



State of
New Mexico
Los Alamos
Public Schools

Annual Financial Report
For the Year Ended June 30, 2017



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STATE OF NEW MEXICO
 Los Alamos Public Schools
 Annual Financial Report
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STATE OF NEW MEXICO
Los Alamos Public Schools
Official Roster
June 30, 2017

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Jenny McCumber		Board President
Andrea Cunningham		Board Vice President
Ellen Ben-Naim		Board Member
Bill Hargraves		Board Member
Stephen Boerigter		Board Member
	<u>Administrative Officials</u>	
Kurt Steinhaus		Superintendent
Lisa Montoya		Assistant Superintendent for Finance and Operations
Teresa Gatewood		Comptroller

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Los Alamos Public Schools
Los Alamos, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue fund of Los Alamos Public Schools (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Los Alamos Public Schools, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the *Management Discussion and Analysis* that accounting principles, generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America requires the Schedules I and II and the Notes to the Required Supplementary Information on pages 66 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The introductory section, combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Supporting Schedules III through VI required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards and Supporting Schedules III through VI required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards and Supporting Schedules III through VI required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RPC CPAs + Consultants LLP

RPC CPAs + Consultants, LLP
Albuquerque, NM
November 9, 2017

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Los Alamos Public Schools
Statement of Net Position
June 30, 2017

	<u>Primary Government</u>			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 15,241,835	\$ 8,334,623	\$ 23,576,458	\$ 11,737
Investments	2,773,990	2,469,857	5,243,847	234,174
Receivables:				
Property taxes	172,746	-	172,746	-
Due from other governments	603,045	-	603,045	-
Other	23,617	-	23,617	-
Inventory	210,944	-	210,944	-
Total current assets	19,026,177	10,804,480	29,830,657	245,911
Noncurrent assets				
Restricted assets:				
Cash and cash equivalents	5,692,319	-	5,692,319	122,592
Investments	-	-	-	-
Capital assets	172,664,622	-	172,664,622	515
Less: accumulated depreciation	(36,573,690)	-	(36,573,690)	(258)
Total noncurrent assets	141,783,251	-	141,783,251	122,849
<i>Total assets</i>	<u>160,809,428</u>	<u>10,804,480</u>	<u>171,613,908</u>	<u>368,760</u>
Deferred outflows of resources				
Net difference between projected and actual investment earnings on pension plan investments	3,656,982	61,351	3,718,333	-
Changes in proportion	267,271	4,214	271,485	-
Changes of assumption	1,256,151	11,871	1,268,022	-
Net differences between expected and actuarial experience	266,052	4,195	270,247	-
Employer contributions subsequent to the measurement date	3,296,341	38,594	3,334,935	-
<i>Total deferred outflows of resources</i>	<u>8,742,797</u>	<u>120,225</u>	<u>8,863,022</u>	<u>-</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 169,552,225</u>	<u>\$ 10,924,705</u>	<u>\$ 180,476,930</u>	<u>\$ 368,760</u>

The accompanying notes are an integral part of these financial statements.

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 435,069	\$ 6,156	\$ 441,225	\$ -
Accrued payroll	755,441	6,288	761,729	3,090
Accrued interest	384,642	-	384,642	-
Accrued compensated absences	213,156	-	213,156	-
Current portion of bonds payable	5,030,000	-	5,030,000	-
Total current liabilities	<u>6,818,308</u>	<u>12,444</u>	<u>6,830,752</u>	<u>3,090</u>
Noncurrent liabilities				
Accrued compensated absences	282,459	-	282,459	-
Bonds payable	29,710,000	-	29,710,000	-
Bond premium, net of accumulated amortization of \$486,960	723,771	-	723,771	-
Net pension liability	61,552,519	739,810	62,292,329	-
Total noncurrent liabilities	<u>92,268,749</u>	<u>739,810</u>	<u>93,008,559</u>	<u>-</u>
<i>Total liabilities</i>	<u>99,087,057</u>	<u>752,254</u>	<u>99,839,311</u>	<u>3,090</u>
Deferred inflows of resources				
Changes in proportion	196,609	1,869	198,478	-
Net differences between expected and actuarial experience	587,603	4,876	592,479	-
<i>Total deferred inflows of resources</i>	<u>784,212</u>	<u>6,745</u>	<u>790,957</u>	<u>-</u>
Net position				
Net investment in capital assets	109,583,169	-	109,583,169	-
Restricted for:				
Debt service	5,422,645	-	5,422,645	-
Capital projects	6,617,891	-	6,617,891	-
Special revenue	1,079,064	-	1,079,064	-
Scholarships & endowment	-	-	-	287,317
Unrestricted	(53,021,813)	10,165,706	(42,856,107)	78,353
<i>Total net position</i>	<u>69,680,956</u>	<u>10,165,706</u>	<u>79,846,662</u>	<u>365,670</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 169,552,225</u>	<u>\$ 10,924,705</u>	<u>\$ 180,476,930</u>	<u>\$ 368,760</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Los Alamos Public Schools
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
Instruction	\$ 24,199,894	\$ 601,222	\$ 5,389,676	\$ 93,086
Support services - students	4,524,823	112,415	1,007,745	17,405
Support services - instruction	1,305,936	32,445	290,851	5,023
Support services - general administration	1,048,500	26,049	233,516	4,033
Support services - school administration	2,170,859	53,933	483,482	8,350
Central services	5,730,695	142,374	1,276,311	22,043
Operation and maintenance of plant	5,984,796	148,686	1,332,903	23,021
Student transportation	1,146,463	-	505,862	-
Community services operations	165,385	-	-	-
Interest and other charges	834,837	-	-	-
<i>Total governmental activities</i>	<u>47,112,188</u>	<u>1,117,124</u>	<u>10,520,346</u>	<u>172,961</u>
Business-type Activities:				
Food services	196,942	120,536	103,892	-
Leased facilities	1,213,304	2,955,185	-	-
Land sale	450	-	-	-
<i>Total business-type activities</i>	<u>1,410,696</u>	<u>3,075,721</u>	<u>103,892</u>	<u>-</u>
<i>Total primary government</i>	<u>\$ 48,522,884</u>	<u>\$ 4,192,845</u>	<u>\$ 10,624,238</u>	<u>\$ 172,961</u>
Component Unit:				
Los Alamos Education Foundation	<u>\$ 191,935</u>			

General Revenues:

Taxes:

Property taxes, levied for operating programs

Property taxes, levied for debt services

Property taxes, levied for capital projects

State equalization guarantee

Investment income

Gain (loss) on investments

Miscellaneous income

Transfers

Donations

Total general revenues

Change in net position

Net position - as originally classified

Net position - reclassification (Note 17)

Net position - as reclassified

Net position - ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (18,115,910)	\$ -	\$ (18,115,910)	\$ -
(3,387,258)	-	(3,387,258)	-
(977,617)	-	(977,617)	-
(784,902)	-	(784,902)	-
(1,625,094)	-	(1,625,094)	-
(4,289,967)	-	(4,289,967)	-
(4,480,186)	-	(4,480,186)	-
(640,601)	-	(640,601)	-
(165,385)	-	(165,385)	-
(834,837)	-	(834,837)	-
<u>(35,301,757)</u>	<u>-</u>	<u>(35,301,757)</u>	<u>-</u>
-	27,486	27,486	-
-	1,741,881	1,741,881	-
-	(450)	(450)	-
<u>-</u>	<u>1,768,917</u>	<u>1,768,917</u>	<u>-</u>
<u>(35,301,757)</u>	<u>1,768,917</u>	<u>(33,532,840)</u>	<u>-</u>
			<u>(191,935)</u>
250,464	-	250,464	-
6,000,486	-	6,000,486	-
2,259,420	-	2,259,420	-
26,233,240	-	26,233,240	-
50,559	23,856	74,415	11,182
-	-	-	1,011
293,883	456,350	750,233	-
191,543	(191,543)	-	-
-	-	-	165,776
<u>35,279,595</u>	<u>288,663</u>	<u>35,568,258</u>	<u>177,969</u>
<u>(22,162)</u>	<u>2,057,580</u>	<u>2,035,418</u>	<u>(13,966)</u>
69,857,455	7,953,789	77,811,244	379,636
<u>(154,337)</u>	<u>154,337</u>	<u>-</u>	<u>-</u>
<u>69,703,118</u>	<u>8,108,126</u>	<u>77,811,244</u>	<u>379,636</u>
<u>\$ 69,680,956</u>	<u>\$ 10,165,706</u>	<u>\$ 79,846,662</u>	<u>\$ 365,670</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Los Alamos Public Schools
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund 11000, 13000, 14000	Entitlement IDEA-B 24106	Bond Building 31100	Capital Improvements HB-33 31600
<i>Assets</i>				
Cash and cash equivalents	\$ 942,351	\$ 3,129	\$ 8,956,008	\$ 4,175,553
Investments	234,934	-	-	2,539,056
Receivables:				
Property taxes	5,856	-	-	45,752
Due from other governments	-	267,362	-	-
Other	23,617	-	-	-
Inventory	210,944	-	-	-
Due from general fund	-	-	-	-
Due from other funds	406,892	-	89,400	67,634
<i>Total assets</i>	<u>\$ 1,824,594</u>	<u>\$ 270,491</u>	<u>\$ 9,045,408</u>	<u>\$ 6,827,995</u>
<i>Liabilities</i>				
Accounts payable	\$ 122,053	\$ 4,369	\$ 119,203	\$ 180,301
Due to other governments	-	-	-	-
Accrued payroll	743,418	2,177	-	-
Due to other funds	-	228,921	-	-
<i>Total liabilities</i>	<u>865,471</u>	<u>235,467</u>	<u>119,203</u>	<u>180,301</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	2,461	-	-	17,402
<i>Total deferred inflows of resources</i>	<u>2,461</u>	<u>-</u>	<u>-</u>	<u>17,402</u>
<i>Fund balances</i>				
Nonspendable:				
Inventory	210,944	-	-	-
Spendable:				
Restricted for:				
Instructional materials	64,030	35,024	-	-
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	8,926,205	6,630,292
Debt service	-	-	-	-
Committed for:				
Subsequent year's expenditures	411,074	-	-	-
Unassigned	270,614	-	-	-
<i>Total fund balances</i>	<u>956,662</u>	<u>35,024</u>	<u>8,926,205</u>	<u>6,630,292</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,824,594</u>	<u>\$ 270,491</u>	<u>\$ 9,045,408</u>	<u>\$ 6,827,995</u>

The accompanying notes are an integral part of these financial statements.

Debt Service Fund 41000	Other Governmental Funds	Total
\$ 5,686,149	\$ 1,170,964	\$ 20,934,154
-	-	2,773,990
121,138	-	172,746
-	335,683	603,045
-	-	23,617
-	-	210,944
-	-	-
-	-	563,926
<u>\$ 5,807,287</u>	<u>\$ 1,506,647</u>	<u>\$ 25,282,422</u>
\$ -	\$ 9,143	\$ 435,069
-	-	-
-	9,846	755,441
-	335,005	563,926
<u>-</u>	<u>353,994</u>	<u>1,754,436</u>
45,930	-	65,793
<u>45,930</u>	<u>-</u>	<u>65,793</u>
-	-	210,944
-	-	99,054
-	1,131,518	1,131,518
-	26,041	26,041
-	-	15,556,497
5,761,357	-	5,761,357
-	-	411,074
-	(4,906)	265,708
<u>5,761,357</u>	<u>1,152,653</u>	<u>23,462,193</u>
<u>\$ 5,807,287</u>	<u>\$ 1,506,647</u>	<u>\$ 25,282,422</u>

