	<u>803,109</u>	<u>803,089</u>	<u>(20)</u>
Expenditures				
Support Services				
Student Transportation				
Personnel Services	68,951	115,677	110,802	4,875
Employee Benefits	34,282	50,723	57,787	(7,064)
Professional & Tech Services	0	550	550	0
Purchased Property Services	83,221	91,545	85,368	6,177
Other Purchased Services	515,762	453,042	450,812	2,230
Supplies	80,466	85,079	54,405	30,674
Fixed Assets	0	0	36,892	(36,892)
Supply Assets	0	6,513	6,513	0
Total Student Transportation	<u>782,682</u>	<u>803,129</u>	<u>803,129</u>	<u>0</u>
Total Support Services	<u>782,682</u>	<u>803,129</u>	<u>803,129</u>	<u>0</u>
Total Expenditures	<u>782,682</u>	<u>803,129</u>	<u>803,129</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(20)	(40)	(20)
Cash Balance Beginning of Year	<u>41</u>	<u>41</u>	<u>41</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 41</u>	<u>\$ 21</u>	<u>\$ 1</u>	<u>\$ (20)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures			\$ (40)	
Net Change in Accounts Payable			<u>246</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 206</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, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 40,578	\$ 44,721	\$ 40,528	\$ (4,193)
Miscellaneous	0	0	647	647
Total Revenues	<u>40,578</u>	<u>44,721</u>	<u>41,175</u>	<u>(3,546)</u>
Expenditures				
Instruction				
Supplies	65,393	67,295	41,503	25,792
Total Instruction	<u>65,393</u>	<u>67,295</u>	<u>41,503</u>	<u>25,792</u>
Total Expenditures	<u>65,393</u>	<u>67,295</u>	<u>41,503</u>	<u>25,792</u>
Excess (Deficiency) of Revenues Over Expenditures	(24,815)	(22,574)	(328)	22,246
Cash Balance Beginning of Year	<u>22,574</u>	<u>22,574</u>	<u>22,574</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (2,241)</u>	<u>\$ 0</u>	<u>\$ 22,246</u>	<u>\$ 22,246</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures			\$ (328)	
Net Change in Accounts Payable			0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (328)</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-Title I-24101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 648,459	\$ 648,459	\$ 494,943	\$ (153,516)
Total Revenues	<u>648,459</u>	<u>648,459</u>	<u>494,943</u>	<u>(153,516)</u>
Expenditures				
Instruction				
Personnel Services	210,117	213,831	212,403	1,428
Employee Benefits	75,614	85,051	81,008	4,043
Professional & Tech Services	10,000	949	674	275
Other Purchased Services	2,500	2,500	1,935	565
Supplies	12,258	12,258	11,421	837
Supply Assets	11,255	7,155	7,072	83
Total Instruction	<u>321,744</u>	<u>321,744</u>	<u>314,513</u>	<u>7,231</u>
Support Services				
Students				
Supplies	6,018	6,018	1,436	4,582
Total Students	<u>6,018</u>	<u>6,018</u>	<u>1,436</u>	<u>4,582</u>
General Administration				
Professional & Tech Services	23,157	23,157	22,884	273
Total General Administration	<u>23,157</u>	<u>23,157</u>	<u>22,884</u>	<u>273</u>
School Administration				
Personnel Services	89,338	89,338	88,752	586
Employee Benefits	36,196	36,196	35,863	333
Professional & Tech Services	3,000	2,500	840	1,660
Purchased Property Services	2,200	2,200	2,350	(150)
Other Purchased Services	0	500	0	500
Supplies	2,000	2,000	1,526	474
Total School Administration	<u>132,734</u>	<u>132,734</u>	<u>129,331</u>	<u>3,403</u>
Central Services				
Other Purchased Services	25,000	25,000	25,000	0
Total Central Services	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>
Total Expenditures	<u>508,653</u>	<u>508,653</u>	<u>493,164</u>	<u>15,489</u>
Excess (Deficiency) of Revenues Over Expenditures	139,806	139,806	1,779	(138,027)
Cash Balance Beginning of Year	<u>(139,806)</u>	<u>(139,806)</u>	<u>(139,806)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (138,027)</u>	<u>\$ (138,027)</u>

State of New Mexico

West Las Vegas Schools

Special Revenue Fund-Title I-24101

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>with Final</u>
			<u>Basis)</u>	<u>Budget-</u>
				<u>Over (Under)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,779	
Net Change in Due from Grantor			<u>(1,779)</u>	
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, 2018

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 172,423
Total Assets	<u>\$ 172,423</u>
Liabilities	
Deposits Held for Others	\$ 172,423
Total Liabilities	<u>\$ 172,423</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

Title I (24101) 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.

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.

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 Food Service 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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is minimal. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual net of debt proceeds received, are reported as debt service expenditures.

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 Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has pension-related deferred outflows of resources items that qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. Deferred Inflows consist of three types. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized. Outstanding property taxes that are received after 30 days of the year end are shown as Unearned Revenue on the balance sheet. The third type of deferred inflows of resources relate to pension and other post employment benefits.

Compensated Absences

The District's policy is as follows:

Twelve month employees will earn annual leave on the basis of two (2) weeks or ten (10) days for 1-3 years of service and three (3) weeks or fifteen (15) days for four (4) and above years of service per year, effective July 1, 1983.

The maximum annual leave accrual for twelve (12) month employees hired on or after July 1, 2008 is three hundred (300) hours. Any hours over three (300) hours are forfeited.

The maximum annual leave for twelve (12) month employees hired prior to July 1, 2008 is six hundred (600) hours. Employees with over six hundred (600) hours of annual leave shall schedule four (4) weeks of annual leave per calendar year (may be school year).

Twelve (12) month employees with an annual leave accrual in excess of six hundred (600) hours may sell back up to five hundred (500) hours of annual leave once during the calendar year. Such sell back shall be done at the rate of three (3) hours of leave for one (1) hour at their current regular hourly rate of pay. The sell back is subject to the availability of funds as determined by the School Board.

This does not apply to Bargaining Unit Employees.

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.

<u>Name of Account</u>	Balance Per Bank 6/30/18	Reconciled Balance	<u>Type</u>
General	\$ 5,924,673	\$ 5,037,393	Checking
Accounts Payable	6,152	4,094	Checking
Payroll Clearing	245,403	71,523	Checking
Student Activities	172,423	172,423	Checking
Total Deposited	<u>6,348,651</u>	<u>\$ 5,285,433</u>	
Less FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	6,098,651		
50% collateral requirement	3,049,326		
Pledged securities	<u>4,100,000</u>		
Over (Under) requirement	<u>\$ 1,050,675</u>		

There is \$1,500 in cash boxes for athletics.

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 #4305000004	\$ 4,100,000	01/25/2019	FHLB Irving, TX
	<u>\$ 4,100,000</u>		

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank Balance
Insured	\$ 250,000
Collateralized	
Collateral held by the pledging bank in District's name	4,100,000
Uninsured and uncollateralized	<u>1,998,651</u>
Total Deposits	<u>\$ 6,348,651</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, 2018 \$1,998,651 of the District's balance of \$6,348,651 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>	Balance Per Bank 6/30/18	Reconciled Balance	Type
Rio Gallinas School for Ecology and the Arts	\$ 213,199	\$ 193,121	Checking
Total Deposited	<u>213,199</u>	<u>\$ 193,121</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 \$189,086 and the above schedule reports cash of \$193,121 for a difference of \$4,035 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, 2018 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, 2018:

	General Fund	Debt Service	Other Governmental	Total
Property Tax Receivable				
Available	\$ 902	\$ 32,845	\$ 6,060	\$ 39,807
Unavailable and Deferred	15,329	448,560	84,887	548,776
Total Property Taxes Receivable	<u>\$ 16,231</u>	<u>\$ 481,405</u>	<u>\$ 90,947</u>	<u>\$ 588,583</u>

Amounts due from other agencies and units of government were as follows as of June 30, 2018:

	Title I	Other Governmental	Total
Federal Agencies	\$ 138,027	\$ 222,691	\$ 360,718
State Agencies	0	123,503	123,503
Total	<u>\$ 138,027</u>	<u>\$ 346,194</u>	<u>\$ 484,221</u>

C. Interfund Receivables, Payables and Transfers

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

Due to General Fund from:		
Title I	\$	138,027
Other Governmental Funds		316,909
Totals	\$	<u>454,936</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, 2018, is as follows:

