

Los Alamos Public Schools  
Financial Statements  
For the Year Ended June 30, 2019



**Los Alamos**  
PUBLIC SCHOOLS

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**STATE OF NEW MEXICO**  
 Los Alamos Public Schools  
 June 30, 2019  
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**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
June 30, 2019

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Ellen Ben-Naim		President
Stephen Boerigter		Vice President
Jenny McCumber		Member
Andrea Cunningham		Member
Bill Hargraves		Member
	<u>Administrative Officials</u>	
Dr. Kurt Steinhaus		Superintendent
Teresa Gatewood		Business Manager

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## INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq  
New Mexico State Auditor  
U.S. Office of Management and Budget  
Board of Education and Management  
Los Alamos Public Schools  
Los Alamos, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund of Los Alamos Public Schools (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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, 2019, 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 68 through 75 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 13, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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 13, 2019

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**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Statement of Net Position  
June 30, 2019

	<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 5,795,418	\$ 2,997,286	\$ 8,792,704	\$ 30,096
Investments	10,952,444	8,741,772	19,694,216	-
Receivables:				
Property taxes	113,365	-	113,365	-
Due from other governments	517,441	454,377	971,818	-
Internal balances	279,451	(279,451)	-	-
Inventory	168,438	-	168,438	-
	17,826,557	11,913,984	29,740,541	30,096
Total current assets				
Noncurrent assets				
Restricted cash and cash equivalents	6,701,620	-	6,701,620	58,764
Investments	-	-	-	334,855
Capital assets	185,788,427	-	185,788,427	515
Less: accumulated depreciation	(43,846,478)	-	(43,846,478)	(464)
	148,643,569	-	148,643,569	393,670
Total noncurrent assets				
	166,470,126	11,913,984	178,384,110	423,766
<i>Total assets</i>				
<b>Deferred outflows of resources</b>				
Deferred outflows- pension	26,316,589	274,262	26,590,851	-
Deferred outflows- OPEB	883,561	15,171	898,732	-
	27,200,150	289,433	27,489,583	-
<i>Total deferred outflows of resources</i>				
	\$ 193,670,276	\$ 12,203,417	205,873,693	\$ 423,766
<i>Total assets and deferred outflows of resources</i>				

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

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 165,970	\$ 81	166,051	\$ -
Accrued payroll	994,880	16,862	1,011,742	2,173
Accrued interest	352,245	-	352,245	-
Accrued compensated absences	348,845	-	348,845	-
Current portion of bonds payable	5,050,000	-	5,050,000	-
<b>Total current liabilities</b>	<b>6,911,940</b>	<b>16,943</b>	<b>6,928,883</b>	<b>2,173</b>
Noncurrent liabilities				
Accrued compensated absences	76,037	-	76,037	-
Bonds payable	26,230,000	-	26,230,000	-
Bond premium, net of accumulated amortization of \$698,378	867,004	-	867,004	-
Net pension liability	101,602,927	1,317,732	102,920,659	-
Net OPEB liability	24,361,441	277,207	24,638,648	-
<b>Total noncurrent liabilities</b>	<b>153,137,409</b>	<b>1,594,939</b>	<b>154,732,348</b>	<b>-</b>
<b>Total liabilities</b>	<b>160,049,349</b>	<b>1,611,882</b>	<b>161,661,231</b>	
<b>Deferred inflows of resources</b>				
Deferred inflows- pension	2,643,914	28,417	2,672,331	-
Deferred inflows- OPEB	6,285,573	80,600	6,366,173	-
<b>Total deferred inflows of resources</b>	<b>8,929,487</b>	<b>109,017</b>	<b>9,038,504</b>	<b>-</b>
<b>Net position</b>				
Net investment in capital assets	117,379,501	-	117,379,501	-
Restricted for:				
Debt service	6,429,745	-	6,429,745	-
Capital projects	6,630,309	-	6,630,309	-
Special revenue	1,392,165	-	1,392,165	-
Scholarships & endowments	-	-	-	393,619
Unrestricted	(107,140,280)	10,482,518	(96,657,762)	27,974
<b>Total net position</b>	<b>24,691,440</b>	<b>10,482,518</b>	<b>35,173,958</b>	<b>421,593</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 193,670,276</b>	<b>\$ 12,203,417</b>	<b>205,873,693</b>	<b>\$ 423,766</b>

