

Los Alamos Public Schools
Financial Statements
For the Year Ended June 30, 2018



Los Alamos
PUBLIC SCHOOLS

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STATE OF NEW MEXICO
 Los Alamos Public Schools
 June 30, 2018
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STATE OF NEW MEXICO
Los Alamos Public Schools
June 30, 2018

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

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INDEPENDENT AUDITORS' REPORT

Board of Education and Management
Los Alamos Public Schools
Wayne Johnson
New Mexico State Auditor
U.S. Office of Management and Budget
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, and the budgetary comparison of the General Fund of Los Alamos Public Schools (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund of Los Alamos Public Schools, as of June 30, 2018, and the respective changes in financial position thereof, 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 require Schedules A-1 through B-2 and notes to the Required Supplementary Information on pages 70 through 77 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 inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the combining and individual fund financial statements, the combining financial statements for the general fund and related budgetary comparisons, 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 I through IV 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 fund financial statements, the combining financial statements for the general fund and related budgetary comparisons, the Schedule of Expenditures of Federal Awards and Supporting Schedules I through IV required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the combining financial statements for the general fund and related budgetary comparisons, the Schedule of Expenditures of Federal Awards and Supporting Schedules I through IV 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, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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Cordova CPAs LLC
Albuquerque, New Mexico
November 9, 2018

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Los Alamos Public Schools
Statement of Net Position
June 30, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
Assets				
Current assets				
Cash and cash equivalents	\$ 14,596,693	\$ 5,919,422	\$20,516,115	\$ 17,729
Investments	10,781,812	4,001,851	14,783,663	-
Receivables:				
Property taxes	127,756	-	127,756	-
Due from other governments	637,916	1,200,000	1,837,916	-
Internal balances	6,248	(6,248)	-	-
Inventory	168,438	-	168,438	-
	26,318,863	11,115,025	37,433,888	17,729
Total current assets				
Noncurrent assets				
Restricted cash and cash equivalents	5,999,766	-	5,999,766	96,612
Investments	-	-	-	276,279
Capital assets	175,552,494	-	175,552,494	515
Less: accumulated depreciation	(40,108,658)	-	(40,108,658)	(361)
	141,443,602	-	141,443,602	373,045
Total noncurrent assets				
	167,762,465	11,115,025	178,877,490	390,774
<i>Total assets</i>				
Deferred outflows of resources				
Deferred outflows- pension	30,639,377	376,490	31,015,867	-
Deferred outflows- OPEB	478,335	5,596	483,931	-
	31,117,712	382,086	31,499,798	-
<i>Total deferred outflows of resources</i>				
	\$ 198,880,177	\$ 11,497,111	210,377,288	\$ 390,774
<i>Total assets and deferred outflows of resources</i>				

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	\$ 967,896	\$ 100,045	1,067,941	\$ -
Accrued payroll	1,183,089	10,791	1,193,880	2,550
Accrued interest	409,787	-	409,787	-
Accrued compensated absences	332,810	-	332,810	-
Current portion of bonds payable	4,930,000	-	4,930,000	-
Total current liabilities	7,823,582	110,836	7,934,418	2,550
Noncurrent liabilities				
Accrued compensated absences	229,302	-	229,302	-
Bonds payable	31,280,000	-	31,280,000	-
Bond premium, net of accumulated amortization of \$608,605	956,776	-	956,776	-
Net pension liability	92,461,626	1,101,552	93,563,178	-
Net OPEB liability	25,014,933	292,648	25,307,581	-
Total noncurrent liabilities	149,942,637	1,394,200	151,336,837	-
Total liabilities	157,766,219	1,505,036	159,271,255	-
Deferred inflows of resources				
Deferred inflows- pension	2,651,681	28,601	2,680,282	-
Deferred inflows- OPEB	5,693,340	66,606	5,759,946	-
Total deferred inflows of resources	8,345,021	95,207	8,440,228	-
Net position				
Net investment in capital assets	84,400,164	-	84,400,164	-
Restricted for:				
Debt service	5,680,089	-	5,680,089	-
Capital projects	35,143,085	-	35,143,085	-
Special revenue	1,340,040	-	1,340,040	-
Scholarships & endowments	-	-	-	372,891
Unrestricted	(93,794,441)	9,896,868	(83,897,573)	15,333
Total net position	32,768,937	9,896,868	42,665,805	388,224
Total liabilities, deferred inflows of resources, and net position	\$ 198,880,177	\$ 11,497,111	210,377,288	\$ 390,774

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, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental Activities:				
Instruction	\$ 30,658,522	\$ 589,446	\$ 5,467,829	\$ 126,346
Support services - students	5,290,395	101,714	943,522	21,802
Support services - instruction	1,821,907	35,028	324,930	7,508
Support services - general administration	1,161,499	22,331	207,149	4,787
Support services - school administration	2,698,809	51,888	481,322	11,122
Central services	5,732,983	110,223	1,022,455	23,626
Operation and maintenance of plant	7,877,030	151,445	1,404,838	32,462
Student transportation	1,312,363	-	674,106	-
Food services operations	72,808	-	-	-
Community services operations	58,123	1,117	10,366	240
Interest and other charges	827,481	-	-	-
<i>Total governmental activities</i>	<u>57,511,920</u>	<u>1,063,192</u>	<u>10,536,517</u>	<u>227,893</u>
Business-type activities:				
Land sale	-	-	-	-
Leased facilities	966,529	4,258,084	-	-
<i>Total business-type activities</i>	<u>966,529</u>	<u>4,258,084</u>	<u>-</u>	<u>-</u>
<i>Total Primary Government</i>	<u>\$ 58,478,449</u>	<u>\$ 5,321,276</u>	<u>\$ 10,536,517</u>	<u>\$ 227,893</u>
Component Unit:				
Los Alamos Education Foundation	<u>\$ 198,401</u>	<u>\$ 32,364</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

Loss on disposition of capital assets

Gain (loss) on investments

Miscellaneous income

Transfers

Contributed capital

Donations

Total general revenues

Change in net position

Net position, beginning

Net position - restatement (Note 12)

Net position - reclassification (Note 12)

Net position - as restated and 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
\$ (24,474,901)	\$ -	\$ (24,474,901)	\$ -
(4,223,357)	-	(4,223,357)	-
(1,454,441)	-	(1,454,441)	-
(927,232)	-	(927,232)	-
(2,154,477)	-	(2,154,477)	-
(4,576,679)	-	(4,576,679)	-
(6,288,285)	-	(6,288,285)	-
(638,257)	-	(638,257)	-
(72,808)	-	(72,808)	-
(46,400)	-	(46,400)	-
(827,481)	-	(827,481)	-
<u>(45,684,318)</u>	<u>-</u>	<u>(45,684,318)</u>	<u>-</u>
-	-	-	-
-	3,291,555	3,291,555	-
-	3,291,555	3,291,555	-
<u>\$ (45,684,318)</u>	<u>\$ 3,291,555</u>	<u>\$ (42,392,763)</u>	<u>-</u>
			<u>(166,037)</u>
256,095	-	256,095	-
6,301,484	-	6,301,484	-
2,298,809	-	2,298,809	-
27,661,951	-	27,661,951	-
100,227	18,268	118,495	16,935
(1,129,611)	-	(1,129,611)	-
-	-	-	9,247
1,000	-	1,000	-
938,671	(938,671)	-	-
2,246,038	(2,246,038)	-	-
-	-	-	162,409
<u>38,674,664</u>	<u>(3,166,441)</u>	<u>35,508,223</u>	<u>188,591</u>
<u>(7,009,654)</u>	<u>125,114</u>	<u>(6,884,540)</u>	<u>22,554</u>
69,680,956	10,165,706	79,846,662	365,670
(29,948,698)	(347,619)	(30,296,317)	-
46,333	(46,333)	-	-
<u>39,778,591</u>	<u>9,771,754</u>	<u>49,550,345</u>	<u>365,670</u>
<u>\$ 32,768,937</u>	<u>\$ 9,896,868</u>	<u>\$ 42,665,805</u>	<u>\$ 388,224</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, 2018

	General Fund 11000, 13000, 14000	Bond Building Capital Projects Fund 31100	Capital Improvements HB-33 Capital Projects Fund 31600
<i>Assets</i>			
Cash and cash equivalents	\$ 2,221,931	\$ 6,123,228	\$ 4,936,083
Investments	41,893	8,184,737	2,555,182
Receivables:			
Property taxes	4,223	-	33,423
Due from other governments	-	-	-
Inventory	168,438	-	-
Due from other funds	466,903	89,400	67,634
<i>Total assets</i>	<u>\$ 2,903,388</u>	<u>\$ 14,397,365</u>	<u>\$ 7,592,322</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 244,398	\$ 520,469	\$ 203,029
Accrued payroll	1,156,429	-	-
Due to other funds	31,022	-	-
<i>Total liabilities</i>	<u>1,431,849</u>	<u>520,469</u>	<u>203,029</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	404	-	2,849
<i>Total deferred inflows of resources</i>	<u>404</u>	<u>-</u>	<u>2,849</u>
<i>Fund balances</i>			
Nonspendable:			
Inventory	168,438	-	-
Spendable:			
Restricted for:			
Transportation	12,006	-	-
Instructional materials	126,936	-	-
Food services	-	-	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	13,876,896	7,386,444
Debt service	-	-	-
Committed for:			
Subsequent year's expenditures	777,885	-	-
Unassigned	385,870	-	-
<i>Total fund balances</i>	<u>1,471,135</u>	<u>13,876,896</u>	<u>7,386,444</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 2,903,388</u>	<u>\$ 14,397,365</u>	<u>\$ 7,592,322</u>

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

Debt Service Fund 41000	Other Governmental Funds	Total
\$ 5,999,766	\$ 1,315,451	\$ 20,596,459
-	-	10,781,812
90,110	-	127,756
-	637,916	637,916
-	-	168,438
-	-	623,937
<u>\$ 6,089,876</u>	<u>\$ 1,953,367</u>	<u>\$ 32,936,318</u>
\$ -	\$ -	\$ 967,896
-	26,660	1,183,089
-	586,667	617,689
-	613,327	2,768,674
<u>7,075</u>	<u>-</u>	<u>10,328</u>
<u>7,075</u>	<u>-</u>	<u>10,328</u>
-	-	168,438
-	-	12,006
-	-	126,936
-	48,525	48,525
-	1,209,822	1,209,822
-	90,246	90,246
-	-	21,263,340
6,082,801	-	6,082,801
-	-	777,885
-	(8,553)	377,317
<u>6,082,801</u>	<u>1,340,040</u>	<u>30,157,316</u>
<u>\$ 6,089,876</u>	<u>\$ 1,953,367</u>	<u>\$ 32,936,318</u>

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

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STATE OF NEW MEXICO
Los Alamos Public Schools
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2018

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

Fund balances - total governmental funds	\$ 30,157,316
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	135,443,836
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	10,328
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows - pensions	30,639,377
Deferred outflows - OPEB	478,335
Deferred inflows - pensions	(2,651,681)
Deferred outflows - OPEB	(5,693,340)
Liabilities, including bonds payable, and net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences not due and payable	(562,112)
Accrued interest payable	(409,787)
Bonds payable	(36,210,000)
Bond premiums (net of amortization)	(956,776)
Net pension liability	(92,461,626)
Net OPEB liability	<u>(25,014,933)</u>
<i>Total net position - governmental activities</i>	<u><u>\$ 32,768,937</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, 2018

	General Fund 11000, 13000, 14000	Bond Building Capital Projects Fund 31100	Capital Improvements HB-33 Capital Projects Fund 31600
<i>Revenues</i>			
Property taxes	\$ 258,152	\$ -	\$ 2,313,362
Intergovernmental revenue:			
Federal flowthrough	-	-	-
Federal direct	8,401,666	-	-
Local sources	41,098	-	-
State flowthrough	10,855	-	9,926
State direct	27,783,163	-	-
Transportation distribution	674,256	-	-
Charges for services	283,726	-	-
Investment income	45,957	35,380	17,454
Miscellaneous	-	-	-
Total revenues	37,498,873	35,380	2,340,742
<i>Expenditures</i>			
Current:			
Instruction	21,264,229	-	-
Support services - students	3,997,580	-	-
Support services - instruction	1,386,667	-	-
Support services - general administration	869,060	-	23,111
Support services - school administration	2,014,156	-	-
Central services	1,615,478	-	-
Operation and maintenance of plant	5,467,105	-	-
Student transportation	933,959	-	-
Food services operations	-	-	-
Community services operations	1,303	-	-
Capital outlay	-	1,939,339	1,561,479
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	37,549,537	1,939,339	1,584,590
Excess (deficiency) of revenues over expenditures	(50,664)	(1,903,959)	756,152
<i>Other financing sources (uses)</i>			
Transfers in	800,071	-	-
Bond premium	-	354,650	-
Bond proceeds	-	6,500,000	-
Total other financing sources (uses)	800,071	6,854,650	-
Net change in fund balances	749,407	4,950,691	756,152
<i>Fund balances - as originally stated</i>	956,662	8,926,205	6,630,292
<i>Fund balances - reclassification (note 12)</i>	(234,934)	-	-
<i>Fund balances - beginning as reclassified</i>	721,728	8,926,205	6,630,292
Fund balances - end of year	\$ 1,471,135	\$ 13,876,896	\$ 7,386,444

