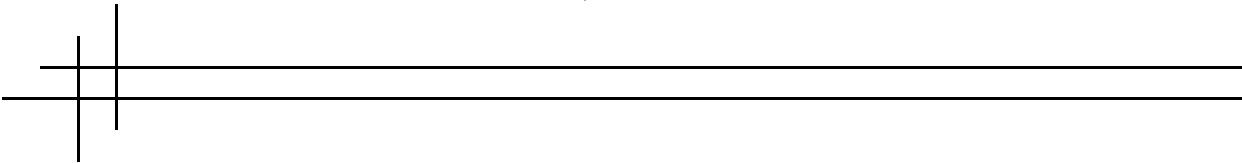


State of New Mexico
West Las Vegas Schools

Annual Financial Report
June 30, 2019

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



	<u>Page</u>
Official Roster.....	4
Independent Auditor's Report.....	5-6
 Financial Section	
Basic Financial Statements	
 Government Wide Financial Statements	
Statement of Net Position.....	8
Statement of Activities.....	9
 Fund Financial Statements	
Government Funds - Balance Sheet.....	10-12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	14-16
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	17-18
 Major Funds	
General Fund-Operational - 11000	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	19-21
General Fund-Transportation - 13000	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	22
General Fund-Instructional Material - 14000	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	23
Title I - 24101	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	24-25
Statement of Fiduciary Assets and Liabilities-Agency Funds	26
Notes to Financial Statements.....	27-50
Required Supplemental Information	
Schedules of Required Supplementary Information for Pension Plan.....	52-53
Notes for Pension Plan.....	54
Schedules of Required Supplementary Information and Notes for Other Post Employment Benefits.....	55

	<u>Page</u>
Supplemental Information Related to Nonmajor Funds	
Nonmajor Funds	
Combining Balance Sheet.....	60-69
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	70-79
Other Supplemental Information	
Agency Funds	
Activity-Schedule of Fiduciary Assets and Liabilities-Agency Funds	82-83
Cash Reconciliations-All Funds.....	84
Federal Compliance	
Schedule of Expenditures of Federal Awards.....	86
Notes to the Schedule of Expenditures of Federal Awards.....	87
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	88-89
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance With OMB Uniform Guidance.....	90-91
Schedule of Findings and Questioned Costs.....	92-112
Corrective Action Plan.....	113-118

State of New Mexico
West Las Vegas Schools
Official Roster
June 30, 2019

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/CPO

Independent Auditor's Report

Mr. Brian S. Colón
State Auditor of the State of New Mexico
Board Members of the West Las Vegas Schools

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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, 2019, 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 22, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

De'Aun Willoughby, CPA, PC

Clovis, New Mexico

October 22, 2019

Financial Section

State of New Mexico
West Las Vegas Schools
Government-Wide Statement of Net Position
June 30, 2019

	Governmental Activities	Rio Gallinas Charter School
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 4,950,375	\$ 230,678
Taxes Receivable	628,334	0
Due from Grantor	1,154,690	38,406
Other Receivables	0	65,713
Inventory	44,116	0
Total Current Assets	<u>6,777,515</u>	<u>334,797</u>
Noncurrent Assets		
Capital Assets	104,840,372	174,094
Less Accumulated Depreciation	<u>(53,258,845)</u>	<u>(166,816)</u>
Total Noncurrent Assets	<u>51,581,527</u>	<u>7,278</u>
Total Assets	<u><u>58,359,042</u></u>	<u><u>342,075</u></u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions		
Actuarial Experience	28,964	1,350
Changes of Assumptions	8,179,123	381,336
Investment Experience	87,855	4,096
Changes in Proportion	776,433	1,131
Contributions Subsequent to Measurement Date	1,389,894	60,245
Deferred Outflows Related to Other Post Employment Benefits		
Changes in Proportion	163,422	0
Contributions Subsequent to Measurement Date	<u>196,216</u>	<u>8,668</u>
Total Deferred Outflows of Resources	<u>10,821,907</u>	<u>456,826</u>
Liabilities		
Current Liabilities		
Accounts Payable	60,564	4,672
Payroll Liabilities	32,445	16,401
Accrued Interest	86,804	0
Compensated Absences	302,687	0
Current Portion Due of Long-Term Debt	<u>1,605,000</u>	<u>0</u>
Total Current Liabilities	<u>2,087,500</u>	<u>21,073</u>
Noncurrent Liabilities		
Bonds and Net Premiums	7,876,434	0
Pension Liability	39,686,128	1,850,291
Other Post Employment Benefits Liability	<u>9,405,926</u>	<u>443,532</u>
Total Noncurrent Liabilities	<u>56,968,488</u>	<u>2,293,823</u>
Total Liabilities	<u>59,055,988</u>	<u>2,314,896</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Unavailable Revenue	2,324	0
Deferred Inflows Related to Pensions		
Actuarial Experience	755,291	35,214
Changes in Proportion	527,298	147,039
Deferred Inflows Related to Other Post Employment Benefits		
Actuarial Experience	556,891	26,260
Investment Experience	117,382	5,535
Changes of Assumptions	1,756,045	82,805
Changes in Proportion	<u>0</u>	<u>4,590</u>
Total Deferred Inflows of Resources	<u>3,715,231</u>	<u>301,443</u>
Net Position		
Net Investment in Capital Assets	42,100,093	7,278
Restricted for Capital Projects	1,670,445	0
Restricted for Debt Service	2,185,985	0
Unrestricted	<u>(39,546,793)</u>	<u>(1,824,716)</u>
Total Net Position	<u><u>\$ 6,409,730</u></u>	<u><u>\$ (1,817,438)</u></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, 2019

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	\$ 14,069,623	60,019	\$ 2,206,357	\$ 312,846	\$ (11,490,401)	\$ 0
Support Services						
Students	3,079,313	233,498	624,900	0	(2,220,915)	0
Instruction	292,738	0	0	0	(292,738)	0
General Administration	773,738	0	84,129	0	(689,609)	0
School Administration	1,544,306	0	301,493	0	(1,242,813)	0
Central Services	605,225	97,898	83,482	0	(423,845)	0
Operation of Plant	3,716,486	67,905	378,298	6,618	(3,263,665)	0
Student Transportation	851,505	0	681,354	0	(170,151)	0
Other	1,097	0	0	0	(1,097)	0
Food Services Operations	1,274,031	9,266	1,308,945	24,980	69,160	0
Interest Expense	225,226	0	0	0	(225,226)	0
Total Governmental Activities	\$ 26,433,288	\$ 468,586	\$ 5,668,958	\$ 344,444	(19,951,300)	0
Component Unit						
Rio Gallinas Charter School	\$ 1,328,698	\$ 10,966	\$ 171,950	\$ 0	0	(1,145,782)
General Revenues						
Taxes						
Property Taxes, Levied for General Purposes					60,163	0
Property Taxes, Levied for Capital Projects					380,488	0
Property Taxes, Levied for Debt Service					2,024,627	0
Federal and State Aid Not Restricted to Specific Purpose						
General					12,531,380	756,437
Capital					738,701	0
Interest and Investment Earnings					8,644	0
Miscellaneous					62,568	8,567
Total General Revenues					15,806,571	765,004
Change in Net Position					(4,144,729)	(380,778)
Net Position - Beginning					10,554,459	(1,416,955)
Restatement (Note O)					0	(19,705)
Restated Beginning Net Position					<u>10,554,459</u>	<u>(1,436,660)</u>
Net Position - Ending					<u>\$ 6,409,730</u>	<u>\$ (1,817,438)</u>

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

State of New Mexico
West Las Vegas Schools
 Governmental Funds
 Balance Sheet
 June 30, 2019

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
Assets			
Cash and Cash Equivalents	\$ 690,046	\$ 1	\$ 10,422
Receivables			
Taxes	17,326	0	0
Due From Grantor	0	0	0
Interfund Balance	1,017,650	0	0
Inventory	0	0	0
Total Assets	<u>\$ 1,725,022</u>	<u>\$ 1</u>	<u>\$ 10,422</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 43,227	\$ 0	\$ 0
Payroll Liabilities	32,445	0	0
Interfund Balance	0	0	0
Total Liabilities	<u>75,672</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	16,178	0	0
Total Deferred Inflows of Resources	<u>16,178</u>	<u>0</u>	<u>0</u>
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	1,633,172	1	10,422
Total Fund Balances	<u>1,633,172</u>	<u>1</u>	<u>10,422</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 1,725,022</u>	<u>\$ 1</u>	<u>\$ 10,422</u>

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

State of New Mexico
West Las Vegas Schools
Governmental Funds
Balance Sheet
June 30, 2019

	Special Revenue		
	Title I 24101	Bond Building 31100	Capital Projects Special Capital Outlay State 31400
Assets			
Cash and Cash Equivalents	\$ 0	\$ 1,546,947	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	434,224	0	200,187
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 434,224</u>	<u>\$ 1,546,947</u>	<u>\$ 200,187</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 7,710	\$ 0
Payroll Liabilities	0	0	0
Interfund Balance	434,224	0	200,187
Total Liabilities	<u>434,224</u>	<u>7,710</u>	<u>200,187</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 Funds	0	0	0
Capital Improvements	0	1,539,237	0
Debt Service	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>1,539,237</u>	<u>0</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 434,224</u>	<u>\$ 1,546,947</u>	<u>\$ 200,187</u>

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

State of New Mexico
West Las Vegas Schools
 Governmental Funds
 Balance Sheet
 June 30, 2019

	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 2,146,753	\$ 556,206	\$ 4,950,375
Receivables			
Taxes	513,884	97,124	628,334
Due From Grantor	0	520,279	1,154,690
Interfund Balance	0	0	1,017,650
Inventory	0	44,116	44,116
Total Assets	<u>\$ 2,660,637</u>	<u>\$ 1,217,725</u>	<u>\$ 7,795,165</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 9,627	\$ 60,564
Payroll Liabilities	0	0	32,445
Interfund Balance	0	383,239	1,017,650
Total Liabilities	<u>0</u>	<u>392,866</u>	<u>1,110,659</u>
Deferred Inflows of Resources			
Unavailable Revenue	<u>474,652</u>	<u>92,119</u>	<u>582,949</u>
Total Deferred Inflows of Resources	<u>474,652</u>	<u>92,119</u>	<u>582,949</u>
Fund Balances			
Nonspendable-Inventory	0	44,116	44,116
Restricted for			
Special Revenue Funds	0	557,416	557,416
Capital Improvements	0	131,208	1,670,445
Debt Service	2,185,985	0	2,185,985
Unassigned	0	0	1,643,595
Total Fund Balances	<u>2,185,985</u>	<u>732,740</u>	<u>6,101,557</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 2,660,637</u>	<u>\$ 1,217,725</u>	<u>\$ 7,795,165</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, 2019

Total Fund Balance - Governmental Funds \$ 6,101,557

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. 580,625

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

Capital Assets	\$ 104,840,372	
Accumulated Depreciation	<u>(53,258,845)</u>	51,581,527

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	10,462,269	
Deferred Outflows Related to OPEB	359,638	
Deferred Inflows Related to Pensions	(1,282,589)	
Deferred Inflows Related to OPEB	<u>(2,430,318)</u>	7,109,000

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	(86,804)	
Compensated Absences	(302,687)	
Bonds	(9,390,000)	
Bond Premiums, net	(91,434)	
Pension Liability	(39,686,128)	
Other Post Employment Benefits Liability	<u>(9,405,926)</u>	<u>(58,962,979)</u>