The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO

Los Alamos Public Schools

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2017

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$ 23,462,193
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	136,090,932
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	65,793
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in funds:	
Deferred outflows of resources related to investment earnings on pension plan investments	3,656,982
Deferred outflows of resources related to changes of proportion	267,271
Deferred outflows of resources related to changes in assumption	1,256,151
Deferred outflows of resources related to net difference between projected and actual experience	266,052
Deferred outflows of resources related to employer contributions subsequent to the measurement date	3,296,341
Deferred inflows of resources related to changes of proportion	(196,609)
Deferred inflows of resources related to net difference between projected and actual experience	(587,603)
Liabilities, including bonds payable, accrued compensated absences and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences not due and payable	(495,615)
Accrued interest payable	(384,642)
Bond premiums	(723,771)
Bonds payable	(34,740,000)
Net pension liability	(61,552,519)
<i>Total net position - governmental funds</i>	<u><u>\$ 69,680,956</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Los Alamos Public Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund 11000, 13000, 14000	Entitlement IDEA-B 24106	Bond Building 31100	Capital Improvements HB-33 31600
<i>Revenues</i>				
Property taxes	\$ 249,305	\$ -	\$ -	\$ 2,250,929
Intergovernmental revenue:				
Federal flowthrough	-	774,276	-	-
Federal direct	8,333,740	-	-	-
Local sources	82,600	-	-	-
State flowthrough	-	-	-	-
State direct	26,488,421	-	16,073	-
Transportation distribution	505,862	-	-	-
Charges for services	86,610	-	-	-
Investment income	19,749	-	11,082	18,498
Miscellaneous	292,319	-	-	-
<i>Total revenues</i>	<u>36,058,606</u>	<u>774,276</u>	<u>27,155</u>	<u>2,269,427</u>
<i>Expenditures</i>				
Current:				
Instruction	21,143,743	387,909	-	-
Support services - students	4,012,267	299,936	-	-
Support services - instruction	1,210,404	-	-	-
Support services - general administration	927,128	1,072	-	22,651
Support services - school administration	2,039,765	-	-	-
Central services	1,900,173	-	-	-
Operation and maintenance of plant	5,306,527	-	465,792	-
Student transportation	842,956	-	-	-
Community services operations	104,827	50,335	-	-
Capital outlay	-	-	3,068,497	2,017,346
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>37,487,790</u>	<u>739,252</u>	<u>3,534,289</u>	<u>2,039,997</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,429,184)</u>	<u>35,024</u>	<u>(3,507,134)</u>	<u>229,430</u>
<i>Other financing sources (uses)</i>				
Transfers in	400,314	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>400,314</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(1,028,870)</u>	<u>35,024</u>	<u>(3,507,134)</u>	<u>229,430</u>
<i>Fund balances - beginning</i>	<u>2,139,869</u>	<u>-</u>	<u>12,433,339</u>	<u>6,400,862</u>
<i>Fund balances - reclassification (Note 17)</i>	<u>(154,337)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - as reclassified</i>	<u>1,985,532</u>	<u>-</u>	<u>12,433,339</u>	<u>6,400,862</u>
<i>Fund balances - end of year</i>	<u>\$ 956,662</u>	<u>\$ 35,024</u>	<u>\$ 8,926,205</u>	<u>\$ 6,630,292</u>

The accompanying notes are an integral part of these financial statements.

Debt Service Fund 41000	Other Governmental Funds	Total
\$ 5,978,415	\$ -	\$ 8,478,649
-	208,812	983,088
-	10,180	8,343,920
-	17,614	100,214
-	488,968	488,968
-	-	26,504,494
-	-	505,862
-	1,030,514	1,117,124
1,230	-	50,559
-	1,561	293,880
<u>5,979,645</u>	<u>1,757,649</u>	<u>46,866,758</u>
-	1,312,400	22,844,052
-	11,938	4,324,141
-	8,511	1,218,915
60,156	-	1,011,007
-	-	2,039,765
-	-	1,900,173
-	4,780	5,777,099
-	91,100	934,056
-	-	155,162
-	157,034	5,242,877
4,810,000	-	4,810,000
986,590	-	986,590
<u>5,856,746</u>	<u>1,585,763</u>	<u>51,243,837</u>
<u>122,899</u>	<u>171,886</u>	<u>(4,377,079)</u>
-	37,206	437,520
-	(245,977)	(245,977)
-	(208,771)	191,543
122,899	(36,885)	(4,185,536)
<u>5,638,458</u>	<u>1,189,538</u>	<u>27,802,066</u>
-	-	(154,337)
<u>5,638,458</u>	<u>1,189,538</u>	<u>27,647,729</u>
<u>\$ 5,761,357</u>	<u>\$ 1,152,653</u>	<u>\$ 23,462,193</u>

The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO

Los Alamos Public Schools

Exhibit B-2

Page 2 of 2

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$ (4,185,536)
--	----------------

Governmental funds report capital outlays as expenditures. However, in
the Statement of Activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense:

Capital expenditures	5,242,877
Depreciation expense	(4,041,812)
Loss on disposal of capital assets	(30,675)

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivable	31,721
--	--------

Governmental funds report district pension contributions as expenditures. However
in the Statement of Activities, the cost of pension benefits earned net of employee
contributions is reported as pension expense:

District pension contributions	3,296,341
Pension expense	(5,366,039)

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. Also, governmental funds
report the effect of premiums, discounts, and similar items when debt is first issued,
whereas these amounts are deferred and amortized in the Statement of Activities:

Current year amortization of bond premium	101,245
Decrease in accrued compensated absences not due and payable	69,208
Decrease in accrued interest payable	50,508
Principal payments on bonds	4,810,000

<i>Change in net position of governmental activities</i>	<u><u>\$ (22,162)</u></u>
--	---------------------------

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Exhibit C-1

Los Alamos Public Schools

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 247,843	\$ 247,843	\$ 250,906	\$ 3,063
Intergovernmental revenue:				
Federal direct	8,225,807	8,225,807	8,350,876	125,069
Local grants	-	-	59,815	59,815
State flowthrough	-	-	-	-
State direct	27,045,000	26,989,346	26,457,551	(531,795)
Transportation distribution	584,079	505,862	505,862	-
Charges for services	45,000	45,000	88,185	43,185
Investment income	10,000	10,000	19,749	9,749
Miscellaneous	40,000	194,337	295,916	101,579
<i>Total revenues</i>	<u>36,197,729</u>	<u>36,218,195</u>	<u>36,028,860</u>	<u>(189,335)</u>
<i>Expenditures</i>				
Current:				
Instruction	20,195,836	21,130,168	21,108,141	22,027
Support services	8,872,859	8,279,905	8,432,870	(152,965)
Central services	1,950,556	1,712,192	1,656,999	55,193
Operation and maintenance of plant	5,955,421	5,476,569	5,313,645	162,924
Student transportation	886,775	808,558	842,442	(33,884)
Community services operations	109,945	109,945	107,314	2,631
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>37,971,392</u>	<u>37,517,337</u>	<u>37,461,411</u>	<u>55,926</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,773,663)</u>	<u>(1,299,142)</u>	<u>(1,432,551)</u>	<u>(133,409)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,773,663	1,299,142	-	(1,299,142)
Transfers in	-	-	400,314	400,314
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,773,663</u>	<u>1,299,142</u>	<u>400,314</u>	<u>(898,828)</u>
<i>Net change in fund balances</i>	-	-	(1,032,237)	(1,032,237)
<i>Fund balances - beginning of year</i>	-	-	2,139,869	2,139,869
<i>Fund balances - reclassification (note 17)</i>	-	-	(154,337)	(154,337)
<i>Fund balances - as reclassified</i>	-	-	1,872,996	1,985,532
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 840,759</u>	<u>\$ 953,295</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (1,032,237)
Adjustments to revenues for changes in state revenues and property taxes				29,746
Adjustments to expenditures for materials, other charges, transportation expenditures				(26,379)
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (1,028,870)</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Los Alamos Public Schools
Entitlement IDEA-B Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

Exhibit C-2

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	629,730	947,443	818,872	(128,571)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	629,730	947,443	818,872	(128,571)
<i>Expenditures</i>				
Current:				
Instruction	376,876	444,734	386,566	58,168
Support services	221,332	389,232	312,534	76,698
Central services	-	-	-	-
Operation and maintenance of plant	400	400	-	400
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	629,730	947,443	758,986	188,457
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	59,886	59,886
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balance</i>	-	-	59,886	59,886
<i>Fund balance - beginning of year</i>	-	-	(287,855)	(287,855)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (227,969)	\$ (227,969)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 59,886
Adjustments to revenues for federal grants				(44,596)
Adjustments to expenditures for special education				19,734
Net change in fund balance (GAAP Basis)				\$ 35,024

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Los Alamos Public Schools
Statement of Net Position
Proprietary Funds
June 30, 2017

Exhibit D-1

	Enterprise Funds			Total
	Food Services 21000	Land Sale 61000	Leased Facilities 62000	
Assets and deferred outflows of resources				
<i>Assets</i>				
<i>Current assets</i>				
Cash and cash equivalents	\$ 46,333	\$ 456,027	\$ 7,832,263	\$ 8,334,623
Investments	-	-	2,469,857	2,469,857
Other receivables	-	-	-	-
<i>Total current assets</i>	<u>46,333</u>	<u>456,027</u>	<u>10,302,120</u>	<u>10,804,480</u>
<i>Noncurrent assets</i>				
Capital assets	-	-	-	-
<i>Total noncurrent assets</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 46,333</u>	<u>\$ 456,027</u>	<u>\$ 10,302,120</u>	<u>\$ 10,804,480</u>
<i>Deferred outflows of resources</i>				
Net difference between projected and actual investment earnings on pension plan investments	-	-	61,351	61,351
Changes in proportion	-	-	4,214	4,214
Changes of assumption	-	-	11,871	11,871
Net differences between expected and actuarial experience	-	-	4,195	4,195
Employer contributions subsequent to the measurement date	-	-	38,594	38,594
<i>Total deferred outflows of resources</i>	<u>-</u>	<u>-</u>	<u>120,225</u>	<u>120,225</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 46,333</u>	<u>\$ 456,027</u>	<u>\$ 10,422,345</u>	<u>\$ 10,924,705</u>
Liabilities, deferred inflows of resources, and net position				
<i>Liabilities</i>				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 6,156	\$ 6,156
Accrued payroll	-	-	6,288	6,288
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>12,444</u>	<u>12,444</u>
<i>Noncurrent liabilities</i>				
Net pension liability	-	-	739,810	739,810
<i>Total noncurrent liabilities</i>	<u>-</u>	<u>-</u>	<u>739,810</u>	<u>739,810</u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>752,254</u>	<u>752,254</u>
<i>Deferred inflows of resources</i>				
Changes in proportion	-	-	1,869	1,869
Net differences between expected and actuarial experience	-	-	4,876	4,876
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>6,745</u>	<u>6,745</u>
<i>Net position</i>				
Unrestricted	46,333	456,027	9,663,346	10,165,706
<i>Total net position</i>	<u>46,333</u>	<u>456,027</u>	<u>9,663,346</u>	<u>10,165,706</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 46,333</u>	<u>\$ 456,027</u>	<u>\$ 10,422,345</u>	<u>\$ 10,924,705</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Los Alamos Public Schools
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

Exhibit D-2

	Enterprise Funds			Total
	Food Services 21000	Land Sale 61000	Leased Facilities 62000	
<i>Operating revenues</i>				
Charges for services	\$ 120,536	\$ -	\$ 2,955,185	\$ 3,075,721
State and federal operating grants	103,892	-	-	103,892
<i>Total operating revenues</i>	<u>224,428</u>	<u>-</u>	<u>2,955,185</u>	<u>3,179,613</u>
<i>Operating expenses</i>				
Payroll costs	-	-	531,419	531,419
Contractual services	-	-	8,011	8,011
Food costs	181,812	-	-	181,812
Other operating costs	15,130	450	673,874	689,454
<i>Total operating expenses</i>	<u>196,942</u>	<u>450</u>	<u>1,213,304</u>	<u>1,410,696</u>
<i>Operating income (loss)</i>	<u>27,486</u>	<u>(450)</u>	<u>1,741,881</u>	<u>1,768,917</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	-	127	23,729	23,856
Miscellaneous income	-	456,350	-	456,350
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>456,477</u>	<u>23,729</u>	<u>480,206</u>
<i>Income (loss) before grants and transfers</i>	27,486	456,027	1,765,610	2,249,123
Transfers in (out)	-	(154,337)	(37,206)	(191,543)
<i>Change in net position</i>	27,486	301,690	1,728,404	2,057,580
<i>Net position - beginning of year</i>	<u>18,847</u>	<u>-</u>	<u>7,934,942</u>	<u>7,953,789</u>
<i>Reclassification</i>	<u>-</u>	<u>154,337</u>	<u>-</u>	<u>154,337</u>
<i>Net position, beginning of year, as reclassified</i>	<u>18,847</u>	<u>154,337</u>	<u>7,934,942</u>	<u>8,108,126</u>
<i>Net position - end of year</i>	<u>\$ 46,333</u>	<u>\$ 456,027</u>	<u>\$ 9,663,346</u>	<u>\$ 10,165,706</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Los Alamos Public Schools
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