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

Debt Service Fund 41000	Other Governmental Funds	Total
\$ 6,340,339	\$ -	\$ 8,911,853
-	926,341	926,341
-	40,436	8,442,102
-	44,327	85,425
-	494,292	515,073
-	-	27,783,163
-	-	674,256
-	779,467	1,063,193
1,339	97	100,227
-	1,000	1,000
<u>6,341,678</u>	<u>2,285,960</u>	<u>48,502,633</u>
-	1,648,116	22,912,345
-	314,818	4,312,398
-	9,487	1,396,154
63,326	1,073	956,570
-	-	2,014,156
-	9,550	1,625,028
-	211	5,467,316
-	-	933,959
-	72,808	72,808
-	44,501	45,804
-	217,966	3,718,784
5,030,000	-	5,030,000
926,908	-	926,908
<u>6,020,234</u>	<u>2,318,530</u>	<u>49,412,230</u>
<u>321,444</u>	<u>(32,570)</u>	<u>(909,597)</u>
-	138,600	938,671
-	-	354,650
-	-	6,500,000
<u>-</u>	<u>138,600</u>	<u>7,793,321</u>
<u>321,444</u>	<u>106,030</u>	<u>6,883,724</u>
5,761,357	1,187,677	23,462,193
-	46,333	(188,601)
<u>5,761,357</u>	<u>1,234,010</u>	<u>23,273,592</u>
<u>\$ 6,082,801</u>	<u>\$ 1,340,040</u>	<u>\$ 30,157,316</u>

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

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STATE OF NEW MEXICO
Los Alamos Public Schools
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds	\$ 6,883,724
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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	2,169,577
Contributed capital	2,246,038
Depreciation expense	(3,933,100)
Loss on disposition of capital assets	(1,129,611)

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	(55,465)
--	----------

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

District pension contributions subsequent to measurement date	3,322,623
District OPEB contributions subsequent to measurement date	478,335
Net Pension expense	(14,202,619)
Net OPEB expense	(994,509)

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:

Original issue bond premiums	(354,650)
Current year amortization of bond premiums and discounts	121,645
Bond proceeds	(6,500,000)
Increase in accrued compensated absences not due and payable	(66,497)
Increase in accrued interest payable	(25,145)
Principal payments on bonds	5,030,000

<i>Change in net position of governmental activities</i>	<u>\$ (7,009,654)</u>
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The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO
 Los Alamos Public Schools
 General Fund - 11000, 13000, 14000
 Statement of Revenues, Expenditures, and Changes in
 Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2018

Exhibit C-1

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 248,799	\$ 248,799	\$ 256,794	\$ 7,995
Intergovernmental revenue:				
Federal direct	8,357,046	8,358,804	8,401,666	42,862
Local sources	20,134	20,134	41,098	20,964
State flowthrough	-	-	53,363	53,363
State direct	27,718,240	27,839,768	27,783,163	(56,605)
Transportation distribution	674,106	674,106	674,256	150
Charges for services	285,734	1,085,734	283,726	(802,008)
Investment income	12,000	12,000	45,957	33,957
<i>Total revenues</i>	<u>37,316,059</u>	<u>38,239,345</u>	<u>37,540,023</u>	<u>(699,322)</u>
<i>Expenditures</i>				
Current:				
Instruction	21,820,615	21,685,147	21,294,193	390,954
Support services - students	3,990,699	4,490,699	4,011,368	479,331
Support services - instruction	1,238,132	1,297,632	1,386,667	(89,035)
Support services - general administration	964,002	964,002	876,646	87,356
Support services - school administration	2,177,506	2,177,506	2,014,156	163,350
Central services	1,582,106	1,676,806	1,627,114	49,692
Operation and maintenance of plant	4,881,599	5,237,399	5,363,122	(125,723)
Student transportation	965,732	965,732	936,270	29,462
Other support services	25,115	142,869	-	142,869
Community services operations	81,627	12,627	1,303	11,324
<i>Total expenditures</i>	<u>37,727,133</u>	<u>38,650,419</u>	<u>37,510,839</u>	<u>1,139,580</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(411,074)</u>	<u>(411,074)</u>	<u>29,184</u>	<u>440,258</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	411,074	411,074	-	(411,074)
Transfers in	-	-	800,071	800,071
<i>Total other financing sources (uses)</i>	<u>411,074</u>	<u>411,074</u>	<u>800,071</u>	<u>388,997</u>
<i>Net change in fund balance</i>	-	-	829,255	829,255
<i>Fund balance - beginning of year</i>	-	-	840,678	840,678
<i>Fund balance - restatement (note 17)</i>	-	-	(126,657)	(126,657)
<i>Fund balance - beginning as restated</i>	-	-	714,021	714,021
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,543,276</u>	<u>\$ 1,543,276</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 829,255
Adjustments to revenues for taxes and intergovernmental revenue				(41,150)
Adjustments to expenditures for supplies and payroll expenditures				(38,698)
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ 749,407</u>

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, 2018

	Land Sale 61000	Leased Facilities 62000	Total
Assets			
<i>Current assets</i>			
Cash and cash equivalents	\$ -	\$ 5,919,422	\$ 5,919,422
Investments	-	4,001,851	4,001,851
Due from other governments	-	1,200,000	1,200,000
<i>Total current assets</i>	<u>-</u>	<u>11,121,273</u>	<u>11,121,273</u>
<i>Noncurrent assets</i>			
Capital assets	-	-	-
Less: accumulated depreciation	-	-	-
<i>Total noncurrent assets</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>-</u>	<u>11,121,273</u>	<u>11,121,273</u>
Deferred outflows of resources			
Deferred outflows- pension	-	376,490	376,490
Deferred outflows- OPEB	-	5,596	5,596
<i>Total deferred outflows of resources</i>	<u>-</u>	<u>382,086</u>	<u>382,086</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ -</u>	<u>\$ 11,503,359</u>	<u>\$ 11,503,359</u>

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, 2018

Exhibit D-1

	Land Sale 61000	Leased Facilities 62000	Total
Liabilities			
<i>Current liabilities</i>			
Accounts payable	\$ -	\$ 100,045	\$ 100,045
Accrued payroll	-	10,791	10,791
Due to other funds	-	6,248	6,248
<i>Total current liabilities</i>	-	117,084	117,084
<i>Noncurrent liabilities</i>			
Net pension liability	-	1,101,552	1,101,552
Net OPEB Liability	-	292,648	292,648
<i>Total noncurrent liabilities</i>	-	1,394,200	1,394,200
<i>Total liabilities</i>	-	1,511,284	1,511,284
Deferred inflows of resources			
Deferred inflows- pension	-	28,601	28,601
Deferred inflows- OPEB	-	66,606	66,606
<i>Total deferred inflows of resources</i>	-	95,207	95,207
Net position			
Unrestricted	-	9,896,868	9,896,868
<i>Total net position</i>	-	9,896,868	9,896,868
<i>Total liabilities, deferred inflows of resources and net position</i>	\$ -	\$ 11,503,359	\$ 11,503,359

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, 2018

Exhibit D-2

	Land Sale 61000	Leased Facilities 62000	Total
<i>Operating revenues</i>			
Charges for services	\$ -	\$ 4,258,084	\$ 4,258,084
<i>Total operating revenues</i>	<u>-</u>	<u>4,258,084</u>	<u>4,258,084</u>
<i>Operating expenses</i>			
Payroll costs	-	479,527	479,527
Contractual services	-	11,179	11,179
Other operating costs	-	475,823	475,823
<i>Total operating expenses</i>	<u>-</u>	<u>966,529</u>	<u>966,529</u>
<i>Operating income (loss)</i>	<u>-</u>	<u>3,291,555</u>	<u>3,291,555</u>
<i>Non-operating revenues (expenses)</i>			
Investment income	60	18,208	18,268
<i>Total non-operating revenues (expenses)</i>	<u>60</u>	<u>18,208</u>	<u>18,268</u>
<i>Income (loss) before contributions and transfers</i>	<u>60</u>	<u>3,309,763</u>	<u>3,309,823</u>
Transfers (out)	(71)	(938,600)	(938,671)
Contributed capital	(456,016)	(1,790,022)	(2,246,038)
<i>Change in net position</i>	<u>(456,027)</u>	<u>581,141</u>	<u>125,114</u>
<i>Total net position, beginning of year</i>	456,027	9,709,679	10,165,706
<i>Total net position, restatement (Note 12)</i>	-	(347,619)	(347,619)
<i>Total net position, reclassification (Note 12)</i>	<u>-</u>	<u>(46,333)</u>	<u>(46,333)</u>
<i>Total net position, beginning as restated/reclassified</i>	<u>456,027</u>	<u>9,315,727</u>	<u>9,771,754</u>
<i>Total net position, end of year</i>	<u>\$ -</u>	<u>\$ 9,896,868</u>	<u>\$ 9,896,868</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, 2018

Exhibit D-3

	Land Sale 61000	Leased Facilities 62000	Total
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ -	\$ 3,058,084	\$ 3,058,084
Cash payments to employees for services	-	(341,650)	(341,650)
Cash payments to suppliers for goods and services	-	(393,113)	(393,113)
<i>Net cash provided by operating activities</i>	-	2,323,321	2,323,321
<i>Cash flows from noncapital financing activities:</i>			
Changes in interfund activity	-	6,248	6,248
Transfers (net)	(71)	(938,600)	(938,671)
<i>Net cash (used) by noncapital financing activities</i>	(71)	(932,352)	(932,423)
<i>Cash flows from investing activities:</i>			
Interest on investments	60	18,208	18,268
<i>Net cash provided by investing activities</i>	60	18,208	18,268
<i>Cash flows from capital and related financing activities:</i>			
Contributed capital	(456,016)	(1,790,022)	(2,246,038)
<i>Net cash (used) by capital and related financing activities</i>	(456,016)	(1,790,022)	(2,246,038)
<i>Net increase (decrease) in cash and cash equivalents</i>	(456,027)	(380,845)	(836,872)
<i>Cash and cash equivalents - beginning of year</i>	456,027	10,302,118	10,758,145
<i>Cash and cash equivalents - end of year</i>	\$ -	\$ 9,921,273	\$ 9,921,273
<i>Reconciliation of operating income to net cash provided (used) by operating activities:</i>			
Operating income	\$ -	\$ 3,291,555	\$ 3,291,555
<i>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</i>			
Net pension and OPEB expense	-	133,372	133,372
<i>Changes in assets and liabilities:</i>			
Receivables	-	(1,200,000)	(1,200,000)
Accounts payable	-	93,889	93,889
Accrued payroll expenses	-	4,505	4,505
<i>Net cash provided by operating activities</i>	\$ -	\$ 2,323,321	\$ 2,323,321

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

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Statement of Fiduciary Net Position
 June 30, 2018

Exhibit E-1

	Private Purpose Trust Funds	Agency Funds
<i>Current assets</i>		
Cash and cash equivalents	\$ -	\$ 4,445
Investments	316,662	-
<i>Total assets</i>	\$ 316,662	\$ 4,445
 <i>Current liabilities</i>		
Due to student organizations	\$ -	\$ 4,445
<i>Total liabilities</i>	-	4,445
 <i>Net Position</i>		
Restricted net position	316,662	-
<i>Total net position</i>	\$ 316,662	\$ -

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

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Statement of Changes in Fiduciary Net Position
 June 30, 2018

Exhibit E-2

	Private Purpose Trust Funds
<i>Additions:</i>	
Investment earnings	\$ 329
Contributions and donations from private sources	100,000
<i>Total additions</i>	100,329
 <i>Deductions:</i>	
Scholarships	18,601
<i>Total deductions</i>	18,601
Change in net position	81,728
Total net position, beginning of year	-
Total net position, reclassification (Note 12)	234,934
Total net position, beginning as reclassified	234,934
Total Net Position, end of year	\$ 316,662

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, 2018

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.