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 972,505	\$ 0	\$ 0	\$ 972,505
Construction in Progress	4,548,169	3,869,078	0	8,417,247
Total Capital Assets not being Depreciated	<u>5,520,674</u>	<u>3,869,078</u>	<u>0</u>	<u>9,389,752</u>
Capital Assets, being Depreciated				
Buildings & Improvements	74,531,989	1,688,106	0	76,220,095
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>15,158,196</u>	<u>992,317</u>	<u>0</u>	<u>16,150,513</u>
Total Capital Assets, being Depreciated	<u>89,690,185</u>	<u>2,680,423</u>	<u>0</u>	<u>92,370,608</u>
Total Capital Assets	<u>\$ 95,210,859</u>	<u>\$ 6,549,501</u>	<u>\$ 0</u>	<u>\$ 101,760,360</u>
Less Accumulated Depreciation				
Buildings & Improvements	\$ 36,089,208	\$ 1,628,278	\$ 0	\$ 37,717,486
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>12,706,808</u>	<u>596,191</u>	<u>0</u>	<u>13,302,999</u>
Total Accumulated Depreciation	<u>48,796,016</u>	<u>2,224,469</u>	<u>0</u>	<u>51,020,485</u>
Capital Assets, net	<u>\$ 46,414,843</u>	<u>\$ 4,325,032</u>	<u>\$ 0</u>	<u>\$ 50,739,875</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ <u>2,224,469</u>
Total Depreciation Expense	\$ <u><u>2,224,469</u></u>

Component Unit

D. Capital Assets

Capital Assets Balances and Activity for the Year Ended June 30, 2018, is as follows:

	Balance 6/30/17	Increases	Adjustment	Balance 6/30/18
Governmental Activities				
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	174,095	0	0	174,095
Total Capital Assets	174,095	0	0	174,095
Less Accumulated Depreciation				
Buildings & Improvements	13,376	830	6,935	21,141
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	147,322	3,157	(6,935)	143,544
Total Accumulated Depreciation	160,698	3,987	(6,935)	164,685
Capital Assets, net	\$ 13,397	\$ (3,987)	\$ 6,935	\$ 9,410

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 3,987
Total Depreciation Expense	\$ 3,987

E. Long-Term Debt and Other Liabilities

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

	Balance 6/30/17	Additions	Reductions	Balance 6/30/18	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 7,310,000	\$ 2,500,000	\$ 1,375,000	\$ 8,435,000	\$ 1,545,000
Total Bonds	7,310,000	2,500,000	1,375,000	8,435,000	1,545,000
Other Liabilities					
Compensated					
Absences	211,372	75,337	36,449	250,260	250,260
Total Other Liabilities	211,372	75,337	36,449	250,260	250,260
Long-Term Liabilities	\$ 7,521,372	\$ 2,575,337	\$ 1,411,449	\$ 8,685,260	\$ 1,795,260

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.

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Notes to the Financial Statements
June 30, 2018

Reconciliation of the Long-Term Debt above to Bonds Payable on the Statement of Net Position:

Amount from above	\$ 8,435,000
Good faith deposit received from the underwriter for the bonds to be issued in the fiscal year ending June 30, 2019	50,000
Premiums received	103,415
Less accumulated amortization of the premiums	(10,508)
Amount on the Statement of Net Position	<u>\$ 8,577,907</u>

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%	\$ 120,000
2011	1,200,000	08/15/2019	2.50%	850,000
2012	975,000	10/01/2019	1.80%	700,000
2013	80,000	08/15/2025	2.20%	725,000
2014	1,000,000	08/15/2026	2.50%	840,000
2015	1,500,000	08/15/2027	2.00%	1,470,000
2016	1,700,000	08/15/2028	2-2.5%	1,230,000
2017	2,500,000	08/15/2029	2-3%	2,500,000
				<u>\$ 8,435,000</u>

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

	Principal	Interest	Total
2019	\$ 1,545,000	\$ 173,729	\$ 1,718,729
2020	1,380,000	141,371	1,521,371
2021	650,000	118,029	768,029
2022	680,000	103,031	783,031
2023	655,000	87,755	742,755
2024-2028	3,025,000	232,895	3,257,895
2029-2030	500,000	13,075	513,075
Total	<u>\$ 8,435,000</u>	<u>\$ 869,885</u>	<u>\$ 9,304,885</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

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.

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

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

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

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

- *The member's age and earned service credit add up to the sum of 75 or more,
- *The member is at least sixty-five years of age and has five or more
- *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 1.5%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

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

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

Contributions. For the fiscal year ended June 30, 2018 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
2018	7-1-16 to 6-30-17	Over \$20K	10.70%	13.90%	24.60%
2018	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, 2018 and 2017, the District paid employee and employer contributions of \$2,259,627 and \$2,216,006, which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the District reported a liability of \$35,593,105 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. Therefore, the District's portion was established as of the measurement date of June 30, 2017. 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, 2017, the District's proportion was 0.32027%, which was a decrease of 0.01959% from its proportion measured as of June 30, 2016.

State of New Mexico
West Las Vegas Schools
Notes to the Financial Statements
June 30, 2018

For the year ended June 30, 2018, the District recognized pension expense of \$4,430,574. At the June 30, 2018, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,893	\$ 548,345
Net difference between projected and actual earnings on pension plan investments	0	4,883
Changes of assumptions	10,390,327	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	0	1,386,010
District's contributions subsequent to the measurement date	1,298,165	0
	<u>\$ 11,752,385</u>	<u>\$ 1,939,238</u>

\$1,298,165 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June	
2019	\$ 2,905,976
2020	3,673,621
2021	2,228,467
2022	(293,082)
Total	<u>\$ 8,514,982</u>

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%				
Salary Increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.				
Investment Rate of Return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.				
Average Expected Remaining Service Lives	Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	Service Life in Years	3.35	3.77	3.92	3.88
Mortality	Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB.				
	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.				
	Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.				

	<p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-living Increases	1.90% per year, compounded annually.
Payroll Growth	3.00% per year (with no allowance for membership growth).
Contribution Accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.
Disability Incidence	Approved rates are applied to eligible members with at least 10 years of service.

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

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

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

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

Discount rate. A single discount rate of 5.9% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, and a municipal bond rate of 3.56%, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2053. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2053 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

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

Sensitivity of the Net Pension Liability. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 5.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90 percent) or 1-percentage-point higher (6.90 percent) than the current rate:

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
The Districts' proportionate share of the net pension liability	\$ 46,333,371	\$ 35,593,105	\$ 26,813,811

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.

H. Other Post Employment Benefits (OPEB)

Retiree Health Care Plan

The New Mexico Retiree Health Care Authority (the Authority) was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Retiree Health Care Fund (the Fund) under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

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

All regular full-time employees of the District are members of the Plan, in addition to certain job share and intermittent employees. Eligible employees become members on the first day they are physically on the job. At June 30, 2017, Plan membership consisted of the following:

Plan membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
Total	160,035

Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	<u>97,349</u>

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

Because the Authority is a self-funded, mainly self-insured entity pursuant to Section 10-7C NMSA 1978, the Authority is not construed to be transacting insurance activity otherwise subject to the laws of the State of New Mexico that regulate insurance companies and therefore, not subject to minimum statutory reserve requirements.

Employer and employee contributions to the Authority total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Authority.

Current retirees are required to make monthly contributions for individual basic medical coverage. The Board may designate other plans as “optional coverages.” See Section 10 7C-13 NMSA 1978 for more details.

The Schedules are prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with the standards issued by the Government Accounting Standards Board (GASB). Contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. For the purposes of measuring the net OPEB liability, deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the Authority and additions to and deductions from Authority’s fiduciary net position have been determined on the same basis as they were reported by Authority. Each participating employer’s proportionate share of the Fund’s net OPEB liability, deferred amounts and OPEB expense is calculated based on the employer’s contributions to the Fund as a percentage of total employer contributions received by the Fund during the measurement year.

The preparation of the schedules in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures for the reporting period. Actual results could differ from those estimates.

Benefits Provided

Benefit Types: Retirees and spouses are eligible for medical and prescription drug benefits. Dental and vision benefits are also available, but were not included in this valuation, since they are 100% retiree paid. A description of these benefits may be found at www.nmrhca.org by clicking on Retirees.

Duration of Coverage: Employees and dependents are valued for life.

Dependent Benefits: Same as retirees.

Dependent Coverage: Same as retirees.

Retiree Contributions: The retiree contribution is derived on a service based schedule implemented effective 7/1/2001 and updated annually. The table below shows the anticipated retiree paid portion of claims.