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, 2019

<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>
<b>Primary government:</b>				
<b>Governmental Activities:</b>				
Instruction	\$ 34,103,888	\$ 580,964	\$ 6,176,957	\$ 1,107,616
Support services - students	5,611,283	95,589	1,016,326	182,242
Support services - instruction	2,264,215	38,571	410,099	73,537
Support services - general administration	1,104,019	18,807	199,962	35,856
Support services - school administration	2,772,916	47,237	502,235	90,058
Central services	6,150,947	104,782	1,114,070	199,769
Operation and maintenance of plant	6,277,815	106,943	1,137,049	203,889
Student transportation	1,118,244	-	517,171	-
Food services operations	123,647	-	3,647	-
Community services operations	52,836	900	9,570	1,716
Interest and other charges	767,124	-	-	-
<i>Total governmental activities</i>	<u>60,346,934</u>	<u>993,793</u>	<u>11,087,086</u>	<u>1,894,683</u>
<b>Business-type activities:</b>				
Leased facilities	<u>3,054,079</u>	<u>3,782,108</u>	<u>-</u>	<u>-</u>
<i>Total business-type activities</i>	<u>3,054,079</u>	<u>3,782,108</u>	<u>-</u>	<u>-</u>
<i>Total Primary Government</i>	<u>\$ 63,401,013</u>	<u>\$ 4,775,901</u>	<u>\$ 11,087,086</u>	<u>\$ 1,894,683</u>
<b>Component Unit:</b>				
Los Alamos Education Foundation	<u>\$ 233,206</u>	<u>\$ 61,237</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

Donations

Total general revenues

Change in net position

Net position, beginning

*Net position, ending*

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

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (26,238,351)	\$ -	\$ (26,238,351)	\$ -
(4,317,126)	-	(4,317,126)	-
(1,742,008)	-	(1,742,008)	-
(849,394)	-	(849,394)	-
(2,133,386)	-	(2,133,386)	-
(4,732,326)	-	(4,732,326)	-
(4,829,934)	-	(4,829,934)	-
(601,073)	-	(601,073)	-
(120,000)	-	(120,000)	-
(40,650)	-	(40,650)	-
(767,124)	-	(767,124)	-
<u>(46,371,372)</u>	<u>-</u>	<u>(46,371,372)</u>	<u>-</u>
-	728,029	728,029	-
-	728,029	728,029	-
<u>\$ (46,371,372)</u>	<u>\$ 728,029</u>	<u>\$ (45,643,343)</u>	<u>-</u>
			<u>(171,969)</u>
264,778	-	264,778	-
6,603,685	-	6,603,685	-
2,388,329	-	2,388,329	-
28,663,011	-	28,663,011	-
273,236	41,221	314,457	30,460
(93,642)	-	(93,642)	-
-	-	-	(1,765)
10,878	-	10,878	-
183,600	(183,600)	-	-
-	-	-	176,643
<u>38,293,875</u>	<u>(142,379)</u>	<u>38,151,496</u>	<u>205,338</u>
(8,077,497)	585,650	(7,491,847)	33,369
<u>32,768,937</u>	<u>9,896,868</u>	<u>42,665,805</u>	<u>388,224</u>
<u>\$ 24,691,440</u>	<u>\$ 10,482,518</u>	<u>\$ 35,173,958</u>	<u>\$ 421,593</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, 2019