The 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 Los Alamos Public Schools’ management, who is responsible for their integrity and objectivity. The financial statements of the Los Alamos Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District’s accounting policies are described below.

During the year ended June 30, 2018, the District adopted GASB Statements No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions, No. 81, Irrevocable Split-Interest Agreements, No. 85, Omnibus 2017, No. 86, Certain Debt Extinguishment Issues, are required to be implemented for the fiscal year ending June 30, 2018.

The pronouncement adopted that materially affects the financial statements and disclosures of the District for the year ended June 30, 2018 is GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions. The requirements of this Statement improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense.

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 Statement No. 14 as amended by GASB Statement No. 39. 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.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

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 the 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 paragraphs, and is not a component unit of another governmental agency.

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 (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund 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.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net position is reported in three parts – Net investment in capital assets, restricted net position and unrestricted net position.

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.

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 and major individual enterprise fund are reported as separate columns in the fund financial statements.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

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 statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. Property taxes are recognized as revenues in the year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Ad valorem taxes (property taxes) 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

Under the requirements of GASB Statement No. 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which may include funds that were not required to be presented as major but were at the discretion of management:

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

General Fund:

The *Operational Fund* is used to account for the State Equalization Guarantee from the NM State Legislature and is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Transportation Fund* is used to account for the costs associated with transporting school age children. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Instructional Materials Fund* is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. Authority for the creation of this fund is the New Mexico Public Education Department.

Capital Projects Funds:

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

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.

Debt Service Funds:

The *Debt Service Fund* is used to account for the accumulation of resources for the payment of General Long-Term Debt principal and interest. Authority for the creation of this fund is the New Mexico Public Education Department.

Additionally, the government reports the following proprietary and fiduciary fund types:

Proprietary Funds

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.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Fiduciary Funds:

The fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. These funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or student organizations.

The *Private Purpose Trust Fund* (The Zenas Boone Memorial Scholarship) stems from money bequeathed by the family of Irene Boone (husband is Zenas Boone) to Los Alamos High School. Irene Boone had owned a pediatric and adolescent medical practice in Los Alamos for thirty-one years. Prior to that she had worked at Los Alamos National Laboratory as the Section Leader for Cellular Biology in the Health Research Division. No instructions were left for the use of the money but it was determined that the best use of the money would be the establishment of scholarships for needy students graduating from Los Alamos High School. As this was determined to be a Private Purpose Trust Fund, Los Alamos Public Schools houses the money in its own separate account while the Foundation has established a committee to determine the parameters for the amounts to be awarded annually and to whom the awards are made.

As a general rule, the effect of inter-fund 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.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I and IDEA-B to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from the state resources such as SB-9 and HB-33 funding to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and other items not properly included among program revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with the function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity

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

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

Investments for the District are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations.

The reported value of the Pool is the same as the fair value of the pool shares. As of June 30, 2018, the District did not hold any pool shares in the State Treasurer's Investment Pool.

Fair Value Measurements: 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).

Restricted Assets: Restricted assets are those that are set aside for restrictions resulting from enabling legislation for future capital outlay expenditures and debt service payments. The District's restricted assets are made up of debt service funds that cannot be spent in the subsequent year.

Receivables and Payables: Inter-fund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund 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 costs as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or between proprietary 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 in the following month. Under the modified accrual method of accounting, the amount remitted by the Los Alamos County Treasurers in July and August is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund financial statements during the year ended June 30, 2018. Period of availability is deemed to be sixty days subsequent to year end for property taxes and ninety days subsequent to year end for other nonexchange revenues.

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

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 are actually consumed. Inventory is valued at cost. In the General Fund, inventory consists of expendable supplies held for consumption.

The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. 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 II government for purposes of implementing GASB Statement No. 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 assets lives are not capitalized. Library books are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2018.

Capital expenditures made on the District's building construction projects by the New Mexico Public School Facilities Authority are included in the District's capital assets as appropriate.

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

Land improvements	10-50 years
Buildings and improvements	10-50 years
Furniture, fixtures and equipment	5-15years

Accrued Payroll Liabilities: In the fund financial statements, governmental fund types recognize the accrual of unpaid salaries, wages, and benefits that employees earned prior to the end of the fiscal year. The amount recognized in the fund financial statements represents the amounts due to employees or due to third parties for the employee benefits.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has four types of items that qualify for reporting in this category related to the pension and OPEB plans which are discussed at Notes 10 and 11.

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, deferred inflows of resources, 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 qualifies for reporting in this category. Accordingly, the item, unavailable revenue – property taxes, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$10,328 related to property taxes that are considered “unavailable”. The District also has items related to the pension and OPEB plans which are discussed at Notes 10 and 11.

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 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 40 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 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.

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is inconsequential.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

Net Position and Fund Equity: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of the District's fund balances is presented on the face of the fund financial statements.

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

Net investment in capital assets: Consists of capital assets including restricted 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 has \$13,876,896 in unspent bond proceeds at June 30, 2018.

Restricted Net Position: Consist of net position with "legally enforceable" constraints placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Legally enforceable means that a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation, only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment. If it is determined that the restrictions continue to be legally enforceable, then for the purposes of financial reporting, the restricted net position should not reflect any reduction for resources used for purposes not stipulated by the enabling legislation. Descriptions for the related restrictions for net position are restricted for "debt service or capital projects."

Unrestricted Net Position: All other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

The government-wide Statement of Net Position reports \$42,163,214 of restricted net position related to grants, capital projects and debt service.

Fund Balance: In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. For committed and assigned fund balance, the District's highest level of decision-making authority is the Board of Education. Formal action by the Board of Education is required to establish a fund balance commitment or assignment.

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.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. At June 30, 2018, the nonspendable fund balance of the District is comprised of inventory in the General fund of \$168,438 which is not in spendable form.

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

Committed: Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's Board of Education. Those committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking formal action.

Assigned: Consist of amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed. Formal action by the District's Board of Education is required to assign amounts to be used for specific purposes.

Unassigned: Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund except for those other governmental funds reflecting a deficit.

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

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

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 affecting the District's financials include management's estimate of the useful lives of capital assets and the net pension and net OPEB liabilities (including the related components).

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 ensure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program cost.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (Continued)

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 Secretary of the Public Education Department. The District received \$27,661,951 in state equalization guarantee distributions during the year ended June 30, 2018.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available' on a modified accrual basis. The District recognized \$8,911,853 in tax revenues during the year ended June 30, 2018. 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.

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. Los Alamos County collects County, City, and School taxes and distributes them to each fund once per month except in June when the taxes are distributed twice to close out the fiscal year.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Secretary of the Public Education Department. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$674,106 in transportation distributions during the year ended June 30, 2018.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of materials listed in the PED "Multiple List", while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2018 totaled \$121,212

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (Continued)

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school districts have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner;
4. The school district is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

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

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

During fiscal year 2018, the District did not receive any special capital outlay funds.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Outlay 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. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The district did not receive any funds in state SB-9 matching during the year end June 30, 2018.

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 is operated 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.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

F. 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 Plan (ERP) and additions to/deductions from ERP's fiduciary net position have been determined on the same basis as they are reported by ERP. For this purpose, benefit payment (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

G. Postemployment Benefits Other Than Pensions (OPEB)

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

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

These budgets are prepared on the Non-GAAP (Cash) budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as a designated portion of the 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 'function,' this may be accomplished with only local Board of Education approval. If a transfer between 'functions' or a budget increase is required, approval must also be obtained from the New Mexico Public Education Department.

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

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information - (Continued)

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 School Budget and Finance Analysis Bureau (SBFAB) of the New Mexico Public Education Department, a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the New Mexico Public Education Department.
2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the SBFAB and certified and approved by the local school board at a public hearing of which notice has been published by the local school board who fixes the estimated budget for the District for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the SBFAB 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 SBFAB.
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 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 District and approved by the SBFAB.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget of Los Alamos Public Schools has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information - (Continued)

11. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual function.

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2018, is presented.

The appropriated budget for the year ended June 30, 2018, was properly amended by the Board of Education throughout the year. These amendments resulted in the following changes:

Budgeted Funds:	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
	General Fund	\$ (411,074)

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

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund is included in the individual budgetary comparison. The District budgets on a modified cash basis with respect to 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.

NOTE 3. Deposits and Investments

State statutes authorize the investment of the District’s 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, 2018.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 3. Deposits and Investments (continued)

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 of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments. The collateral pledged is listed on Schedule II of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Deposits:

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of 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 the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978.) At June 30, 2018, \$33,586,781 of the District's deposits of \$40,086,933 was exposed to custodial credit risk. \$33,586,781 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. As of June 30, 2018, there were no amounts uninsured and uncollateralized. As of June 30, 2018, the carrying amount of these deposits was \$40,039,670; total amount of deposits of \$40,086,933 less outstanding items of \$47,263. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

Primary Government

	Sunflower/First National Bank 1870	Los Alamos National Bank	NM Bank and Trust
Amount of deposits	\$ 20,247,645	\$ 13,190,302	\$ 1,148,834
FDIC Coverage	<u>(500,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>
Total uninsured public funds	<u>19,747,645</u>	<u>12,940,302</u>	<u>898,834</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>19,747,645</u>	<u>12,940,302</u>	<u>898,834</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ 9,873,823	\$ 6,470,151	\$ 449,417
Pledged Collateral	<u>20,979,551</u>	<u>21,645,163</u>	<u>971,577</u>
Over (Under) collateralized	<u>\$ 11,105,728</u>	<u>\$ 15,175,012</u>	<u>\$ 522,160</u>

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 3. Deposits and Investments (continued)

Deposits: (continued)

Primary Government(continued)

	Los Alamos Schools Credit		
	Union	Charles Schwab	Total
Amount of deposits	\$ 152	\$ 5,500,000	\$ 40,086,933
FDIC Coverage	<u>(152)</u>	<u>(5,500,000)</u>	<u>(6,500,152)</u>
Total uninsured public funds	<u>-</u>	<u>-</u>	<u>33,586,781</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>-</u>	<u>-</u>	<u>33,586,781</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ -	\$ -	\$ 16,793,391
Pledged Collateral	<u>-</u>	<u>-</u>	<u>43,596,291</u>
Over (Under) collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,802,900</u>

Certificates of deposits with maturity dates of three months or less were included in the total amount of deposits. The District has presented certificates of deposits of \$13,205,867 as investments in the Statement of Net Position, as these have maturity dates greater than 90 days. In addition the District has the following investments at June 30, 2018 as follow:

Investment	Rated	Weighted Average Maturity	Fair Value
U.S Treasury Money Market Mutual Funds	Aaa**	>365 days	\$ 1,577,796

** Based on Moody's rating

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Position:

Cash and cash equivalents- Exhibit A-1	\$ 20,516,115
Restricted cash and cash equivalents- Exhibit A-1	5,999,766
Investments- Exhibit A-1	14,783,663
Cash and cash equivalents - Fiduciary funds - Exhibit E-1	4,445
Investments- Fiduciary funds - Exhibit E-1	<u>316,662</u>
 Total cash and cash equivalents	 41,620,651
 Plus: reconciling items	 47,263
Less Charles Schwab US Treasury and Money Market	(1,577,796)
Less: petty cash	<u>(3,185)</u>
 Bank balance of deposits	 <u><u>\$ 40,086,933</u></u>

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, 2018, there were no deposits of the Foundation’s bank balance of \$123,345 subject to custodial credit risk. As of June 30, 2018, the carrying amount of these deposits was \$123,345. 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 investments in the Edward Jones Association Account in the amount of \$276,279 as of June 30, 2018:

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.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 3. Deposits and Investments (continued)

Fair Value Measurement (continued)

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.