Total Net Position - Governmental Activities \$ 6,409,730

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, 2019

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
Revenues			
Property Taxes	\$ 59,314	\$ 0	\$ 0
Interest Income	4,130	0	0
Fees	168,525	0	0
State and Local Grants	12,457,603	679,900	47,799
Federal Grants	73,777	0	0
Miscellaneous	62,527	0	41
Total Revenues	12,825,876	679,900	47,840
Expenditures			
Current			
Instruction	6,763,155	0	59,664
Support Services			
Students	1,430,456	0	0
Instruction	212,017	0	0
General Administration	539,603	0	0
School Administration	872,573	0	0
Central Services	394,590	0	0
Operation of Plant	2,631,116	0	0
Student Transportation	103,758	679,636	0
Other	1,097	0	0
Food Service Operations	0	0	0
Capital Outlay	200,904	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	13,149,269	679,636	59,664
Excess (Deficiency) of Revenues Over Expenditures	(323,393)	264	(11,824)
Other Financing Sources (Uses)			
Bond Issue	0	0	0
Premium on Bond Issue	0	0	0
Transfers	(31,613)	0	0
Total Other Financing Sources (Uses)	(31,613)	0	0
Net Change in Fund Balances	(355,006)	264	(11,824)
Fund Balances at Beginning of Year	1,988,178	(263)	22,246
Fund Balance End of Year	\$ 1,633,172	\$ 1	\$ 10,422

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, 2019

	Special		
	Revenue	Capital Projects	
	Title I 24101	Bond Building 31100	Special Capital Outlay State 31400
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	2,804	0
Fees	0	0	0
State and Local Grants	0	570,126	168,575
Federal Grants	652,802	0	0
Miscellaneous	0	0	0
Total Revenues	<u>652,802</u>	<u>572,930</u>	<u>168,575</u>
Expenditures			
Current			
Instruction	460,046	178,964	0
Support Services			
Students	13,659	0	0
Instruction	0	0	0
General Administration	19,790	29,130	0
School Administration	121,307	0	0
Central Services	38,000	0	0
Operation of Plant	0	0	672
Student Transportation	0	0	0
Other	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	2,335,148	199,516
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>652,802</u>	<u>2,543,242</u>	<u>200,188</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(1,970,312)</u>	<u>(31,613)</u>
Other Financing Sources (Uses)			
Bond Issue	0	2,450,000	0
Premium on Bond Issue	0	0	0
Transfers	0	0	31,613
Total Other Financing Sources (Uses)	<u>0</u>	<u>2,450,000</u>	<u>31,613</u>
Net Change in Fund Balances	0	479,688	0
Fund Balances at Beginning of Year	<u>0</u>	<u>1,059,549</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 1,539,237</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
Governmental Funds
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2019

	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$ 1,998,535	\$ 375,580	\$ 2,433,429
Interest Income	1,710	0	8,644
Fees	0	300,061	468,586
State and Local Grants	0	655,668	14,579,671
Federal Grants	0	3,977,233	4,703,812
Miscellaneous	0	0	62,568
Total Revenues	<u>2,000,245</u>	<u>5,308,542</u>	<u>22,256,710</u>
Expenditures			
Current			
Instruction	0	1,740,894	9,202,723
Support Services			
Students	0	922,774	2,366,889
Instruction	0	4,549	216,566
General Administration	19,922	68,082	676,527
School Administration	0	180,186	1,174,066
Central Services	0	45,482	478,072
Operation of Plant	0	740,141	3,371,929
Student Transportation	0	1,454	784,848
Other	0	0	1,097
Food Service Operations	0	1,112,875	1,112,875
Capital Outlay	0	344,444	3,080,012
Debt Service			
Principal	1,545,000	0	1,545,000
Interest	215,806	0	215,806
Total Expenditures	<u>1,780,728</u>	<u>5,160,881</u>	<u>24,226,410</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>219,517</u>	<u>147,661</u>	<u>(1,969,700)</u>
Other Financing Sources (Uses)			
Bond Issue	0	0	2,450,000
Premium on Bond Issue	7,607	0	7,607
Transfers	0	0	0
Total Other Financing Sources (Uses)	<u>7,607</u>	<u>0</u>	<u>2,457,607</u>
Net Change in Fund Balances	227,124	147,661	487,907
Fund Balances at Beginning of Year	<u>1,958,861</u>	<u>585,079</u>	<u>5,613,650</u>
Fund Balance End of Year	<u>\$ 2,185,985</u>	<u>\$ 732,740</u>	<u>\$ 6,101,557</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, 2019

Net Change in Fund Balances \$ 487,907

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, 2018	\$ (548,776)	
Property Taxes Receivable, June 30, 2019	<u>580,625</u>	31,849

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

Depreciation Expense	(2,238,360)	
Capital Outlays	<u>3,080,012</u>	841,652

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	(2,450,000)	
Repayment of Bond Principal	1,545,000	
Premium Received on the Bond Issue	(7,607)	
Amortization of Premiums	<u>9,080</u>	(903,527)

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, 2018	68,304	
Accrued Interest, June 30, 2019	<u>(86,804)</u>	(18,500)

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, 2018	270,970	
Compensated Absences, June 30, 2019	<u>\$ (302,687)</u>	\$ (31,717)

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, 2019

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	\$ 1,389,894	
OPEB Contributions	196,216	
Pension Expense	(6,116,384)	
OPEB Expense	<u>(22,119)</u>	<u>(4,552,393)</u>
Changes in Net Position of Governmental Activities		\$ <u>(4,144,729)</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, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 58,792	\$ 58,792	\$ 59,069	\$ 277
Interest Income	3,400	3,400	4,130	730
Fees	121,821	121,821	168,523	46,702
State Grant	12,448,884	12,448,884	12,457,603	8,719
Federal Grant	0	0	73,777	73,777
Miscellaneous	61,000	61,000	62,527	1,527
Total Revenues	<u>12,693,897</u>	<u>12,693,897</u>	<u>12,825,629</u>	<u>131,732</u>
Expenditures				
Instruction				
Personnel Services	4,803,114	4,839,114	4,774,930	64,184
Employee Benefits	1,784,499	1,814,099	1,649,986	164,113
Professional & Tech Services	14,400	15,200	13,682	1,518
Purchased Property Services	55,000	55,000	43,271	11,729
Other Purchased Services	163,487	165,427	141,132	24,295
Supplies	317,008	276,188	108,356	167,832
Supply Assets	124,542	97,022	0	97,022
Total Instruction	<u>7,262,050</u>	<u>7,262,050</u>	<u>6,731,357</u>	<u>530,693</u>
Support Services				
Students				
Personnel Services	971,088	1,006,773	954,476	52,297
Employee Benefits	379,446	344,711	346,746	(2,035)
Professional & Tech Services	150,000	193,550	126,823	66,727
Other Purchased Services	500	3,900	1,416	2,484
Supplies	900	900	713	187
Supply Assets	50,000	2,800	0	2,800
Total Students	<u>1,551,934</u>	<u>1,552,634</u>	<u>1,430,174</u>	<u>122,460</u>
Instruction				
Personnel Services	171,380	169,863	141,421	28,442
Employee Benefits	72,553	73,870	49,579	24,291
Purchased Property Services	8,850	8,850	0	8,850
Other Purchased Services	71,500	11,800	3,026	8,774
Supplies	25,000	25,000	17,990	7,010
Supply Assets	50,000	900	0	900
Total Instruction	<u>399,283</u>	<u>290,283</u>	<u>212,016</u>	<u>78,267</u>
General Administration				
Personnel Services	281,985	284,485	280,085	4,400
Employee Benefits	104,553	94,624	92,475	2,149
Professional & Tech Services	325,291	215,220	152,544	62,676
Other Purchased Services	43,000	43,000	9,650	33,350
Supplies	3,000	3,000	439	2,561
Total General Administration	<u>\$ 757,829</u>	<u>\$ 640,329</u>	<u>\$ 535,193</u>	<u>\$ 105,136</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, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
School Administration				
Personnel Services	\$ 634,008	\$ 659,808	\$ 630,185	\$ 29,623
Employee Benefits	267,554	238,654	233,096	5,558
Professional & Tech Services	1,000	3,100	4,719	(1,619)
Other Purchased Services	0	1,000	405	595
Supplies	8,000	8,000	4,168	3,832
Total School Administration	<u>910,562</u>	<u>910,562</u>	<u>872,573</u>	<u>37,989</u>
Central Services				
Personnel Services	260,207	258,607	261,213	(2,606)
Employee Benefits	95,644	96,869	82,293	14,576
Professional & Tech Services	4,600	6,400	5,367	1,033
Purchased Property Services	11,000	11,000	8,767	2,233
Other Purchased Services	21,300	24,800	28,378	(3,578)
Supplies	25,000	21,875	8,465	13,410
Total Central Services	<u>417,751</u>	<u>419,551</u>	<u>394,483</u>	<u>25,068</u>
Operation of Plant				
Personnel Services	762,244	815,044	710,264	104,780
Employee Benefits	307,568	322,663	289,300	33,363
Professional & Tech Services	1,100	6,200	4,054	2,146
Purchased Property Services	1,150,000	1,160,305	896,401	263,904
Other Purchased Services	547,000	583,603	575,815	7,788
Supplies	47,089	47,089	10,689	36,400
Fixed Assets	0	0	30,271	(30,271)
Supply Assets	0	222,000	139,636	82,364
Total Operation of Plant	<u>2,815,001</u>	<u>3,156,904</u>	<u>2,656,430</u>	<u>500,474</u>
Student Transportation				
Personnel Services	41,494	41,494	35,192	6,302
Employee Benefits	17,508	18,008	12,817	5,191
Professional & Tech Services	2,000	3,200	2,377	823
Purchased Property Services	60,000	71,300	28,153	43,147
Purchased Services	2,000	5,300	2,355	2,945
Supplies	23,382	31,382	19,977	11,405
Fixed Assets	77,324	308,506	170,633	137,873
Total Student Transportation	<u>223,708</u>	<u>479,190</u>	<u>271,504</u>	<u>207,686</u>
Other Support Service				
Other Support Services	<u>7,769</u>	<u>7,769</u>	<u>1,096</u>	<u>6,673</u>
Total Other Support Service	<u>7,769</u>	<u>7,769</u>	<u>1,096</u>	<u>6,673</u>
Total Support Services	<u>7,083,837</u>	<u>7,457,222</u>	<u>6,373,469</u>	<u>1,083,753</u>
Total Expenditures	\$ <u>14,345,887</u>	\$ <u>14,719,272</u>	\$ <u>13,104,826</u>	\$ <u>1,614,446</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, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,651,990)	\$ (2,025,375)	\$ (279,197)	\$ 1,746,178
Other Financing Uses				
Transfers	0	(31,613)	(31,613)	0
Total Other Financing Uses	0	(31,613)	(31,613)	0
Net Change in Cash Balance	(1,651,990)	(2,056,988)	(310,810)	1,746,178
Cash Balance Beginning of Year	2,018,506	2,018,506	2,018,506	0
Cash Balance End of Year	\$ 366,516	\$ (38,482)	\$ 1,707,696	\$ 1,746,178
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (310,810)	
Net Change in Taxes Receivable			1,095	
Net Change in Accounts Payable			(11,996)	
Net Change in Payroll Liabilities			(32,445)	
Net Change in Unearned Revenue			(850)	
Net Change in Fund Balance-GAAP Basis			\$ (355,006)	