	<b>General Fund 11000, 13000, 14000</b>	<b>Bond Building Capital Projects Fund 31100</b>	<b>Capital Improvements HB-33 Capital Projects Fund 31600</b>
<i>Assets</i>			
Cash and cash equivalents	\$ 1,095,639	\$ 2,208,725	\$ 1,094,434
Investments	-	5,384,424	5,568,020
Receivables:			
Property taxes	3,616	-	29,379
Due from other governments	40,958	-	-
Inventory	168,438	-	-
Due from other funds	774,382	-	-
<i>Total assets</i>	<u>\$ 2,083,033</u>	<u>\$ 7,593,149</u>	<u>\$ 6,691,833</u>
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 85,990	\$ 8,494	\$ 61,524
Accrued payroll	984,199	-	-
Due to other funds	34,537	99	-
<i>Total liabilities</i>	<u>1,104,726</u>	<u>8,593</u>	<u>61,524</u>
<i>Fund balances</i>			
Nonspendable:			
Inventory	168,438	-	-
Spendable:			
Restricted for:			
Instructional materials	1	-	-
Food services	-	-	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	7,584,556	6,630,309
Debt service	-	-	-
Committed for:			
Subsequent year's expenditures	810,360	-	-
Unassigned	(492)	-	-
<i>Total fund balances</i>	<u>978,307</u>	<u>7,584,556</u>	<u>6,630,309</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2,083,033</u>	<u>\$ 7,593,149</u>	<u>\$ 6,691,833</u>

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



<b>Debt Service Fund 41000</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ 6,701,620	\$ 1,396,620	\$ 12,497,038
-	-	10,952,444
80,370	-	113,365
-	476,483	517,441
-	-	168,438
-	34,537	808,919
<u>\$ 6,781,990</u>	<u>\$ 1,907,640</u>	<u>\$ 25,057,645</u>
\$ -	\$ 9,962	\$ 165,970
-	10,681	994,880
-	494,832	529,468
-	515,475	1,690,318
-	-	168,438
-	-	1
-	48,525	48,525
-	1,203,292	1,203,292
-	148,228	148,228
-	-	14,214,865
6,781,990	-	6,781,990
-	-	810,360
-	(7,880)	(8,372)
<u>6,781,990</u>	<u>1,392,165</u>	<u>23,367,327</u>
<u>\$ 6,781,990</u>	<u>\$ 1,907,640</u>	<u>\$ 25,057,645</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, 2019

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

Fund balances - total governmental funds	\$ 23,367,327
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Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	141,941,949
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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	26,316,589
Deferred outflows - OPEB	883,561
Deferred inflows - pensions	(2,643,914)
Deferred outflows - OPEB	(6,285,573)

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	(424,882)
Accrued interest payable	(352,245)
Bonds payable	(31,280,000)
Bond premiums (net of amortization)	(867,004)
Net pension liability	(101,602,927)
Net OPEB liability	<u>(24,361,441)</u>

<i>Total net position - governmental activities</i>	<u><u>\$ 24,691,440</u></u>
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**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, 2019

	<b>General Fund 11000, 13000, 14000</b>	<b>Bond Building Capital Projects Fund 31100</b>	<b>Capital Improvements HB-33 Capital Projects Fund 31600</b>
<i>Revenues</i>			
Property taxes	\$ 265,182	\$ -	\$ 2,391,178
Intergovernmental revenue:			
Federal flowthrough	-	-	-
Federal direct	8,512,957	-	-
Local sources	94,778	-	-
State flowthrough	56,210	1,880,656	14,027
State direct	28,793,933	-	-
Transportation distribution	517,171	-	-
Charges for services	221,400	-	-
Investment income	107,177	150,805	13,616
Miscellaneous	878	-	-
<b>Total revenues</b>	<b>38,569,686</b>	<b>2,031,461</b>	<b>2,418,821</b>
<i>Expenditures</i>			
Current:			
Instruction	23,577,692	-	-
Support services - students	4,115,229	-	-
Support services - instruction	1,634,440	-	-
Support services - general administration	789,248	-	23,924
Support services - school administration	1,986,994	-	-
Central services	1,823,220	-	-
Operation and maintenance of plant	4,431,947	-	-
Student transportation	698,494	-	-
Food services operations	-	-	-
Community services operations	5,250	-	-
Capital outlay	-	8,323,801	3,151,032
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>39,062,514</b>	<b>8,323,801</b>	<b>3,174,956</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(492,828)</b>	<b>(6,292,340)</b>	<b>(756,135)</b>
<i>Other financing sources (uses)</i>			
Transfers in	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(492,828)</b>	<b>(6,292,340)</b>	<b>(756,135)</b>
<b>Fund balances - beginning</b>	<b>1,471,135</b>	<b>13,876,896</b>	<b>7,386,444</b>
<b>Fund balances - end of year</b>	<b>\$ 978,307</b>	<b>\$ 7,584,556</b>	<b>\$ 6,630,309</b>