The following table sets forth by level within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2018:

Level 1	Level 2	Level 3	Total
<u>\$ 276,279</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 276,279</u>

Component Unit

Reconciliation to the Statement of Net Position:

Cash and cash equivalents- Governmental Activities Exhibit A-1	\$ 17,729
Investments- Governmental Activities Exhibit A-1	276,279
Restricted cash and cash equivalents- Governmental Activities Exhibit A-1	<u>96,612</u>
 Total cash and cash equivalents	 390,620
 Plus: reconciling items	 <u>9,004</u>
 Bank balance of deposits	 <u><u>\$ 399,624</u></u>

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 4. Receivables

Receivables as of June 30, 2018 are as follows:

	General Fund	Capital Improvements HB-33 Capital Projects Fund	Debt Service Fund
Property taxes receivable	\$ 4,223	\$ 33,423	\$ 90,110
Due from other governments:			
Federal sources	-	-	-
State sources	-	-	-
	<u>\$ 4,223</u>	<u>\$ 33,423</u>	<u>\$ 90,110</u>
		Other Governmental Funds	Total
Property taxes receivable	\$ -	\$ 127,756	
Due from other governments:			
Federal sources	295,502	295,502	
State sources	342,414	342,414	
	<u>\$ 637,916</u>	<u>\$ 765,672</u>	

In accordance with GASB No. 33, property tax revenues in the amount of \$10,328, which were not collected within the period of availability have been reclassified as deferred inflows of resources-property taxes and grants in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

Business-Type

	Leased Facilities
Due from other governments:	
Los Alamos County	<u>\$ 1,200,000</u>

The above receivable is deemed to be fully collectible.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 5. Interfund Receivables, Payables, and Transfers

The District records temporary interfund receivable and payables to enable the funds to operate until grant monies are received. The composition of interfund balances as of June 30, 2018 is as follows:

Governmental activities	Due to Other Funds	Amount
Due from Other Funds		
Operational - 11000	Title I IASA - 24101	\$ 21,147
Operational - 11000	IDEA-B Entitlement - 24106	191,575
Operational - 11000	IDEA-B Preschool - 24109	3,917
Operational - 11000	Teacher/Principal Training Recruiting - 24154	26,730
Operational - 11000	Indian Education Formula Grant - 25184	3,645
Operational - 11000	Dual Credit Instructional Materials - 27103	699
Operational - 11000	New Mexico Reads to Lead K-3 Initiative - 27114	79,539
Operational - 11000	Recruitment Support - 27128	9,550
Operational - 11000	Pre-K Initiative - 27149	26,993
Operational - 11000	Early College High School Start-Up - 27180	4,906
Operational - 11000	Special Capital Outlay- State 31400	217,966
IDEA-B Early Intervention Services - 24112	Operational - 11000	<u>31,022</u>
	Total Governmental Activities	<u>617,689</u>
Business-type activities		
Operational - 11001	Leased Facilities- 62000	<u>6,248</u>
	Total Business-type Activities	<u>\$ 623,937</u>

All Interfund balances are to be paid 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:

Transfer from Other Funds	Transfers to Other Funds	Amount
Leased Facilities- 62000	Operational- 11000	\$ 800,000
Land Sale- 61000	Operational- 11000	71
Leased Facilities- 62000	Food Service- 21000	75,000
Leased Facilities- 62000	Non Instructional Support- 13000	<u>63,600</u>
		<u>\$ 938,671</u>

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows. Land and construction in progress are not subject to depreciation.

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Dispositions and adjustments</u>	<u>Balance June 30, 2018</u>
Governmental activities:				
Capital assets not depreciated				
Land	\$ 52,785,577	\$ -	\$ -	\$ 52,785,577
Construction in process	994,700	3,218,868	(835,838)	3,377,730
Total assets not depreciated	<u>53,780,277</u>	<u>3,218,868</u>	<u>(835,838)</u>	<u>56,163,307</u>
Capital assets depreciated				
Land improvements	10,239,800	28,061	11,709	10,279,570
Buildings and improvements	99,215,966	859,278	(324,409)	99,750,835
Furniture, fixtures and equipment	9,428,579	309,408	(379,205)	9,358,782
Total assets depreciated	<u>118,884,345</u>	<u>1,196,747</u>	<u>(691,905)</u>	<u>119,389,187</u>
Total assets	172,664,622	4,415,615	(1,527,743)	175,552,494
Less accumulated depreciation for:				
Land improvements	4,759,620	587,094	19,722	5,366,436
Buildings and improvements	25,010,006	2,659,202	(161,200)	27,508,008
Furniture, fixtures and equipment	6,804,064	686,804	(256,654)	7,234,214
Total accumulated depreciation	<u>36,573,690</u>	<u>3,933,100</u>	<u>(398,132)</u>	<u>40,108,658</u>
Governmental activities capital assets, net	<u>\$ 136,090,932</u>	<u>\$ 482,515</u>	<u>\$ (1,129,611)</u>	<u>\$ 135,443,836</u>

Depreciation expense for the year ended June 30, 2018 was charged to governmental activities as follows:

Instruction	\$ 81,639
Support Services – Students	1,827
Central Services	3,641,748
Operations / Maintenance of Plant	42,941
Transportation Services	164,945
Total	<u>\$ 3,933,100</u>

The District has active construction projects as of June 30, 2018. 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. The District received no awards as of June 30, 2018.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 6. Capital Assets (continued)

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2018</u>
Component Unit:				
Capital assets depreciated				
Furniture, fixtures and equipment	515	-	-	515
Total assets depreciated	<u>515</u>	<u>-</u>	<u>-</u>	<u>515</u>
 Total assets	<u>515</u>	<u>-</u>	<u>-</u>	<u>515</u>
 Less accumulated depreciation for:				
Furniture, fixtures and equipment	(258)	(103)	-	(361)
Total accumulated depreciation	<u>(258)</u>	<u>(103)</u>	<u>-</u>	<u>(361)</u>
 Capital assets, net	<u>\$ 257</u>	<u>\$ (103)</u>	<u>\$ -</u>	<u>\$ 154</u>

NOTE 7. Long-Term Debt

General Obligation Bonds:

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of the outstanding general obligation bonds as of June 30, 2018 was \$75,365,000. 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, 2018 are for governmental activities.

General obligation bonds outstanding at June 30, 2018, are comprised of the following:

	<u>Series 2006</u>	<u>Series 2008</u>	<u>Series 2009</u>	<u>Series 2010</u>
Original Issue:	\$4,000,000	\$3,000,000	\$10,000,000	\$20,000,000
Principal Due:	August 1	August 1	August 1	August 1
Interest Due:	February 1	February 1	February 1	February 1
	August 1	August 1	August 1	August 1
Interest Rates:	3.35% - 3.60%	3.00% - 4.50%	3.00% - 4.00%	2.15% - 3.10%
Maturity Date:	08/01/2018	08/01/2020	08/01/2021	8/01/2022

STATE OF NEW MEXICO
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 Notes to Financial Statements
 June 30, 2018

NOTE 7. Long-Term Debt (continued)

	<u>Series 2011</u>	<u>Series 2012</u>	<u>Series 2013</u>	<u>Series 2014</u>
Original Issue:	\$6,865,000	\$5,000,000	\$6,900,000	\$4,900,000
Principal Due:	August 1	August 1	August 1	August 1
Interest Due:	February 1	February 1	February 1	February 1
	August 1	August 1	August 1	August 1
Interest Rates:	2.00% - 3.00%	2.00% - 2.25%	2.00% - 3.00%	2.25% - 3.00%
Maturity Date:	08/01/2023	08/01/2024	08/01/2025	08/01/2026
	<u>Series 2015</u>	<u>Series 2017</u>		
Original Issue:	\$8,200,000	\$6,500,000		
Principal Due:	August 1	August 1		
Interest Due:	February 1	February 1		
	August 1	August 1		
Interest Rates:	2.00% - 3.00%	2.50% - 3.00%		
Maturity Date:	08/01/2027	08/01/2029		

During the year ended June 30, 2018 the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 34,740,000	\$ 6,500,000	\$ 5,030,000	\$ 36,210,000	\$ 4,930,000
Compensated Absences	495,615	399,307	332,810	562,112	332,810
Total long-term debt	<u>\$ 35,235,615</u>	<u>\$ 6,899,307</u>	<u>\$ 5,362,810</u>	<u>\$ 36,772,112</u>	<u>\$ 5,262,810</u>

The annual requirements to amortize the General Obligation Bonds as of June 30, 2018, including interest payments are as follows. The interest rates range from 0.92% to 4.00% with maturity dates until August 15, 2027.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 4,930,000	\$ 914,438	\$ 5,844,438
2020	5,050,000	773,088	5,823,088
2021	4,670,000	616,826	5,286,826
2022	4,745,000	504,956	5,249,956
2023	4,265,000	379,637	4,644,637
2024-2028	11,425,000	749,313	12,174,313
2029-2030	1,125,000	28,439	1,153,439
	<u>\$ 36,210,000</u>	<u>\$ 3,966,697</u>	<u>\$ 40,176,697</u>

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 7. Long-Term Debt (continued)

Compensated Absences – Administrative employees of the Schools are able to accrue a limited amount of annual leave and all employees are able to accrue an unlimited amount of general leave during the year. During fiscal year June 30, 2018, compensated absences increased \$66,497 for annual leave over the prior year accrual. In prior years the general fund was used to liquidate such long-term liabilities. See Note 1 for more details.

NOTE 8. Risk Management

The District is a member of the New Mexico Public Schools 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 and Machinery, Underground Storage Tanks and Catastrophic Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$750,000,000 for each property damage claim with a \$25,000 deductible for each building. 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 \$1,250,000 per occurrence for Faithful Performance. A limit of \$1,250,000 applies to Depositor's Forgery, Credit Card Forgery and Money Orders. A limit of \$100,000 applies to Money and Security, with all crime coverage subject to 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, 2018, there have been no claims that have exceeded insurance coverage.

NOTE 9. Other Required Individual Fund Disclosures

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

- A.** Deficit fund balance of individual funds: The District reported the following deficit fund balances at June 30, 2018.

Indian Education Formula Grant- 25184	\$ (3,647)
Early College High School Start-Up- 27180	(4,906)

- B.** Excess of expenditures over appropriations: No funds of the District exceeded approved budgetary authority at the fund level for the year ended June 30, 2018.
- C.** Designated cash appropriations in excess of available balance: No funds of the District exceeded the budgeted cash appropriations for the year ended June 30, 2018.

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 10. Pension Plan – Educational Retirement Board

General Information about the Pension Plan

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

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Financial Statements
June 30, 2018

NOTE 10. Pension Plan – Educational Retirement Board (continued)

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

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

Benefit Options – The Plan has three benefit options available.

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

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

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

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

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 10. Pension Plan – Educational Retirement Board (continued)

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

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

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

Contributions – For the fiscal year ended June 30, 2018 and 2017 educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2018	7-1-17 to 6-30-18	Over \$20K	10.70%	13.90%	24.60%	0.00%
2018	7-1-17 to 6-30-18	\$20K or less	7.90%	13.90%	21.80%	0.00%
2017	7-1-16 to 6-30-17	Over \$20K	10.70%	13.90%	24.60%	0.00%
2017	7-1-16 to 6-30-17	\$20K or less	7.90%	13.90%	21.80%	0.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2018 and 2017, the District paid employee and employer contributions of \$5,896,214 and \$5,566,222, which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the District reported a liability of \$93,563,178 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. Therefore, the employer’s portion was established as of the measurement date of June 30, 2017. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2017, the District’s proportion was 0.84189% percent, which was a decrease of 0.74479% percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$14,202,619. At June 30, 2018, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

STATE OF NEW MEXICO
 Los Alamos Public Schools
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NOTE 10. Pension Plan – Educational Retirement Board (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 167,955	\$ 1,441,429
Net difference between expected and actual investments on pension plan investments	-	12,835
Change of assumptions	27,312,930	-
Change in proportion	173,474	1,226,018
District's contributions subsequent to the measurement date	3,361,508	-
Total	\$ 31,015,867	\$ 2,680,282

\$3,361,508 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$	9,481,767
2019		10,189,428
2020		6,073,304
2021		(770,422)
2022		-
Thereafter		-

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

Inflation	2.50%
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.

Average of Expected Remaining Service Lives	Fiscal year Service life in years	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
		3.35	3.77	3.92	3.88

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 10. Pension Plan – Educational Retirement Board (continued)

Mortality	<p>Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table’s base year of 2000.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-living increases	1.90% per year, compounded annually.
Payroll growth	3.00% per year (with no allowance for membership growth).
Contribution accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.

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

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

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

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 10. Pension Plan – Educational Retirement Board (continued)

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

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

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

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

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
District’s proportionate share of the net pension liability	<u>\$ 121,795,990</u>	<u>\$ 93,563,178</u>	<u>\$ 70,485,151</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued separately issued NMERB’S financial reports. The reports can be found on NMERB’s Web site at https://www.nmerb.org/Annual_reports.html.