Non-Medicare Retiree	33.0%	34.3%	35.5%	36.0%
Non-Medicare Spouse	57.6%	60.5%	63.0%	64.0%
Medicare Retiree	52.7%	50.9%	50.0%	50.0%
Medicare Spouse	79.1%	76.4%	75.0%	75.0%

Retired Before 2020 or in Public Safety Pension Plan

Years of Service	Percent of full subsidy based on service	Years of Service	Percent of full subsidy based on service
5	6.25%	13	56.25%
6	12.50%	14	62.50%
7	18.75%	15	58.75%
8	25.00%	16	75.00%
9	31.25%	17	81.25%
10	37.50%	18	87.50%
11	43.75%	19	93.75%
12	50.00%	20+	100.00%

Retired After 2019 and Not in Public Safety Pension Plan

Years of Service	Percent of full subsidy based on service	Years of Service	Percent of full subsidy based on service
5	4.76%	16	57.14%
6	9.52%	17	61.90%
7	14.29%	18	66.67%
8	19.05%	19	71.43%
9	23.81%	20	76.19%
10	28.57%	21	80.95%
11	33.33%	22	85.71%
12	38.10%	23	90.48%
13	42.86%	24	95.24%
14	47.62%	25+	100.00%
15	52.38%		

Actuarial Valuation

The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2016 and the ERB actuarial experience study as of June 30, 2016. The following actuarial assumptions were applied to the actuary's measurement:

Valuation Date	6/30/17
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB members; 2.25% for PERA members
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation rate 8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

Rate of Return

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

Asset Class	Target Allocation	Long-Term Rate of
U.S. core fixed income	20.0%	4.1%
U.S. equity - large cap	20.0%	9.1%
Non U.S. - emerging markets	15.0%	12.2%
Non U.S. - developed	12.0%	9.8%
Private equity	10.0%	13.8%
Credit and structured	10.0%	7.3%
Real estate	5.0%	6.9%
Absolute return	5.0%	6.1%
U.S. equity - small/mid cap	3.0%	9.1%

Discount Rate

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

Sensitivity of the Net OPEB Liability

The following presents the net OPEB liability, calculated using the discount rate of 3.81%, as well as what the Fund's net OPEB liability would be if it were calculated using a discount rate that is 1-percent lower or 1-percent higher than the current rate:

	<u>1% Decrease</u> <u>(2.81%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(3.81%)</u>	<u>1% Increase</u> <u>(4.81%)</u>
The Districts' proportionate share of the net OPEB liability	\$ <u>11,694,546</u>	\$ <u>9,641,134</u>	\$ <u>8,030,049</u>

The following presents the Net OPEB Liability of NMRHCA as of June 30, 2017, as well as what the Fund's Net OPEB Liability would be if it were calculated using a health cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the health cost trend rates used:

	<u>1% Decrease</u>	<u>Current Trend</u> <u>Rates</u>	<u>1% Increase</u>
The Districts' proportionate share of the net OPEB liability	\$ <u>8,200,449</u>	\$ <u>9,641,134</u>	\$ <u>10,764,513</u>

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

At June 30, 2018, the District reported a liability of \$9,641,134 for their proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The total OPEB liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer's portion as established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating institutions, actuarially determined. At June 30, 2017, the District's proportion was 0.21275%, which was an increase of 0% from their proportion measured as of June 30, 2016.

State of New Mexico
West Las Vegas Schools
Notes to the Financial Statements
June 30, 2018

For the year ended June 30, 2017, the District recognized OPEB expense of \$383,301. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows or resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 369,976
Net difference between projected and actual earnings on OPEB investments	0	138,694
Changes in assumptions	0	1,685,630
Changes in proportion and differences between the District's contributions and proportionate share of contributions	0	0
District's contributions subsequent to the measurement date	184,731	0
	<u>\$ 184,731</u>	<u>\$ 2,194,300</u>

\$184,731 reported as deferred outflows of resources related to OPEB resulting from District's contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June</u>	
2019	\$ (466,523)
2020	(466,523)
2021	(466,523)
2022	(466,523)
2023	(328,208)
Total	<u>\$ (2,194,300)</u>

Additional Information. Additional financial information is available at www.nmrhca.org or by contacting New Mexico Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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.

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 19, 2018 which is the date the financial statements were available to be issued.

O. Restatements

Fund Balance was restated \$(91,000) for an overstatement of Due from Grantor in the Food Service Fund-21000.

Net Position was restated a total of \$(11,567,883). \$(91,000) of that amount is the restatement of fund balance as discussed above. \$(11,452,133) is the inclusion of the OPEB Liability and \$(24,750) is the premium net of one year of amortization received on the 2016 Series bond issue.

Component Unit Restatements

Net Position was restated \$(554,439) for the inclusion of the Other Post Employment Benefits Liability.

P. Fund Deficient Balances

Transportation-13000 has a deficient fund balance of \$(263).

Required Supplemental Information

State of New Mexico
West Las Vegas Schools
Schedules of Required Supplementary Information for Pension Plan

Schedule of the District's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

	Fiscal	2015	2016	2017	2018
	Year Measurement Date	2014	2015	2016	2017
District's proportion of the net pension liability		0.37403%	0.33986%	0.33986%	0.32027%
District's proportionate share of the net pension liability	\$	21,341,136	\$ 22,013,637	\$ 22,013,637	\$ 35,593,105
District's covered-employee payroll	\$	10,309,633	\$ 9,279,267	\$ 9,124,269	\$ 9,339,320
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		207.00%	237.23%	241.26%	381.11%
Plan fiduciary net position as a percentage of the total pension liability		66.54%	63.97%	61.58%	52.95%

*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,			
	2015	2016	2017	2018
Contractually required contribution	\$ 1,342,498	\$ 1,316,800	\$ 1,268,273	\$ 1,298,165
Contributions in relation to the contractually required	<u>1,342,498</u>	<u>1,316,800</u>	<u>1,268,273</u>	<u>1,298,165</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 9,658,259	9,473,381	9,124,269	\$ 9,339,320
Contributions as a percentage of covered-employee payroll	13.90%	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.

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

Notes to Required Supplementary Information

Changes of benefit terms and assumptions.

The liabilities reflect the impact of Senate Bill 115, signed into law on March 29, 2013, and new assumptions adopted by the Board of Trustees on June 12, 2015 in conjunction with the six-year experience study period ended June 30, 2014. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

- * All members with annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter,
- * Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67,
- * COLAs for most retirees are reduced until NMERB attains a 100% funded status, and
- * For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

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

West Las Vegas Schools

Schedules of Required Supplementary Information and Notes for Other Post Employee Benefits

Schedule of the District's Proportionate Share of the Net Other Post Employee Benefits (OPEB) Liability

Last 10 Fiscal Years*

	Fiscal Year Measurement Date	2018 2017
District's proportion of the net OPEB liability		0.21275%
District's proportionate share of the net OPEB liability	\$	9,641,134
District's covered-employee payroll	\$	9,236,546
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		104.38%
Plan fiduciary net OPEB as a percentage of the total OPEB liability		11.34%

**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 2018, the year the statement's requirements became effective.

Schedule of District's Contributions

Last 10 Fiscal Years*

	June 30, 2018
Contractually required contribution	\$ 184,731
Contributions in relation to the contractually required contribution	184,731
Contribution deficiency (excess)	\$ 0
District's covered-employee payroll	9,236,546
Contributions as a percentage of covered-employee payroll	2.00%

**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 2018, the year the statement's requirements became effective.

Notes to Required Supplementary Information

Changes of benefit terms and assumptions. There were no changes in benefit terms from the previous valuation. A description of these benefits may be found at www.nmrhca.org by clicking on Retirees. Assumptions are included in the notes to the financial statements Note H.

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).

IDEA B (24106)(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)

Teacher/Principal Training (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

Title I School Improvements (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.

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.

State of New Mexico

West Las Vegas Schools

June 30, 2018

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.

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.

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. The fund was created by definition.

Family Planning (28147) To account for funds provided by New Mexico Public Education Department to educate students in an effort to reduce unintended pregnancy. The fund was created by definition.

Private Grant (29102). To account for a private grant 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 provisions in the 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, 2018

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	IDEA B Entitlement 24106
Assets			
Cash and Cash Equivalents	\$ 202,302	\$ 23,523	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	26,813	0	67,376
Inventory	13,891	0	0
Total Assets	<u>\$ 243,006</u>	<u>\$ 23,523</u>	<u>\$ 67,376</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 292	\$ 1,354	\$ 0
Interfund Balance	0	0	67,376
Total Liabilities	<u>292</u>	<u>1,354</u>	<u>67,376</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	13,891	0	0
Restricted for			
Special Revenue	228,823	22,169	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>242,714</u>	<u>22,169</u>	<u>0</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 243,006</u>	<u>\$ 23,523</u>	<u>\$ 67,376</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, 2018

	<u>Special Revenue Funds</u>		
	<u>IDEA Preschool 24109</u>	<u>Fresh Fruit & Vegetables 24118</u>	<u>IDEA B Results Plan 24132</u>
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	1,775	21,651	4,481
Inventory	0	0	0
Total Assets	<u>\$ 1,775</u>	<u>\$ 21,651</u>	<u>\$ 4,481</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	1,775	21,651	4,481
Total Liabilities	<u>1,775</u>	<u>21,651</u>	<u>4,481</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
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>\$ 1,775</u>	 <u>\$ 21,651</u>	 <u>\$ 4,481</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, 2018

	Special Revenue Funds		
	English Language Acquisition 24153	Teacher Principal Training 24154	Rural and Low Income Schools 24160
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	855	35,936	1,202
Inventory	0	0	0
Total Assets	<u>\$ 855</u>	<u>\$ 35,936</u>	<u>\$ 1,202</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	855	35,936	1,202
Total Liabilities	<u>855</u>	<u>35,936</u>	<u>1,202</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
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>\$ 855</u>	 <u>\$ 35,936</u>	 <u>\$ 1,202</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, 2018