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

<b>Debt Service Fund 41000</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ 6,610,760	\$ -	\$ 9,267,120
-	941,663	941,663
-	129,817	8,642,774
-	44,291	139,069
-	659,277	2,610,170
-	-	28,793,933
-	-	517,171
-	772,393	993,793
1,638	-	273,236
-	10,000	10,878
<u>6,612,398</u>	<u>2,557,441</u>	<u>52,189,807</u>
-	2,100,573	25,678,265
-	356,050	4,471,279
-	36,849	1,671,289
66,134	1,075	880,381
-	4,720	1,991,714
-	-	1,823,220
-	123	4,432,070
-	27,839	726,333
-	123,647	123,647
-	33,149	38,399
-	4,891	11,479,724
4,930,000	-	4,930,000
917,075	-	917,075
<u>5,913,209</u>	<u>2,688,916</u>	<u>59,163,396</u>
<u>699,189</u>	<u>(131,475)</u>	<u>(6,973,589)</u>
-	183,600	183,600
-	183,600	183,600
699,189	52,125	(6,789,989)
<u>6,082,801</u>	<u>1,340,040</u>	<u>30,157,316</u>
<u>\$ 6,781,990</u>	<u>\$ 1,392,165</u>	<u>\$ 23,367,327</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, 2019

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

Net change in fund balances - total governmental funds	\$ (6,789,989)
--	----------------

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	10,589,865
Depreciation expense	(3,998,110)
Loss on disposition of capital assets	(93,642)

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	(10,328)
--	----------

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	3,640,021
District OPEB contributions subsequent to measurement date	512,047
Net Pension expense	(17,096,343)
Net OPEB expense	(45,562)

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

Current year amortization of bond premiums and discounts	89,772
Decrease in accrued compensated absences not due and payable	137,230
Decrease in accrued interest payable	57,542
Principal payments on bonds	4,930,000

<i>Change in net position of governmental activities</i>	<u><u>\$ (8,077,497)</u></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, 2019