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, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 679,900	\$ 679,900	\$ 679,900	\$ 0
Total Revenues	<u>679,900</u>	<u>679,900</u>	<u>679,900</u>	<u>0</u>
Expenditures				
Support Services				
Student Transportation				
Personnel Services	119,397	113,554	113,554	0
Employee Benefits	67,191	67,519	67,519	0
Professional & Tech Services	0	150	150	0
Purchased Property Services	85,621	83,548	83,548	0
Other Purchased Services	375,967	389,578	389,578	0
Supplies	31,724	24,901	24,901	0
Supply Assets	0	650	649	1
Total Student Transportation	<u>679,900</u>	<u>679,900</u>	<u>679,899</u>	<u>1</u>
Total Support Services	<u>679,900</u>	<u>679,900</u>	<u>679,899</u>	<u>1</u>
Total Expenditures	<u>679,900</u>	<u>679,900</u>	<u>679,899</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	1	1
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 1</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures			\$ 1	
Net Change in Accounts Payable			<u>263</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 264</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, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 47,799	\$ 52,007	\$ 47,799	\$ (4,208)
Miscellaneous	0	0	41	41
Total Revenues	<u>47,799</u>	<u>52,007</u>	<u>47,840</u>	<u>(4,167)</u>
Expenditures				
Instruction				
Supplies	<u>77,236</u>	<u>74,253</u>	<u>59,664</u>	<u>14,589</u>
Total Instruction	<u>77,236</u>	<u>74,253</u>	<u>59,664</u>	<u>14,589</u>
Total Expenditures	<u>77,236</u>	<u>74,253</u>	<u>59,664</u>	<u>14,589</u>
Excess (Deficiency) of Revenues Over Expenditures	(29,437)	(22,246)	(11,824)	10,422
Cash Balance Beginning of Year	<u>22,246</u>	<u>22,246</u>	<u>22,246</u>	<u>0</u>
Cash Balance End of Year	<u><u>\$ (7,191)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 10,422</u></u>	<u><u>\$ 10,422</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures			\$ (11,824)	
Net Change in Accounts Payable			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u><u>\$ (11,824)</u></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, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 802,960	\$ 802,970	\$ 356,606	\$ (446,364)
Total Revenues	<u>802,960</u>	<u>802,970</u>	<u>356,606</u>	<u>(446,364)</u>
Expenditures				
Instruction				
Personnel Services	276,667	245,767	280,798	(35,031)
Employee Benefits	95,040	95,940	88,094	7,846
Professional & Tech Services	25,000	25,000	14,449	10,551
Other Purchased Services	4,000	8,000	3,496	4,504
Supplies	19,559	45,559	41,687	3,872
Supply Assets	40,000	40,000	31,523	8,477
Total Instruction	<u>460,266</u>	<u>460,266</u>	<u>460,047</u>	<u>219</u>
Support Services				
Students				
Personnel Services	0	0	7,466	(7,466)
Employee Benefits	0	0	1,746	(1,746)
Other Purchased Services	4,000	4,000	0	4,000
Supplies	10,353	10,353	550	9,803
Supply Assets	0	0	3,897	(3,897)
Total Students	<u>14,353</u>	<u>14,353</u>	<u>13,659</u>	<u>694</u>
General Administration				
Professional & Tech Services	20,104	20,104	19,790	314
Total General Administration	<u>20,104</u>	<u>20,104</u>	<u>19,790</u>	<u>314</u>
School Administration				
Personnel Services	77,095	79,145	77,567	1,578
Employee Benefits	35,217	32,677	31,727	950
Professional & Tech Services	11,898	11,898	3,417	8,481
Purchased Property Services	3,000	3,000	1,805	1,195
Other Purchased Services	0	500	0	500
Supplies	5,000	5,000	2,540	2,460
Supply Assets	0	0	4,251	(4,251)
Total School Administration	<u>132,210</u>	<u>132,220</u>	<u>121,307</u>	<u>10,913</u>
Central Services				
Other Purchased Services	38,000	38,000	38,000	0
Total Central Services	<u>38,000</u>	<u>38,000</u>	<u>38,000</u>	<u>0</u>
Total Expenditures	\$ <u>664,933</u>	\$ <u>664,943</u>	\$ <u>652,803</u>	\$ <u>12,140</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, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Excess (Deficiency) of Revenues Over Expenditures	\$ 138,027	\$ 138,027	\$ (296,197)	\$ (434,224)
Cash Balance Beginning of Year	<u>(138,027)</u>	<u>(138,027)</u>	<u>(138,027)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (434,224)</u>	<u>\$ (434,224)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (296,197)	
Net Change in Due from Grantor			<u>296,197</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, 2019

Primary Government	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ <u>162,060</u>
Total Assets	\$ <u><u>162,060</u></u>
Liabilities	
Deposits Held for Others	\$ <u>162,060</u>
Total Liabilities	\$ <u><u>162,060</u></u>
Component Unit	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ <u>4,113</u>
Total Assets	\$ <u><u>4,113</u></u>
Liabilities	
Deposits Held for Others	\$ <u>4,113</u>
Total Liabilities	\$ <u><u>4,113</u></u>

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

Summary of Significant Accounting Policies

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

Financial Reporting Entity

The District has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The District has one component unit, Rio Gallinas Charter School defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. A separate audit report was issued for Rio Gallinas Charter School and can be found on the Office of State Auditor web site. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

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

Governmental Funds

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

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

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

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

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

Fiduciary Fund Type

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

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

Major Funds

The District reports the following major governmental funds:

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

Special Revenue Fund

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.

Special Capital Outlay-State (31400). The revenues are derived from a state grant. Expenditures are restricted to capital improvements.

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

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

Program Revenues

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

Fund Financial Statements (FFS)

Governmental Funds

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

Revenues

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

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

Revenue Recognition for Grants.

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

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

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

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.

8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

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

Cash and Cash Equivalents

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

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

Investments

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

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

Receivables and Payables

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

Property Taxes

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the 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 6/30/19	Reconciled Balance	Type
General	\$ 5,931,989	\$ 4,950,375	Checking
Accounts Payable	445,542	0	Checking
Student Activities	172,412	162,060	Checking
Total Deposited	<u>6,549,943</u>	<u>\$ 5,112,435</u>	
Less FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	6,299,943		
50% collateral requirement	3,149,972		
Pledged securities	<u>4,000,000</u>		
Over (Under) requirement	<u>\$ 850,029</u>		

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

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

<u>Description</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
Letter of Credit #4305000004	\$ 4,000,000	01/27/2020	FHLB Irving, TX
	<u>\$ 4,000,000</u>		

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized	
Collateral held by the pledging bank in District's name	4,000,000
Uninsured and uncollateralized	2,299,943
Total Deposits	<u>\$ 6,549,943</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, 2019 \$2,299,943 of the District's balance of \$6,549,943 was exposed to custodial risk.

Component Unit

A. Deposits and Investments

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

Southwest Capital Bank

<u>Name of Account</u>	<u>Balance Per Bank 6/30/19</u>	<u>Reconciled Balance</u>	<u>Type</u>
Rio Gallinas School for Ecology and the Arts	\$ 277,751	\$ 234,791	Checking
Total Deposited	277,751	<u>234,791</u>	
Less FDIC Coverage	<u>(277,751)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

The Net Position reports cash of \$230,678 and the above schedule reports cash of \$234,791 for a difference of \$4,113 which is the balance of the student activity accounts held by Rio Gallinas Charter School.

The following securities are pledged at Southwest Capital Bank:

<u>Description</u>	<u>Market Value</u>
LOC	\$ 13,875
	<u>\$ 13,875</u>

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>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	13,875
Uninsured and uncollateralized	13,876
Total Deposits	<u>\$ 277,751</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, 2019 \$13,876 of the Charter's balance of \$277,751 was exposed to custodial risk.

B. Receivables

Following is a schedule of property taxes receivable as of June 30, 2019:

	General Fund	Debt Service	Other Governmental	Total
Property Tax Receivable				
Available	\$ 1,148	\$ 39,232	\$ 7,329	\$ 47,709
Unavailable and Deferred	16,178	474,652	89,795	580,625
Total Property Taxes Receivable	<u>\$ 17,326</u>	<u>\$ 513,884</u>	<u>\$ 97,124</u>	<u>\$ 628,334</u>

Amounts due from other agencies and units of government were as follows as of June 30, 2019:

	Title I	Special Capital Outlay State 31400	Other Governmental	Total
Federal Agencies	\$ 434,224	\$ 0	\$ 354,764	\$ 788,988
State Agencies	0	200,187	165,515	365,702
Total	<u>\$ 434,224</u>	<u>\$ 200,187</u>	<u>\$ 520,279</u>	<u>\$ 1,154,690</u>

C. Interfund Receivables, Payables and Transfers

Interfund balances during the year ending June 30, 2019 were as follows:

Due to General Fund from:	
Title I	\$ 434,224
Special Capital Outlay-State	200,187
Other Governmental Funds	383,239
Totals	<u>\$ 1,017,650</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, 2019, is as follows:

	Balance 6/30/18	Additions	Deletions	Balance 6/30/19
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 972,505	\$ 25,241	\$ 0	\$ 997,746
Construction in Progress	8,417,247	2,111,737	(607,757)	9,921,227
Total Capital Assets not being Depreciated	<u>9,389,752</u>	<u>2,136,978</u>	<u>(607,757)</u>	<u>10,918,973</u>
Capital Assets, being Depreciated				
Buildings & Improvements	76,220,095	781,671	0	77,001,766
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	16,150,513	769,120	0	16,919,633
Total Capital Assets, being Depreciated	<u>92,370,608</u>	<u>1,550,791</u>	<u>0</u>	<u>93,921,399</u>
Total Capital Assets	<u>\$ 101,760,360</u>	<u>\$ 3,687,769</u>	<u>\$ (607,757)</u>	<u>\$ 104,840,372</u>

State of New Mexico
West Las Vegas Schools
Notes to the Financial Statements
June 30, 2019

Less Accumulated Depreciation

Buildings & Improvements	\$ 37,717,486	\$ 1,725,815	\$ 0	\$ 39,443,301
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>13,302,999</u>	<u>512,545</u>	<u>0</u>	<u>13,815,544</u>
Total Accumulated Depreciation	<u>51,020,485</u>	<u>2,238,360</u>	<u>0</u>	<u>53,258,845</u>
Capital Assets, net	\$ <u>50,739,875</u>	\$ <u>1,449,409</u>	\$ <u>(607,757)</u>	\$ <u>51,581,527</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ <u>2,238,360</u>
Total Depreciation Expense	\$ <u>2,238,360</u>

Component Unit

D. Capital Assets

Capital Assets Balances and Activity for the Year Ended June 30, 2019, is as follows:

	Balance 6/30/18	Increases	Adjustment	Balance 6/30/19
Governmental Activities				
Capital Assets, being Depreciated				
Buildings Improvements	\$ 29,249	\$ 0	\$ 0	\$ 29,249
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>144,846</u>	<u>0</u>	<u>0</u>	<u>144,846</u>
Total Capital Assets, being Depreciated	<u>174,095</u>	<u>0</u>	<u>0</u>	<u>174,095</u>
Total Capital Assets	<u>174,095</u>	<u>0</u>	<u>0</u>	<u>174,095</u>
Less Accumulated Depreciation				
Buildings & Improvements	21,141	830		21,971
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>143,544</u>	<u>1,301</u>		<u>144,845</u>
Total Accumulated Depreciation	<u>164,685</u>	<u>2,131</u>	<u>0</u>	<u>166,816</u>
Capital Assets, net	\$ <u>9,410</u>	\$ <u>(2,131)</u>	\$ <u>0</u>	\$ <u>7,279</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ <u>2,131</u>
Total Depreciation Expense	\$ <u>2,131</u>

E. Long-Term Debt and Other Liabilities

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

	Balance 6/30/18	Additions	Reductions	Balance 6/30/19	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 8,435,000	\$ 2,500,000	\$ 1,545,000	\$ 9,390,000	\$ 1,605,000
Total Bonds	<u>8,435,000</u>	<u>2,500,000</u>	<u>1,545,000</u>	<u>9,390,000</u>	<u>1,605,000</u>
Other Liabilities					
Compensated					
Absences	250,260	123,853	71,426	302,687	302,687
Total Other					
Liabilities	<u>250,260</u>	<u>123,853</u>	<u>71,426</u>	<u>302,687</u>	<u>302,687</u>
Long-Term Liabilities	<u>\$ 8,685,260</u>	<u>\$ 2,623,853</u>	<u>\$ 1,616,426</u>	<u>\$ 9,692,687</u>	<u>\$ 1,907,687</u>

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

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

Amount from above	\$ 9,390,000
Premiums received	111,022
Less accumulated amortization of the premiums	(19,588)
Amount on the Statement of Net Position	<u>\$ 9,481,434</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
2011	1,200,000	08/15/2019	2.50%	\$ 650,000
2012	975,000	10/01/2019	1.80%	200,000
2013	80,000	08/15/2025	2.20%	675,000
2014	1,000,000	08/15/2026	2.50%	790,000
2015	1,500,000	08/15/2027	2.00%	1,350,000
2016	1,700,000	08/15/2028	2-2.5%	1,100,000
2017	2,500,000	08/15/2029	2-3%	2,125,000
2018	2,500,000	08/15/2031	3%-3.125%	2,500,000
				<u>\$ 9,390,000</u>

The annual requirements to amortize the General Obligation Bonds Issue as of June 30, 2019, including interest payments are as follows:

	Principal	Interest	Total
2020	\$ 1,605,000	\$ 213,246	\$ 1,818,246
2021	880,000	183,079	1,063,079
2022	885,000	161,556	1,046,556
2023	860,000	140,130	1,000,130
2024	860,000	118,770	978,770
2025-2029	3,700,000	309,375	4,009,375
2030	600,000	15,375	615,375
Total	<u>\$ 9,390,000</u>	<u>\$ 1,141,531</u>	<u>\$ 10,531,531</u>

F. Commitments

The District is involved in a major renovation at 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 years of earned service credit, or
- *The member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on, or after, July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after 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, 2019 educational employers contributed to the Plan based on the following rate schedule.