	Special Revenue Funds		
	Title I School Improvements 24162	Youth Resiliency Project 24186	Head Start 25127
	<u>24162</u>	<u>24186</u>	<u>25127</u>
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	19,557	3,104	39,941
Inventory	0	0	0
Total Assets	<u>\$ 19,557</u>	<u>\$ 3,104</u>	<u>\$ 39,941</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 2,472
Interfund Balance	19,557	3,104	37,469
Total Liabilities	<u>19,557</u>	<u>3,104</u>	<u>39,941</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
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>\$ 19,557</u>	<u>\$ 3,104</u>	<u>\$ 39,941</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, 2018

	Special Revenue Fund		
	Medicaid 25153	NM Community Foundation 26176	Dual Credit Instructional Materials 27103
Assets			
Cash and Cash Equivalents	\$ 188,819	\$ 252	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	0	0	566
Inventory	0	0	0
Total Assets	<u>\$ 188,819</u>	<u>\$ 252</u>	<u>\$ 566</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	566
Total Liabilities	<u>0</u>	<u>0</u>	<u>566</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for			
Special Revenue	188,819	252	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>188,819</u>	<u>252</u>	<u>0</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 188,819</u>	<u>\$ 252</u>	<u>\$ 566</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, 2018

	Special Revenue Funds		
	GO Student Library 27107	Pre-K Initiative 27149	Breakfast for Elementary 27155
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	18,246	73,966	1,437
Inventory	0	0	0
Total Assets	<u>\$ 18,246</u>	<u>\$ 73,966</u>	<u>\$ 1,437</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	18,246	73,966	1,437
Total Liabilities	<u>18,246</u>	<u>73,966</u>	<u>1,437</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
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>\$ 18,246</u>	 <u>\$ 73,966</u>	 <u>\$ 1,437</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, 2018

	Special Revenue Funds		
	Kindergarten 3 Plus 27166	School Bus 27178	Family Planning 28147
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	0	0	21,720
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,720</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	21,720
Total Liabilities	<u>0</u>	<u>0</u>	<u>21,720</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
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>\$ 0</u>	 <u>\$ 21,720</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, 2018

	Special Revenue Funds		Capital Projects Fund
	Private Grant 29102	Teen Pregnancy 29103	Special Capital Outlay State 31400
Assets			
Cash and Cash Equivalents	\$ 35	\$ 9,876	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	\$ 35	\$ 9,876	\$ 0
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Total Liabilities	0	0	0
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	0	0	0
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for			
Special Revenue	0	9,876	0
Capital Projects	35	0	0
Unassigned	0	0	0
Total Fund Balances	35	9,876	0
 Total Liabilities, Deferred Inflows and Fund Balances	 \$ 35	 \$ 9,876	 \$ 0

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, 2018

	<u>Capital Projects Funds</u>		
	<u>Senate Bill Nine-State 31700</u>	<u>Senate Bill Nine-Local 31701</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 0	\$ 118,321	\$ 543,128
Receivables			
Taxes Receivable	0	90,947	90,947
Due From Grantor	7,568	0	346,194
Inventory	0	0	13,891
Total Assets	<u>\$ 7,568</u>	<u>\$ 209,268</u>	<u>\$ 994,160</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 3,167	7,285
Interfund Balance	7,568	0	316,909
Total Liabilities	<u>7,568</u>	<u>3,167</u>	<u>324,194</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	84,887	84,887
Total Deferred Inflows of Resources	<u>0</u>	<u>84,887</u>	<u>84,887</u>
Fund Balances			
Nonspendable-Inventory	0	0	13,891
Restricted for			
Special Revenue	0	0	449,939
Capital Projects	0	121,214	121,249
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>121,214</u>	<u>585,079</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 7,568</u>	 <u>\$ 209,268</u>	 <u>\$ 994,160</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, 2018

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	IDEA B Entitlement 24106
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	48	0	0
Fees	11,515	56,360	0
State and Local Grants	0	0	0
Federal Grants	1,076,378	0	337,777
Total Revenues	<u>1,087,941</u>	<u>56,360</u>	<u>337,777</u>
Expenditures			
Current			
Instruction	0	52,496	311,417
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	15,845
School Administration	0	0	0
Central Services	0	0	10,515
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	1,123,671	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>1,123,671</u>	<u>52,496</u>	<u>337,777</u>
Excess (Deficiency) of Revenues Over Expenditures	(35,730)	3,864	0
Fund Balances at Beginning of Year	369,444	18,305	0
Restatement	(91,000)	0	0
Restated Beginning Fund Balance	<u>278,444</u>	<u>18,305</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 242,714</u>	<u>\$ 22,169</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, 2018

	Special Revenue Funds		
	IDEA Preschool 24109	Fresh Fruit & Vegetables 24118	IDEA B Results Plan 24132
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	8,611	49,312	18,577
Total Revenues	<u>8,611</u>	<u>49,312</u>	<u>18,577</u>
Expenditures			
Current			
Instruction	8,198	0	18,577
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	413	0	0
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	49,312	0
Capital Outlay	0	0	0
Total Expenditures	<u>8,611</u>	<u>49,312</u>	<u>18,577</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	0	0	0
Restatement	0	0	0
Restated Beginning Fund Balance	<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, 2018

	Special Revenue Funds		
	English Language Acquisition 24153	Teacher Principal Training 24154	Rural and Low Income Schools 24160
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	4,215	85,286	26,391
Total Revenues	<u>4,215</u>	<u>85,286</u>	<u>26,391</u>
Expenditures			
Current			
Instruction	4,116	75,331	25,189
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	99	3,719	1,202
School Administration	0	1,925	0
Central Services	0	4,311	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>4,215</u>	<u>85,286</u>	<u>26,391</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	0	0	0
Restatement	0	0	0
Restated Beginning Fund Balance	<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, 2018

	Special Revenue Funds		
	Title I School Improvements 24162	Youth Resiliency Project 24186	Head Start 25127
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	91,945	3,458	2,071,959
Total Revenues	<u>91,945</u>	<u>3,458</u>	<u>2,071,959</u>
Expenditures			
Current			
Instruction	69,081	3,458	816,797
Support Services			
Students	0	0	649,755
Instruction	0	0	0
General Administration	0		33,217
School Administration	0	0	146,422
Central Services	22,864	0	0
Operation of Plant	0	0	123,604
Student Transportation	0	0	2,691
Food Service Operations	0	0	9,604
Capital Outlay	0	0	289,869
Total Expenditures	<u>91,945</u>	<u>3,458</u>	<u>2,071,959</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	0	0	0
Restatement	0	0	0
Restated Beginning Fund Balance	<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, 2018

	Special Revenue Fund		
	Medicaid 25153	NM Community Foundation 26176	Dual Credit Instructional Materials 27103
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	331,324	0	0
State and Local Grants	0	0	4,853
Federal Grants	0	0	0
Total Revenues	<u>331,324</u>	<u>0</u>	<u>4,853</u>
Expenditures			
Current			
Instruction	0	120	4,853
Support Services			
Students	297,775	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
Student Transportation	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>297,775</u>	<u>120</u>	<u>4,853</u>
Excess (Deficiency) of Revenues Over Expenditures	33,549	(120)	0
Fund Balances at Beginning of Year	155,270	372	0
Restatement	0	0	0
Restated Beginning Fund Balance	<u>155,270</u>	<u>372</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 188,819</u>	<u>\$ 252</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, 2018

	Special Revenue Funds		
	GO Student Library 27107	Pre-K Initiative 27149	Breakfast for Elementary 27155
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State and Local Grants	23,496	250,868	11,558
Federal Grants	0	0	0
Total Revenues	<u>23,496</u>	<u>250,868</u>	<u>11,558</u>
Expenditures			
Current			
Instruction	0	248,369	0
Support Services			
Students	0	0	0
Instruction	23,496	0	0
General Administration	0	2,499	0
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	0	11,558
Capital Outlay	0	0	0
Total Expenditures	<u>23,496</u>	<u>250,868</u>	<u>11,558</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	0	0	0
Restatement	0	0	0
Restated Beginning Fund Balance	<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, 2018

	Special Revenue Funds		
	Kindergarten 3 Plus 27166	School Bus 27178	Family Planning 28147
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State and Local Grants	80,279	0	51,150
Federal Grants	0	0	0
Total Revenues	<u>80,279</u>	<u>0</u>	<u>51,150</u>
Expenditures			
Current			
Instruction	65,943	0	49,297
Support Services			
Students	0	0	1,853
Instruction	0	0	0
General Administration	0	0	0
School Administration	14,336	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>80,279</u>	<u>0</u>	<u>51,150</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	0	0	0
Restatement	0	0	0
Restated Beginning Fund Balance	<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, 2018