Payables to the pension plan. At June 30, 2018, the District owed the ERB \$479,796 for the contributions withheld in the month of June 2018.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan

General Information about the OPEB

Plan description. Employees of the District are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

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

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

Employees covered by benefit terms – At June 30, 2017, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	<u>97,349</u>
	<u>160,035</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	<u>97,349</u>

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$725,859 for the year ended June 30, 2018.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

At June 30, 2018, the District reported a liability of \$25,307,581 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the District’s proportion was 0.55846 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$994,509. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 971,171
Net difference between expected and actual investments on OPEB plan investments	-	364,067
Change of assumptions	-	4,424,708
District’s contributions subsequent to the measurement	483,931	-
Total	\$ 483,931	\$ 5,759,946

Deferred outflows of resources totaling \$483,931 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

2019	\$	(1,224,605)
2020		(1,224,605)
2021		(1,224,605)
2022		(1,224,605)
2023		(861,526)

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

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

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
District’s proportionate share of the net OPEB liability	\$ 30,697,702	\$ 25,307,581	\$ 21,078,547

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2017.

	Trend Rate Sensitivity Analysis		
	1% Decrease	Rate	1% Increase
District’s proportionate share of the net OPEB liability	\$ 21,525,841	\$ 25,307,581	\$ 28,256,404

Payable Changes in the Net OPEB Liability. At June 30, 2018, the District reported a payable of \$58,899 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Notes to Financial Statements
 June 30, 2018

NOTE 12. Prior Period Adjustments and Reclassifications

The District has a prior period adjustment for Governmental Activities of (\$29,713,764) which was required for implementation of GASB Statement No. 75. The adjustment reflects a beginning net OPEB liability of (\$30,187,701) and a beginning of deferred outflow of resources- employer contributions subsequent to the measurement date of \$473,936.

The District has a prior period adjustment for Business-Type Activities of (\$347,619) which was required for implementation of GASB Statement No. 75. The adjustment reflects a beginning net pension liability of (\$353,163) and a beginning of deferred outflow of resources- employer contributions subsequent to the measurement date of \$5,545.

The District had a prior period adjustment for Governmental Funds in the amount of (\$234,934). In prior years the General fund was combined with a private purpose trust fund (Zenas Boone) which was broken out separately to properly present the funds in accordance with the GASB codification as of June 30, 2018.

During the year ended June 30, 2018 the Food Service Fund was reclassified from a Business-type activity (Enterprise fund) to a Governmental fund. In prior years this fund received charges for services for student meals and currently no charges are being received as the student nutrition program is being ran by a 3rd party.

NOTE 13. Construction and Other Significant Commitments

The District has committed to the following construction contracts that were not completed as of June 30, 2018, and will continue throughout FY 18/19:

<u>Contract</u>	<u>Year Ending</u>	<u>Amount</u>
Barranca Elementary School	2019	\$ 20,300,000
Mountain Elementary Systems Award	2019	4,581,436
Athletics Field House	2019	5,000,000
Pajarito Window Replacement	2019	700,000
Chamisa Elementary Safety Enhancements	2019	<u>36,385</u>
Total Outstanding Commitments		<u>\$ 30,617,821</u>

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, 2018

NOTE 15. Subsequent Events

The date to which events occurring after June 30, 2018, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is November 9, 2018 which is the date on which the financial statements were available to be issued.

NOTE 16. 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 17. 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
Los Alamos Public Schools
Schedule of Proportionate Share of the Net Pension Liability
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	2018 Measurement Date (As of and for the Year Ended June 30, 2017)	2017 Measurement Date (As of and for the Year Ended June 30, 2016)
Los Alamos Public Schools proportion of the net pension liability (asset)	0.84189%	0.86560%
Los Alamos Public Schools proportionate share of the net pension liability (asset)	\$ 93,563,178	\$ 62,292,329
Los Alamos Public Schools covered-payroll	23,992,338	24,717,550
Los Alamos Public Schools proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	390%	252%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	61.58%

* 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 auditors' report.
See notes to required supplementary information.

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)
0.85983%	0.86523%
\$ 55,693,479	\$ 49,367,686
24,318,885	23,848,938
229%	207%
63.97%	66.54%

See independent auditors' 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*

	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017
Contractually required contribution	\$ 3,361,509	\$ 3,334,935
Contributions in relation to the contractually required contribution	3,361,509	3,334,935
Contribution deficiency (excess)	\$ -	\$ -
Los Alamos Public Schools covered-payroll	24,196,447	23,992,338
Contribution as a percentage of covered payroll	13.89%	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 auditors' report.
 See notes to required supplementary information.

As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 3,435,739	\$ 3,380,325
<u>3,435,739</u>	<u>3,380,325</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
24,717,550	24,318,885
13.90%	13.90%

See independent auditors' report.
See notes to required supplementary information.

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STATE OF NEW MEXICO
Los Alamos Public Schools
Notes to Required Supplementary Information
June 30, 2018

Changes in benefit provisions. There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2017

Changes in assumptions and methods. Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendation made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.5% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Schedule of Proportionate Share of the Net OPEB Liability
 Retiree Health Care OPEB Plan
 Last 10 Fiscal Years*

Schedule B-1

	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
Los Alamos Public School's proportion of the net OPEB liability (asset)	0.55846%
Los Alamos Public School's proportionate share of the net OPEB liability (asset)	\$ 25,307,581
Los Alamos Public School's covered payroll	23,263,474
Los Alamos Public School's proportionate share of the net OPEB liability as a percentage of its covered payroll	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Los Alamos Public Schools is not available prior to fiscal year 2018, the year the statement's requirements became effective.

See independent auditors' report.
 See notes to required supplementary information.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Schedule of Contributions
 Retiree Health Care OPEB Plan
 Last 10 Fiscal Years*

Schedule B-2

	As of and for the Year Ended June 30, 2018
Contractually required contribution	\$ 483,931
Contributions in relation to the contractually required contribution	483,931
Contribution deficiency (excess)	\$ -
Los Alamos Public School's covered payroll	24,195,330
Contribution as a percentage of covered payroll	2.00%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Los Alamos Public School's is not available prior to fiscal year 2018, the year the statement's requirements became effective.

See independent auditors' report.
 See notes to required supplementary information.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
Los Alamos Public Schools
Nonmajor Governmental Fund Descriptions
June 30, 2018

Special Revenue Funds

Food Service (21000) – This fund is used to account for costs of operating a student food program and is financed with the fees paid by program users. Authority for the creation of this fund is the New Mexico Public Education Department.

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. Authority for creation of this fund is 6.20.2 NMAC.

Non-Instructional Support (23000) – To account for budgeted revenues and expenditures which relate to student activities other than athletics. Authority for the creation of this fund is the New Mexico Public Education Department.

Title I- IASA (24101) – Used 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 Schools through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

IDEA-B Entitlement (24106) – To account for a program funded by a Federal grant to assist the schools in providing free appropriate public education to all handicapped children. Authorized by the Individuals with Disabilities Education Act of 2004, Title I, Part B (Public Law 108-446).

IDEA-B Preschool (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 handicapped children from ages three to five. Authorized by the Individuals with Disabilities Education Act of 2004, Title I, Part B (Public Law 108-446).

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, Part A; Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement of 1988, Public Law 100-297, 20 U.S.C. 2911-2952, 2971-2976.

Teacher/Principal Training Recruitment (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.

STATE OF NEW MEXICO
Los Alamos Public Schools
Nonmajor Governmental Fund Descriptions
June 30, 2018

Special Revenue Funds (continued)

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.

Golden Apple Foundation (26163) – To account for a program in which Wells Fargo and Golden Apple Foundation of New Mexico 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) – Grant funds awarded from The Bridge of Southern New Mexico Daniels Fund Grant to expand Early College High Schools throughout New Mexico. Authority for creation of this fund is the New Mexico Public Education Department.

Dual Credit Instructional Materials (27103) – To account for legislative appropriations for dual credit instructional materials. Instructional materials are for courses approved by the NM Higher Education Department and through an approved agreement between the District and a college/university. 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 to be used for library resource acquisitions, including library books for public school libraries. Authority for the creation of this fund is the New Mexico Public Education Department.

NM Reads to Lead K-3 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.

Recruitment Support (27128) – The purpose of this fund appropriated by the State and awarded by the New Mexico Public Education Department is to provide money to allow for expanded recruitment efforts including advertising, bonuses for new teachers, or travel related to recruitment/hiring of new teachers. Authority for the creation of this fund is the New Mexico Public Education Department.

PreK Initiative (27149) – The purpose of this fund is to allow the opportunity for every child to receive a high-quality education program prior to attending Kindergarten. Specifically, for the FY 2017-2018, funds were provided to outfit and establish new classrooms for this start-up program in Los Alamos. Authority for the creation of this fund is the New Mexico Public Education Department.

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STATE OF NEW MEXICO
Los Alamos Public Schools
Nonmajor Governmental Fund Descriptions
June 30, 2018

Special Revenue Funds (continued)

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 Memorial (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.

Capital Projects Funds

Special Capital Outlay – State (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. Authority for the creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2018

Statement A-1

	Special Revenue	Capital Projects	Total
<i>Assets</i>			
Cash and cash equivalents	\$ 1,315,451	\$ -	\$ 1,315,451
Receivables:			
Property taxes	-	-	-
Due from other governments	419,950	217,966	637,916
<i>Total assets</i>	\$ 1,735,401	\$ 217,966	\$ 1,953,367
 <i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	26,660	-	26,660
Due to other funds	368,701	217,966	586,667
<i>Total liabilities</i>	395,361	217,966	613,327
 <i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-
 <i>Fund balances</i>			
Spendable:			
Restricted for:			
Food services	48,525	-	48,525
Extracurricular activities	1,209,822	-	1,209,822
Education	90,246	-	90,246
Unassigned	(8,553)	-	(8,553)
<i>Total fund balances</i>	1,340,040	-	1,340,040
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 1,735,401	\$ 217,966	\$ 1,953,367

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, 2018

Statement A-2

	Special Revenue	Capital Projects	Total
<i>Revenues</i>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	926,341	-	926,341
Federal direct	40,436	-	40,436
Local sources	44,327	-	44,327
State flowthrough	276,326	217,966	494,292
Charges for services	779,467	-	779,467
Investment income	97	-	97
Miscellaneous income	1,000	-	1,000
<i>Total revenues</i>	<u>2,067,994</u>	<u>217,966</u>	<u>2,285,960</u>
<i>Expenditures</i>			
Current:			
Instruction	1,648,116	-	1,648,116
Support services - students	314,818	-	314,818
Support services - instruction	9,487	-	9,487
Support services - general administrati	1,073	-	1,073
Central services	9,550	-	9,550
Operation and maintenance of plant	211	-	211
Food services operations	72,808	-	72,808
Community service operations	44,501	-	44,501
Capital outlay	-	217,966	217,966
<i>Total expenditures</i>	<u>2,100,564</u>	<u>217,966</u>	<u>2,318,530</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(32,570)</u>	<u>-</u>	<u>(32,570)</u>
<i>Other financing sources (uses)</i>			
Transfers in	138,600	-	138,600
<i>Total other financing sources (uses)</i>	<u>138,600</u>	<u>-</u>	<u>138,600</u>
<i>Net change in fund balances</i>	<u>106,030</u>	<u>-</u>	<u>106,030</u>
<i>Fund balances - beginning</i>	1,187,677	-	1,187,677
<i>Fund balances - reclassification (note 12)</i>	46,333	-	46,333
<i>Fund balances - as reclassified</i>	<u>1,234,010</u>	<u>-</u>	<u>1,234,010</u>
<i>Fund balances - end of year</i>	<u>\$ 1,340,040</u>	<u>\$ -</u>	<u>\$ 1,340,040</u>

See independent auditors' report.

STATE OF NEW MEXICO
Los Alamos Public Schools
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Food Service 21000	Athletics 22000	Non- Instructional Support 23000	Title I- IASA 24101
<i>Assets</i>				
Cash and cash equivalents	\$ 48,525	\$ 121,039	\$ 1,089,751	\$ -
Receivables:				
Due from other governments	-	-	-	22,698
<i>Total assets</i>	<u>\$ 48,525</u>	<u>\$ 121,039</u>	<u>\$ 1,089,751</u>	<u>\$ 22,698</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accrued payroll	\$ -	\$ -	\$ 968	\$ 1,551
Due to other funds	-	-	-	21,147
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>968</u>	<u>22,698</u>
<i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
Food services	48,525	-	-	-
Extracurricular activities	-	121,039	1,088,783	-
Education	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>48,525</u>	<u>121,039</u>	<u>1,088,783</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 48,525</u>	<u>\$ 121,039</u>	<u>\$ 1,089,751</u>	<u>\$ 22,698</u>

See independent auditors' report.