Exhibit D-3

	Enterprise Funds			Total
	Food Services 21000	Land Sale 61000	Leased Facilities 62000	
<i>Cash flows from operating activities</i>				
Cash received from user charges	\$ 120,536	\$ -	\$ 2,955,185	\$ 3,075,721
Cash received from grants	103,892	-	-	103,892
Cash payments to employees for services	-	-	(525,030)	(525,030)
Cash payments to suppliers for goods and services	(196,942)	(450)	(678,114)	(875,506)
<i>Net cash (used) provided by operating activities</i>	<u>27,486</u>	<u>(450)</u>	<u>1,752,041</u>	<u>1,779,077</u>
<i>Cash flows from noncapital financing activities</i>				
Miscellaneous income	-	456,477	-	456,477
Operating transfers and changes in interfund activity	-	(154,337)	(6,136)	(160,473)
Reclassification of cash fund balances	-	154,337	-	154,337
<i>Net cash provided by noncapital financing activities</i>	<u>-</u>	<u>456,477</u>	<u>(6,136)</u>	<u>450,341</u>
<i>Cash flows from investing activities</i>				
Interest on investments	-	-	23,729	23,729
<i>Net cash provided by investing activities</i>	<u>-</u>	<u>-</u>	<u>23,729</u>	<u>23,729</u>
<i>Net (decrease) increase in cash and cash equivalents</i>	27,486	456,027	1,769,634	2,253,147
<i>Cash and cash equivalents - beginning of year</i>	<u>18,847</u>	<u>-</u>	<u>8,532,486</u>	<u>8,551,333</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 46,333</u>	<u>\$ 456,027</u>	<u>\$ 10,302,120</u>	<u>\$ 10,804,480</u>
<i>Reconciliation of operating income (loss) to net cash (used) provided by operating activities:</i>				
Operating (loss) income	\$ 27,486	\$ (450)	\$ 1,741,881	\$ 1,768,917
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities				
Net pension expense	-	-	1,681	1,681
Changes in assets and liabilities				
Receivables	-	-	-	-
Accounts payable	-	-	3,771	3,771
Accrued payroll expenses	-	-	4,708	4,708
<i>Net cash (used) provided by operating activities</i>	<u>\$ 27,486</u>	<u>\$ (450)</u>	<u>\$ 1,752,041</u>	<u>\$ 1,779,077</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Los Alamos Public Schools
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017

Exhibit E-1

<i>Current Assets</i>	
Cash and cash equivalents	\$ 18,829
	<u>18,829</u>
<i>Total assets</i>	<u>\$ 18,829</u>
 <i>Current Liabilities</i>	
Due to student organizations	\$ 18,829
	<u>18,829</u>
<i>Total liabilities</i>	<u>\$ 18,829</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies

Los Alamos Public Schools (the “District”) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of Los Alamos, New Mexico. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The District operates seven schools within the District with a total enrollment of approximately 3,500 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the District provides transportation and school food services for the students.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of the District’s management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

During the year ended June 30, 2017, the District adopted GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68* (partial), No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, No. 77, *Tax Abatement Disclosures*, No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14* and No. 82, *Pension Issues-an amendment of GASB Statements No. 67, NO. 68, and No. 73.* These five Statements are required to be implemented as of June 30, 2017, if applicable.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement was effective and was implemented for the June 30, 2016 year end, and a portion is effective for June 30, 2017 year end. Effective for June 30, 2017 are the provisions of the statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. This does not have a material effect on the financial statements of the District, as its pension plan is within the scope of Statement 68.

The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement does not affect the District’s financial statements directly; however, the effects on the District’s OPEB plan, administered through the New Mexico Retiree Health Care Authority, will be seen in future periods.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 77 is intended to improve the usefulness of financial statements prepared by state and local governments – which are intended, among other things, to assist users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources came from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed after time – by including information about certain limitations on a government’s ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens – such as the encouragement of economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

These tax abatements may affect the financial position of the government and its results of operations, including its ability to raise resources in the future. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government’s tax revenues.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
- The gross dollar amount of taxes abated during the period;
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

For tax abatement agreements entered into by other governments, the following should be disclosed:

- The names of the governments that entered into the agreements;
- The specific taxes being abated; and
- The gross dollar amount of taxes abated during the period.

The District was not affected by an tax abatements. Implementation of this standard is June 30, 2017.

The objective of GASB Statement No. 78 is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude certain pensions provided to employees of state or local governmental employers. The District’s pension plan does not meet the criteria for exclusion.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

The objective of GASB Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

GASB Statement No. 82 clarified and adjusted several items from GASB Statement Nos. 67 and 68, including the definition of covered payroll, the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements.

A. Financial Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the District has one component unit, as described in the following paragraph, and is not a component unit of another governmental agency.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

The Los Alamos Education Foundation is a component unit of the District, as defined by GASB Statement No. 61, and has a separate governing board. The Foundation is deemed to be fiscally dependent upon the District and has been deemed to be a separate legal entity based on state statute and is presented as a discrete component unit. The discretely presented component unit does not have separately issued financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

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

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal and ongoing operations. The principal operating revenue of the District's enterprise funds is fees. Operating expenses for the enterprise funds include the costs of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by School tax levy, state equalization and transportation funds, state instructional material allocations, Department of Energy assistance, and earnings from investments. Expenditures include all costs associated with the daily operations of the District except for those items included in other funds. The General Fund includes the *Transportation Fund*, which is used to account for the Transportation Distribution received from the New Mexico Public Education Department which is used to pay for the costs associated with transporting school age children. It also includes the *Instructional Materials Fund*, which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

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

The *Bond Building Capital Projects Fund* is used to account for bond proceeds plus any income earned thereon. The proceeds are restricted for the purpose of making additions to any furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District. Authority for the creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The *Capital Improvements HB-33 Capital Projects Fund* is used to account for monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of purchasing assets and supplies.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Additionally, the District reports the following proprietary funds:

The *Food Service Special Revenue Fund* is used to account for costs of operating a student food program and is financed with the fees paid by program users.

The *Land Sale Fund* is used to account for land owned by the district held for sale and all costs and revenues associated with the sale of any land.

The *Leased Facilities Fund* is used to account for the rental income generated from facilities leased by the District.

Additionally, the District reports the following agency fund:

The *Fiduciary Funds* account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

D. *Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity*

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

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. As of June 30, 2017, the District does not have any investments in the LGIP.

For purposes of the Statement of Cash Flows the District considers certificates of deposits as cash equivalents.

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

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Los Alamos County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2017 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2017. The period of availability is deemed to be sixty days subsequent to year end.

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

Inventory: The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost. The cost of purchased items is recorded as an expenditure at the time individual inventory items are consumed.

Inventory in the General Fund consists of purchased items for maintenance, custodial and transportation supplies.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). The District was a Phase I government for purposes of implementing GASB 34; however, the District does not have any infrastructure assets to report.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Library books are not capitalized because they are considered to have a useful life of less than one year.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 50
Land improvements	10 - 50
Furniture, fixtures and equipment	5 - 15

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 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 six types of items that qualify for reporting in this category.

Accordingly, the items, the net difference between projected and actual investment earnings on pension plan investments of \$3,718,333, changes in proportion of \$271,485, changes of assumption of \$1,268,022, the net differences between expected and actuarial experience of \$270,247, and employer contributions subsequent to measurement date of \$3,334,935 have been reported as deferred outflows of resources. These amounts are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in future periods.

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has one type of item which arises under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, unavailable revenue - property taxes of \$65,793 is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

In addition, the District has two types of items present on the Statement of Net Position which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, changes in proportion of \$198,478 and the net differences between expected and actual experience of \$592,479, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

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

Compensated Absences: Qualified employees are entitled to earn and accumulate annual leave according to a graduated level schedule of up to 20 days per year, depending on length of service, the employee's hire date, and employment status. Employees may accumulate and carry forward from one fiscal year to the next up to 40 days of annual leave. Upon termination, employees will be paid for up to 20 days of accrued annual leave.

Qualified employees are entitled to accumulate sick leave according to a graduated level schedule of up to 16 days per year, depending on length of service, the employee's hire date, and employment status. Employees may accumulate and carry forward a maximum of 230 days of sick leave. Employees are eligible for deferred sick leave payment upon retirement from the District at a rate of 25-30% of the employee's daily salary rate for any days above a 90 days base, up to a maximum of 140 days.

Vested or accumulated vacation leave that is expected to be liquidated with the expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with the expendable available financial resources are reported in the government-wide statement of net position.

Accrued Payroll: In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year.

Long-term Obligations: 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. For bonds issued after the District implemented GASB 34 in the year ended June 30, 2003, 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 amounts are inconsequentially different when compared to the effective interest method.

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 a financing source while discounts on debt issuances are reported as other financing uses.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

- D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)*

Fund Balance Classification Policies and Procedures: The District has implemented GASB No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is the Board of Education.

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is that in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At June 30, 2017, the nonspendable fund balance in the General Fund is made up of inventory in the amount of \$210,944 that is not in spendable form.

Restricted and Committed Fund Balance: At June 30, 2017, the restricted fund balance on the governmental funds balance sheet is made up of \$1,256,613 for transportation, instructional materials, extracurricular activities, and education to the students of the District, \$15,556,497 for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes, \$5,761,357 for the payment of principal and interest of the future debt service requirements as implemented by legislation.

The District has also committed fund balance in the amount of \$411,074 for expenditures in the subsequent year.

Minimum Fund Balance Policy: The District has not developed a policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

Net Position: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The District had \$8,956,008 in unspent bond proceeds as of June 30, 2017.
- b. Restricted net position – Net position is reported as restricted when constraints are placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for “special revenue, debt service, and capital projects” are described on pages 34-35 and 73-75.
- c. Unrestricted net position – Net position that does not meet the definition of “Restricted” or “Net Investment in Capital Assets.”

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the District are management’s estimate of depreciation on assets over their estimated useful lives, net pension liabilities and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

E. Revenues

State Equalization Guarantee: School districts in the State of New Mexico receive a ‘state equalization guarantee distribution’ which is defined as “that amount of money distributed to each school district to insure that the school district’s operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district’s program costs.”

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$26,233,240 in state equalization guarantee distributions during the year ended June 30, 2017.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (continued)

The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$8,478,649 in tax revenues in the governmental fund financial statements during the year ended June 30, 2017. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district. The District received \$505,862 in transportation distributions during the year ended June 30, 2017.

Instructional Materials: The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the Public Education Department "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2017 totaled \$224,311.

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

The District did not receive any funds in State SB-9 matching during the year ended June 30, 2017.

Public School Capital Outlay: The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

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

During the year ended June 30, 2017, the District received \$16,073 in state capital outlay funds.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (continued)

Federal Grants: The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operates under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the local School Board and the New Mexico Public Education Department.

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

These budgets are prepared on the non-GAAP budgetary basis and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as restricted fund balance.

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

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

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 2. Stewardship, Compliance, and Accountability (continued)

Budgetary Information (continued)

4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits the District from exceeding budgetary control at the function level.

The appropriated budget for the year ended June 30, 2017, was properly amended by the District’s Board of Education throughout the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (1,773,663)	\$ (1,299,142)
Entitlement IDEA-B	-	-
Bond Building Capital Projects Fund	(12,831,014)	(12,642,600)
HB-33 Capital Projects Fund	(7,322,354)	(6,468,865)
Debt Service Fund	(7,822,350)	(5,526,100)
Other Nonmajor Funds	(8,383,281)	(9,667,824)

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 2. Stewardship, Compliance, and Accountability (continued)

Budgetary Information (continued)

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

The District budgets on a modified cash basis with payroll or held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the District's accrued payroll which is presented on the accrual basis.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

The District does not budget for the Proprietary Fund Leased Facilities.

NOTE 3. Deposits and Investments

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2017.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

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

Beginning January 1, 2013, all of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 3. Deposits and Investments (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$33,486,017 of the District's bank balance of \$35,240,433 was subject to custodial credit risk. \$26,662,829 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. \$6,823,188 of the District's deposits were uninsured and uncollateralized at June 30, 2017.