<u>Fiscal Year</u>	<u>Date Range</u>	<u>Wage Category</u>	<u>Member's Rate</u>	<u>Employer's Rate</u>	<u>Combined Rate</u>
2019	7-1-18 to 6-30-19	Over \$20K	10.70%	13.90%	24.60%
2019	7-1-18 to 6-30-19	\$20K or less	7.90%	13.90%	21.80%
2018	7-1-17 to 6-30-18	Over \$20K	10.70%	13.90%	24.60%
2018	7-1-17 to 6-30-18	\$20K or less	7.90%	13.90%	21.80%

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, 2019 and 2018, the District paid employee and employer contributions of \$2,414,877 and \$2,259,627 which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the District reported a liability of \$39,686,128 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the District's portion was established as of the measurement date of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2018, actuarially determined. At June 30, 2018, the District's proportion was 0.33374%, which was an increase of 0.01347% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$6,116,384. At the June 30, 2019, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,964	\$ 755,291
Changes of assumptions	8,179,123	0
Net difference between projected and actual earnings on pension plan investments	87,855	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	776,433	527,298
District's contributions subsequent to the measurement date	1,389,894	0
Total	<u>\$ 10,462,269</u>	<u>\$ 1,282,589</u>

\$1,389,894 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June</u>	
2019	\$ 4,592,766
2020	3,080,540
2021	115,324
2022	1,156
Total	<u>\$ 7,789,786</u>

Actuarial Assumptions and Methods. The total pension liability as of June 30, 2018 was based on an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 and was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal				
Inflation	2.50%				
Salary Increases	3.25% composed of 2.50% inflation, plus 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.				
Investment Rate of Return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.				
Average of Expected Remaining Service Lives	Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	Service life in years	3.35	3.77	3.92	3.88
Mortality	<p>Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB from the table's base year of 2000.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>				
Retirement Age	Experience based table of rates based on age and service. Adopted by NMERB on April 21, 2017 in conjunction with the six-year experience study for the period ended June 30, 2016.				
Cost-of-living Increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.				
Payroll Growth	3.00% per year (with no allowance for membership growth).				
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, defaults, etc.)
- *Application of key economic projections (inflation, real growth, dividends, etc.)
- *Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

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

Discount rate. A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. This rate is 0.21% less than the 5.90% discount rate used for June 30, 2017.

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

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

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 5.69 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 (4.69 percent) or 1-percentage-point higher (6.69 percent) than the current rate:

	<u>1% Decrease (4.69%)</u>	<u>Current Discount Rate (5.69%)</u>	<u>1% Increase (6.69%)</u>
The Districts' proportionate share of the net pension liability	\$ 51,576,767	\$ 39,686,128	\$ 29,984,109

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 .

G. 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.

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

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

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.

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

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

Plan membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	<u>156,025</u>

Plan membership	
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	<u>93,349</u>

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$196,216 for the year ended June 30, 2019.

Actuarial Assumptions

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis.
Asset valuation method	Market value of assets.
Actuarial assumptions:	
Inflation	2.50% for ERB members; 2.25% for PERA members.
Projected payroll increases	3.25% to 12.50%, based on years of service, including inflation.
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation.
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical 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	Long-Term Rate of
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1%
Non U.S. - emerging markets	10.2%
Non U.S. - developed	7.8%
Private equity	11.8%
Credit and structured	5.3%
Real estate	4.9%
Absolute return	4.1%
U.S. equity - small/mid cap	7.1%

Discount Rate

The discount rate used to measure the Fund's total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future 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, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

Sensitivity of the Net OPEB Liability

The following presents the net OPEB liability, calculated using the discount rate of 4.08%, 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:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
The Districts' proportionate share of the net OPEB liability	\$ 11,383,386	\$ 9,405,926	\$ 7,847,248

The following presents the Net OPEB Liability of the District, 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 Rates</u>	<u>1% Increase</u>
The Districts' proportionate share of the net OPEB liability	\$ <u>7,951,305</u>	\$ <u>9,405,926</u>	\$ <u>10,546,382</u>

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

At June 30, 2019, the District reported a liability of \$9,405,926 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the School's proportion was 0.21631%.

For the year ended June 30, 2019, the District recognized OPEB expense of \$(22,119). At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of 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	\$ 556,891
Net difference between projected and actual earnings on OPEB investments	0	117,382
Changes in assumptions	0	1,756,045
Changes in proportion and differences between the District's contributions and proportionate share of contributions	163,422	0
District's contributions subsequent to the measurement date	196,216	0
Total	\$ <u>359,638</u>	\$ <u>2,430,318</u>

Deferred outflows of resources totaling \$196,216 represent District's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year ended June</u>	
2019	\$ (582,868)
2020	(582,868)
2021	(582,868)
2022	(442,236)
2023	(76,056)
Total	\$ <u>(2,266,896)</u>

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2018.

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 22, 2019 which is the date the financial statements were available to be issued.

O. Restatements

Component Unit Restatements

Net Position was restated \$(19,705) for other receivables that were not collected.

P. Tax Abatement Disclosures

The District has not been affected by a tax abatement.

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 Year Measurement Date	2015 2014	2016 2015	2017 2016	2018 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.		0.6654	0.6397	0.6158	0.5295

	Fiscal Year Measurement Date	2019 2018
District's proportion of the net pension liability.		0.33374%
District's proportionate share of the net pension liability.		\$ 39,686,128
District's covered-employee payroll.		\$ 9,999,239
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll.		396.89%
Plan fiduciary net position as a percentage of the total pension liability.		52.17%

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

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

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

Schedule of District's Contributions
 Last 10 Fiscal Years*

	June 30,			
	2015	2016	2017	2018
Contractually required contribution.	\$ 1,342,498	\$ 1,342,498	\$ 1,342,498	\$ 1,342,498
Contributions in relation to the contractually required contribution.	<u>1,342,498</u>	<u>1,342,498</u>	<u>1,342,498</u>	<u>1,342,498</u>
Contribution deficiency (excess).	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll.	\$ 9,658,259	\$ 9,658,259	\$ 9,658,259	\$ 9,339,320
Contributions as a percentage of covered-employee payroll.	13.90%	13.90%	13.90%	13.90%
Last 10 Fiscal Years*	June 30, 2019			
Contractually required contribution.	\$ <u>1,389,894</u>			
Contributions in relation to the contractually required contribution.	<u>1,389,894</u>			
Contribution deficiency (excess).	<u>\$ 0</u>			
District's covered-employee payroll.	\$ 9,999,237			
Contributions as a percentage of covered-employee payroll.	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.

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

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

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

State of New Mexico
West Las Vegas Schools
Schedules of Required Supplementary Information and Notes for OPEB

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	2019 2018
District's proportion of the net OPEB liability .		0.21275%	0.21631%
District's proportionate share of the net OPEB liability.		\$ 9,641,134	\$ 9,405,926
District's covered-employee payroll.		\$ 9,236,546	\$ 9,810,802
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll.		104.38%	95.87%
Plan fiduciary net OPEB as a percentage of the total OPEB liability.		11.34%	13.14%

**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	June 30, 2019
Contractually required contribution.	\$ 184,731	\$ 196,216
Contributions in relation to the contractually required contribution.	184,731	196,216
Contribution deficiency (excess).	\$ 0	\$ 0
District's covered-employee payroll.	9,236,546	9,810,802
Contributions as a percentage of covered-employee payroll.	2.00%	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.

NM Autism Project (24108). To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children specifically for training for those who are educating autistic students. 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.

Carl D Perkins Secondary (24176). To account for a federal grant to provide funding for the improvement of career and technical education programs. Carl D. Perkins Career and Technical Education Act, Public Law 115-224. The fund was created by the authority of federal grant provisions.

USDA Equipment Assistance (24183). To account for funds distributed by the U. S. Department of Agriculture to provide funds to purchase equipment needed for the preparation of meals for students. The fund was created by the authority of federal grant provisions.

Title IV Student Support (24189). To account for a federal grant to support well-rounded educational opportunities, safe and healthy students and effective use of technology. ESEA sections 4107, 4108 and 4109. The fund was created by the authority of federal grant provisions.

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.

Excellence in Teaching (27125). House Bill 2 established this fund to recognize teachers earning the highest distinction on NMTEACH with a one-time non-reoccurring stipend of \$5,000 or \$10,000 - with the larger awards for secondary math and science teachers. The fund was created by the authority of state grant provisions.

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

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

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

NM Grown Fruit & Vegetables (27183). To account for a state grant to provide students with regionally grown fresh fruits and vegetables. The fund was created by grant provisions.

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

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, 2019

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	IDEA B Entitlement 24106
Assets			
Cash and Cash Equivalents	\$ 267,987	\$ 42,081	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	137,040	0	132,391
Inventory	44,116	0	0
Total Assets	\$ 449,143	\$ 42,081	\$ 132,391
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 1,093	\$ 0	\$ 0
Interfund Balance	0	0	132,391
Total Liabilities	1,093	0	132,391
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	0	0	0
Fund Balances			
Nonspendable-Inventory	44,116	0	0
Restricted for			
Special Revenue	403,934	42,081	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	448,050	42,081	0
Total Liabilities, Deferred Inflows and Fund Balances	\$ 449,143	\$ 42,081	\$ 132,391

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, 2019

	Special Revenue Funds		
	NM Autism Project 24108	IDEA Preschool 24109	Fresh Fruit & Vegetables 24118
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	1,500	3,090	9,984
Inventory	0	0	0
Total Assets	\$ 1,500	\$ 3,090	\$ 9,984
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	1,500	3,090	9,984
Total Liabilities	1,500	3,090	9,984
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	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	0	0	0
Total Liabilities, Deferred Inflows and Fund Balances	\$ 1,500	\$ 3,090	\$ 9,984

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, 2019

	Special Revenue Funds		
	IDEA B Results Plan 24132	English Language Acquisition 24153	Teacher Principal Training 24154
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	4,740	0	34,137
Inventory	0	0	0
Total Assets	<u>\$ 4,740</u>	<u>\$ 0</u>	<u>\$ 34,137</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	4,740	0	34,137
Total Liabilities	<u>4,740</u>	<u>0</u>	<u>34,137</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>\$ 4,740</u>	 <u>\$ 0</u>	 <u>\$ 34,137</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, 2019

	Special Revenue Funds		
	Rural and Low Income Schools 24160	Carl D Perkins Secondary 24176	USDA Equipment Assistance 24183
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	23	1,539	24,980
Inventory	0	0	0
Total Assets	<u>\$ 23</u>	<u>\$ 1,539</u>	<u>\$ 24,980</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	23	1,539	24,980
Total Liabilities	<u>23</u>	<u>1,539</u>	<u>24,980</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>\$ 23</u>	 <u>\$ 1,539</u>	 <u>\$ 24,980</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, 2019