	Special Revenue Funds		Capital Projects Fund
	Private Grant 29102	Teen Pregnancy 29103	Special Capital Outlay State 31400
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State and Local Grants	7,284	9,876	59,427
Federal Grants	0	0	0
Total Revenues	7,284	9,876	59,427
Expenditures			
Current			
Instruction	6,784	22,114	0
Support Services			
Students	965	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	4,427
Student Transportation	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	55,000
Total Expenditures	7,749	22,114	59,427
Excess (Deficiency) of Revenues Over Expenditures	(465)	(12,238)	0
Fund Balances at Beginning of Year	500	22,114	0
Restatement	0	0	0
Restated Beginning Fund Balance	500	22,114	0
Fund Balance End of Year	\$ 35	\$ 9,876	\$ 0

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, 2018

	<u>Capital Projects Funds</u>		
	Senate Bill Nine-State 31700	Senate Bill Nine-Local 31701	Total
Revenues			
Property Taxes	\$ 0	\$ 373,266	\$ 373,266
Interest Income	0	0	48
Fees	0	0	399,199
State and Local Grants	219,134	0	717,925
Federal Grants	0	0	3,773,909
Total Revenues	<u>219,134</u>	<u>373,266</u>	<u>5,264,347</u>
Expenditures			
Current			
Instruction	30,836	43,866	1,856,842
Support Services			
Students	0	0	950,348
Instruction	0	0	23,496
General Administration	0	3,728	60,722
School Administration	0	0	162,683
Central Services	6,094	2,999	46,783
Operation of Plant	26,292	219,770	374,093
Student Transportation	0	0	2,691
Food Service Operations	918	17,006	1,212,069
Capital Outlay	154,994	169,646	669,509
Total Expenditures	<u>219,134</u>	<u>457,015</u>	<u>5,359,236</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(83,749)	(94,889)
Fund Balances at Beginning of Year	0	204,963	770,968
Restatement	0	0	(91,000)
Restated Beginning Fund Balance	<u>0</u>	<u>204,963</u>	<u>679,968</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 121,214</u>	<u>\$ 585,079</u>

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, 2018

	Balance 6/30/17	Receipts	Expenditures	Balance 6/30/18
Assets				
Administration				
Car Usage **	\$ 1,348	\$ 0	\$ 1,348	\$ 0
School Board Student Incentive	11,402	26	1,452	9,976
Head Start Administration	72	210	0	282
Family Partnership	529	0	0	529
Rio Gallinas Charter	829	0	0	829
Pre-K Program	545	0	0	545
DD Program	0	100	77	23
	<u>14,725</u>	<u>336</u>	<u>2,877</u>	<u>12,184</u>
Scholarships				
BJ Gonzales Scholarship	9,476	5,000	3,500	10,976
Orlando Espinoza Scholarship	2,968	2,046	2,000	3,014
Justin Roper Scholarship	1,500	2,000	500	3,000
Fabian Trujillo Scholarship	250	500	250	500
Summit Scholarships	16,925	0	10,000	6,925
	<u>31,119</u>	<u>9,546</u>	<u>16,250</u>	<u>24,415</u>
Elementary Schools				
Armijo Elementary	9,152	7,899	8,660	8,391
Martinez Elementary	9,413	22,996	23,537	8,871
Tony Serna Elementary	5,918	11,799	13,758	3,959
Union Elementary	7,927	15,169	23,096	0
	<u>32,409</u>	<u>57,862</u>	<u>69,050</u>	<u>21,221</u>
High School				
Administration	16,275	12,723	12,281	16,716
Band	730	1,206	0	1,936
BPA	377	16,647	16,243	781
Student Council	888	804	1,555	137
Yearbook	5,004	10,221	11,029	4,196
Choir	141	3,897	4,038	0
Technology	1,615	9,380	6,588	4,407
Key Club	632	200	200	632
Baseball	173	0	0	173
All Sports	30,987	117,284	101,859	46,412
Library	1,005	0	0	1,005
MESA	2,379	4,413	3,873	2,920
GUTS	27	0	0	27
Class of 2016	0	0	0	0
Class of 2017	2,870	6,852	6,144	3,578
Class of 2018	2,994	0	0	2,994
Mariachi	662	860	618	904
One Special Place	411	735	0	1,146
Class of 2020	502	110	0	612
Class of 2019	4,002	6,397	3,760	6,640
	<u>\$ 71,675</u>	<u>\$ 191,728</u>	<u>\$ 168,188</u>	<u>\$ 95,216</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, 2018

	Balance 6/30/17	Receipts	Expenditures	Balance 6/30/18
Middle School				
BPA	\$ 4,154	\$ 9,362	\$ 12,598	\$ 918
8th Grade	1,089	0	322	767
Administration	1,062	600	750	911
Mesa	6,003	231	2,480	3,755
Yearbook	3,364	2,731	1,091	5,003
PTO	1,684	2,597	4,173	109
Student Council	868	0	0	868
6th Grade	98	2,996	2,669	424
Library	72	0	0	72
	<u>18,393</u>	<u>18,516</u>	<u>24,083</u>	<u>12,826</u>
Valley Elementary				
Valley Administration	7,649	11,139	13,893	4,895
Valley Band	1,381	0	0	1,381
Valley-Frank Montenegro	1,440	0	1,154	285
	<u>10,470</u>	<u>11,139</u>	<u>15,047</u>	<u>6,561</u>
Total Assets	<u>\$ 178,791</u>	<u>\$ 289,128</u>	<u>\$ 295,496</u>	<u>\$ 172,423</u>
Liabilities				
Deposits Held for Others	<u>\$ 178,791</u>	<u>\$ 289,128</u>	<u>\$ 295,496</u>	<u>\$ 172,423</u>
Total Liabilities	<u>\$ 272,550</u>	<u>\$ 289,128</u>	<u>\$ 295,496</u>	<u>\$ 172,423</u>

** Car Usage was restated by \$(93,759). The June 30, 2017 reported ending balance was \$95,107. The correct amount was \$1,348.

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, 2018

		Beginning Cash <u>6/30/17</u>	Revenue	Expenditures	Ending Cash <u>6/30/18</u>
Operational	11000 \$	1,241,498	12,853,422	12,076,414	2,018,506
Transportation	13000	41	803,089	803,129	1
Instructional Materials	14000	22,574	41,175	41,503	22,246
Food Service	21000	216,357	1,015,529	1,029,584	202,302
Athletics	22000	18,304	56,360	51,141	23,523
Activities	23000	178,791	289,128	295,496	172,423
Federal Flowthrough	24000	(394,375)	1,231,420	1,131,008	(293,963)
Federal Direct	25000	(89,370)	2,608,991	2,368,271	151,350
Local Grants	26000	372	0	120	252
State Flowthrough	27000	(192,509)	469,347	371,054	(94,216)
State/Local Grants	28000	0	29,430	51,150	(21,720)
Local Grants	29000	22,614	17,160	29,863	9,911
Bond Building	31100	2,567,696	4,454,883	5,963,030	1,059,549
Special State Capital Outlay	31400	(54,891)	114,317	59,426	0
Senate Bill Nine-State	31700	(174,521)	386,088	219,135	(7,568)
Senate Bill Nine-Local	31701	199,323	372,847	453,849	118,321
Debt Service	41000	1,477,138	2,014,578	1,565,700	1,926,016
Total		<u>\$ 5,039,042</u>	<u>\$ 26,757,764</u>	<u>\$ 26,509,873</u>	<u>\$ 5,286,933</u>

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, 2018

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
U. S. Department of Agriculture			
Child Nutrition Cluster			
Pass-through New Mexico Department of Health and Human Services			
Commodity Supplemental Food Program	10.565	21000	(1) 90,920
Pass-through New Mexico Public Education Department			
School Breakfast Program	10.553	21000	\$ 377,404
National School Lunch Program	10.555	21000	608,054
			<u>1,076,378</u>
Fresh Fruit and Vegetables	10.582	24118	49,312
Direct Program			
Rural Development, Forestry, and Communities	10.672	11000	72,591
Total U. S. Department of Agriculture			<u>1,198,281</u>
U. S. Department of Education			
Pass-through New Mexico Public Education Department			
Special Education Cluster			
IDEA B Entitlement	84.027	24106	337,777
IDEA B Results Plan	84.027	24132	18,577
IDEA Preschool	84.173	24109	8,611
			<u>364,965</u>
Pass-through New Mexico Public Education Department			
Title I	84.010	24101	493,165
Title I School Improvements	84.010	24162	91,945
English Language Acquisition	84.365	24153	4,215
Supporting Effective Instruction	84.367	24154	85,286
Rural and Low Income Schools	84.358	24160	26,391
Total U. S. Department of Education			<u>1,065,967</u>
U. S. Department of Health and Human Services			
Direct Program			
Youth Resiliency Project	93.079	24186	3,458
Head Start	93.600	25127	2,071,959
Total U. S. Department of Health and Human Services			<u>2,075,417</u>
Total Federal Assistance-District			<u>\$ 4,339,665</u>
Rio Gallinas Charter School			
U. S. Department of Education			
Pass-through New Mexico Public Education Department			
Title I	84.010	24101	\$ 25,000
Title I School Improvements	84.010	24162	22,864
IDEA B Entitlement	84.027	24106	10,515
Supporting Effective Instruction	84.367	24154	4,311
Total U. S. Department of Education			<u>62,690</u>
Total Federal Assistance-Charter School			<u>62,690</u>
Total Federal Assistance			<u>\$ 4,402,355</u>

(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, 2018

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. Wayne Johnson
State Auditor of the State of New Mexico
Board Members of the West Las Vegas Schools

Mr. Johnson 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 major special revenue funds, of West Las Vegas Schools (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. 2016-002, 2016-004, 2016-005, 2016-007, 2016-008, 2017-002, 2018-001, 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-010, 2018-011 and for the Charter 2016-001, 2018-001 and 2018-002.