Primary Government

	Charles Schwab	First National Bank	Los Alamos National Bank
Amount of deposits	\$ 504,416	\$ 19,164,624	\$ 11,950,335
FDIC coverage	(504,416)	(500,000)	(250,000)
Total uninsured public funds	<u>-</u>	<u>18,664,624</u>	<u>11,700,335</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	-	12,140,473	11,700,335
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 6,524,151</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ -	\$ 9,332,312	\$ 5,850,168
Pledged securities	-	12,140,473	15,235,639
Over (under) collateralized	<u>\$ -</u>	<u>\$ 2,808,161</u>	<u>\$ 9,385,471</u>
		Los Alamos Schools Credit Union	NM Bank and Trust
		Total	
Amount of deposits	\$ 501,720	\$ 3,119,338	\$ 35,240,433
FDIC coverage	(250,000)	(250,000)	(1,754,416)
Total uninsured public funds	<u>251,720</u>	<u>2,869,338</u>	<u>33,486,017</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	-	2,822,021	26,662,829
Uninsured and uncollateralized	<u>\$ 251,720</u>	<u>\$ 47,317</u>	<u>\$ 6,823,188</u>
Collateral requirement (50%)	\$ 125,860	\$ 1,434,669	\$ 16,743,009
Pledged securities	-	2,822,021	30,198,133
Over (under) collateralized	<u>\$ (125,860)</u>	<u>\$ 1,387,352</u>	<u>\$ 13,455,125</u>

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 3. Deposits and Investments (continued)

The collateral pledged is listed in Schedule V on this report. The types of collateral allowed are limited to direct obligations of the United States Government, all bonds issued by any agency, District or political subdivision of the State of New Mexico.

The District utilizes internal pooled accounts for some of their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheet as of June 30, 2017. Funds 24101 through 25184 are federal funds and 27103 through 31400 are nonfederal funds. The following individual funds had negative cash balances as of June 30, 2017:

Fund #	Fund Name	Amount
24101	Title I- IASA	\$ 15,049
24106	Entitlement IDEA-B	228,921
24109	Preschool IDEA-B	6,995
24112	IDEA-B Early Intervention Services	58,703
24154	Teacher/Principal Training/Recruiting	6,495
25184	Indian Education Formula Grant	4,544
27103	Dual Credit Instructional Materials	2,659
27107	2012 G.O. Bond Student Library Fund	2,667
27114	New Mexico Reads to Lead K-3 Reading Initiative	80,859
Total		\$ 406,892

Investments

The District has presented certificates of deposits of \$5,243,847 as investments in the Statement of Net Position, as these have maturity dates greater than 90 days.

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the District's statement of net position as follows:

Primary Government

Reconciliation to the Statement of Net Position

Cash and cash equivalents per Exhibit A-1	\$ 23,576,458
Restricted cash per Exhibit A-1	5,692,319
Investments per Exhibit A-1	5,243,847
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit E-1	18,829
Total cash, cash equivalents, and investments	34,531,453
Add: outstanding checks	810,523
Less: deposits in transit	(101,543)
Bank balance of deposits	\$ 35,240,433

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments (continued)

Component Unit

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation does not have a deposit policy for custodial credit risk. At June 30, 2017, there were no deposits of the Foundation's bank balance of \$134,329 subject to custodial credit risk. As of June 30, 2017, the carrying amount of these deposits was \$134,329. The Foundation is a 501(c)(3) tax exempt organization not subject to the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Investments

The Foundation maintains the following investment portfolio as of June 30, 2017:

Deposit accounts	\$ 6,966
Other assets	188,284
Trinity Capital Corporation	38,924

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 3. Deposits and Investments (continued)

Fair Value Measurement (continued)

The following table sets forth by level within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2017:

<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
\$ 195,250	\$ -	\$ -	\$ 195,250

Component Unit

Reconciliation to the Statement of Net Position

Cash and cash equivalents per Exhibit A-1	\$ 11,737
Restricted cash per Exhibit A-1	122,592
Investments per Exhibit A-1	234,174
Restricted investments per Exhibit A-1	<u>-</u>
Total cash, cash equivalents, and investments	<u>368,503</u>
Add: outstanding checks	7,263
Less: deposits in transit	-
Less: petty cash	<u>3</u>
Bank balance of deposits	<u>\$ 375,769</u>

NOTE 4. Accounts Receivable

Accounts receivable as of June 30, 2017, are as follows:

Governmental Activities

	<u>General Fund</u>	<u>Entitlement IDEA-B</u>	<u>Capital Improvements HB-33</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes receivable	\$ 5,856	\$ -	\$ 45,752	\$ 121,138	\$ -	\$ 172,746
Due from other governments:						
Federal sources	-	267,362	-	-	335,683	603,045
State sources	-	-	-	-	-	-
Other receivables:						
Charges for services	<u>23,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,617</u>
Total	<u>\$ 29,473</u>	<u>\$ 267,362</u>	<u>\$ 45,752</u>	<u>\$ 121,138</u>	<u>\$ 335,683</u>	<u>\$ 799,408</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$65,793 that were not collected within the period of availability and have been reclassified as deferred inflow of resources in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 5. Interfund Receivables, Payables, and Transfers

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The District also recorded non-cash basis "due to/due froms" in order to move the revenues and/or expenditures that were posted in one fund to another fund during the year. The District intends to record permanent cash transfers in the coming year in order to properly allocate the cash balances. The composition of interfund balances during the year ended June 30, 2017 is as follows:

<u>Governmental Activities</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
Cash Basis Due to/ Due from		
Operational Fund	\$ 406,892	\$ -
Title I- IASA	-	15,049
Entitlement IDEA-B	-	228,921
Preschool IDEA-B	-	6,995
IDEA-B Early Intervention Services	-	58,703
Teacher/Principal Training/Recruiting	-	6,495
Indian Education Formula Grant	-	4,544
Dual Credit Instructional Materials	-	2,659
2012 G.O. Bond Student Library Fund	-	2,667
New Mexico Reads to Lead K-3 Reading Initiative	-	80,859
Accrual Basis Due to/Due from		
Capital Improvements HB-33	67,634	-
Bond Building	89,400	-
Special Capital Outlay - State	-	157,034
	<u> </u>	<u> </u>
Total	<u><u>\$ 563,926</u></u>	<u><u>\$ 563,926</u></u>

All interfund balances are intended to be repaid within one year.

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Operational	Zenas Boone Estate Memorial Fund	245,977
Leased Facilities	Non-Instructional Educational Support	37,206
Land Sales	Operational	154,337
		<u><u>\$ 437,520</u></u>

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows. Land and construction in progress are not subject to depreciation.

Governmental Activities	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 52,785,577	\$ -	\$ -	\$ 52,785,577
Construction in progress	731,869	262,831	-	994,700
Total capital assets not being depreciated	53,517,446	262,831	-	53,780,277
Capital assets being depreciated:				
Buildings and improvements	95,730,915	3,544,551	59,500	99,215,966
Land improvements	9,710,755	548,766	19,721	10,239,800
Furniture, fixtures, and equipment	9,166,232	886,729	624,382	9,428,579
Total capital assets being depreciated	114,607,902	4,980,046	703,603	118,884,345
Less accumulated depreciation:				
Buildings and improvements	22,417,643	2,621,672	29,309	25,010,006
Land improvements	4,072,267	707,074	19,721	4,759,620
Furniture, fixtures, and equipment	6,714,896	713,066	623,898	6,804,064
Total accumulated depreciation	33,204,806	4,041,812	672,928	36,573,690
Total capital assets, net of depreciation	\$ 134,920,542	\$ 1,201,065	\$ 30,675	\$ 136,090,932

For the year ended June 30, 2017, depreciation expense was charged to the following functions:

Governmental Activities

Instruction	\$ 83,467
Support services	1,877
Central Services	3,742,407
Operation and Maintenance of Plant	44,128
Student Transportation	169,504
Food Services	429
Total Governmental Activities	\$ 4,041,812

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 6. Capital Assets (continued)

The District has active construction projects as of June 30, 2017. The projects include additions, renovations and improvements to school buildings and grounds. A portion of the outstanding projects is funded by payments made directly to contractors by the Public School Capital Outlay Council (PSCOC). The PSCOC was created under the public school capital outlay council pursuant to Subsection A of Section 22-24-9 NMSA 1978 to assist in identifying and funding all outstanding deficiencies in public schools and grounds that may adversely affect the \$923,613, which was awarded by the Public School Capital Outlay Council.

Component Unit	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets being depreciated:				
Equipment	\$ 515	\$ -	\$ -	\$ 515
Total capital assets being depreciated	515	-	-	515
Less accumulated depreciation:				
Equipment	155	103	-	258
Total accumulated depreciation	155	103	-	258
Total capital assets, net of depreciation	<u>\$ 360</u>	<u>\$ (103)</u>	<u>\$ -</u>	<u>\$ 257</u>

NOTE 7. Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$70,865,000. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2017 are for governmental activities.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 7. Long-Term Debt (continued)

Bonds outstanding at June 30, 2017, are comprised of the following:

	<u>Series 2004</u>	<u>Series 2006</u>	<u>Series 2008</u>	<u>Series 2009</u>	<u>Series 2010</u>
Original Issue:	\$ 2,000,000	\$ 4,000,000	\$ 3,000,000	\$ 10,000,000	\$ 20,000,000
Principal:	1-Aug	1-Aug	1-Aug	1-Aug	1-Aug
Interest:	1-Aug 1-Feb	1-Aug 1-Feb	1-Aug 1-Feb	1-Aug 1-Feb	1-Aug 1-Feb
Interest Rates:	2.00-3.50%	3.350-3.600%	3.00-4.00%	2.150-3.100%	2.000-3.125%
Maturity Date:	Aug-16	Aug-18	Aug-20	Aug-21	Aug-22
	<u>Series 2011</u>	<u>Series 2012</u>	<u>Series 2013</u>	<u>Series 2014</u>	<u>Series 2015</u>
Original Issue:	\$ 6,865,000	\$ 5,000,000	\$ 6,900,000	\$ 4,900,000	\$ 8,200,000
Principal:	1-Aug	1-Aug	1-Aug	1-Aug	1-Aug
Interest:	1-Aug 1-Feb	1-Aug 1-Feb	1-Aug 1-Feb	1-Aug 1-Feb	1-Aug 1-Feb
Interest Rates:	2.00-3.00%	2.000%-2.250%	2.00-3.00%	2.250-3.000%	2.00-3.00%
Maturity Date:	Aug-23	Aug-24	Aug-25	Aug-26	Aug-27

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 7. Long-Term Debt (continued)

The following is a summary of the long-term debt and the activity for the year ended June 30, 2017:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds					
Series 2004	\$ 135,000	\$ -	\$ 135,000	\$ -	\$ -
General Obligation Bonds					
Series 2006	1,075,000	-	350,000	725,000	350,000
General Obligation Bonds					
Series 2008	1,620,000	-	300,000	1,320,000	300,000
General Obligation Bonds					
Series 2009	3,275,000	-	500,000	2,775,000	500,000
General Obligation Bonds					
Series 2010	10,740,000	-	1,200,000	9,540,000	1,200,000
General Obligation Bonds					
Series 2011	2,490,000	-	300,000	2,190,000	300,000
General Obligation Bonds					
Series 2012	3,265,000	-	300,000	2,965,000	300,000
General Obligation Bonds					
Series 2013	5,350,000	-	500,000	4,850,000	500,000
General Obligation Bonds					
Series 2014	3,400,000	-	200,000	3,200,000	200,000
General Obligation Bonds					
Series 2015	8,200,000	-	1,025,000	7,175,000	1,380,000
	<u>39,550,000</u>	<u>-</u>	<u>4,810,000</u>	<u>34,740,000</u>	<u>5,030,000</u>
Total Bonds					
Compensated Absences	<u>564,823</u>	<u>143,948</u>	<u>213,156</u>	<u>495,615</u>	<u>213,156</u>
Total Long-Term Debt	<u>\$ 40,114,823</u>	<u>\$ 143,948</u>	<u>\$ 5,023,156</u>	<u>\$ 35,235,615</u>	<u>\$ 5,243,156</u>

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 7. Long-Term Debt (continued)

The annual requirements to extinguish all general obligation bonds outstanding as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30, 2017	Principal	Interest	Total Debt Service
2018	\$ 5,030,000	\$ 860,688	\$ 5,890,688
2019	4,405,000	737,063	5,142,063
2020	4,300,000	614,838	4,914,838
2021	4,320,000	494,075	4,814,075
2022	4,295,000	375,206	4,670,206
2023-2027	11,505,000	877,444	12,382,444
2028-2028	885,000	11,065	896,065
	<u>\$ 34,740,000</u>	<u>\$ 3,970,379</u>	<u>\$ 38,710,379</u>

Compensated Absences - Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2017, compensated absences decreased \$69,208 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

NOTE 8. Risk Management

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

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

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

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board

General Information about the Pension Plan

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

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

Benefits provided. A member’s retirement benefit is determined by a formula which includes three component parts: the member’s final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member’s salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member’s age and earned service credit add up to the sum 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. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member’s age and earned service credit add up to the sum of 80 or more; the member is at least sixty- seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member’s accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member’s surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor’s benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor’s benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member’s retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the Cola would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average

STATE OF NEW MEXICO
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June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board (continued)

COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement.