	Special Revenue Fund		
	Title IV Student Support 24189	Head Start 25127	Medicaid 25153
Assets			
Cash and Cash Equivalents	\$ 0	\$ 2,324	\$ 114,435
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	5,340	0	0
Inventory	0	0	0
Total Assets	\$ 5,340	\$ 2,324	\$ 114,435
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 4,067
Interfund Balance	5,340	0	0
Total Liabilities	5,340	0	4,067
Deferred Inflows of Resources			
Unavailable Revenue	0	2,324	0
Total Deferred Inflows of Resources	0	2,324	0
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for			
Special Revenue	0	0	110,368
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	0	0	110,368
Total Liabilities, Deferred Inflows and Fund Balances	\$ 5,340	\$ 2,324	\$ 114,435

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, 2019

	Special Revenue Funds		
	NM Community Foundation 26176	Dual Credit Instructional Materials 27103	Excellence in Teaching Awards 27125
	<u>26176</u>	<u>27103</u>	<u>27125</u>
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	0	375	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 375</u>	<u>\$ 0</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	375	0
Total Liabilities	<u>0</u>	<u>375</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
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>\$ 375</u>	<u>\$ 0</u>

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

State of New Mexico
West Las Vegas Schools
 Nonmajor Funds
 Combining Balance Sheet
 June 30, 2019

	Special Revenue Funds		
	Pre-K Initiative 27149	Breakfast for Elementary 27155	Kindergarten 3 Plus 27166
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	146,338	2,499	0
Inventory	0	0	0
Total Assets	\$ 146,338	\$ 2,499	\$ 0
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	146,338	2,499	0
Total Liabilities	146,338	2,499	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	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	0	0	0
Total Liabilities, Deferred Inflows and Fund Balances	\$ 146,338	\$ 2,499	\$ 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, 2019

	Special Revenue Funds		
	NM Grown Fruit & Vegetables 27183	Family Planning 28147	TOPS 29102
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 1,722
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	2,740	0	0
Inventory	0	0	0
Total Assets	<u>\$ 2,740</u>	<u>\$ 0</u>	<u>\$ 1,722</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 800
Interfund Balance	2,740	0	0
Total Liabilities	<u>2,740</u>	<u>0</u>	<u>800</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	922
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>922</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 2,740</u>	 <u>\$ 0</u>	 <u>\$ 1,722</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, 2019

	Special		
	Revenue Fund	Capital Projects Funds	
	Teen Pregnancy 29103	Senate Bill Nine-State 31700	Senate Bill Nine-Local 31701
Assets			
Cash and Cash Equivalents	\$ 111	\$ 0	\$ 127,546
Receivables			
Taxes Receivable	0	0	97,124
Due From Grantor	0	13,563	0
Inventory	0	0	0
Total Assets	<u>\$ 111</u>	<u>\$ 13,563</u>	<u>\$ 224,670</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 3,667
Interfund Balance	0	13,563	0
Total Liabilities	<u>0</u>	<u>13,563</u>	<u>3,667</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	89,795
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>89,795</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for			
Special Revenue	111	0	0
Capital Projects	0	0	131,208
Unassigned	0	0	0
Total Fund Balances	<u>111</u>	<u>0</u>	<u>131,208</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 111</u>	 <u>\$ 13,563</u>	 <u>\$ 224,670</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, 2019

	<u>Total</u>
Assets	
Cash and Cash Equivalents	\$ 556,206
Receivables	
Taxes Receivable	97,124
Due From Grantor	520,279
Inventory	44,116
Total Assets	<u>\$ 1,217,725</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	9,627
Interfund Balance	383,239
Total Liabilities	<u>392,866</u>
Deferred Inflows of Resources	
Unavailable Revenue	92,119
Total Deferred Inflows of Resources	<u>92,119</u>
Fund Balances	
Nonspendable-Inventory	44,116
Restricted for	
Special Revenue	557,416
Capital Projects	131,208
Unassigned	0
Total Fund Balances	<u>732,740</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 1,217,725</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, 2019

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	IDEA B Entitlement 24106
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	9,266	60,019	0
State and Local Grants	0	0	0
Federal Grants	1,244,450	0	316,244
Total Revenues	<u>1,253,716</u>	<u>60,019</u>	<u>316,244</u>
Expenditures			
Current			
Instruction	0	40,107	259,456
Support Services			
Students	0	0	1,688
Instruction	0	0	0
General Administration	0	0	9,618
School Administration	0	0	0
Central Services	0	0	45,482
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	1,048,380	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>1,048,380</u>	<u>40,107</u>	<u>316,244</u>
Excess (Deficiency) of Revenues Over Expenditures	205,336	19,912	0
Fund Balances at Beginning of Year	<u>242,714</u>	<u>22,169</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 448,050</u>	<u>\$ 42,081</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, 2019

	Special Revenue Funds		
	NM Autism Project 24108	IDEA Preschool 24109	Fresh Fruit & Vegetables 24118
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	1,500	13,652	39,675
Total Revenues	<u>1,500</u>	<u>13,652</u>	<u>39,675</u>
Expenditures			
Current			
Instruction	1,500	12,077	0
Support Services			
Students	0	1,157	0
Instruction	0	0	0
General Administration	0	418	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	39,675
Capital Outlay	0	0	0
Total Expenditures	<u>1,500</u>	<u>13,652</u>	<u>39,675</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

State of New Mexico
West Las Vegas Schools
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For the Year Ended June 30, 2019

	Special Revenue Funds		
	IDEA B	English	Teacher
	Results Plan	Language	Principal
	24132	24153	24154
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	8,437	3,468	78,814
Total Revenues	8,437	3,468	78,814
Expenditures			
Current			
Instruction	8,181	3,400	69,729
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	256	68	2,390
School Administration	0	0	6,695
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	8,437	3,468	78,814
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	0	0	0
Fund Balance End of Year	\$ 0	\$ 0	\$ 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, 2019

	Special Revenue Funds		
	Rural and Low Income Schools 24160	Carl D Perkins Secondary 24176	USDA Equipment Assistance 24183
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	28,299	1,539	24,980
Total Revenues	<u>28,299</u>	<u>1,539</u>	<u>24,980</u>
Expenditures			
Current			
Instruction	27,428	1,539	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	871	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	24,980
Total Expenditures	<u>28,299</u>	<u>1,539</u>	<u>24,980</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

State of New Mexico
West Las Vegas Schools
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For the Year Ended June 30, 2019

	Special Revenue Fund		
	Title IV Student Support 24189	Head Start 25127	Medicaid 25153
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	230,776
State and Local Grants	0	0	0
Federal Grants	20,840	2,195,335	0
Total Revenues	<u>20,840</u>	<u>2,195,335</u>	<u>230,776</u>
Expenditures			
Current			
Instruction	20,208	918,921	0
Support Services			
Students	0	601,934	309,227
Instruction	0	0	0
General Administration	632	47,050	0
School Administration	0	153,451	0
Central Services	0	0	0
Operation of Plant	0	230,816	0
Student Transportation	0	1,454	0
Food Service Operations	0	10,889	0
Capital Outlay	0	230,820	0
Total Expenditures	<u>20,840</u>	<u>2,195,335</u>	<u>309,227</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(78,451)
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>188,819</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 110,368</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, 2019

	Special Revenue Funds		
	NM Community Foundation 26176	Dual Credit Instructional Materials 27103	Excellence in Teaching Awards 27125
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	0	2,992	10,752
Federal Grants	0	0	0
Total Revenues	<u>0</u>	<u>2,992</u>	<u>10,752</u>
Expenditures			
Current			
Instruction	252	2,992	10,752
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>252</u>	<u>2,992</u>	<u>10,752</u>
Excess (Deficiency) of Revenues Over Expenditures	(252)	0	0
Fund Balances at Beginning of Year	<u>252</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, 2019

	Special Revenue Funds		
	Pre-K Initiative 27149	Breakfast for Elementary 27155	Kindergarten 3 Plus 27166
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	304,900	5,937	115,438
Federal Grants	0	0	0
Total Revenues	<u>304,900</u>	<u>5,937</u>	<u>115,438</u>
Expenditures			
Current			
Instruction	219,838	0	95,398
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	3,036	0	0
School Administration	0	0	20,040
Central Services	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	5,937	0
Capital Outlay	82,026	0	0
Total Expenditures	<u>304,900</u>	<u>5,937</u>	<u>115,438</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

State of New Mexico
West Las Vegas Schools
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For the Year Ended June 30, 2019

	Special Revenue Funds		
	NM Grown Fruit & Vegetables 27183	Family Planning 28147	TOPS 29102
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	7,994	50,150	3,295
Federal Grants	0	0	0
Total Revenues	<u>7,994</u>	<u>50,150</u>	<u>3,295</u>
Expenditures			
Current			
Instruction	0	43,688	2,408
Support Services			
Students	0	6,462	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	7,994	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>7,994</u>	<u>50,150</u>	<u>2,408</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	887
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>35</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 922</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, 2019

	Special		
	Revenue Fund	Capital Projects Funds	
	Teen Pregnancy 29103	Senate Bill Nine-State 31700	Senate Bill Nine-Local 31701
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 375,580
Fees	0	0	0
State and Local Grants	110	154,100	0
Federal Grants	0	0	0
Total Revenues	110	154,100	375,580
Expenditures			
Current			
Instruction	3,020	0	0
Support Services			
Students	2,306	0	0
Instruction	4,549	0	0
General Administration	0	0	3,743
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	147,482	361,843
Student Transportation	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	6,618	0
Total Expenditures	9,875	154,100	365,586
Excess (Deficiency) of Revenues Over Expenditures	(9,765)	0	9,994
Fund Balances at Beginning of Year	9,876	0	121,214
Fund Balance End of Year	\$ 111	\$ 0	\$ 131,208

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, 2019

	<u>Total</u>
Revenues	
Property Taxes	\$ 375,580
Fees	300,061
State and Local Grants	655,668
Federal Grants	<u>3,977,233</u>
Total Revenues	<u>5,308,542</u>
Expenditures	
Current	
Instruction	1,740,894
Support Services	
Students	922,774
Instruction	4,549
General Administration	68,082
School Administration	180,186
Central Services	45,482
Operation of Plant	740,141
Student Transportation	1,454
Food Service Operations	1,112,875
Capital Outlay	<u>344,444</u>
Total Expenditures	<u>5,160,881</u>
Excess (Deficiency) of Revenues Over Expenditures	147,661
Fund Balances at Beginning of Year	<u>585,079</u>
Fund Balance End of Year	<u><u>\$ 732,740</u></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, 2019

	Balance 6/30/18	Receipts	Expenditures	Balance 6/30/19
Assets				
Administration				
School Board Student Incentive	\$ 9,976	\$ 0	\$ 702	\$ 9,274
Head Start Administration	282	1,244	16	1,510
Family Partnership	529	1	0	530
Rio Gallinas Charter	829	0	0	829
Pre-K Program	545	0	0	545
Down Syndrome Awareness	0	257	257	0
DD Program	23	200	0	223
	<u>12,184</u>	<u>1,702</u>	<u>975</u>	<u>12,911</u>
Scholarships				
BJ Gonzales Scholarship	10,976	5,000	5,000	10,976
Orlando Espinoza Scholarship	3,014	1,896	2,000	2,910
Justin Roper Scholarship	3,000	0	2,000	1,000
Joe Delgado Scholarship	0	1,000	0	1,000
Fabian Trujillo Scholarship	500	500	500	500
Summit Scholarships	6,925	0	0	6,925
	<u>24,415</u>	<u>8,396</u>	<u>9,500</u>	<u>23,311</u>
Elementary Schools				
Armijo Elementary	8,391	10,999	10,892	8,498
Martinez Elementary	8,871	23,403	18,307	13,967
Tony Serna Elementary	3,959	19,297	18,039	5,217
Valley Elementary	6,561	14,848	17,204	4,205
Union Elementary	0	8,808	7,107	1,701
	<u>27,782</u>	<u>77,355</u>	<u>71,549</u>	<u>33,588</u>
High School				
Class of 2017	2,870	0	0	2,870
Class of 2018	3,702	0	0	3,702
Class of 2019	6,640	2,544	6,657	2,527
Class of 2020	1,237	3,546	3,353	1,430
Class of 2021	110	290	0	400
Class of 2022	0	130	0	130
Administration	16,715	10,962	10,125	17,553
All Sports	46,585	106,776	119,267	34,094
Band	1,935	1,114	3,050	0
BPA	781	0	0	781
Choir	0	11,709	11,709	0
GUTS	28	0	0	28
HS Mariachi	662	0	0	662
Key Club	632	0	184	448
Library	1,005	0	0	1,005
MESA	2,920	2,629	1,153	4,396
One Special Place	653	75	639	90
Student Council	137	0	0	137
Technology	4,407	0	0	4,407
Yearbook	4,196	11,070	9,482	5,784
	<u>\$ 95,216</u>	<u>\$ 150,845</u>	<u>\$ 165,619</u>	<u>\$ 80,442</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, 2019