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 2016-002, 2016-004, 2016-005, 2016-007, 2016-008, 2017-002, 2018-001, 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-010, 2018-011 and for the Charter 2016-001, 2018-001 and 2018-002.

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.

De'Aun Willoughby, CPA, PC

Clovis, New Mexico
October 19, 2018

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. Wayne Johnson
State Auditor of the State of New Mexico
Board Members of the West Las Vegas Schools

Mr. Johnson 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, 2018. 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.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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'Aun Willoughby, CPA, PC

Clovis, New Mexico
October 19, 2018

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? No

* Significant deficiencies identified? No

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

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>	
	Child Nutrition Cluster	
10.553	School Breakfast Program	
10.555	National School Lunch Program	
10.565	Commodity Supplemental Food Program	
Dollar threshold used to distinguish between type A and type B programs:		\$ 750,000
Audited qualified as low risk Auditee		No

Federal Awards Finding

Prior Year Audit Findings	<u>Status</u>
2017-001 Child Nutrition Cluster	Resolved

Current Year Audit Findings

None

Financial Statements Findings

Prior Year Audit Findings	<u>Status</u>
2014-002 Expenditures	Resolved
2016-002 Payroll	Repeated & Modified
2016-004 ERB & RHCA	Repeated & Modified
2016-005 NMPSIA	Repeated & Modified
2016-007 Receipt Books	Repeated & Modified
2016-008 Certification of Inventory	Repeated & Modified
2017-002 Clearing Accounts not Reconciling to Zero	Repeated & Modified

Current Year Audit Findings

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

During our testing of 49 employees' payroll documentation we noted the following: Fourteen I-9s could not be located; thirty-five were incomplete or completed incorrectly. Because of the large number of errors we expanded our scope and reviewed all 380 employees. Of the 380 there were 91 or 23.94% that could not be located and the remaining 289 were incomplete or completed incorrectly. Of the 380 W-4s reviewed, 22 could not be located, 5 were incomplete or completed incorrectly and 1 had the same address for two employees. The employees had the same first name but were not related and one had never lived at that address, the W-4 was completed by the District's software program.

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 Payroll Clerk who is responsible for completing the forms did not understand how the forms should be completed.

2016-002 Payroll-Compliance and Internal Control-Significant Deficiency (Continued)

Effect

The District could be liable for both penalties and fines for every I-9. Improper completion, retention (known as technical violations) 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. First offense with greater than 50% substantive violations the penalties would be \$1,862 per I-9 as well as up to an additional 25% fine. An estimate of the penalties and fines could total \$849,072.

Recommendation

We recommend additional training, supervision and review. All I-9s and W-4s should be reviewed and updated. Additional staff and/or a restructuring of duties may be necessary.

Response

We have hired a Payroll Specialist. She will be trained and will review and update each I-9 and W-4 as necessary to address the issue.

Responsible Party and Timeline

The Superintendent and Business Manager is responsible for this finding and will resolve it by June 30, 2019.

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

Condition

When testing payroll that was submitted to ERB and RHCA of the 49 employees reviewed, we noted the following:

- 1) there were 10 employees that worked greater than .25 FTE that were not paying into ERB and should have been. The amount owed for these employees for fiscal year 2018 totaled \$13,675.
- 2) there were 15 employees that was not paying into RHCA and should have been. The amount owed to RHCA for these employees for fiscal year 2018 totaled \$3,194.

Management has not made progress in correcting these issues.

Criteria

22-11-21 NMSA 1978 Contributions; members; local administrative units. 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 criteria to temporary and part-time employees for ERB and RHCA.

Effect

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

Recommendation

Additional training is necessary to correctly classify employees for ERB and RHCA benefits. There should be a system in place to identify employees who did not qualify when hired for ERB and RHCA but became eligible later in the school year. Additional staff and/or a restructuring of duties may be necessary.

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.

Responsible Party and Timeline

The Business Manager is responsible for this finding and it will be corrected before year end.

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

Condition

Of the 49 employees reviewed there were 8 that should have been offered health insurance and the District should have paid the premiums for basic life.

Management has not made progress in correcting this finding.

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. As per NMPSIA Handbook "If an employee works 20+ hours a week or fewer than 20 hours per week but at least 15 hours per week, you may also be eligible to participate if your employer has passed a resolution which has been approved by the NMPSIA Board of Directors, then they are eligible to participate in this employee benefit program".

Cause

The District did not offer NMPSIA benefits to part-time or temporary employees even though some of the employees were eligible for the benefits.

Effect

The employees were not afforded the opportunity to accept or decline health insurance coverage offered by the District.

Recommendation

Additional training is necessary to correctly classify employees for NMPSIA benefits. There should be a system in place to identify employees who did not qualify when hired for NMPSIA but became eligible later in the school year. Additional staff and/or a restructuring of duties may be necessary.

Response

Management will hold staff training for payroll staff to honor regulations and procedures accordingly.

Responsible Party and Timeline

The Business Manager is responsible for this finding and it will be corrected before year end.

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

Condition

Of 51 activity receipts reviewed we noted the following:

One or 2% the amount receipted does not match amount deposited, \$29,447.

Twenty-four or 47% were not made out to individuals, \$680.

Two or 4% were not deposited within 24 hours, \$26,183.

Thirty-five or 69% the original was not given to the individual, they were sent to the central office, \$115.

One or 2% the money was not receipted, \$450.

Fourteen or 27% was missing a signature on the summary form, \$6,345.

Thirteen or 25% was missing deposit ticket from bank, \$17,770.

One or 2% was receipt after the fact, \$4,878.

One or 2% receipts do not agree to the deposit, \$120.

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 work diligently with staff secretaries to get this finding resolved by June 30, 2019.

Responsible Party and Timeline

Comptroller is responsible for this finding and has already held training with those who handle activity money. This finding is resolved.

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, 2018.

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

Criteria

2.20.1.16 NMAC 1978 Annual Inventory (A). At the end of the fiscal year, each agency shall conduct a physical inventory of its fixed assets consisting of those with a historical cost of one thousand dollars (\$1,000) or more, under the control of the governing authority. This inventory shall include all property procured through the capital projects fund which are assigned to the agency designated by the director of the property control division as the user agency. (C). All passenger vehicles must be included in the inventory process. This includes all vehicles leased from the transportation services division of the general services department as required by the "Auditor's Rule" 2 NMAC 2.2.11.1.L [now Paragraph (8) or Subsection A of 2.2.2.12 NMAC]. (D). The inventory process shall produce a list of the property and the date and cost of acquisition. The annual physical inventory checks against losses not previously revealed and brings to light errors in records of accountability, but more importantly, a systematic physical inventory of fixed assets provides an opportunity for surveying their physical condition, with respect to their need for repairs, maintenance or replacement. (E). The results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing authority of the agency. In the process of conducting their fieldwork, the state auditor or independent public accountant under a contract approved by the state auditor may test the correctness of the inventory by generally accepted auditing procedures (Laws 1999, Chapter 230).

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 items 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 failed short at two sites. For this reason, the certification process was incomplete.

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 site administrator in producing all inventory sites accordingly.

Responsible Party and Timeline

The Superintendent is responsible for the inventory and will accomplish it by June 30, 2019.

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.

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

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.

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

The clearing accounts are no longer in use.

Responsible Party and Timeline

The Business Manager will have issued resolved by June 30, 2019.

2018-001 Bank Reconciliations-Compliance and Internal Control-Significant Deficiency

Condition

The bank reconciliations do not agree with the general ledger. An adjustment to the bank accounts and to the other expense account in the Operational Fund of \$69,747 was required to cause the bank and books to agree. It is unknown when this error or errors occurred. Some of the issues are more than 5 years ago.

Criteria

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

Cause

The District has not been able to reconcile the clearing accounts for years. In an effort to solve the problem the District stopped using the accounts payable clearing account, moved student activities to their own bank account and prepared to stop using the payroll clearing account effective July 1, 2018. These actions disclosed the \$69,747 shortage. To date the bank reconciliations still have variances. Other issues are affecting the reconciliation process. One of the issues is not recording transfers and adjustments in the general ledger.

Effect

Without reconciled bank accounts management may not be confident in financial decisions. Fraud could be occurring without detection. Reports issued to PED are not accurate.