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

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

Contributions. The contribution requirements of plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2015 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2016 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$3,334,935 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016. At June 30, 2017, the District reported a liability of \$62,292,329 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2016. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2016, the District's proportion was 0.0971 and 0.0230 percent respectively, which was an increase of 0.0033 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$5,366,039. At the June 30, 2017, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board (continued)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 270,247	\$ 592,479
Changes in proportion and differences between District contributions and proportionate share of contribution	271,485	198,478
Net difference between projected and actual earnings on pension plan investments	3,718,333	-
Changes of assumptions	1,268,022	-
District's contributions subsequent to the measurement date	3,334,935	-
Total	\$ 8,863,022	\$ 790,957

\$3,334,935 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2015, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$	(884,235)
2019		(1,110,083)
2020		(1,836,062)
2021		(906,750)
2022		-
Thereafter		-

Actuarial assumptions. The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2015. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013 and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board (continued)

5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. ERB's investment allocation policy was reviewed and amended by the Board of Trustees on August 26, 2016. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the current asset allocation policy adopted August 26, 2016 as well as the prior allocation policy targets.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board (continued)

Comparative Schedule of Target Investment Allocation

Asset Class	Target Allocation	
	After 6/14/2014	Prior to 6/14/2014
Equities		
<i>Domestic Equities</i>		
Large cap equities	18%	20%
Small- mid cap equities	2%	2%
<i>International Equities</i>		
Developed	5%	5%
Emerging markets	10%	10%
Total equities	<u>35%</u>	<u>37%</u>
Fixed Income		
Opportunistic credit	20%	20%
Core bonds	6%	7%
Emerging market debt	2%	2%
Total fixed income	<u>28%</u>	<u>29%</u>

Comparative Schedule of Target Investment Allocation

Asset Class	Target Allocation (continued)	
	After 6/14/2014	Prior to 6/14/2014
Total from above	<u>63%</u>	<u>66%</u>
Alternatives		
Real estate - REITS	7%	5%
Real assets	8%	7%
Private equity	11%	8%
Absolute return	0%	3%
Global asset allocation	5%	5%
Risk parity	5%	5%
Total alternatives	<u>36%</u>	<u>33%</u>
Cash	<u>1%</u>	<u>1%</u>

For the years ended June 30, 2016 and 2015, the annual money-weighted rates of return on pension plan investments were 2.68% and 4.06%, respectively

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board (continued)

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2016 and June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB’s defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2016. In particular, the table presents the (employer’s) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	(6.75%)	(7.75%)	(8.75%)
District's proportionate share of the net pension liability	<u>\$ 82,504,743</u>	<u>\$ 62,292,329</u>	<u>\$ 45,521,735</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2016 and June 30, 2015 which are publicly available at www.nmerb.org.

Payables to the pension plan. Los Alamos Public School District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2017 the District paid all the ERB for the contributions withheld in the month of June 2017.

NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan

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

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contribution to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$478,800, \$493,485, and \$486,347 respectively, which equal the required contributions for each year.

NOTE 11. Tax Sheltered Annuity Plan

The District offers its employees a tax sheltered annuity plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan are remitted by the District to the various plan administrators and the District has no further claim to these funds.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 12. Contingent Liabilities

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

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

NOTE 13. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit Fund Balances. The district did not have any funds that maintained a deficit fund balance as of June 30, 2017.
- B. Excess of expenditures over appropriations. The District had the following fund with function item expenditures in excess of the budgeted appropriations for the year ended June 30, 2017:

Nonmajor Funds

Los Alamos Schools Foundation	\$ 12,035
Total Governmental Funds	\$ 12,035

- C. Designated cash appropriations in excess of available balance. The District had the following fund in which designated cash appropriations were in excess of available balances for the year ended June 30, 2017:

	Designated Cash	Beginning Year Cash & AR Available	Cash Appropriation in excess of available
General Fund - Transportation	\$ 78,217	\$ -	\$ (78,217)

NOTE 14. Concentrations

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

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2017

NOTE 15. Commitments

The District had multiple construction projects ongoing as of the year ended June 30, 2017 that are to continue into the following fiscal year. These projects are as follows:

Project	Year Ending	Amount
Smith Auditorium Lobby	2018	\$ 17,359,949
Barranca Remodel	2018	645,807
Mountain Refurbishment	2018	-

NOTE 16. Restricted Net Position

The government-wide statement of net position reports \$13,119,600 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue, debt service and capital projects, see pages 34-35 and 73-75.

NOTE 17. Reclassification of Fund Balance

The District has reclassified Fund 61000 Land for Sale out of the General fund to be presented separately on the fund financials. These reclassification has resulted in a reclassification of fund balance in the amount of \$(154,337) out of the Fund 11000 - General Fund 11000 and \$154,337 into fund balance of Fund 61000 Land for Sale.

NOTE 18. Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is November 9, 2017, which is the date on which the financial statements were issued.

The District had a bond sale on September 28, 2017 for \$6,500,000. This bond is for the Barranca Elementary project which will begin by early 2018.

NOTE 19. Subsequent Pronouncements

In June 2015, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The District expects this pronouncement to have a material effect on the financial statements.

In March 2016, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2017

NOTE 19. Subsequent Pronouncements (continued)

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In March 2017, GASB Statement No. 85, *Omnibus 2017*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The District is still evaluating how this pronouncement will affect the financial statements.

In May 2017, GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to in-substance defeasance of debt using only existing resources. The District does not expect the pronouncement to have a material effect on the financial statements.

In June 2017, GASB Statement No. 87, *Leases*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

NOTE 20. Joint Powers Agreements

Facilities Management Assistance and Oversight

Participants – Los Alamos Public Schools
Public School Capital Outlay Council

Responsible party – All participants

Description – To provide ongoing capital outlay projects and inventory of facilities and equipment, their condition and maintenance activities for them.

Begin date – September 14, 2010

Ending date – Until notified

Estimated amount of project – Unknown

Audit responsibility – Each participant

Fiscal agent – Not applicable

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

Schedule I

Los Alamos Public Schools

Schedule of Proportionate Share of the Net Pension Liability

Educational Retirement Board (ERB) Pension Plan

Last 10 Fiscal Years*

	2017 Measurement Date (As of and for the Year Ended June 30, 2016)	2016 Measurement Date (As of and for the Year Ended June 30, 2015)	2015 Measurement Date (As of and for the Year Ended June 30, 2014)
Los Alamos Public School's proportion of the net pension liability (asset)	0.86560%	0.85983%	0.86523%
Los Alamos Public Schools proportionate share of the net pension liability (asset)	\$ 62,292,329	\$ 55,693,479	\$ 49,367,686
Los Alamos Public Schools covered-employee payroll	24,717,550	24,318,885	23,848,938
Los Alamos Public Schools proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	252%	229%	207%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%

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

See Independent Auditor's Report.
See notes to required supplementary information.

STATE OF NEW MEXICO
Los Alamos Public Schools
Schedule of Contributions
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

Schedule II

	As of and for the Year Ended <u>June 30, 2017</u>	As of and for the Year Ended <u>June 30, 2016</u>	As of and for the Year Ended <u>June 30, 2015</u>
Contractually required contribution	\$ 3,334,935	\$ 3,435,739	\$ 3,380,325
Contributions in relation to the contractually required contribution	<u>3,334,935</u>	<u>3,435,739</u>	<u>3,380,325</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Los Alamos Public Schools covered-employee payroll	23,992,338	24,717,550	24,318,885
Contribution as a percentage of covered-employee payroll	13.90%	13.90%	13.90%

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

See Independent Auditor's Report.
See notes to required supplementary information.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Required Supplementary Information
June 30, 2017

Changes of benefit terms.

The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure Pension Plan – Educational Retirement Board, General Information on the Pension Plan.

Changes of assumptions.

The Board of Trustees approved the following economic and demographic assumptions used in the fiscal year 2015 actuarial calculation of the total pension liability on June 12, 2015:

- 1) Lower wage inflation from 4.25% to 3.75%
- 2) Update the mortality tables to incorporate generational improvements
- 3) Update demographic assumptions to use currently published tables, which may result in minor calculation changes
- 4) Maintain in current 3.00% inflation assumption
- 5) Retain net 4.75% real return assumption
- 6) Retain 7.75% nominal return assumption
- 7) No change to COLA assumption of 2.00% per year
- 8) Maintain current payroll growth assumption of 3.50%
- 9) Maintain experience-based rates for members who joined NMERB by June 30, 2010
- 10) Remove population growth assumption for projections
- 11) Lower population growth from .50% to zero (no impact on valuation results)

See also the *Actuarial Assumptions* subsection of the financial statement note disclosure *Pension Plan – Educational Retirement Board, General Information on the Pension Plan*

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO
Los Alamos Public Schools
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds

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

Non-Instructional Educational Support (23000) – To account for funds paid to the Schools for student activity travel. Accumulated funds are used to replace activity buses. Funding authority is the New Mexico Public Education Department.

ALL FEDERAL FUNDS – The Special Revenue Funds are used to account for grant funds received from the U.S. Department of Education through the New Mexico Public Education Department. These funds are to be used for purposes specified in the grant awards and may not be used for any other purpose.

Title I-IASA (24101) – The major objectives of the Title I program are to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criterion that identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authorized by the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the No Child Left Behind Act of 2001, Title I, Part A (Public Law 107-110).

Preschool IDEA-B (24109) – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all disabled children from ages three to five. Federal revenues accounted for in this fund are allocated to the Schools through the Public Education Department. Authority for creation of this fund is the Individuals with Disabilities Education Act (IDEA), Part B, Section 619, as amended, 20 U.S.C. 1419.

IDEA-B Early Intervention Services (24112) – To account for a program funded by a Federal grant to assist the District to make improvements in elementary and secondary education. Funding authorized by Elementary and Secondary Education Act of 1965, as amended, Title I, Chapter 2, Part A; Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvements of 1988, Public Law 100-297, 20 U.S.C. 2911-2952, 2971-2976.

Teacher/Principal Training/Recruiting (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is the Rehabilitation Act of 1973, as amended, Title III, Section 303(b)-(d). 20 U.S.C. 777a and 797a.

Impact Aid Indian Education (25147) – To account for federal funds providing assistance for Indian Students' needs, support services and special projects. The authority for this fund is Public Law 103-382.

Indian Education Formula Grant (25184) – To account for a program funded by a Federal grant to develop and carry out supplementary elementary and secondary school programs designed to meet the special educational and culturally related academic needs of Indian children, for example to: 1) Improve academic performance, 2) Reduce school dropout rates and improve attendance, and 3) Integrate the value of cultural education into the school curriculum for Indian children. Funding authorized by Indian Education Act of 1988, Title V, Part C, Subpart 1, as amended, Public Law 100-297 and 93-638, 25 U.S.C. 2601-2606.

LANL Foundation (26113) – Educational enrichment grant in support of The Renaissance Program. The authority for creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO
Los Alamos Public Schools
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

Golden Apple Foundation (26163) – To account for a program in which Wells Fargo and Golden Apple Foundation of New Mexico have partnered to provide opportunities for academic enrichment and to encourage positive change in New Mexico Classrooms. The authority for creation of this fund is the New Mexico Public Education Department.

Los Alamos Public School Foundation (26189) - Donations from the LAPS Foundation. Authority for the creation of this fund is the New Mexico Public Education Department.

Dual Credit Instructional Materials (27103) – SB943 (2007) and SB31 (2008) create a dual credit program that allows public high school students in school districts, charter schools and state-supported schools in the state to earn both high school and college credit for qualifying dual credit courses. Authority for the creation of this fund is the New Mexico Public Education Department.