	Balance 6/30/18	Receipts	Expenditures	Balance 6/30/19
Middle School				
6th Grade	\$ 424	\$ 0	\$ 0	\$ 424
8th Grade	767	145	83	828
Administration	911	1,242	999	1,155
BPA	918	0	739	179
Library	72	0	0	72
Mesa	3,755	364	2,387	1,731
PTO	109	2,612	1,658	1,062
Ski Club	0	473	422	51
Student Council	868	0	0	868
Yearbook	5,003	1,320	886	5,437
	<u>12,826</u>	<u>6,155</u>	<u>7,174</u>	<u>11,808</u>
Total Assets	<u>\$ 172,423</u>	<u>\$ 244,453</u>	<u>\$ 254,817</u>	<u>\$ 162,060</u>
Liabilities				
Deposits Held for Others	\$ 172,423	\$ 244,453	\$ 254,817	\$ 162,060
Total Liabilities	<u>\$ 172,423</u>	<u>\$ 244,453</u>	<u>\$ 254,817</u>	<u>\$ 162,060</u>

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, 2019

		Beginning Cash 6/30/18	Revenue	Expenditures	Ending Cash 6/30/19
Operational	11000 \$	2,018,506 \$	12,825,629 \$	13,136,439 \$	1,707,696
Transportation	13000	0	679,900	679,899	1
Instructional Materials	14000	22,246	47,840	59,664	10,422
Food Service	21000	202,302	1,047,946	982,261	267,987
Athletics	22000	23,523	60,019	41,462	42,080
Activities	23000	172,423	244,453	254,817	162,060
Federal Flowthrough	24000	(293,963)	832,267	1,190,252	(651,948)
Federal Direct	25000	151,350	2,468,319	2,502,910	116,759
Local Grants	26000	252	0	252	0
State Flowthrough	27000	(94,216)	390,278	448,013	(151,951)
State/Local Grants	28000	(21,720)	71,870	50,150	0
Local Grants	29000	9,911	3,405	11,483	1,833
Bond Building	31100	1,059,549	2,452,804	1,965,406	1,546,947
Special State Capital Outlay	31400	(31,613)	31,613	200,187	(200,187)
Senate Bill Nine-State	31700	(7,568)	148,105	154,100	(13,563)
Senate Bill Nine-Local	31701	118,321	374,310	365,085	127,546
Debt Service	41000	1,926,016	2,001,464	1,780,727	2,146,753
Total		<u>\$ 5,255,319</u>	<u>\$ 23,680,222</u>	<u>\$ 23,823,107</u>	<u>\$ 5,112,435</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, 2019

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U. S. Department of Agriculture</u>			
Child Nutrition Cluster			
Pass-through New Mexico Department of Health and Human Services			
Commodity Supplemental Food Program (1)	10.565	21000	\$ 95,544
Pass-through New Mexico Public Education Department			
School Breakfast Program	10.553	21000	467,386
National School Lunch Program	10.555	21000	681,520
USDA Equipment Assistance	10.555	24183	24,980
			<u>1,269,430</u>
Fresh Fruit and Vegetables	10.582	24118	39,675
Direct Program			
Rural Development, Forestry, and Communities	10.672	11000	73,777
Total U. S. Department of Agriculture			<u>1,382,882</u>
<u>U. S. Department of Education</u>			
Pass-through New Mexico Public Education Department			
Special Education Cluster			
IDEA B Entitlement	84.027	24106	316,244
NM Autism Project	84.027	24108	1,500
IDEA Preschool	84.173	24109	13,652
IDEA B Results Plan	84.027	24132	8,437
			<u>339,833</u>
Title I	84.010	24101	652,802
English Language Acquisition	84.365	24153	3,468
Teacher Principal Training	84.367	24154	78,814
Rural and Low Income Schools	84.358	24160	28,299
Carl D Perkins	84.048	24176	1,539
Title IV Student Support	84.424	24189	20,840
Total U. S. Department of Education			<u>1,125,595</u>
U. S. Department of Health and Human Services			
Direct Program			
Head Start	93.600	25127	2,195,335
Total U. S. Department of Health and Human Services			<u>2,195,335</u>
Total Federal Assistance-District			<u>\$ 4,703,812</u>
Rio Gallinas Charter School			
<u>U. S. Department of Education</u>			
Pass-through New Mexico Public Education Department			
Title I	84.010	24101	\$ 38,000
IDEA B Entitlement	84.027	24106	45,482
Teacher Principal Training	84.367	24154	4,093
Total U. S. Department of Education			<u>87,575</u>
Total Federal Assistance-Charter School			<u>87,575</u>
Total Federal Assistance			<u>\$ 4,791,387</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, 2019

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. Brian S. Colón
State Auditor of the State of New Mexico
Board Members of the West Las Vegas Schools

Mr. Colón 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 22, 2019.

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. 2019-001, 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, 2019-007, 2019-008, 2019-009, 2019-010, 2019-011, 2019-012, and 2019-014

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 2019-001, 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, 2019-007, 2019-008, 2019-009, 2019-010, 2019-011, 2019-012, 2019-013, and 2019-014.

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 22, 2019

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

Independent Auditor's Report

Mr. Brian S. Colón
State Auditor of the State of New Mexico
Board Members of the West Las Vegas Schools

Mr. Colón 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, 2019. 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, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 22, 2019

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 No

Identification of major programs:

<u>CFDA Numbers)</u>	<u>Name of Federal Program of Cluster</u>
93.600	Head Start

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

Audited qualified as low risk Auditee Yes

Federal Awards Finding

Prior Year Audit Findings

None

Current Year Audit Findings

None

Financial Statements Findings

Prior Year Audit Findings

	<u>Status</u>
2016-002 Payroll	Repeated & Modified
2016-004 ERB & RHCA	Repeated & Modified
2016-005 NMPSIA	Resolved
2016-007 Receipt Books	Repeated & Modified
2016-008 Certification of Inventory	Resolved
2017-002 Clearing Accounts not Reconciling to Zero	Resolved
2018-001 Bank Reconciliations	Resolved
2018-002 PED Cash	Resolved
2018-003 Request for Reimbursement	Resolved
2018-004 Timesheets	Repeated & Modified
2018-005 Pay Dates for Non-Exempt Employees	Repeated & Modified
2018-006 State Unemployment Reports	Repeated & Modified
2018-007 Compensated Absences	Repeated & Modified
2018-008 Background Checks	Repeated & Modified
2018-009 New Hires	Repeated & Modified
2018-010 Credit Cards	Resolved
2018-011 Warehouse Inventory	Resolved

2019-001 (2016-002) Payroll-Compliance and Internal Control-Significant Deficiency

Condition

(a) The District is keeping I-9's in the payroll clerk's office, on a shelf. We observed that the payroll clerk's office was not secured when she was not in her office.

(b) The District tried to correct I-9's. However, they did not follow I-9 instructions on how to correct incomplete or incorrectly completed I-9's. The District had new completed I-9's in one binder and old I-9's in a separate binder with no memos.

During the testing of forty eight I-9s which was 10% of the District's employees' payroll/personnel files it was note

One I-9 included a social security card that stated For social security and tax purposes only: Not for Identification.

One I-9 had too many documents. Included were a copy of permanent resident card (list A item), drivers license (list B item) and social security card with INS authorization (there was not an authorization letter attached from INS) (list C item).

Section 2 not completed within 3 days of hire for two I-9s.

The translator and certification person were the same individual on one of the I-9s.

One I-9 was computer-generated from the Visions software however, in Section 1 the preparer and/or translator did not mark the box indicating the form was prepared by someone other than the employee.

Management has made progress in correcting the above issues from the prior year. The District stated they had made progress but that some policies and procedures need to be addressed to correct the finding entirely.

Criteria

(a) USCIS recommends that employers provide adequate safeguards to protect employee information. Form I-9 contains personal information about employees. When storing these forms (regardless of the format you choose) employers should consider the security of the employee's personal information when determining how to retain and store completed Forms I-9 and any corresponding documentation.

(b) M-247 I-9 Handbook states that Section 2 should be corrected or completed correctly, write the original hire date in Section 2 and attach the new Form I-9 to the previously completed Form I-9 and include a written explanation. The preparer or translator who helps the employee must provide his or her name and address and must sign and date the certification on the form. As per INA §274A(b)(6)(B) (8 U.S.C. § 1324a(b)(6)(B)), When ICE agents or auditors conduct an inspection of Forms I-9 for compliance, the employer is given ten business days to make corrections.

(a) (b) 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 has made progress in completing this process but has not finalized the process.

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 for first offense with greater than 50% substantive violations, which includes failing to produce a Form I-9, range from \$230 to \$2,292 per violation. The penalty per I-9 as well as the fines can be up to an additional 25%. Estimated fines and penalties could be as high as \$849,072.

Recommendation

(a) We recommend the District keeps the I-9's in a secured area.

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

2019-001 (2016-002) Payroll-Compliance and Internal Control-Significant Deficiency (Continued)

Response

The District has secured a locked location for all I-9's and is still making progress.

Responsible Party: Superintendent and Business Manager

Timeline: June 30, 2020

State of New Mexico

West Las Vegas Schools

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

2019-002 (2016-004) ERB & RHCA - Compliance and Internal Control-Significant Deficiency

Condition

(a) When reviewing ERB and RHCA for the 48 employees tested, the employees that are PERA RP & PU employees were paying into ERB but not RHCA. RHCA states that if either the employee or employer are paying into credit for the employee to ERB they automatically must pay into RHCA.

(b) Of the 48 employees tested, one long term substitute and two bus drivers should have paid into ERB and RHCA.

Management has not made progress in correcting these issues. The District stated that they have not implemented internal controls that would identify when an employee is not paying into a benefit they should be.

Criteria

(a) Retiree Health Care Authority Act (Section 10---7C to 10---7C---19 NMSA 1978). Auditors should test to ensure 100% of payroll is reported to NMRHCA. RHCA employer and employee contributions are set forth in Section 10---7C---15 NMSA 1978.

(b) 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. As per ERB New Member Brochure any employee covered by ERB's retirement program earning Greater than \$20,000 is to contribute 10.7% and employees earning less than \$20,000 are to contribute 7.9%. ERB withholdings are based on the employee's gross salary without including stipends or increments.

Cause

The District did not apply the .25 FTE criteria on temporary and part-time employees for ERB and RHCA.

Effect

Eligible employees are not receiving benefits offered by the District.

Recommendation

Additional training is necessary to classify employees correctly 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

The district has reviewed each employee and the steps by which future employees are processed and has made the corrections to properly collect RHCA and NMERB from all employees that meet the requirements.

Responsible Party: Business Manager

Timeline: June 30, 2020

2019-003 (2016-007) Activity Receipts-Compliance and Internal Control-Significant Deficiency
Condition

A review of the documentation for 40 deposits revealed the following issues:

10 receipts were issued to an activity account rather than an individual totaling \$4,048.50, 14%.