IDEA-B Entitlement 24106	IDEA-B Preschool 24109	IDEA-B Early Intervention Services 24112	Teacher/Principal Training & Recruitment 24154	Impact Aid Indian Education 25147	Indian Education Formula Grant 25184
\$ -	\$ -	\$ -	\$ -	\$ 39,310	\$ -
<u>235,213</u>	<u>3,917</u>	<u>-</u>	<u>33,674</u>	<u>-</u>	<u>-</u>
<u>\$ 235,213</u>	<u>\$ 3,917</u>	<u>\$ -</u>	<u>\$ 33,674</u>	<u>\$ 39,310</u>	<u>\$ -</u>
\$ 15,338	\$ -	\$ -	\$ 6,944	\$ -	\$ 2
<u>191,575</u>	<u>3,917</u>	<u>-</u>	<u>26,730</u>	<u>-</u>	<u>3,645</u>
<u>206,913</u>	<u>3,917</u>	<u>-</u>	<u>33,674</u>	<u>-</u>	<u>3,647</u>
-	-	-	-	-	-
-	-	-	-	-	-
28,300	-	-	-	39,310	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,647)</u>
<u>28,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,310</u>	<u>(3,647)</u>
<u>\$ 235,213</u>	<u>\$ 3,917</u>	<u>\$ -</u>	<u>\$ 33,674</u>	<u>\$ 39,310</u>	<u>\$ -</u>

See independent auditors' report.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2018

	LANL Foundation 26113	Golden Apple Foundation 26163	Los Alamos Public School Foundation 26189	Dual Credit Instructional Materials 27103
<i>Assets</i>				
Cash and cash equivalents	\$ 2,319	\$ 370	\$ 13,130	\$ -
Receivables:				
Due from other governments	-	-	-	699
<i>Total assets</i>	<u>\$ 2,319</u>	<u>\$ 370</u>	<u>\$ 13,130</u>	<u>\$ 699</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accrued payroll	\$ 318	\$ -	\$ -	\$ -
Due to other funds	-	-	-	699
<i>Total liabilities</i>	<u>318</u>	<u>-</u>	<u>-</u>	<u>699</u>
<i>Fund balances</i>				
Spendable:				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	2,001	370	13,130	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>2,001</u>	<u>370</u>	<u>13,130</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 2,319</u>	<u>\$ 370</u>	<u>\$ 13,130</u>	<u>\$ 699</u>

See independent auditors' report.

2012 G.O. Bond Student Library Fund 27107	NM Reads to Lead K-3 Initiative 27114	Recruitment Support 27128	PreK Initiative 27149	Early College High School Start-Up 27180	Zenas Boone Memorial 29102	Total
\$ 7	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,315,451
-	87,206	9,550	26,993	-	-	419,950
<u>\$ 7</u>	<u>\$ 87,206</u>	<u>\$ 9,550</u>	<u>\$ 26,993</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,735,401</u>
\$ -	\$ 1,539	\$ -	\$ -	\$ -	\$ -	\$ 26,660
-	79,539	9,550	26,993	4,906	-	368,701
-	81,078	9,550	26,993	4,906	-	395,361
-	-	-	-	-	-	48,525
-	-	-	-	-	-	1,209,822
7	6,128	-	-	-	1,000	90,246
-	-	-	-	(4,906)	-	(8,553)
<u>7</u>	<u>6,128</u>	<u>-</u>	<u>-</u>	<u>(4,906)</u>	<u>1,000</u>	<u>1,340,040</u>
<u>\$ 7</u>	<u>\$ 87,206</u>	<u>\$ 9,550</u>	<u>\$ 26,993</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,735,401</u>

See independent auditors' report.

STATE OF NEW MEXICO
Los Alamos Public Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Food Service 21000	Athletics 22000	Non- Instructional Support 23000	Title I- IASA 24101
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	58,852
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	-	75,017	704,450	-
Investment income	-	-	97	-
Miscellaneous income	-	-	-	-
Total revenues	-	75,017	704,547	58,852
<i>Expenditures</i>				
Current:				
Instruction	-	65,287	699,573	58,852
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Food services operations	72,808	-	-	-
Community service operations	-	-	-	-
Total expenditures	72,808	65,287	699,573	58,852
<i>Excess (deficiency) of revenues over expenditures</i>	(72,808)	9,730	4,974	-
<i>Other financing sources (uses)</i>				
Transfers in	75,000	-	63,600	-
Total other financing sources (uses)	75,000	-	63,600	-
Net change in fund balances	2,192	9,730	68,574	-
<i>Fund balances - beginning</i>	-	111,309	1,020,209	-
<i>Fund balances - reclassification (note 12)</i>	46,333	-	-	-
Fund balances - as reclassified	46,333	111,309	1,020,209	-
Fund balances - end of year	\$ 48,525	\$ 121,039	\$ 1,088,783	\$ -

See independent auditors' report.

IDEA-B Entitlement 24106	IDEA-B Preschool 24109	IDEA-B Early Intervention Services 24112	Teacher/Principal Training & Recruitment 24154	Impact Aid Indian Education 25147	Indian Education Formula Grant 25184
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
822,738	11,077	-	33,674	-	-
-	-	-	-	33,140	7,296
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>822,738</u>	<u>11,077</u>	<u>-</u>	<u>33,674</u>	<u>33,140</u>	<u>7,296</u>
471,678	7,758	-	30,644	-	10,943
311,999	2,819	-	-	-	-
-	500	-	3,030	-	-
1,073	-	-	-	-	-
-	-	-	-	-	-
211	-	-	-	-	-
-	-	-	-	-	-
44,501	-	-	-	-	-
<u>829,462</u>	<u>11,077</u>	<u>-</u>	<u>33,674</u>	<u>-</u>	<u>10,943</u>
<u>(6,724)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,140</u>	<u>(3,647)</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(6,724)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,140</u>	<u>(3,647)</u>
35,024	-	-	-	6,170	-
-	-	-	-	-	-
<u>35,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,170</u>	<u>-</u>
<u>\$ 28,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,310</u>	<u>\$ (3,647)</u>

See independent auditors' report.

STATE OF NEW MEXICO
Los Alamos Public Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	LANL Foundation 26113	Golden Apple Foundation 26163	Los Alamos Public School Foundation 26189	Dual Credit Instructional Materials 27103
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	2,500	995	40,832	-
State flowthrough	-	-	-	4,662
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	2,500	995	40,832	4,662
<i>Expenditures</i>				
Current:				
Instruction	14,090	625	33,982	4,662
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Community service operations	-	-	-	-
Total expenditures	14,090	625	33,982	4,662
<i>Excess (deficiency) of revenues over expenditures</i>	(11,590)	370	6,850	-
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(11,590)	370	6,850	-
<i>Fund balances - beginning</i>	13,591	-	6,280	-
<i>Fund balances - reclassification (note 12)</i>	-	-	-	-
Fund balances - as reclassified	13,591	-	6,280	-
Fund balances - end of year	\$ 2,001	\$ 370	\$ 13,130	\$ -

See independent auditors' report.

2012 G.O. Bond Student Library Fund 27107	NM Reads to Lead K-3 Initiative 27114	Recruitment Support 27128	PreK Initiative 27149	Early College High School Start-Up 27180	Zenas Boone Memorial 29102	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	926,341
-	-	-	-	-	-	40,436
-	-	-	-	-	-	44,327
5,964	229,157	9,550	26,993	-	-	276,326
-	-	-	-	-	-	779,467
-	-	-	-	-	-	97
-	-	-	-	-	1,000	1,000
<u>5,964</u>	<u>229,157</u>	<u>9,550</u>	<u>26,993</u>	<u>-</u>	<u>1,000</u>	<u>2,067,994</u>
-	223,029	-	26,993	-	-	1,648,116
-	-	-	-	-	-	314,818
5,957	-	-	-	-	-	9,487
-	-	-	-	-	-	1,073
-	-	9,550	-	-	-	9,550
-	-	-	-	-	-	211
-	-	-	-	-	-	72,808
-	-	-	-	-	-	44,501
<u>5,957</u>	<u>223,029</u>	<u>9,550</u>	<u>26,993</u>	<u>-</u>	<u>-</u>	<u>2,100,564</u>
<u>7</u>	<u>6,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>(32,570)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,600</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,600</u>
<u>7</u>	<u>6,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>106,030</u>
-	-	-	-	(4,906)	-	1,187,677
-	-	-	-	-	-	46,333
-	-	-	-	(4,906)	-	1,234,010
<u>\$ 7</u>	<u>\$ 6,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,906)</u>	<u>\$ 1,000</u>	<u>\$ 1,340,040</u>

See independent auditors' report.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2018

Statement C-1

	Special Capital Outlay - State 31400	Total
<i>Assets</i>		
Cash and cash equivalents	\$ -	\$ -
Receivables:		
Property taxes	-	-
Due from other governments	217,966	217,966
Due from other funds	-	-
<i>Total assets</i>	\$ 217,966	\$ 217,966
 <i>Liabilities, deferred inflows of resources, and fund balances</i>		
<i>Liabilities</i>		
Accounts payable	\$ -	\$ -
Due to other funds	217,966	217,966
<i>Total liabilities</i>	217,966	217,966
 <i>Deferred inflows of resources</i>		
Unavailable revenue - property taxes	-	-
<i>Total deferred inflows of resources</i>	-	-
 <i>Fund balances</i>		
Spendable:		
Restricted for:		
Capital acquisitions and improvements	-	-
<i>Total fund balances</i>	-	-
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 217,966	\$ 217,966

See independent auditors' report.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Project Funds
 For the Year Ended June 30, 2018

	Special Capital Outlay - State 31400	Total
<i>Revenues</i>	<u> </u>	<u> </u>
Property taxes	\$ -	\$ -
Intergovernmental revenue:		
Federal flowthrough	-	-
Federal direct	-	-
Local sources	-	-
State flowthrough	217,966	217,966
State direct	-	-
Charges for services	-	-
Investment income	-	-
Miscellaneous income	-	-
<i>Total revenues</i>	<u>217,966</u>	<u>217,966</u>
<i>Expenditures</i>		
Current:		
Instruction	-	-
Support services - students	-	-
Support services - instruction	-	-
Support services - general administration	-	-
Support services - school administration	-	-
Central services	-	-
Operation and maintenance of plant	-	-
Student transportation	-	-
Food services operations	-	-
Capital outlay	217,966	217,966
<i>Total expenditures</i>	<u>217,966</u>	<u>217,966</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>		
Bond proceeds	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATE OF NEW MEXICO
Los Alamos Public Schools
Combining Balance Sheet
General Fund
June 30, 2018

Statement E-1

	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 2,074,439	\$ 20,556	\$ 126,936	\$ 2,221,931
Investments	41,893	-	-	41,893
Receivables:				
Property taxes	4,223	-	-	4,223
Inventory	168,438	-	-	168,438
Due from other funds	466,903	-	-	466,903
<i>Total assets</i>	<u>\$ 2,755,896</u>	<u>\$ 20,556</u>	<u>\$ 126,936</u>	<u>\$ 2,903,388</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 244,398	\$ -	\$ -	\$ 244,398
Accrued payroll	1,147,879	8,550	-	1,156,429
Due to other funds	31,022	-	-	31,022
<i>Total liabilities</i>	<u>1,423,299</u>	<u>8,550</u>	<u>-</u>	<u>1,431,849</u>
 <i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	404	-	-	404
<i>Total deferred inflows of resources</i>	<u>404</u>	<u>-</u>	<u>-</u>	<u>404</u>
 <i>Fund Balances</i>				
<i>Nonspendable:</i>				
Inventory	168,438	-	-	168,438
<i>Spendable:</i>				
<i>Restricted for:</i>				
Transportation	-	12,006	-	12,006
Instructional materials	-	-	126,936	126,936
<i>Committed for:</i>				
Subsequent year's expenditures	777,885	-	-	777,885
Unassigned	385,870	-	-	385,870
<i>Total fund balances</i>	<u>1,332,193</u>	<u>12,006</u>	<u>126,936</u>	<u>1,471,135</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ 2,755,896</u>	 <u>\$ 20,556</u>	 <u>\$ 126,936</u>	 <u>\$ 2,903,388</u>