2012 G.O. Bond Student Library (27107) – To account for funds provided for the purpose of acquiring library books, equipment, and library resources for public school and state-supported school libraries statewide. Authority for the creation of this fund is the New Mexico Public Education Department.

New Mexico Reads to Lead K-3 Reading Initiative (27114) – This fund is to account for funds received to provide children to acquire a firm foundation in literacy and are not only prepared for future academic success, but will possess a lifelong love of reading. New Mexico's early reading initiative, New Mexico Reads to Lead, provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. The New Mexico Reads to Lead! Initiative funds a reading K-3 Formative Assessment System provided to districts at no cost. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators. In addition, this site highlights literacy resources for parents, teachers, administrators, and other stakeholders. Please visit often as the content will be regularly updated. Authority for the creation of this fund is the New Mexico Public Education Department.

2013 Statewide Robotics (27116) – This award is to purchase and install robot equipment and related infrastructure statewide for public school robotics education programs participating in the Albuquerque annual robotics competition. The authority for creation of this fund is the New Mexico Public Education Department.

2013 School Bus (27178) – To account for an award to purchase or replace school busses. The authority for creation of this fund is the New Mexico Public Education Department.

Early College High School Start-Up (27180) – This award allows low-income youth, first-generation college goers, English language learners, students of color, and other young people underrepresented in higher education to simultaneously earn a high school diploma and an Associate's degree or up to two years of credit toward a Bachelor's degree-tuition free. The authority for creation of this fund is the New Mexico Public Education Department.

Zenas Boone Estate Memorial Fund (29102) – To account for funds received as an endowment. These funds will be used to fund scholarships for graduating seniors in need. Authority for creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO
Los Alamos Public Schools
Nonmajor Governmental Fund Descriptions
June 30, 2017

Capital Projects Funds

Special Capital Outlay State Capital Projects (31400) – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of specific capital outlay projects. Funding authority is the New Mexico Public Education Department.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue			
	Athletics 22000	Non- Instructional Educational Support 23000	Title I - IASA 24101	Preschool IDEA-B 24109
<i>Assets</i>				
Cash and cash equivalents	\$ 111,872	\$ 1,028,486	\$ -	\$ 149
Receivables:				
Due from other governments	-	-	15,049	7,098
<i>Total assets</i>	<u>\$ 111,872</u>	<u>\$ 1,028,486</u>	<u>\$ 15,049</u>	<u>\$ 7,247</u>
<i>Liabilities</i>				
Accounts payable	\$ 563	\$ 7,783	\$ -	\$ -
Accrued payroll	-	494	-	252
Due to other funds	-	-	15,049	6,995
<i>Total liabilities</i>	<u>563</u>	<u>8,277</u>	<u>15,049</u>	<u>7,247</u>
<i>Fund balances</i>				
Spendable:				
Restricted for:				
Extracurricular activities	111,309	1,020,209	-	-
Education	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>111,309</u>	<u>1,020,209</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 111,872</u>	<u>\$ 1,028,486</u>	<u>\$ 15,049</u>	<u>\$ 7,247</u>

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Special Revenue

IDEA-B Early Intervention Services 24112	Teacher/ Principal Training /Recruiting 24154	Impact Aid Indian Education 25147	Indian Education Formula Grant 25184	LANL Foundation 26113
\$ 2,131	\$ 1,488	\$ 6,170	\$ -	\$ 13,591
59,198	6,570	-	4,544	-
<u>\$ 61,329</u>	<u>\$ 8,058</u>	<u>\$ 6,170</u>	<u>\$ 4,544</u>	<u>\$ 13,591</u>
\$ -	\$ -	\$ -	\$ -	\$ -
2,626	1,563	-	-	-
58,703	6,495	-	4,544	-
<u>61,329</u>	<u>8,058</u>	<u>-</u>	<u>4,544</u>	<u>-</u>
-	-	-	-	-
-	-	6,170	-	13,591
-	-	-	-	-
-	-	6,170	-	13,591
<u>\$ 61,329</u>	<u>\$ 8,058</u>	<u>\$ 6,170</u>	<u>\$ 4,544</u>	<u>\$ 13,591</u>

See independent auditors' report

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue			
	Golden Apple Foundation 26163	Los Alamos Public School Foundation 26189	Dual Credit Instructional Materials 27103	2012 G.O. Bond Student Library Fund 27107
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 7,077	\$ -	\$ -
Receivables:				
Due from other governments	-	-	2,659	2,667
<i>Total assets</i>	\$ -	\$ 7,077	\$ 2,659	\$ 2,667
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 797	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	2,659	2,667
<i>Total liabilities</i>	-	797	2,659	2,667
<i>Fund balances</i>				
Spendable:				
Restricted for:				
Extracurricular activities	-	-	-	-
Education	-	6,280	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	-	6,280	-	-
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ -	\$ 7,077	\$ 2,659	\$ 2,667

See independent auditors' report

Special Revenue

New Mexico Reads to Lead K- 3 Reading Initiative 27114	2013 Statewide Robotics 27116	2013 School Bus 27178	Early College High School Start-Up 27180	Zenas Boone Estate Memorial 29102
\$ -	\$ -	\$ -	\$ -	\$ -
80,864	-	-	-	-
<u>\$ 80,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
5	-	-	4,906	-
80,859	-	-	-	-
<u>80,864</u>	<u>-</u>	<u>-</u>	<u>4,906</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	(4,906)	-
-	-	-	(4,906)	-
<u>\$ 80,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
 Los Alamos Public Schools
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

Capital Projects

	<u>Special Capital Outlay State 31400</u>	<u>Total Nonmajor Governmental Funds</u>
<i>Assets</i>		
Cash and cash equivalents	\$ -	\$ 1,170,964
Receivables:		
Due from other governments	<u>157,034</u>	<u>335,683</u>
<i>Total assets</i>	<u><u>\$ 157,034</u></u>	<u><u>\$ 1,506,647</u></u>
<i>Liabilities</i>		
Accounts payable	\$ -	\$ 9,143
Accrued payroll	-	9,846
Due to other funds	<u>157,034</u>	<u>335,005</u>
<i>Total liabilities</i>	<u>157,034</u>	<u>353,994</u>
<i>Fund balances</i>		
Spendable:		
Restricted for:		
Extracurricular activities	-	1,131,518
Education	-	26,041
Unassigned	<u>-</u>	<u>(4,906)</u>
<i>Total fund balances</i>	<u>-</u>	<u>1,152,653</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u><u>\$ 157,034</u></u>	<u><u>\$ 1,506,647</u></u>

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STATE OF NEW MEXICO
Los Alamos Public Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	Athletics 22000	Non- Instructional Educational Support 23000	Title I - IASA 24101	Preschool IDEA-B 24109
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ -	\$ 47,455	\$ 20,857
Federal direct	-	-	-	-
Local sources	857	-	-	-
State flowthrough	-	-	-	-
Charges for services	78,061	952,453	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	78,918	952,453	47,455	20,857
<i>Expenditures</i>				
Current:				
Instruction	94,930	779,004	47,455	8,669
Support services - students	-	-	-	11,938
Support services - instruction	-	-	-	250
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	94,930	779,004	47,455	20,857
<i>Excess (deficiency) of revenues over expenditures</i>	(16,012)	173,449	-	-
<i>Other financing sources (uses)</i>				
Transfers in	-	37,206	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	37,206	-	-
<i>Net change in fund balances</i>	(16,012)	210,655	-	-
<i>Fund balances - beginning</i>	127,321	809,554	-	-
<i>Fund balances - end of year</i>	\$ 111,309	\$ 1,020,209	\$ -	\$ -

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Special Revenue

IDEA-B Early Intervention Services 24112	Teacher/ Principal Training /Recruiting 24154	Impact Aid Indian Education 25147	Indian Education Formula Grant 25184	LANL Foundation 26113
\$ 105,788	\$ 28,542	\$ 6,170	\$ -	\$ -
-	-	-	10,180	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>105,788</u>	<u>28,542</u>	<u>6,170</u>	<u>10,180</u>	<u>-</u>
105,788	28,542	-	10,180	3,507
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>105,788</u>	<u>28,542</u>	<u>-</u>	<u>10,180</u>	<u>3,507</u>
-	-	6,170	-	(3,507)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	6,170	-	(3,507)
-	-	-	-	17,098
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,170</u>	<u>\$ -</u>	<u>\$ 13,591</u>

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STATE OF NEW MEXICO
Los Alamos Public Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	Golden Apple Foundation 26163	Los Alamos Public School Foundation 26189	Dual Credit Instructional Materials 27103	2012 G.O. Bond Student Library Fund 27107
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local sources	-	16,757	-	-
State flowthrough	-	-	37,856	2,667
Charges for services	-	-	-	-
Miscellaneous income	-	61	-	-
<i>Total revenues</i>	-	16,818	37,856	2,667
<i>Expenditures</i>				
Current:				
Instruction	-	23,057	9,311	-
Support services - students	-	-	-	-
Support services - instruction	-	5,594	-	2,667
Operation and maintenance of plant	-	4,780	-	-
Student transportation	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	33,431	9,311	2,667
<i>Excess (deficiency) of revenues over expenditures</i>	-	(16,613)	28,545	-
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	(16,613)	28,545	-
<i>Fund balances - beginning</i>	-	22,893	(28,545)	-
<i>Fund balances - end of year</i>	\$ -	\$ 6,280	\$ -	\$ -

See independent auditors' report

Special Revenue

New Mexico Reads to Lead K- 3 Reading Initiative 27114	2013 Statewide Robotics 27116	2013 School Bus 27178	Early College High School Start-Up 27180	Zenas Boone Estate Memorial Fund 29102
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
200,457	-	91,100	-	-
-	-	-	-	-
-	-	-	-	1,500
<u>200,457</u>	<u>-</u>	<u>91,100</u>	<u>-</u>	<u>1,500</u>
200,457	-	-	-	1,500
-	-	-	-	-
-	-	-	-	-
-	-	91,100	-	-
-	-	-	-	-
<u>200,457</u>	<u>-</u>	<u>91,100</u>	<u>-</u>	<u>1,500</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(245,977)
-	-	-	-	<u>(245,977)</u>
-	-	-	-	(245,977)
-	-	-	(4,906)	245,977
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,906)</u>	<u>\$ -</u>

See independent auditors' report

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2017

Capital Projects

	Special Capital Outlay State 31400	Total Nonmajor Governmental Funds
<i>Revenues</i>		
Intergovernmental revenue:		
Federal flowthrough	\$ -	\$ 208,812
Federal direct	-	10,180
Local sources	-	17,614
State flowthrough	156,888	488,968
Charges for services	-	1,030,514
Miscellaneous income	-	1,561
<i>Total revenues</i>	156,888	1,757,649
<i>Expenditures</i>		
Current:		
Instruction	-	1,312,400
Support services - students	-	11,938
Support services - instruction	-	8,511
Operation and maintenance of plant	-	4,780
Student transportation	-	91,100
Capital outlay	157,034	157,034
<i>Total expenditures</i>	157,034	1,585,763
<i>Excess (deficiency) of revenues over expenditures</i>	(146)	171,886
<i>Other financing sources (uses)</i>		
Transfers in	-	37,206
Transfers (out)	-	(245,977)
<i>Total other financing sources (uses)</i>	-	(208,771)
<i>Net change in fund balances</i>	(146)	(36,885)
<i>Fund balances - beginning</i>	146	1,189,538
<i>Fund balances - end of year</i>	\$ -	\$ 1,152,653

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GENERAL FUND

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Combining Balance Sheet
 General Fund
 June 30, 2017

Statement B-1

	Operational Fund 11000	Transportation Fund 13000	Instructional Materials Fund 14000	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 875,485	\$ 2,836	\$ 64,030	\$ 942,351
Investments	234,934	-	-	234,934
Receivables:				
Property taxes receivable	5,856	-	-	5,856
Other receivables	23,617	-	-	23,617
Inventory	210,944	-	-	210,944
Due from other funds	406,892	-	-	406,892
	\$ 1,757,728	\$ 2,836	\$ 64,030	\$ 1,824,594
<i>Liabilities</i>				
Accounts payable	\$ 120,695	\$ 1,358	\$ -	\$ 122,053
Accrued payroll	739,426	3,992	-	743,418
	860,121	5,350	-	865,471
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	2,461	-	-	2,461
	2,461	-	-	2,461
<i>Fund balances</i>				
Nonspendable:				
Inventory	210,944	-	-	210,944
Spendable:				
Restricted for:				
Instructional materials	-	-	64,030	64,030
Committed for:				
Subsequent year's expenditures	411,074	-	-	411,074
Unassigned	273,128	(2,514)	-	270,614
	895,146	(2,514)	64,030	956,662
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 1,757,728	\$ 2,836	\$ 64,030	\$ 1,824,594