Recommendation

All transactions including transfers and adjustments should be recorded in the general ledger. In most cases both the bank transfers and adjustments should offset each other. Utilizing a transfer account should at the least disclose transfers or adjustments that don't offset each other and give some direction as to what errors there are in the general ledger. If the bank accounts continue to be unreconciled the District could hire a consultant or hire Visions, the software company, to assist in reconciling the bank account.

Response

We are utilizing all resources available to get the bank statement reconciled to the general ledger.

Responsible Party and Timeline

The Comptroller is responsible for this finding and will have it resolved before June 30, 2019.

2018-002 PED Cash - Compliance and Internal Control-Significant Deficiency

Condition

The District's submitted PED Cash Report at year end did not properly reflect the June 30, 2018 reconciled cash balances.

Criteria

6.20.2.11 (B) (6) NMAC and Regulation SBE-6 the reports sent to the New Mexico Public Education Department (PED) must agree to the District's general ledger and must be submitted quarterly and annually by July 31.

Cause

The District has been unable to reconcile the bank accounts to the general ledger. This issue caused the cash reported to PED to be \$28,781.25 more than the audited cash balances.

Effect

The District is in violation of 6.20.2.11 (B) (6) NMAC and Regulation SBE-6. The incorrect reporting could effect a decision made by PED that depends on the cash balances.

Recommendation

The District should always report the reconciled cash balances to PED.

Response

We are utilizing all recourses available to get the bank statement reconciled to the general ledger which will allow us to report reconciled balances to PED.

Responsible Party and Timeline

The Comptroller is responsible for this finding and will have it resolved before June 30, 2019.

2018-003 Request for Reimbursement-Compliance and Internal Control-Significant Deficiency Condition

Request for reimbursements (RFR) are not made before the date established by PED. \$31,612.50 in the Fund 31400 and \$19,704.91 in the Charter School's Fund 24106 were not timely. The District will not recover the \$31,612.50. The Charter School will be able to carryover the balance to the next year's budget to be spent in the 24106 fund.

Criteria

PSAB Supplement 7-Cash Controls page 14. A reimbursement request must be sent via the OBMS system to request reimbursement for the expenditures. To insure adequate cash flow, reimbursements must be filed as often as permitted and the reimbursement tracked to ensure repayment from the Department of Finance and Administration (DFA).

Cause

The Business Manager and Accounts Payable Clerk did not submit an RFR to PED in a timely fashion.

Effect

Funding is lost causing money to cover various grants that could be spent educating the students in the District.

Recommendation

RFRs must be submitted timely and tracked to assure collection of the money.

Response

The Business Manager has developed a sign-in form to record all RFRs' submission with a double signature verifying that the RFRs were submitted in a timely fashion.

Responsible Party and Timeline

The Business Manager is the responsible party and will have issue resolved by June 30, 2019.

2018-004 Timesheets-Compliance and Internal Control-Significant Deficiency

Condition

We noted that for some of the non-exempt employees timesheets were changed after the employee signed them. In all cases, the time was reduced. There were days with hours that were marked out and not paid. In some instances the time was calculated incorrectly. There are multiple non-exempt employees that are doing extra duties for the District but they are not keeping time sheets to determine if overtime or comp time is due.

Criteria

Under the FLSA, "overtime" means "time actually worked beyond a prescribed threshold." The normal FLSA "work period" is the "work week" -- 7 consecutive days -- and the normal FLSA overtime threshold is 40 hours per work week. Nonexempt employees are entitled under the FLSA to time and one-half their "regular rate" of pay for each hour they actually work over the applicable FLSA overtime threshold in the applicable FLSA work period. Under certain prescribed conditions, employees of State or local government agencies may receive compensatory time off, at a rate of not less than one and one-half hours for each overtime hour worked, instead of cash overtime pay. Law enforcement, fire protection, and emergency response personnel and employees engaged in seasonal activities may accrue up to 480 hours of comp time; all other state and local government employees may accrue up to 240 hours. An employee must be permitted to use compensatory time on the date requested unless doing so would "unduly disrupt" the operations of the agency.

Cause

Employees were not paid correctly because the timesheets were being altered by Payroll Clerk.

Effect

The District is in violation with Fair Labor Standards Act (FLSA). Without proper and accurate timesheets for all hours worked in a workweek for non-exempt employees, the amount of pay due a non-exempt employee cannot be determined. A non-exempt employee must be paid for all of the time considered to be hours worked and all time that is hours worked must be counted when determining overtime hours worked.

Recommendation

Use the timeclock system that you presently have for all non-exempt employees. It will calculate the time correctly. Changes are made by a supervisor with the written consent of the employee. If the District offers comp time in lieu of overtime for their non-exempt employees the District must keep a true and accurate log in tracking comp time.

Response

Timeclock implementation for calculation of time for employees will be utilized by Payroll Clerk to ensure accuracy.

Responsible Party and Timeline

The Superintendent is responsible for this finding and is addressing it immediately. It should be resolved before June 30, 2019.

2018-005 Pay Dates for Non-Exempt Employees-Compliance and Internal Control-Significant Deficiency Condition

We noted that non-exempt employees pay period is from the 1st of the month through the 15th and 16th of the month through the end of the month. The District is not paying the non-exempt employees for these hours worked until the next pay period. The non-exempt employees are not being paid with 10 days of payroll cycle but rather 15 or 16 days later.

Criteria

New Mexico Statutes 50-4-2-A. An employer must designate regular pay days no more than sixteen (16) days apart. An employer must pay employees for wages earned during the 1st to 15th day of the month by the 25th of the month, and for wages earned during the 16th to last day of the month by the 10th day of the following month. An employer may pay professional, administrative or executive employees, or outside salesman one time per month.

Cause

Management was not aware that non-exempt employees must be paid within 10 days.

Effect

The District is in violation of NMAC 50-4-2 and could potentially be fined or legal action could be the results.

Recommendation

Non-exempt employees must be paid within 10 days of the end of a pay cycle.

Response

Management will be changing the pay periods for 19-20 school year.

Responsible Party and Timeline

The Business Manager will assist in the transformation of developing 26 pay periods instead of 24.

2018-006 State Unemployment Reports-Compliance and Internal Control-Significant Deficiency Condition

We noted the following:

The wages reported on the unemployment reports were understated by approximately \$700,000 for fiscal year. The 6/30/18 report was not filed timely. It was filed on 8/17/18.

Criteria

7-3-13 NMSA. Withholding information return required; penalty.

A. An employer that has more than fifty employees and is not required to file an unemployment insurance tax form with the workforce solutions department or a payer shall file quarterly a withholding information return with the department on or before the last day of the month following the close of the calendar quarter.

B. The quarterly withholding information return required by this section shall contain all information required by the department, including:

- (1) Each employee's or payee's social security number;
- (2) Each employee's or payee's name;
- (3) Each employee's or payee's gross wages, pensions or annuity payments;
- (4) Each employee's or payee's state income tax withheld; and
- (5) The workers' compensation fees due on behalf of each employee or payee.

C. Each quarterly withholding information return shall be filed with the department using a department-approved electronic medium.

In New Mexico, UI tax reports and payments are due on or before the last day of the month immediately following the end of the calendar quarter.

Cause

The amount of the worker's comp fee withheld from employee's pay was not correct. Some had a fee of \$12, \$8, \$4 rather than the required \$2 withheld. In some cases the fee withheld was a negative amount. These errors caused each employee's wages to be excluded from the electronic file uploaded to Workforce solutions.

Effect

The wages reported for these employees were incorrect. Should these employees terminate and attempt to draw unemployment, the wages would not have been reported to Workforce Solutions.

Recommendation

The correct \$2 fee should be withheld quarterly from employee's pay. And the wages uploaded to Workforce Solutions should be compared to the payroll journal before submission.

Response

The Payroll Clerk will receive additional training in resolving this finding.

Responsible Party and Timeline

The Business Manager will ensure this finding is resolved by June 30, 2019.

2018-007 Compensated Absences-Compliance and Internal Control-Significant Deficiency

Condition

During our review of compensated absences we noted:

- (a) Five employees exceed the maximum amount that can be accrued.
- (b) Five employees had negative balances on the District's books.
- (c) One 12 month employee's pay was reduced by adjusting the number of days of her contract so she would receive a pay check while she was not working. The employee was receiving pay for time she has not worked.

Criteria

- (a) Policy states the employee will lose excess annual leave (greater than 600 hours) at the end of the calendar year. An employee may sell the unused annual leave back to the District at 3 to 1 with board approval.
- (b) Manual of Procedures (PSAB) PSAB 14. Negative compensated absences are considered payroll advances and are not allowed.
- (c) The New Mexico Criminal Code makes it a fourth-degree felony for a public official to pay public money for services that have not been rendered. "Paying or receiving public money for services not rendered consists of knowingly making or receiving payment or causing payment to be made from public funds where such payment purports to be for wages, salary or remuneration for personal services [services] which have not in fact been rendered." NMSA 1978, § 30-23-2.

Cause

Management was unaware of the overages and negative compensated absences balances in the Visions software.