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, 2018

Statement E-2

	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000	Total
<i>Revenues</i>				
Property taxes	\$ 258,152	\$ -	\$ -	\$ 258,152
Intergovernmental revenue:				
Federal direct	8,401,666	-	-	8,401,666
Local sources	41,098	-	-	41,098
State flowthrough	10,855	-	-	10,855
State direct	27,661,951	-	121,212	27,783,163
Transportation distribution	-	674,256	-	674,256
Charges for services	283,726	-	-	283,726
Investment income	45,957	-	-	45,957
<i>Total revenues</i>	<u>36,703,405</u>	<u>674,256</u>	<u>121,212</u>	<u>37,498,873</u>
<i>Expenditures</i>				
Current:				
Instruction	21,205,923	-	58,306	21,264,229
Support services - students	3,997,580	-	-	3,997,580
Support services - instruction	1,386,667	-	-	1,386,667
Support services - general administration	869,060	-	-	869,060
Support services - school administration	2,014,156	-	-	2,014,156
Central services	1,615,478	-	-	1,615,478
Operation and maintenance plant	5,467,105	-	-	5,467,105
Student transportation	274,223	659,736	-	933,959
Community services operations	1,303	-	-	1,303
<i>Total expenditures</i>	<u>36,831,495</u>	<u>659,736</u>	<u>58,306</u>	<u>37,549,537</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(128,090)</u>	<u>14,520</u>	<u>62,906</u>	<u>(50,664)</u>
<i>Other financing sources (uses):</i>				
Transfers in	800,071	-	-	800,071
<i>Total other financing sources (uses)</i>	<u>800,071</u>	<u>-</u>	<u>-</u>	<u>800,071</u>
<i>Net change in fund balances</i>	671,981	14,520	62,906	749,407
<i>Fund balances - as originally stated</i>	895,146	(2,514)	64,030	956,662
<i>Fund balances - restatement (note 12)</i>	<u>(234,934)</u>	<u>-</u>	<u>-</u>	<u>(234,934)</u>
<i>Fund balances - beginning</i>	<u>660,212</u>	<u>(2,514)</u>	<u>64,030</u>	<u>721,728</u>
<i>Fund balances - end of year</i>	<u>\$ 1,332,193</u>	<u>\$ 12,006</u>	<u>\$ 126,936</u>	<u>\$ 1,471,135</u>

See independent auditors' report.

STATE OF NEW MEXICO

Statement E-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, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 248,799	\$ 248,799	\$ 256,794	\$ 7,995
Intergovernmental revenue:				
Federal direct	8,357,046	8,358,804	8,401,666	42,862
Local sources	20,134	20,134	41,098	20,964
State flowthrough	-	-	53,363	53,363
State direct	27,615,380	27,736,908	27,661,951	(74,957)
Transportation distribution	-	-	-	-
Charges for services	285,734	1,085,734	283,726	(802,008)
Investment income	12,000	12,000	45,957	33,957
Miscellaneous	-	-	-	-
Total revenues	36,539,093	37,462,379	36,744,555	(717,824)
<i>Expenditures</i>				
Current:				
Instruction	21,717,755	21,582,287	21,235,887	346,400
Support services - students	3,990,699	4,490,699	4,011,368	479,331
Support services - instruction	1,238,132	1,297,632	1,386,667	(89,035)
Support services - general administration	964,002	964,002	876,646	87,356
Support services - school administration	2,177,506	2,177,506	2,014,156	163,350
Central services	1,582,106	1,676,806	1,627,114	49,692
Operation and maintenance of plant	4,881,599	5,237,399	5,363,122	(125,723)
Student transportation	291,626	291,626	275,257	16,369
Other support services	25,115	142,869	-	142,869
Community services operations	81,627	12,627	1,303	11,324
Total expenditures	36,950,167	37,873,453	36,791,520	1,081,933
<i>Excess (deficiency) of revenues over expenditures</i>	(411,074)	(411,074)	(46,965)	364,109
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	411,074	411,074	-	(411,074)
Transfers in	-	-	800,071	800,071
Total other financing sources (uses)	411,074	411,074	800,071	388,997
<i>Net change in fund balance</i>	-	-	753,106	753,106
<i>Fund balance - beginning of year</i>	-	-	777,885	777,885
<i>Fund balance - restatement (note 12)</i>	-	-	(126,657)	(126,657)
<i>Fund balance - beginning as restated</i>	-	-	651,228	651,228
Fund balance - end of year	\$ -	\$ -	\$ 1,404,334	\$ 1,404,334
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 753,106
Adjustments to revenues for taxes and intergovernmental revenue				(41,150)
Adjustments to expenditures for supplies and payroll expenditures				(39,975)
Net change in fund balance (GAAP Basis)				\$ 671,981

See independent auditors' report.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Pupil 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, 2018

Statement E-4

	<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 sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	674,106	674,106	674,256	150
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	674,106	674,106	674,256	150
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	674,106	674,106	661,013	13,093
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	674,106	674,106	661,013	13,093
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	13,243	13,243
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balance</i>	-	-	13,243	13,243
<i>Fund balance - beginning of year</i>	-	-	(1,237)	(1,237)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 12,006	\$ 12,006
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 13,243
No adjustments to revenues				-
Adjustments to expenditures for student transportation				1,277
Net change in fund balance (GAAP Basis)				\$ 14,520

See independent auditors' report.

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, 2018

Statement E-5

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	102,860	102,860	121,212	18,352
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	102,860	102,860	121,212	18,352
<i>Expenditures</i>				
Current:				
Instruction	102,860	102,860	58,306	44,554
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	102,860	102,860	58,306	44,554
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	62,906	62,906
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balance</i>	-	-	62,906	62,906
<i>Fund balance - beginning of year</i>	-	-	64,030	64,030
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 126,936	\$ 126,936
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 62,906
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balance (GAAP Basis)</i>				\$ 62,906

See independent auditors' report.

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Schedule of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2018

Schedule I

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
High School Athletics Concession Fund	<u>\$ 18,829</u>	<u>\$ 26,213</u>	<u>\$ 40,597</u>	<u>\$ 4,445</u>
Totals	<u><u>\$ 18,829</u></u>	<u><u>\$ 26,213</u></u>	<u><u>\$ 40,597</u></u>	<u><u>\$ 4,445</u></u>

STATE OF NEW MEXICO
Los Alamos Public Schools
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2018

Schedule II

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2018</u>
Los Alamos National Bank				
	FHMS K049 A2-20% pledged	7/25/2025	3137BLMZ8	\$ 1,973,190
	FHMS K049 A2-30% pledged	7/25/2025	3137BLMZ8	2,959,785
	FHMS K049 A2-15% pledged	7/25/2025	3137BLMZ8	1,479,892
	FHMS K049 A2-5% pledged	7/25/2025	3137BLMZ8	493,297
	FHMS K052 A2- 50% pledged	11/25/2025	3137BMTX4	4,972,377
	FHMS K052 A2- 30% pledged	11/25/2025	3137BMTX4	2,983,426
	FHMS K052 A2- 20% pledged	11/25/2025	3137BMTX4	1,988,951
	FHMS K055 A2- 80% pledged	3/25/2026	3131BPW21	3,835,396
	FHMS K055 A2- 20% pledged	3/25/2026	3131BPW21	958,849
Total Los Alamos National Bank				<u>21,645,163</u>
Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank Dallas, TX				
Sunflower Bank First National Bank 1870				
	FNR 2014-26 VA	9/25/2025	3136AJC46	3,384,328
	FHR 4337 BA	2/15/2046	3137BBA91	3,368,981
	FHR 4390 CA	6/15/2050	3137BDX76	3,268,343
	FHR 4555 CP	4/15/2045	3137BN4M3	4,076,121
	FHR 4622 KB	1/15/2055	3137BSEB5	2,591,970
	FHR 4698 DA	5/15/2045	3137F1XE3	4,289,808
Total Sunflower Bank First National Bank 1870				<u>20,979,551</u>
Name and location of safekeeper for above pledged collateral: Vinning Sparks, Memphis, TN				
New Mexico Bank and Trust				
	SBA PC VAR QTRLY ADJ	1/25/2026	83165AML5	421,729
	SBA PC VAR QTRLY ADJ	11/25/2027	83165AT3B	549,848
Total New Mexico Bank and Trust				<u>971,577</u>
Name and location of safekeeper for above pledged collateral: Suntrust Bank, Atlanta				
<i>Total collateral pledged</i>				<u>\$ 43,596,291</u>

See independent auditors' report.

STATE OF NEW MEXICO
Los Alamos Public Schools
Schedule of Deposits and Investments
June 30, 2018

<u>Bank Account Type/ Name</u>	<u>Sunflower/ First National Bank 1870</u>	<u>Los Alamos National Bank</u>
Cash Deposits:		
Checking - Bond Building	\$ 3,392,947	\$ 2,730,280
Checking - HB-33	4,883,158	-
Checking - Leased Facilities	6,022,466	-
Checking - Zenus Boone Estate	316,662	-
Checking - AP Clearing	-	191,482
Checking - Payroll Clearing	-	731,266
Checking - Operational	-	2,608,441
Checking - Concession (Agency)	-	4,445
Checking - Debt Service	-	5,999,766
Certificate of Deposit - HB-33 *	2,555,182	-
Certificate of Deposit - Leased Facilities *	1,516,210	924,622
Certificate of Deposit - Leased Facilities *	537,235	-
Certificate of Deposit - Leased Facilities *	1,023,785	-
Certificate of Deposit- Bond Building *	-	-
Money Market- Bond Building *	-	-
Money Market- Operational *	-	-
U.S. Treasury- Bond Building *	-	-
	<hr/>	<hr/>
Total Cash Deposits	20,247,645	13,190,302
Total Deposits and Investments	20,247,645	13,190,302
Reconciling items	-	(47,263)
Plus: Cash on hand	<hr/>	<hr/>
<i>Reconciled balance June 30, 2018</i>	<u>\$ 20,247,645</u>	<u>\$ 13,143,039</u>

* represents investments

Reconciliation to financial statements:

Cash and cash equivalents:

Government-wide statement of net position - Exhibit A-1

Investments:

Government-wide statement of net position - Exhibit A-1

Restricted cash and cash equivalents:

Government-wide statement of net position - Exhibit A-1

Cash and cash equivalents:

Statement of fiduciary net position agency funds - Exhibit E-1

Investments:

Statement of fiduciary net position agency funds - Exhibit E-1

Cash and cash equivalents per Financial Statements

See independent auditors' report.

<u>New Mexico Bank & Trust</u>	<u>Los Alamos Credit Union</u>	<u>Charles Schwab</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 6,123,227
-	-	-	4,883,158
-	-	-	6,022,466
-	-	-	316,662
-	-	-	191,482
-	-	-	731,266
-	152	-	2,608,593
-	-	-	4,445
-	-	-	5,999,766
-	-	-	2,555,182
-	-	-	2,440,832
-	-	-	537,235
-	-	-	1,023,785
1,148,834	-	5,500,000	6,648,834
-	-	535,903	535,903
-	-	41,893	41,893
-	-	1,000,000	1,000,000
1,148,834	152	7,077,796	41,664,729
1,148,834	152	7,077,796	41,664,729
-	-	-	(47,263)
			3,185
<u>\$ 1,148,834</u>	<u>\$ 152</u>	<u>\$ 7,077,796</u>	<u>\$ 41,620,651</u>

\$ 20,516,115

14,783,663

5,999,766

4,445

316,662

\$ 41,620,651

See independent auditors' report.

STATE OF NEW MEXICO
 Los Alamos Public Schools
 Schedule of Deposits and Investments
 June 30, 2018

Component Unit

<u>Bank Account Type/ Name</u>	<u>Los Alamos National Bank</u>	<u>Los Alamos Credit Union</u>
Cash Deposits:		
Checking - Regular	\$ 10,390	\$ 11,189
Checking - Savings	5,154	-
Checking - Restricted	96,612	-
	<hr/>	<hr/>
Total Cash Deposits	112,156	11,189
Investments	<hr/> -	<hr/> -
Total Deposits and Investments	<hr/> 112,156	<hr/> 11,189
Reconciling items	<hr/> (9,004)	<hr/> -
<i>Reconciled balance June 30, 2018</i>	<hr/> <u>\$ 103,152</u>	<hr/> <u>\$ 11,189</u>

Reconciliation to financial statements:
 Cash and cash equivalents:
 Government-wide statement of net position - Exhibit A-1
 Investments:
 Government-wide statement of net position - Exhibit A-1
 Restricted Cash and cash equivalents:
 Government-wide statement of net position - Exhibit A-1

Cash, investments and cash equivalents per Financial Statements

See independent auditors' report.