See independent auditors' report

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 General Fund
 For the Year Ended June 30, 2017

Statement B-2

	Operational Fund 11000	Transportation Fund 13000	Instructional Materials Fund 14000	Total
<i>Revenues</i>				
Property taxes	\$ 249,305	\$ -	\$ -	\$ 249,305
Intergovernmental revenue				
Federal direct	8,333,740	-	-	8,333,740
Local sources	82,600	-	-	82,600
State direct	26,264,110	-	224,311	26,488,421
Transportation distribution	-	505,862	-	505,862
Charges for services	86,610	-	-	86,610
Investment income	19,749	-	-	19,749
Miscellaneous	288,651	-	3,668	292,319
Total revenues	35,324,765	505,862	227,979	36,058,606
<i>Expenditures</i>				
<i>Current</i>				
Instruction	20,765,214	-	378,529	21,143,743
Support services - students	4,012,267	-	-	4,012,267
Support services - instruction	1,210,404	-	-	1,210,404
Support services - general administration	927,128	-	-	927,128
Support services - school administration	2,039,765	-	-	2,039,765
Central services	1,900,173	-	-	1,900,173
Operation and maintenance of plant	5,306,527	-	-	5,306,527
Student transportation	335,897	507,059	-	842,956
Community services operations	104,827	-	-	104,827
Total expenditures	36,602,202	507,059	378,529	37,487,790
<i>Excess (deficiency) of revenues over expenditures</i>	(1,277,437)	(1,197)	(150,550)	(1,429,184)
<i>Other financing sources (uses)</i>				
Transfers in	400,314	-	-	400,314
Total other financing sources (uses)	400,314	-	-	400,314
Net change in fund balances	(877,123)	(1,197)	(150,550)	(1,028,870)
Fund balances - beginning	1,926,606	(1,317)	214,580	2,139,869
Fund balances - reclassification	(154,337)	-	-	(154,337)
Fund balances - as reclassified	1,772,269	(1,317)	214,580	1,985,532
Fund balances - ending	\$ 895,146	\$ (2,514)	\$ 64,030	\$ 956,662

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STATE OF NEW MEXICO

Statement B-3

Los Alamos Public Schools

Operational Fund - 11000

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 247,843	\$ 247,843	\$ 250,906	\$ 3,063
Intergovernmental revenue:				
Federal direct	8,225,807	8,225,807	8,350,876	125,069
Local grants	-	-	59,815	59,815
State flowthrough	-	-	-	-
State direct	26,848,684	26,820,569	26,233,240	(587,329)
Transportation distribution	-	-	-	-
Charges for services	45,000	45,000	88,185	43,185
Investment income	10,000	10,000	19,749	9,749
Miscellaneous	40,000	194,337	292,248	97,911
<i>Total revenues</i>	<u>35,417,334</u>	<u>35,543,556</u>	<u>35,295,019</u>	<u>(248,537)</u>
<i>Expenditures</i>				
Current:				
Instruction	19,999,520	20,746,811	20,729,612	17,199
Support services	8,872,859	8,279,905	8,432,870	(152,965)
Central services	1,950,556	1,712,192	1,656,999	55,193
Operation and maintenance of plant	5,955,421	5,476,569	5,313,645	162,924
Student transportation	302,696	302,696	336,660	(33,964)
Community services operations	109,945	109,945	107,314	2,631
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>37,190,997</u>	<u>36,628,118</u>	<u>36,577,100</u>	<u>51,018</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,773,663)</u>	<u>(1,084,562)</u>	<u>(1,282,081)</u>	<u>(197,519)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,773,663	1,084,562	-	(1,084,562)
Transfers in	-	-	400,314	400,314
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,773,663</u>	<u>1,084,562</u>	<u>400,314</u>	<u>(684,248)</u>
<i>Net change in fund balances</i>	-	-	(881,767)	(881,767)
<i>Fund balances - beginning of year</i>	-	-	1,813,989	1,813,989
<i>Fund balances - reclassification (note 17)</i>	-	-	(154,337)	(154,337)
<i>Fund balances - as reclassified</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777,885</u>	<u>\$ 932,222</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (881,767)
Adjustments to revenues for changes in state revenues and property taxes				29,746
Adjustments to expenditures for materials, other charges, and accrued payroll				(25,102)
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (877,123)</u>

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STATE OF NEW MEXICO
 Los Alamos Public Schools
 Transportation Fund - 13000
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2017

Statement B-4

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	584,079	505,862	505,862	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>584,079</u>	<u>505,862</u>	<u>505,862</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	584,079	505,862	505,782	80
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>584,079</u>	<u>505,862</u>	<u>505,782</u>	<u>80</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>80</u>	<u>80</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	80	80
<i>Fund balances - beginning of year</i>	-	-	(1,236)	(1,236)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,156)</u>	<u>\$ (1,156)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 80
No adjustments to revenues				-
Adjustments to expenditures for transportation expenditures				<u>(1,277)</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (1,197)</u>

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STATE OF NEW MEXICO
 Los Alamos Public Schools
 Instructional Materials Fund - 14000
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2017

Statement B-5

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u> <u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	196,316	168,777	224,311	55,534
Combined state/local	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	3,668	3,668
<i>Total revenues</i>	<u>196,316</u>	<u>168,777</u>	<u>227,979</u>	<u>59,202</u>
<i>Expenditures</i>				
Current:				
Instruction	196,316	383,356	378,529	4,827
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>196,316</u>	<u>383,356</u>	<u>378,529</u>	<u>4,827</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(214,579)</u>	<u>(150,550)</u>	<u>64,029</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	214,579	-	(214,579)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>214,579</u>	<u>-</u>	<u>(214,579)</u>
<i>Net change in fund balances</i>	-	-	(150,550)	(150,550)
<i>Fund balances - beginning of year</i>	-	-	214,580	214,580
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,030</u>	<u>\$ 64,030</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (150,550)
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (150,550)</u>

See independent auditors' report

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
 Los Alamos Schools
 Schedule of Deposits and Investment Accounts
 June 30, 2017

Primary Government

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
First National Bank					
Bond Building	MM	\$ 3,391,884	\$ -	\$ -	\$ 3,391,884
HB-33 CAP IMP	MM	4,122,063	-	-	4,122,063
HB-33 CD	CD	2,539,056	-	-	2,539,056
Lease Facilities	MM	6,406,813	-	-	6,406,813
Leased FAC	CD	228,966	-	-	228,966
Leased FAC	CD	1,019,698	-	-	1,019,698
Leased FAC	CD	534,296	-	-	534,296
Leased FAC	CD	228,966	-	-	228,966
Leased FAC	CD	228,966	-	-	228,966
Leased FAC	CD	228,966	-	-	228,966
Operational MM	MM	16	-	-	16
Zenus Boone Estate	CD	234,934	-	-	234,934
Total First National Bank		19,164,624	-	-	19,164,624
Los Alamos National Bank					
AP Clearing	Checking	384,333	-	242,430	141,903
Athletics Concession	Checking	18,829	-	-	18,829
Bond Building	Checking	3,912,100	-	-	3,912,100
Debt Service	Checking	5,686,149	-	-	5,686,149
Operational	Checking	579,199	101,543	-	680,742
Payroll Clearing	Checking	1,369,725	-	568,093	801,632
Total Los Alamos National Bank		11,950,335	101,543	810,523	11,241,355
New Mexico Bank & Trust					
Bond Building	Checking	1,147,609	-	-	1,147,609
Land Sale	Checking	456,027	-	-	456,027
Leased FAC	MM	1,515,702	-	-	1,515,702
Total New Mexico Bank & Trust		3,119,338	-	-	3,119,338
Los Alamos Schools Credit Union					
Operational	CD	501,720	-	-	501,720
		501,720	-	-	501,720

See Independent Auditors' Report.

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Charles Schwab					
General Account	MM	-	-	-	-
General Account	CD	2,979	-	-	2,979
General Account Bond Building	MM	501,437	-	-	501,437
Total Charles Schwab		<u>504,416</u>	<u>-</u>	<u>-</u>	<u>504,416</u>
<i>Total deposits and investments</i>		<u>\$ 35,240,433</u>	<u>\$ 101,543</u>	<u>\$ 810,523</u>	<u>\$ 34,531,453</u>

Deposits and investments per financial statements:

Cash and cash equivalents - Exhibit A-1	\$ 23,576,458
Restricted cash and cash equivalents - Exhibit A-1	5,692,319
Investments - Exhibit A-1	5,243,847
Statement of Fiduciary Assets and Liabilities Agency Funds - Exhibit D-1	<u>18,829</u>
<i>Total deposits and investments</i>	<u>\$ 34,531,453</u>

See Independent Auditors' Report.

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STATE OF NEW MEXICO
 Los Alamos Schools Foundation
 Schedule of Deposits and Investment Accounts
 June 30, 2017

Schedule III
 Page 2 of 2

Component Unit

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Los Alamos National Bank					
LANB- Regular	Checking	\$ 10,572	\$ -	\$ 7,263	\$ 3,309
LANB- LAPSF	Savings	7,730	-	-	7,730
LANB- Restricted	Savings	121,951	-	-	121,951
Total Los Alamos National Bank		<u>140,253</u>	<u>-</u>	<u>7,263</u>	<u>132,990</u>
Los Alamos Schools Credit Union					
LASCU- Regular	Checking	1,335	-	-	1,335
Total Los Alamos Schools Credit Union		<u>1,335</u>	<u>-</u>	<u>-</u>	<u>1,335</u>
Charles Schwab					
Deposit accounts	Investment	-	-	-	-
Fixed income securities	Investment	-	-	-	-
Other assets	Investment	-	-	-	-
Total Charles Schwab		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Trinity Capital Corporation					
	Investment	-	-	-	-
<i>Total deposits and investments</i>		<u>\$ 141,588</u>	<u>\$ -</u>	<u>\$ 7,263</u>	134,325
Petty Cash					<u>4</u>
					<u>\$ 134,329</u>
Deposits and investments per financial statements:					
Cash and cash equivalents - Exhibit A-1					\$ 11,737
Restricted cash and cash equivalents - Exhibit A-1					122,592
Investments - Exhibit A-1					234,174
Restricted investments - Exhibit A-1					<u>-</u>
<i>Total deposits and investments</i>					<u>\$ 368,503</u>

See Independent Auditors' Report.

STATE OF NEW MEXICO
Los Alamos Public Schools
Cash Reconciliation
For the Year Ended June 30, 2017

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Audited Cash				
June 30, 2016	\$ 1,083,375	\$ 328	\$ 214,580	\$ 18,847
Total cash June 30, 2016	<u>1,083,375</u>	<u>328</u>	<u>214,580</u>	<u>18,847</u>
Add:				
2016-2017 revenues	35,293,813	505,862	227,979	200,613
Repayment of prior year loans	-	-	-	-
Cash transfers	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	<u>36,377,188</u>	<u>506,190</u>	<u>442,559</u>	<u>219,460</u>
Less:				
2016-2017 expenditures	36,494,942	505,862	378,529	173,127
Payroll liabilities	-	-	-	-
Repayment of prior year loans	-	-	-	-
Cash transfers	-	-	-	-
Loans to other funds	-	-	-	-
<i>Net cash</i>	<u>\$ (117,754)</u>	<u>\$ 328</u>	<u>\$ 64,030</u>	<u>\$ 46,333</u>
Plus: Held checks at June 30, 2017	993,239	2,508	-	-
Less: Adjustment per PED	-	-	-	-
<i>Audited cash June 30, 2017</i>	<u>\$ 875,485</u>	<u>\$ 2,836</u>	<u>\$ 64,030</u>	<u>\$ 46,333</u>

See Independent Auditors' Report.

Athletics 22000	Non-Instructional Support 23000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000
\$ 128,043	\$ 811,162	\$ -	\$ -	\$ 39,991	\$ -
128,043	811,162	-	-	39,991	-
78,918	952,468	1,062,635	13,336	16,818	417,064
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
206,961	1,763,630	1,062,635	13,336	56,809	417,064
95,089	772,805	972,410	10,180	36,141	303,536
-	-	-	-	-	-
-	-	-	-	-	-
-	37,206	-	-	-	-
-	-	-	-	-	-
\$ 111,872	\$ 1,028,031	\$ 90,225	\$ 3,156	\$ 20,668	\$ 113,528
-	455	-	3,014	-	-
-	-	(83,328)	-	-	(113,528)
\$ 111,872	\$ 1,028,486	\$ 6,897	\$ 6,170	\$ 20,668	\$ -

See Independent Auditors' Report.