8 deposits included receipts that were not deposited within 24 hours totaling \$8,487.25, 29%.

26 deposits included original receipts that should have been given to the individuals totaling \$18,609.13, 63%

7 deposits included money that had not been receipted totaling \$5,065.92, 17%.

6 deposits included receipts that did not agree with the deposit totaling \$8,697.00, 30%

1 deposit slip was dated 7 days before the deposit cleared the bank totaling \$833.00, 3%

A general review of receipts books revealed voided receipts that did not have the original receipt attached, some original receipts were found in the receipt books and the space where a name should have been written was blank on one receipt.

Management has not made progress in correcting the above issues from the prior year. The District stated this was not addressed because they thought the process they had in place was adequate.

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, 2020.

Responsible Party: Comptroller

Timeline: June 30, 2020

2019-004 (2018-004) Timesheets-Compliance and Internal Control-Significant Deficiency

Condition

Not all non-exempt employees are required to track their actual time worked.

Management has not made progress in correcting the above issues from the prior year. The District stated that they are having push back from the employees and the union.

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

District currently has a system in place (CBA) that only certain employees are to clock in and out in timely basis.

Effect

The District is in violation with Fair Labor Standards Act (FLSA) and could be subject to back wages for non-exempt employees who claim to have worked greater than 40 hours per work week.

Recommendation

Require all non-exempt employees to use the timeclock system that you presently have. 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 have a system that accurately tracks comp time.

Response

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

Responsible Party: The Superintendent is responsible for this finding and is add addressing it immediately.

Timeline: June 30, 2020

2019-005 (2018-005) Pay Dates for Non-Exempt Employees-Compliance and Internal Control-Significant Deficiency

Condition

The District is not paying non-exempt employees for hours worked timely. The hours worked between the 1st and the 15th are paid on the 30th and the hours worked the 16th through the end of the month are paid on the 12th of the following month.

Management has not made progress in correcting the above issues from the prior year. The District stated that changing pay periods would cause non-exempt twelve month employees to receive a smaller pay check when converting from 24 to 26 pay periods. They want to give sufficient time to the employees so that the change would not such a big burden.

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 with 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 from the end of a pay cycle.

Response

Management will change the pay periods for 19-20 school year. The Business Manager will assist in the transformation of developing 26 pay periods instead of 24.

Responsible Party: Business Manager

Timeline: July 1, 2020

2019-006 (2018-006) State Unemployment Reports (SUTA)-Compliance and Internal Control-Significant Deficiency

Condition

The wages reported on the unemployment reports were understated by approximately \$439,645 for the fiscal One of the 4 SUTA quarterly reports was not submitted timely. The quarter ending 9/30/18 was due 10/31/18, but not signed and submitted till 11/21/18.

Management has not made progress in correcting the above issues from the prior year. The District stated that this was overlook and not corrected.

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.

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 District was not complying with the deadline submission due date.

Effect

The wages reported for these employees were incorrect. Should these employees terminate their employment from the District and attempt to draw unemployment, their benefits would be less they should be.

Recommendation

The District should put a reminder in their calendar to avoid late filed reports.

Response

The district has made changes to the process by which SUTA is calculated by way of the WKC collection. WKC is now being collected properly and will reflect the actual number of employees; this will correct the SUTA reporting errors. The importance of reporting in a timely manner has been expressed to the responsible employee(s) and the necessary steps have been taken to prevent this finding in the future. Steps taken include a schedule of reports and the due dates of the reports being kept and followed monthly.

Responsible Party: Business Manager

Timeline: June 30, 2020

2019-007 (2018-007) Compensated Absences-Compliance and Internal Control-Significant Deficiency Condition

One employee left the District with a negative annual leave balance of (19.75) hours and negative sick leave of (163.735) hours. The employee was overpaid \$1,455.60.

Management has not made progress in correcting the above issues from the prior year. The District stated that they had allowed this practice in the past and they had never had an employee exit the District before that had a negative leave balance that was not caught and adjusted with the final pay check.

Criteria

Negative compensated absences are considered payroll advances and are not allowed. 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

Cause

The district did not keep an accurate balance for compensated absences.

Effect

The loss to the District totaled \$1,652.12 because the District allowed negative annual and sick leave.

Recommendation

The District should review a compensated leave balance report with each pay period along with leave forms to ensure the employee has adequate leave or the District should dock the employee's pay.

Response

Management will receive a report that includes overages and negative balances on a timely manner to ensure employees do not exceed the amount that can be accrued or have negative balances.

Responsible Party: Business Manager

Timeline: June 30, 2020

2019-008 (2018-008) Background Checks-Compliance and Internal Control-Significant Deficiency

Condition

One of 47 background checks reviewed had a PED Licensure printout that had a background status greater than 24 months.

Management has made progress in correcting the above issues from the prior year. The District stated that they did an internal audit on all personnel files to ensure they had background checks. They were unaware of the 24 month limitation for using a PED background check.

Criteria

22-10A-5 governs background checks for all licensed school employees, including contracted employees (i.e. instructional support providers). An applicant for initial licensure must be fingerprinted to obtain the applicant's federal bureau of investigation record. All licensed personnel must have a cleared background check before entering the classroom. Each background is valid for 24 months. If background expires before the license is procured, a new background check must be completed. School districts may request a copy from an NMPED-background during the 24 months. An Application must be submitted in order for a background check to be entered into the licensure system. A person without a valid background check that has not been cleared appropriately cannot be working in the K-12 setting.

Cause

The District had a background check that was out of compliance with the regulation.

Effect

As a safety measure, people with serious criminal records may not be fit to have responsibility for the safety and well being of children.

Recommendation

Training and supervision is necessary to avoid the above issue.

Response

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

Responsible Party: Human Resource

Timeline: June 30, 2020

2019-009 (2018-009) New Hires-Compliance and Internal Control-Significant Deficiency

Condition

Of 55 new hires during the 2019 fiscal year we reviewed 15 and one of the 15 was not submitted timely.

Management has made progress in correcting the above issues from the prior year. The District stated that internal controls are were implemented during the year rather than at the beginning of the year causing one new hire reporting to be late.

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 or 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 in this area.

Responsible Party and Timeline

Responsible Party: Human Resource

Timeline: June 30, 2020

2019-010 Educational Retirement Board - Compliance and Internal Control-Significant Deficiency

Condition

Eight of the 12 monthly reports submitted to Educational Retirement Board (ERB) were incorrect indicating the employees' withholding matrix was also incorrect.

Criteria

2.82.3.8 NMAC Educational Retirement Member and Administrative Unit Contributions. A) Except as otherwise set forth herein and subject to the limitations set forth in Section 22-11-21.2 NMSA 1978, a member's annual salary for the purpose of contributions to the fund and computation of the member's benefit shall consist of total compensation or wages paid to the member for services rendered during each of the four calendar quarters of a fiscal year, beginning July 1 and ending June 30.

Cause

The district was not aware of an error in the contribution and computation to Educational Retirement Board.

Effect

When the computer generated report is not reviewed for accuracy, errors could be missed. Errors could result in incorrect credited to employee(s) future retirement.

Recommendation

The ERB report created by Visions software should be hand calculated before it is filed with ERB. A simple hand calculation revealing math errors indicates issues with employees' withholding matrix. Errors could be revealed and addressed quickly saving the District money. To resolve the matrix issue, each employee setup will have to be reviewed and errors corrected.

Response

The district has communicated with NMERB and Tyler Technology (Visions) about this issue. They are both aware of the situations that arise when employees carry different classifications within one monthly reporting period. Tyler Technology has agreed to work with the district to resolve this issue.

Responsible Party: Business Manager

Timeline: June 30, 2020

2019-011 Contracts-Compliance and Other Matter

Condition

Out of 47 contracts tested the following were noted:

Four contracts stated up to 24 installments would be paid and the contracts also stated that the first installment shall be due on August 31, 2018. However, all four employees hired after August 31, 2018.

One employee's contract was for a Bookkeeper/Secretary. The bookkeeper hourly rate was \$17.48 per hour and the secretary hourly rate was \$15.33. The District did not require the non-exempt employee to keep a timesheet indicating the amount of time worked for each duty.

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, but not limited to employment contracts (including increments). Education Code states there should be adequate consideration for the contract. The contract should clearly and accurately state the consideration for the contract if cash payments are to be made, and when and where payments are due.

Cause

The district's contracts needs to address clearly what the date of hire is.

Effect

Without having the correct information included on the contract the District could be overpaying or underpaying employees.

Recommendation

The District should ensure that the contracts correctly state the number of installments and the date of the first pay period. The District also needs to keep track of employees who are contracted for two positions at two different rates per hour to correctly compensated the employees and calculate overtime using blended rates.

Response

Language exists in the contract indicating a specific first installment date for payment based on the type of employment contract length (e.g., work calendar: 9 month, 10 month, 11 month, etc.). Immediately following the designated first installment date, language exists stating, "or the most appropriate pay period based upon employment start date." for those instances whereby employment starts later in the school year, as Visions does not have the capability within the Contract Maintenance component to specify the exact pay period within the contract. When the employee's position and pay data is inputted into Visions, the appropriate pay periods (start and end) are designated in the system, thereby avoiding employee under or overpayments.

Responsible Party: Business Manager

Timeline: June 30, 2020

2019-012 941 Quarterly Reports - Compliance and Internal Control-Significant Deficiency

Condition

Two of the 4 941 Quarterly Reports were not filed timely.

9/30/18 was due 10/31/18, signed 11/21/18

6/30/19 was due 7/31/19, signed 8/7/19

Criteria

irs.gov/Businesses/Small-Businesses-&-Self-Employed/Employment-Tax-Due-Dates states that for 941s are due by the end of the following month.

Cause

The district failed to submit quarterly reports on a timely manner.

Effect

Penalties and interest could be assessed at 5% for every month or part thereof that they are filed late.

Recommendation

The District should put a reminder in their calendar to avoid late filed reports.

Response

The importance of reporting in a timely manner has been expressed to the employee(s) responsible for the reporting and the necessary steps have been taken to prevent this finding in the future. Steps taken include a schedule of reports and the due dates of the reports being kept and followed monthly.

Responsible Party: Business Manager

Timeline: June 30, 2020

2019-013 CRS-Compliance and Other Matter

Condition

CRS-1 Long Form Combined Report System (withholding tax) for tax period October 1, 2018 through October 31, 2018 was not submitted timely.

Criteria

As per CRS-1 Instructions - Each report is due on or before the 25th of the month following the end of the tax period covered by the report. Penalty is applied for failure to pay or file on time. After January 1, 2008, penalty is calculated at the same monthly rate and in the same manner but the maximum amount of penalty that can be imposed increases to 20% of the tax due or a minimum of \$5.00, whichever is greater.

Cause

The district did not submit report in a timely manner.

Effect

The late submission caused the District to pay an additional \$331.90 in penalties and interest.

Recommendation

The District should create a checklist to ensure monthly and quarterly reports are submitted timely.

Response

The importance of reporting in a timely manner has been expressed to the employee(s) responsible for the reporting and the necessary steps have been taken to prevent this finding in the future. Steps taken include a schedule of reports and the due dates of the reports being kept and followed monthly.

Responsible Party: Business Manager

Timeline: June 30, 2020

2019-014 Cash Appropriations in Excess of Available Cash Balances-Compliance and Internal Control-Significant Deficiency

Condition

The District maintained a deficit budget in excess of available cash balance in the following funds:

Major Funds	Fund	Amount
General Fund-Operational	11000	\$ (38,482)

Criteria

Section 2.2.2.10. (P) (1), NMAC, requires all school district funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances rebudgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Cause

The District does not have a procedure in place to ensure sufficient beginning cash balances exist to absorb budget deficits.

Effect

The District will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Recommendation

BARS should be issued shortly after audited cash balances are confirmed if estimated cash balances are more and cash was used to balance the budget. As expenditure budgets are increased, it should be determined there is sufficient budgeted revenues and beginning cash balances to balance the budget.