<u>Edward Jones</u>	<u>Total</u>
\$ -	\$ 21,579
-	5,154
-	96,612
-	123,345
<u>276,279</u>	<u>276,279</u>
<u>276,279</u>	<u>399,624</u>
-	(9,004)
<u>\$ 276,279</u>	<u>\$ 390,620</u>

\$ 17,729
276,279
<u>96,612</u>
<u>\$ 390,620</u>

See independent auditors' report.

STATE OF NEW MEXICO
Los Alamos Public Schools
Cash Reconciliation
For the Year Ended June 30, 2018

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Audited Cash June 30, 2017	\$ 1,110,419	\$ 2,836	\$ 64,030	\$ 46,333
Add:				
2017-2018 receipts	36,744,555	674,256	121,212	-
Transfers from other sources	800,071	-	-	75,000
Total cash available	<u>38,655,045</u>	<u>677,092</u>	<u>185,242</u>	<u>121,333</u>
Less:				
2017-2018 expenditures	<u>(36,880,863)</u>	<u>(661,013)</u>	<u>(58,306)</u>	<u>(72,808)</u>
Total Cash	<u>1,774,182</u>	<u>16,079</u>	<u>126,936</u>	<u>48,525</u>
Add / Less:				
Prior Year Auditor Error	197,620	-	-	-
Adjustment	(234,934)	-	-	-
Negative cash loans from (to)	(28,989)	-	-	-
Change in Payroll Accruals	408,453	4,477	-	-
<i>Cash per financial statement</i>	<u><u>\$ 2,116,332</u></u>	<u><u>\$ 20,556</u></u>	<u><u>\$ 126,936</u></u>	<u><u>\$ 48,525</u></u>

See independent auditors' report.

Athletics 22000	Non-Instructional Support 23000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000
\$ 111,872	\$ 1,028,486	\$ 6,897	\$ 6,170	\$ 20,668	\$ -
75,018	704,537	962,319	44,982	44,327	238,068
-	63,600	-	-	-	-
186,890	1,796,623	969,216	51,152	64,995	238,068
(65,851)	(707,346)	(926,421)	(10,943)	(49,494)	(270,191)
121,039	1,089,277	42,795	40,209	15,501	(32,123)
-	-	12,784	-	-	-
-	-	-	-	-	-
-	-	(72,794)	(899)	-	35,502
-	474	17,215	-	318	(3,372)
<u>\$ 121,039</u>	<u>\$ 1,089,751</u>	<u>\$ -</u>	<u>\$ 39,310</u>	<u>\$ 15,819</u>	<u>\$ 7</u>

See independent auditors' report.

STATE OF NEW MEXICO
Los Alamos Public Schools
Cash Reconciliation
For the Year Ended June 30, 2018

	Local or state 29000	Bond Building 31100	Capital Improvements SB-9 31400	Capital Improvements HB-33 31600
Audited Cash June 30, 2017	\$ -	\$ 8,956,008	\$ -	\$ 6,714,609
Add:				
2017-2018 receipts	1,000	6,890,030	157,034	2,338,518
Transfers from other sources	-	-	-	-
Total cash available	<u>1,000</u>	<u>15,846,038</u>	<u>157,034</u>	<u>9,053,127</u>
Less:				
2017-2018 expenditures	-	(1,538,073)	(217,966)	(1,561,862)
Total Cash	<u>1,000</u>	<u>14,307,965</u>	<u>(60,932)</u>	<u>7,491,265</u>
Add / Less:				
Prior Year Auditor Error	-		-	-
Adjustment	-	-	-	-
Negative cash loans from (to)	-	-	60,932	-
Change in Payroll Accruals	-	-	-	-
<i>Cash per financial statement</i>	<u>\$ 1,000</u>	<u>\$ 14,307,965</u>	<u>\$ -</u>	<u>\$ 7,491,265</u>

See independent auditors' report.

Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701	Debt Service 41000	Total
\$ -	\$ -	\$ 5,686,149	\$ 23,754,477
-	-	6,333,851	55,329,707
-	-	-	938,671
-	-	12,020,000	80,022,855
-	-	(6,020,234)	(49,041,371)
-	-	5,999,766	30,981,484
-	-	-	210,404
-	-	-	(234,934)
-	-	-	(6,248)
-	-	-	427,565
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,999,766</u>	<u>\$ 31,378,271</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

Board of Education and Management
Los Alamos Public Schools
Wayne Johnson
New Mexico State Auditor
U.S. Office of Management and Budget
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 of Los Alamos Public Schools (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 9, 2018.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 certain matters 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 2018-001 and 2018-002.

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.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC
Albuquerque, New Mexico
November 9, 2018

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FEDERAL FINANCIAL ASSISTANCE

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

INDEPENDENT AUDITORS' REPORT

Board of Education and Management
Los Alamos Public Schools
Wayne Johnson
New Mexico State Auditor
U.S. Office of Management and Budget
Los Alamos, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Los Alamos Public Schools (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are 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 each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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 each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Major Federal Program

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

Report on Internal Control Over Compliance

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



Cordova CPAs LLC
Albuquerque, New Mexico
November 9, 2018

STATE OF NEW MEXICO
Los Alamos Public Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

<u>Federal Grantor or Pass-Through Grantor / Program Title</u>	<u>Pass Thru Number</u>	<u>Federal CFDA Number</u>	<u>Federal 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 *	\$ -	\$ -
<i>Total U.S. Department of Energy</i>			<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	\$ 46,637	\$ -	\$ -
<i>Total U.S. Department Defense</i>			<u>46,637</u>	<u>-</u>	<u>-</u>
U.S. Department of Education					
<i>Passed through New Mexico Public Education Department</i>					
IDEA-B Entitlement	24106	84.027	(1) 829,462 *	-	-
IDEA-B Preschool	24109	84.173	(1) 11,077 *	-	-
IDEA-B Early Intervention	24112	84.027	(1) - *	-	-
<i>Total IDEA Cluster</i>			<u>840,539</u>	<u>-</u>	<u>-</u>
Title I - IASA	24101	84.010	58,852	-	-
Teacher/ Principal Training /Recruiting	24154	84.367A	33,674	-	-
<i>Subtotal - Passed through New Mexico Public Education Department</i>			<u>933,065</u>	<u>-</u>	<u>-</u>
<i>Direct U.S. Department of Education</i>					
Impact Aid - General Fund	11000	84.041	397,160	-	-
Indian Education Grants to Local Educational Agencies- Formula	25184	84.041	10,943	-	-
<i>Subtotal - Direct U.S. Department of Education</i>			<u>408,103</u>	<u>-</u>	<u>-</u>
<i>Total U.S. Department of Education</i>			<u>1,341,168</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture					
<i>Federal Direct Payments</i>					
Forest Reserve	11000	10.665	4,506	-	-
<i>Total U.S. Department of Agriculture</i>			<u>4,506</u>	<u>-</u>	<u>-</u>
<i>Total Federal Financial Assistance</i>			<u>\$ 9,392,311</u>	<u>\$ -</u>	<u>\$ -</u>

* Denotes Major Federal Financial Assistance 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**1 Basis of Presentation**

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

2 Loans

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

3 10% de minimus Indirect Cost Rate

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

4 Federally Funded Insurance

The District has no federally funded insurance.

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STATE OF NEW MEXICO
 Los Alamos Public Schools
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2018

SECTION I - 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. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 2. Type of auditors' report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | None noted |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
Public Law 108-375 84.027 and 84.173	DOE Assistance Grant Special Education Cluster

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

STATE OF NEW MEXICO
Los Alamos Public Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted

SECTION III - FEDERAL AWARD FINDINGS

None noted

SECTION IV – SECTION 12-6-5 NMSA FINDINGS

2018-001 Capital Assets – (Finding that does not rise to the level of significant deficiency)

Condition: Beginning cost balances and accumulated depreciation which is maintained by the District’s software did not roll forward from the prior year properly. Adjustments were made during the year to account for the difference in the beginning balances, however these adjustments were immaterial but necessary for proper roll forward of capital assets. The District is working with the accounting software provider to ensure this issue is resolved in subsequent years.

Criteria: According to NMAC 2.20.1.8 (A) Fixed Asset Accounting System- Agencies should implement systematic and well documented methods for accounting for fixed assets. A computerized system with appropriate controls on access and authorizations of transactions should be implemented.

Effect: The District’s cost and accumulated depreciation balances required a net book value adjustment of \$1,060,181.

Cause: When a year is closed out in the accounting software system it is unknown to management or representatives from the software company why ending balances do not roll to subsequent year beginning balances. In addition, there was a lack of communication during the audit process in the prior year that potentially resulted in erroneous balances in the prior year financial statements.

Auditors’ Recommendations: We recommend that the District review its internal controls over capital assets to include verification of cost and accumulated depreciation on a timely basis and we also recommend that the system edits be limited to only individuals that are involved in the accounting process and changes be made for appropriate circumstances only.

Agency’s Response: Review of the Fixed Assets Module in our financial system has begun and will continue for the next few months. If necessary, we will establish a better system that is more easily managed, before end of fiscal year 2018-2019. The Assistant Superintendent of Finance and Operations and Comptroller will monitor this plan.

STATE OF NEW MEXICO
Los Alamos Public Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION IV – SECTION 12-6-5 NMSA FINDINGS (continued)

2018-002 Credit Cards – (Finding that does not rise to the level of significant deficiency)

Condition: During our fieldwork, we noted that the District's was missing receipts for credit card transactions in the amount of \$186.81.

Criteria: Per New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, “the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction.” Additionally, “all verified items or services should be recorded on the receiving document or other recording instrument (i.e., electronic file)”, and “upon verifying and recording the receipt of all the items or services ordered, the receiving document or recording instrument shall be manually or electronically signed by authorized receiving personnel and processed for payment according to procedures established by school District or charter school boards’ of education local procedures.” Relevant statutes include 13-1-157 and 13-1-158 NMSA 1978.

Effect: The District could potentially be paying for unauthorized items and misappropriation of cash could occur.

Cause: Employees of the District who are authorized for credit card are not consistently turning in receipts for all purchases and management who reviews are not communicating the importance of proper support for all transactions.

Auditors' Recommendation: We recommend that the District require all receipts be turned in timely after use of credit cards to support the cash disbursements. In addition, it may require a reminder to principals and other members of management the importance of obtaining supporting documentation for authorized purchases.

Agency's Response: The Accounts Payable staff have been reminded that appropriate support documentation is required prior to payments being made. This particular finding was due to an unusual set of circumstances, however, more oversight will occur going forward. The Assistant Superintendent of Finance and Operations and Comptroller will monitor this plan. Subsequent to the Exit Conference in November, it has been communicated to the department using credit cards that they should follow this process going forward - **Upon receipt of a billing statement from the credit card company, credit card users will have 15 days to supply a Payment Authorization along with the original receipts to Accounts Payable.** At the beginning of the next fiscal year when "back to school training occurs", there will be a reminder of the importance of providing original credit card receipts for reconciliation of credit card billing statements.

STATE OF NEW MEXICO
Los Alamos Public Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Schedule VI

SECTION V PRIOR YEAR AUDIT FINDINGS

NM 2016-001 Budgetary Controls (Other Noncompliance) – Resolved

NM 2017-001 Pledged Collateral (Other Noncompliance) Resolved

STATE OF NEW MEXICO
Los Alamos Public Schools
Other Disclosures
June 30, 2018

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 9, 2018. In attendance were the following:

Representing Los Alamos Public Schools:

Jenny McCumber – Board President
Dr. Kurt Steinhaus – Superintendent
Lisa Montoya – Assistant Superintendent of Finance and Operations
Teresa Gatewood – Comptroller
Lorraine Hartway, CPA – Audit Committee

Representing Los Alamos Public Schools Foundation:

Lorraine Hartway, CPA – Board Member
Laura Loy – Director

Representing Cordova CPAs LLC:

Robert Cordova, CPA – Principal

Auditor Prepared Financial Statements

Cordova CPAs LLC prepared the GAAP-basis financial statements and footnotes of Los Alamos Public Schools from the original books and records asserted by management. The responsibility for the financial statements remains with Los Alamos Public Schools.