STATE OF NEW MEXICO
Los Alamos Public Schools
Cash Reconciliation
For the Year Ended June 30, 2017

	Local/State 29000	Bond Building 31100	Public School Capital Outlay 31200	Capital Improvements SB-9 31400
Audited Cash				
June 30, 2016	\$ 245,977	\$ 12,642,600	\$ -	\$ -
Total cash June 30, 2016	<u>245,977</u>	<u>12,642,600</u>	<u>-</u>	<u>-</u>
Add:				
2016-2017 revenues	1,500	27,155	-	98,406
Repayment of prior year loans	-	-	-	-
Cash transfers	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	<u>247,477</u>	<u>12,669,755</u>	<u>-</u>	<u>98,406</u>
Less:				
2016-2017 expenditures	1,500	3,624,347	-	157,034
Payroll liabilities	-	-	-	-
Repayment of prior year loans	-	-	-	-
Cash transfers	-	-	-	-
Loans to other funds	-	-	-	-
<i>Net cash</i>	<u>\$ 245,977</u>	<u>\$ 9,045,408</u>	<u>\$ -</u>	<u>\$ (58,628)</u>
Plus: Held checks at June 30, 2017	(245,977)	-	-	-
Less: Adjustment per PED	-	(89,400)	-	58,628
<i>Audited cash June 30, 2017</i>	<u>\$ -</u>	<u>\$ 8,956,008</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report.

Capital Improvements HB-33 31600	Capital Improvements SB-9 State 31700	Capital Improvements SB-9 Local 31701	Debt Service 41000	Total
\$ 6,468,865	\$ -	\$ -	\$ 5,526,100	\$ 27,179,868
6,468,865	-	-	5,526,100	27,179,868
2,283,629	-	-	6,016,795	47,196,991
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
8,752,494	-	-	11,542,895	74,376,859
1,970,250	-	-	5,856,746	51,352,498
-	-	-	-	-
-	-	-	-	-
-	-	-	-	37,206
-	-	-	-	-
\$ 6,782,244	\$ -	\$ -	\$ 5,686,149	\$ 23,061,567
-	-	-	-	753,239
(2,606,691)	-	-	-	(2,834,319)
\$ 4,175,553	\$ -	\$ -	\$ 5,686,149	\$ 20,980,487
			plus Leased Facilities	7,832,263
			plus Land sales	456,027
			plus Activity Funds	18,829
				<u>\$ 29,287,606</u>

See Independent Auditors' Report.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Schedule of Collateral Pledged by Depository for Public Funds
 June 30, 2017

Schedule V

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2017
First National Bank				
	FNMA Series 2014-26 Class VA	9/25/2025	3136AJC46	\$ 3,950,852
	FHLMC Series 4337 Class BA	2/15/1946	3137BBA91	4,072,948
	FHLMC Series 4390 Class CA	6/15/2050	3137BDX76	4,116,673
				<u>12,140,473</u>
	Name and location of safekeeper for above pledged collateral: Vining Sparks, Memphis TN			
Los Alamos National Bank				
	FHMS K018 A2	1/25/2022	3137APP61	3,386,438
	FHMS K027 A2	1/25/2023	3137B1UG5	1,522,507
	FHMS K052 A2	11/25/2025	3137BMTX4	5,163,347
	FHMS K052 A2	11/25/2025	3137BMTX4	2,065,339
	FHMS K052 A2	11/25/2025	3137BMTX4	3,098,008
				<u>15,235,639</u>
	Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank Dallas, TX			
New Mexico Bank and Trust				
	METROPOLITAN TRANSN AUTH N Y R	11/15/2033	S9259Y6R5	2,822,021
				<u>2,822,021</u>
	Name and location of safekeeper for above pledged collateral: Suntrust Bank, Atlanta			
	<i>Total Pledged Collateral</i>			<u>\$ 30,198,133</u>

See Independent Auditors' Report.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
 For the Year Ended June 30, 2017

Schedule VI

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
High School Activity Fund	\$ 89,725	\$ -	\$ 89,725	\$ -
High School Activity Fund Imprest Account	872	-	872	-
High School Athletics Concessions Fund	18,652	39,875	39,698	18,829
Middle School Activity Fund	6,553	65	6,618	-
<i>Totals</i>	<u>\$ 115,802</u>	<u>\$ 39,940</u>	<u>\$ 136,913</u>	<u>\$ 18,829</u>

See Independent Auditors' Report.

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COMPLIANCE SECTION

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

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Los Alamos Public Schools
Los Alamos, New Mexico

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, business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and major special revenue fund of Los Alamos Public Schools (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 9, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

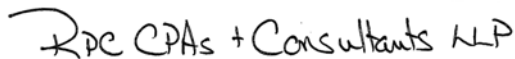
We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings are items NM 2016-001 and NM 2017-001.

The District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's 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 result 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.



RPC CPAs + Consultants, LLP
Albuquerque, NM
November 9, 2017

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FEDERAL FINANCIAL ASSISTANCE

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

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Los Alamos Public Schools
Los Alamos, New Mexico

Report on Compliance for the Major Federal Program

We have audited Los Alamos Public School's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on f the District's major federal program for the year ended June 30, 2017. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the 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 its major federal program for the year ended June 30, 2017.

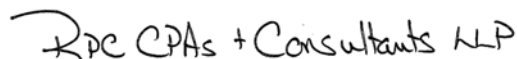
Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph 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. However, material weaknesses may exist that have not been identified.

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.



RPC CPAs + Consultants, LLP
Albuquerque, NM
November 9, 2017

STATE OF NEW MEXICO
Los Alamos Public Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Thru Number</u>	<u>Federal C.F.D.A. Number</u>	<u>Expenditures</u>	<u>Funds Provided to Subrecipients</u>	<u>Noncash Assistance</u>
U.S. Department of Energy					
<i>Direct United States Department of Energy</i>					
DOE Assistance Grant	* 11000	Public Law 108- 375	\$ 8,000,000	\$ -	\$ -
Total U.S. Department of Energy			<u>8,000,000</u>	<u>-</u>	<u>-</u>
U.S. Department of Defense					
<i>Direct United States Department of Defense</i>					
NJROTC	11000	12.XXX	17,136	-	-
Total U.S. Department of Defense			<u>17,136</u>	<u>-</u>	<u>-</u>
U.S. Department of Education					
<i>Passthrough - State of NM Public Education Department</i>					
Impact Aid - General Fund	11000	84.041	349,267	-	-
Title I Grants to Local Educational Agencies	24101	84.01	47,455	-	-
Special Education Grants to States - IDEA-B Entitlement	24106	84.027 (1)	739,252	-	-
Special Education Preschool Grants - IDEA-B Preschool	24109	84.173 (1)	20,857	-	-
Special Education Grants to States - IDEA-B Early Intervention Services	24112	84.027 (1)	105,788	-	-
Supporting Effective Instruction State Grants - Title II	24154	84.367A	28,542	-	-
Indian Education Grants to Local Educational Agencies - Formula	25184	84.060A	10,180	-	-
Total U.S. Department of Education Passthrough			<u>1,301,341</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture					
<i>Passthrough - State of NM Public Education Department</i>					
Forest Reserve	11000	10.672	1,609	-	-
Child Nutrition Cluster School Breakfast Program and National School Lunch Program	21000	10.553 & 10.555	196,942	-	-
Total U.S. Department of Agriculture Passthrough			<u>198,551</u>	<u>-</u>	<u>-</u>
<i>Total Federal Financial Assistance</i>			<u>\$ 9,517,028</u>	<u>\$ -</u>	<u>\$ -</u>

* Major program
() Denotes cluster

See Independent Auditors' Report.
See accompanying notes to schedule of expenditures of federal awards.

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

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Los Alamos Public Schools (The District) and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Loans

The District did not expend federal awards related to loans or loan guarantees during the year.

10% de minimus Indirect Cost Rate

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

Federally Funded Insurance

The District has no federally funded insurance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 9,517,028
Total expenditures funded by other sources	<u>41,726,809</u>
<i>Total expenditures</i>	<u><u>\$ 51,243,837</u></u>

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STATE OF NEW MEXICO
Los Alamos Public Schools
Schedule of Findings and Questioned Costs
June 30, 2017

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

- | | |
|---|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | None noted |

4. Identification of major programs:

CFDA Number	Federal Program
Public Law 108-375	DOE Assistance Grant

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

STATE OF NEW MEXICO
Los Alamos Public Schools
Schedule of Findings and Questioned Costs
June 30, 2017

B. FINDINGS-FINANCIAL STATEMENT AUDIT

No financial statement findings noted

C. FINDINGS-SECTION 12-6-5 NMSA 1978 FINDINGS

NM 2016-001 – Budgetary Controls– Other Noncompliance –Repeated and Modified

Condition: The District has over expended its budget in the following funds and functions:

Nonmajor Funds

Los Alamos Schools Foundation	\$ 12,035
Total Governmental Funds	<u>\$ 12,035</u>

The District has made progress from the prior year finding as there were four funds in the prior year that the budget was over expended. In the current year three of the four funds were corrected and were no longer over expended.

Criteria: NMAC 6.20.2.10 states that all District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Public Education Department for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation.

Effect: The internal controls established by adherence to budgets has been compromised and excess spending could result and has resulted in noncompliance with state requirements.

Cause: The District did not properly submit a budget adjustment for the function in which actual expenses were greater than final budget at the end of the fiscal year.

Auditors' Recommendations: We recommend that the District monitor its budgets closely and prepare budget adjustments as necessary and that the district submits all budget adjustments timely in the future.

Agency's Response: The District makes every effort to monitor the budgets closely and will continue to do so. This particular error did not occur due to lack of monitoring but to an entry mistake. The Comptroller will continue to make every effort to ensure this mistake does not occur again.

C. FINDINGS-SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)

NM 2017-001 — Pledged Collateral (Other Noncompliance)

Condition: Deposits at Los Alamos Schools Credit Union was not collateralized in accordance with State of New Mexico Statutes. The required collateral for Los Alamos Schools Credit Union is \$125,860. As there was no collateral maintained for this institution, there was a shortfall of \$125,860.

Criteria: Any bank designated a deposit of public money shall deliver pledged collateral with a value equal to one half the amount of the public money in excess of insurance, to a custodial bank and a joint safekeeping receipt issued by the custodial bank to the District (Section 6-10-17 NMSA 1978). Monitoring collateralization of the District's funds is essential in ensuring compliance with State of New Mexico Statutes.

Effect: Lack of proper monitoring of pledged collateral could result in excessive loss of District's funds if the financial institutions encounter financial difficulties.

Cause: The District added a bank during the fiscal year and did not purchase collateral to cover the uninsured cash portion of the investment account.

Auditors' Recommendation: As part of a formal policy implemented by the District, an individual should be assigned the responsibilities of reviewing the monthly collateral reports, investigating differences, and resolving discrepancies. Additionally, procedures should be in place to ensure the proper treatment of new cash and investment bank accounts.

Agency Response: The CFO and Comptroller will make a concerted effort to ensure every banking institution we do business with has provided written proof of pledged collateral to cover our public money. This particular finding has already been corrected for the present year.

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D. FEDERAL AWARD FINDINGS

No federal award findings noted

E. PRIOR YEAR AUDIT FINDINGS

NM 2016-001 – Budgetary Controls- Other Noncompliance (Repeated and Modified)

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OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 9, 2017. In attendance were the following:

Representing Los Alamos Public Schools:

Kurt Steinhaus, Superintendent
Lisa Montoya, Assistant Superintendent of Finance and Operations
Teresa Gatewood, Comptroller
Laura Loy, Executive Director of Los Alamos Schools Foundation
Bill Hargraves, Board Member
Lorraine Hartway, CPA, Los Alamos Public School Foundation and Audit Committee

Representing RPC CPAs + Consultants, LLP

Alan D. Bowers, Jr., CPA, Partner

Auditor Prepared Financial Statements

RPC CPAs + Consultants, LLP prepared the GAAP-basis financial statements and footnotes of Los Alamos Public Schools from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.