Effect

- (a) The District is carrying liabilities that were forfeited by the employees.
- (b) The District risks not recovering the wages should the employees terminate employment.
- (c) The District is not allowed to make payroll advances and negative compensated absences are payroll advances.

Recommendation

Employees should submit a request to sell unused annual leave to the board for approval and/or the District should reduce the hours to the maximum allowed. The District should not allow negative leave to be built-up, but instead should dock the employee's pay.

Response

Management will receive a report that includes overages and negative balances on a timely (bi-weekly) basis to ensure employees do not exceed the amount that can be accrued or have negative balances.

Responsible Party and Timeline

The Business Manager is responsible for this finding and will resolve it by June 30, 2019.

2018-008 Background Checks-Compliance and Internal Control-Significant Deficiency

Condition

Four of 49 employees' background checks reviewed were missing.

Criteria

NM Statute 22-10(A)-5 NMSA 1978 states that if an employee terminates and returns, a new background check is required. C. Local school boards and regional education cooperatives shall develop policies and procedure to require background checks on an applicant who has been offered employment, a contractor or a contractor's employee with unsupervised access to students at a public school.

Cause

The District agrees that the 4 employees should have had background checks. It is unknown if they had background checks or if the reports were misplaced.

Effect

The District's failure to maintain a background check report in the employee's personnel file is a violation of state statute and may increase the District's risk of liability for actions that may arise regarding employees.

Recommendation

Pre-hiring background checks are a must for proper vetting and liability protection. A system should be implemented to document who has accessed a personnel file to hold an employee accountable for the missing background check.

Response

A check list has been created to ensure all steps are followed when a new employee is hired.

Responsible Party and Timeline

Human Resource Coordinator will follow thru and sign off on the check list to ensure all was completed by Personnel Specialist. The issue should be resolved by June 30, 2019.

2018-009 New Hires-Compliance and Internal Control-Significant Deficiency

Condition

Out of 62 new hires during the 2018 fiscal year we reviewed 9. Of the 9, 1 was not submitted timely.

Criteria

Under New Mexico law (§50-13-1 to 50-13-4) and Federal law (42 USC §653.a.(b)(1)(A)), all public, private, non-profit, and government employers are required to report all newly hired employees within 20 days of hire or rehire to the New Mexico New Hires Directory.

Cause

The District does not have a system in place to determine if all new hires have been reported timely.

Effect

Pursuant to federal law, states have the option of imposing civil monetary penalties on employers who fail to report new hires. The fine can be up to \$20 per newly hired employee, and if there is a conspiracy between the employer and employee not to report, the penalty can be up to \$500 per newly hired employee.

Recommendation

Training and supervision should occur to assure the new hire reporting requirements are met.

Response

Our Personnel Specialist will receive additional training to alleviate additional mishaps in submitting new hires. This set has been included on the check list discussed in 2018-008 finding.

Responsible Party and Timeline

The Payroll Specialist is responsible for this finding. It is considered resolved.

2018-010 Credit Cards-Compliance and Internal Control-Significant Deficiency

Condition

The District was issued a new credit card in June 2018. The credit card is not a procurement card (P-card) and has a credit limit of \$175,000.

Criteria

In accordance with Laws of 2007, Regular session, Chapter 28, Section 3, Subsection L states, "Except for gasoline credit cards used solely for operation of official vehicles, telephone credit cards used solely for official business and procurement cards used as authorized by section 6-59(I) NMSA 1978, none of the appropriations contained in the General Appropriation Act of 2007 may be expended for payment of agency-issued credit card invoices."

Cause

The District is using a credit card instead of a P-card.

Effect

The District is in violation of State statute regarding the use of a bank issued credit card.

Recommendation

The District should only utilize procurement cards authorized by Section 6-59(I) NMSA 1978. The District should properly credit its funds when a credit is received.

Response

The District will close the credit card and apply for a P-card.

Responsible Party and Timeline

The Business Manager will ensure that the District has a P-card by June 30, 2019.

2018-011 Warehouse Inventory-Compliance and Internal Control-Significant Deficiency

Condition

There is not an inventory of items in the warehouse and does not adequate controls and accountability of the expendable items in the warehouse.

Criteria

NMAC 6.20.2.16 Warehouse/Supply Inventory: This section pertains to districts that maintain a warehouse. At fiscal year end, each school district shall take a physical inventory of remaining goods and materials of an expendable nature (items that are consumed in the normal course of operating the district). School districts shall establish adequate internal accounting control procedures over supplies inventory in accordance with GAAP.

Cause

A physical Inventory is not being conducted at the warehouse at the end of the fiscal year and there are not adequate controls in place over supplies inventory in the warehouse.

Effect

The District has violated NMAC 6.20.2.16 and does not know the value of items in the warehouse. The District does not know if there is waste or fraud as pertains to the items in the warehouse.

Recommendation

Software that tracks expendable items as they come in and go out including a reminder when it may be time to reorder some items would be very helpful. A physical count should be conducted annually and compared to the amounts in the system.

Response

Management is hiring a Warehouse Assistant which will implement a tracking devise to take a physical inventory of items in the warehouse.

Responsible Party and Timeline

The Superintendent is responsible for this finding and will have it resolved by June 30, 2019.

State of New Mexico
Component Unit Findings
Rio Gallinas Charter School
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Findings	Status
Prior Year Audit Findings	
2016-001 Payroll Issues	Repeated & Modified
2017-001 Expenditure Issues	Resolved
2017-002 Receipts	Resolved

Current Year Audit Findings

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

Condition

- a. Nine of the 14 I-9s tested were not completed within the timeframe, incomplete or incorrectly completed.
- b. One of the 11 official transcripts tested could not be located. Two of the 11 were copies.

Management has not made progress in correcting this finding.

Criteria

- a. 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.
- b. Employee Handbook II. Employment Policies G-1-c. states that Official Transcripts are required.

Cause

- a. Management was not aware of how to correct old I-9s with errors.
- b. A copy of an official transcript was used to verify education.

Effect

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

Recommendation

- a. All I-9s should be updated after additional training has occurred to assure they are completed correctly.
- b. The Charter should obtain official transcripts to become in compliance with the Charter's policy.

Response

- a. Management will work on creating letters to attach to the old I-9s with errors to resolve this issue.
- b. The school will get an official copy of the transcript.

Responsible Party and Timeline

The assistant business manager will work to resolve this issue in the current fiscal year.

2018-001 New Hire Reporting-Compliance and Internal Control-Significant Deficiency

Condition

One of the 3 new hires sampled we noted 1 was not submitted timely.

Criteria

As per New Mexico law (§50-13-1 to 50-13-4) and Federal law (42 USC §653.a.(b)(1)(A)), all public, private, non-profit, and government employers are required to report all newly hired employees within 20 days of hire or rehire to the New Mexico New Hires Directory.

Cause

The business office was under the impression that it was a 30 day period instead of a 20 day period.

Effect

Pursuant to federal law, states have the option of imposing civil monetary penalties on employers who fail to report new hires. The fine can be up to \$20 per newly hired employee, and if there is a conspiracy between the employer and employee not to report, the penalty can be up to \$500 per newly hired employee.

Recommendation

Training and supervision should occur to assure the new hire reporting requirements are met.

Response

The business office will work on submitting all new employees within 20 days of new hire going forward.

Responsible Party and Timeline

The assistant business manager will implement this in the new fiscal year.

2018-002 Non-Exempt Pay-Compliance and Internal Control-Significant Deficiency

Condition

We noted that non-exempt employees' wages for the pay period from 2/16/18-2/28/18 were not paid until 3/15/18.

Criteria

New Mexico Stat. 50-4-2 An employer must designate regular pay days no more than sixteen (16) days apart. An employer must pay employees for wages earned during the 1st to 15th day of the month by the 25th of the month, and for wages earned during the 16th to last day of the month by the 10th day of the following month. An employer may pay professional, administrative or executive employees, or outside salesman one time per month.

Cause

Management was not aware of this statute.

Effect

The Charter could be subject to penalties.

Recommendation

We recommend that the Charter pay non-exempt employees within 10 days from the end of the pay period to become in compliance.

Response

The business office will work on correcting this in the current fiscal year.

Responsible Party and Timeline

The business manager will implement this in the new fiscal year.

Financial Statement Preparation

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

Exit Conference - Component Unit

An exit conference was held on October 16, 2018. Those in attendance were Kurt Ludi-Director, Rosalie Lopez-Board Member, Georgina Ortega-Vice Chairman, Ann Cherkasova-Assistant Business Manager, Katherine Espinoza-Assistant Business Manager, Rebekah Runyan-Business Manager and DeAun Willoughby, CPA.

Exit Conference - Primary Government

An exit conference was held on October 19, 2018. Those present were Christine Ludi-Board Secretary, Raymond Lujan-Audit Committee, Veronica Ulibarri-Human Resource, Christopher Gutierrez-Superintendent, James Bonney-Comptroller, Dinah Maynes-Business Manager and De'Aun Willoughby, CPA.