Response

Business Manager will monitor the revenue and expenditure to ensure that both revenue and expenditure reports reconcile before year end.

Responsible Party: Business Manager

Timeline: June 30, 2020

2019-002 (2018-002) Non-Exempt Pay-Compliance and Internal Control-Significant Deficiency

Condition

We noted that non-exempt employees' wages for the pay period from 3/16/19-3/31/19 were not paid until 4/15/19.

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 at the time of the FY18 audit. When management was made aware of this requirement the new year had already started and payroll cycles could not be corrected at that time.

Effect

The Charter is not in compliance with New Mexico Stat. 50-4-2 and 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 corrected this as of July 1, 2019.

Responsible Party: Business Manager

Timeline: This has already been implemented at the time of this response and was corrected as of July 1, 2019.

**2019-003 Cash Appropriations in Excess of Available Cash Balances-Compliance and Internal Control-
 Significant Deficiency**

Condition

The Charter maintained a deficit budget in excess of available cash balance in the following funds:

Major Funds	Fund	Amount
General Fund-Operational	11000	\$ (68,052)

Criteria

Section 2.2.2.10. (P) (1), NMAC, requires all school district funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances rebudgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Cause

West Las Vegas Schools did not pay Rio Gallinas final SEG for fiscal year 2018 until July 5, 2018, in fiscal year 2019. The school's PED analyst asked the school to budget this payment in cash so that the SEG revenue budget for fiscal year 2019 would reflect only the fiscal year 2019 revenue amount on that line item in the budget.

Effect

The Charter will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Recommendation

The Director should require West Las Vegas Schools to transfer the funds to the Charter by June 30 each year.

Response

The school's management respectfully disagrees with this finding as they are not over budget per their records or per PED. Due to the district not paying the charter timely for their fiscal year 2018 final SEG payment, the auditor was not able to agree with management on how to record the amount on budget to actuals as it crossed fiscal years. If the school would have not include the fiscal year 2018 SEG payment in their budget, they would not have had access to the money until fiscal year 2020.

Responsible Party: N/A

Timeline: Waiting on auditors for clarification as West Las Vegas also paid fiscal year 2019 payment late and in the wrong 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 September 11, 2019. Those in attendance were Kurt Ludi-Director, Jude Romero-Chairman, Ray Sanchez-Board Member, Katherine Espinoza-Administrative Assistant, Savannah Borquez-Financial Specialist, Rebekah Runyan-Business Manager and De'Aun Willoughby, CPA.

Exit Conference - Primary Government

An exit conference was held on September 13, 2019. Those present were Marvin Martinez- Board Chairman, Christopher Gutierrez-Superintendent, Chris Cavazos-Audit Committee, Raymond Lujan-Audit Committee, Joseph Griego-Head Start Director, Veronica Ulibarri-Human Resource, James Bonney-Comptroller, Dinah Maynes-Business Manager, Starla Sharp-Auditor, and De'Aun Willoughby, CPA.

CORRECTIVE ACTION PLAN

September 28, 2019

US Department of Education

West Las Vegas Schools District respectfully submits the following corrective action plan for the year ended June 30, 2019.

Name and address of the independent public accounting firm:

DeAun Willoughby CPA, PC
225 Innsdale Terrace
Clovis, NM 88101

Audit period:

June 30, 2019

The findings from the June 30, 2019 Schedule of Findings and Questioned Cost are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT

FINDING THAT DOES NOT RISE TO THE LEVEL OF SIGNIFICANT DEFICIENCY

2019-011 Contracts-Compliance and Other Matter

Recommendation

The District should ensure that the contracts correctly state the number of installments and the date of the first pay period. The District also needs to keep track of employees who are contracted for two positions at two different rates per hour to correctly compensated the employees and calculate overtime using blended rates.

Management Response

Language exists in the contract indicating a specific first installment date for payment based on the type of employment contract length (e.g., work calendar: 9 month, 10 month, 11 month, etc.). Immediately following the designated first installment date, language exists stating, "or the most appropriate pay period based upon employment start date." for those instances whereby employment starts later in the school year, as Visions does not have the capability within the Contract Maintenance component to specify the exact pay period within the contract. When the employee's position and pay data is inputted into Visions, the appropriate pay periods (start and end) are designated in the system, thereby avoiding employee under or overpayments.

Board
of
Education

Chairman
Marvin Martinez

Vice-Chairman
Patrick Marquez

Secretary
Christine Ludi

Member
Linda Montoya

Member
Ambrosio Castellano

Corrective Action: The district has will make adjustment to the wording of the contract to reflect specific time of start of the contract to the end.

Responsible Party: Business Manager
Timeline: June 30, 2020

2019-013 CRS-Compliance and Other Matter

Recommendation

The District should create a checklist the ensure monthly and quarterly reports are submitted timely.

Management Response

The importance of reporting in a timely manner has been expressed to the employee(s) responsible for the reporting and the necessary steps have be taken to prevent this finding in the future. Steps taken include a schedule of reports and the due dates of the reports being kept and followed monthly.

Corrective Action: The importance of reporting has been expressed for reporting and a schedule of events report will be established and signed off by the Business Manager on a monthly basis to ensure timeliness.

Responsible Party: Business Manager
Timeline: June 30, 2020

SIGNIFICANT DEFICIENCY

2019-001 (2016-002) Payroll-Compliance and Internal Control-Significant Deficiency

Recommendation

- (a) We recommend the District keeps the I-9's in a secured area.
- (b) We recommend additional training, supervision and review. All I-9s should be reviewed and updated. Additional staff and/or a restructuring of duties may be necessary.

Management Response

The District has secured a locked location for all I-9's and is still making progress.

Corrective Action : The district has secured a locked location for all I-9's. All I-9's have been reviewed by the business manager to ensure that all documentation is being handles correctly.

Responsible Party: Superintendent and Business Manager
Timeline: June 30, 2020

2019-002 (2016-004) ERB & RHCA - Compliance and Internal Control-Significant Deficiency

Recommendation

Additional training is necessary to classify employees correctly 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.

Management Response

The district has reviewed each employee and the steps by which future employees are processed and has made the corrections to properly collect RHCA and NMERB from all employees that meet the requirements.

Corrective Action: The district will take action by having the comptroller review the entering of the employee by the payroll clerk to ensure that the employee has properly been entered in the system correctly.

Responsible Party: Business Manager

Timeline: June 30, 2020

2019-003 (2016-007) Activity Receipts-Compliance and Internal Control-Significant Deficiency

Recommendation

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

Management Response

Management will work diligently with staff secretaries to get this finding resolved by June 30, 2020.

Corrective Action: Proper training will be administered to all secretaries and staff in handling activity receipts.

Responsible Party: Comptroller

Timeline: June 30, 2020

2019-004 (2018-004) Timesheets-Compliance and Internal Control-Significant Deficiency

Recommendation

Require all non-exempt employees to use the timeclock system that you presently have. 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 have a system that accurately tracks comp time.

Management Response

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

Corrective Action: A time clock will be implemented for employees to utilize by payroll clerk to ensure accuracy.

Responsible Party: The Superintendent is responsible for this finding and is add addressing it immediately.

Timeline: June 30, 2020

2019-005 (2018-005) Pay Dates for Non-Exempt Employees-Compliance and Internal Control-Significant Deficiency

Recommendation

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

Management Response

Management will change the pay periods for 19-20 school year. The Business Manager will assist in the transformation of developing 26 pay periods instead of 24.

Corrective Action: Management has changed the pay periods for 19-20 start date 07-01-19 in assist in any compensation be paid in a timely manner.

Responsible Party: Business Manager

Timeline: July 1, 2020

2019-006 (2018-006) State Unemployment Reports (SUTA)-Compliance and Internal Control-Significant Deficiency

Recommendation

The District should put a reminder in their calendar to avoid late filed reports.

Management Response

The district has made changes to the process by which SUTA is calculated by way of the WKC collection.

Corrective Action: The importance of reporting has been expressed for reporting and a schedule of events report will be established and signed off by the Business Manager on a monthly basis to ensure timeliness.

Responsible Party: Business Manager

Timeline: June 30, 2020

2019-007 (2018-007) Compensated Absences-Compliance and Internal Control-Significant

Recommendation

The District should review a compensated leave balance report with each pay period along with leave forms to ensure the employee has adequate leave or the District should dock the employee's pay.

Management Response

Management will receive a report that includes overages and negative balances on a timely manner to ensure employees do not exceed the amount that can be accrued or have negative balances.

Corrective Action: The payroll clerk will create a report monthly to include calculations of any negative balances to ensure employees do not exceed the amount that can be accrued or have negative balances.

Responsible Party: Business Manager

Timeline: June 30, 2020

2019-008 (2018-008) Background Checks-Compliance and Internal Control-Significant Deficiency

Recommendation

Training and supervision is necessary to avoid the above issue.

Management Response

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

Corrective Action: Personnel Specialist:

In an effort to ensure all staff have background checks on file, please develop a list of all staff, including coaches, subs, etc., who do not have a background check (actual FBI report - not clearance or PED licensure snapshot clearance) in their personnel file and provide these staff members notification that a background check is required, providing them information on 1) how to ensure the background; 2) deadline for doing so (at least three weeks from when you inform them); and 3) how to secure a refund for the background check fee.

Responsible Party: Human Resource
Timeline: June 30, 2020

2019-009 (2018-009) New Hires-Compliance and Internal Control-Significant Deficiency

Recommendation

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

Management Response

Our Personnel Specialist will receive additional training to alleviate additional mishaps in submitting new hires in this area.

Corrective Action: Our Personnel Specialist will receive additional training to alleviate additional mishaps in submitting new hires in this area.

Responsible Party: Business Manager
Timeline: June 30, 2020

2019-010 Educational Retirement Board - Compliance and Internal Control-Significant Deficiency

Recommendation

The ERB report created by Visions software should be hand calculated before it is filed with ERB. A simple hand calculation revealing math errors indicates issues with employees' withholding matrix. Errors could be revealed and addressed quickly saving the District money. To resolve the matrix issue, each employee setup will have to be reviewed and errors corrected.

Management Response

The district has communicated with NMERB and Tyler Technology (Visions) about this issue. They are both aware of the situations that arise when employees carry different classifications within one monthly reporting period. Tyler Technology has agreed to work with the district to resolve this issue.

Corrective Action: The District has communicated with NMERB and Tyler Technologies about this issue. They are both aware of the situation of employees carry different classifications within one monthly report period. Tyler Technologies has agreed to work with the district to resolve this issue.

Responsible Party: Business Manager
Timeline: June 30, 2020

2019-012 941 Quarterly Reports - Compliance and Internal Control-Significant Deficiency

Recommendation

The District should put a reminder in their calendar to avoid late filed reports.

Management Response

The importance of reporting in a timely manner has been expressed to the employee(s) responsible for the reporting and the necessary steps have been taken to prevent this finding in the future. Steps taken include a schedule of reports and the due dates of the reports being kept and followed monthly.

Corrective Action: The importance of reporting has been expressed for reporting and a schedule of events report will be established and signed off by the Business Manager on a timely basis to ensure timeliness.

Responsible Party: Business Manager

Timeline: June 30, 2020

2019-014 Cash Appropriations in Excess of Available Cash Balances-Compliance and Internal Control-Significant Deficiency

Recommendation

BARS should be issued shortly after audited cash balances are confirmed if estimated cash balances are more and cash was used to balance the budget. As expenditure budgets are increased, it should be determined there is sufficient budgeted revenues and beginning cash balances to balance the budget.

Management Response


Business Manager will monitor the revenue and expenditure to ensure that both revenue and expenditure reports reconcile before year end.

Corrective Action: The Business Manager will monitor the revenue and expenditure budget balances on a monthly basis to ensure a BAR is not necessary to comply with the regulation.

Responsible Party: Business Manager

Timeline: June 30, 2020

If the US Department of Education has questions regarding this plan, please call me at 575-746-3585.



Dinah Maynes
Business Manager