Exhibit C-1

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable (Unfavorable) Final to Actual</b>
<i>Revenues</i>				
Property taxes	\$ 255,432	\$ 255,432	\$ 265,385	\$ 9,953
Intergovernmental revenue:				
Federal direct	8,397,160	8,397,160	8,512,957	115,797
Local sources	111,000	111,000	53,820	(57,180)
State flowthrough	-	-	84,850	84,850
State direct	28,649,937	28,880,390	28,793,933	(86,457)
Transportation distribution	523,173	523,173	523,173	-
Charges for services	425,650	425,650	221,650	(204,000)
Investment income	18,000	18,000	107,177	89,177
<b>Total revenues</b>	<b>38,380,352</b>	<b>38,610,805</b>	<b>38,563,823</b>	<b>(46,982)</b>
<i>Expenditures</i>				
Current:				
Instruction	23,561,266	24,007,655	23,569,658	437,997
Support services - students	4,050,427	4,050,427	4,071,989	(21,562)
Support services - instruction	1,419,853	1,419,853	1,632,077	(212,224)
Support services - general administration	1,013,559	1,013,559	785,030	228,529
Support services - school administration	2,048,071	2,048,071	1,986,994	61,077
Central services	1,749,800	1,749,800	1,821,859	(72,059)
Operation and maintenance of plant	5,734,416	5,639,416	4,503,596	1,135,820
Student transportation	718,218	724,221	698,002	26,219
Other support services	50,027	50,027	-	50,027
Community services operations	1,668	7,668	5,250	2,418
<b>Total expenditures</b>	<b>40,347,305</b>	<b>40,710,697</b>	<b>39,074,455</b>	<b>1,636,242</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<b>(1,966,953)</b>	<b>(2,099,892)</b>	<b>(510,632)</b>	<b>1,589,260</b>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,966,953	2,099,892	-	(2,099,892)
Transfers in	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,966,953</b>	<b>2,099,892</b>	<b>-</b>	<b>(2,099,892)</b>
<i>Net change in fund balance</i>	-	-	(510,632)	(510,632)
<i>Fund balance - beginning of year</i>	-	-	1,361,917	1,361,917
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 851,285</b>	<b>\$ 851,285</b>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (510,632)
Adjustments to revenues for taxes and intergovernmental revenue				5,863
Adjustments to expenditures for supplies and payroll expenditures				11,941
<b>Net change in fund balance (GAAP Basis)</b>				<b>\$ (492,828)</b>

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, 2019

	<b>Leased Facilities 62000</b>
<b>Assets</b>	
<i>Current assets</i>	
Cash and cash equivalents	\$ 2,997,286
Investments	8,741,772
Due from other governments	454,377
<i>Total current assets</i>	<u>12,193,435</u>
<i>Total assets</i>	<u>12,193,435</u>
 <b>Deferred outflows of resources</b>	
Deferred outflows- pension	274,262
Deferred outflows- OPEB	15,171
<i>Total deferred outflows of resources</i>	<u>289,433</u>
<i>Total assets and deferred outflows of resources</i>	<u><u>\$ 12,482,868</u></u>

	<b>Leased Facilities 62000</b>
<b>Liabilities</b>	
<i>Current liabilities</i>	
Accounts payable	\$ 81
Accrued payroll	16,862
Due to other funds	279,451
<i>Total current liabilities</i>	<u>296,394</u>
<i>Noncurrent liabilities</i>	
Net pension liability	1,317,732
Net OPEB Liability	277,207
<i>Total noncurrent liabilities</i>	<u>1,594,939</u>
<i>Total liabilities</i>	<u>1,891,333</u>
<b>Deferred inflows of resources</b>	
Deferred inflows- pension	28,417
Deferred inflows- OPEB	80,600
<i>Total deferred inflows of resources</i>	<u>109,017</u>
<b>Net position</b>	
Unrestricted	<u>10,482,518</u>
<i>Total net position</i>	<u>10,482,518</u>
<i>Total liabilities, deferred inflows of resources and net position</i>	<u><u>\$ 12,482,868</u></u>

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

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2019

Exhibit D-2

	<b>Leased Facilities 62000</b>
<i>Operating revenues</i>	
Charges for services	\$ 3,782,108
<i>Total operating revenues</i>	3,782,108
 <i>Operating expenses</i>	
Payroll costs	1,076,982
Contractual services	121,849
Other operating costs	1,802,997
Non-capital equipment	52,251
 <i>Total operating expenses</i>	3,054,079
 <i>Operating income</i>	728,029
 <i>Non-operating revenues (expenses)</i>	
Investment income	41,221
<i>Total non-operating revenues (expenses)</i>	41,221
 <i>Income before contributions and transfers</i>	769,250
Transfers (out)	(183,600)
 <i>Change in net position</i>	585,650
 <i>Total net position, beginning of year</i>	9,896,868
 <i>Total net position, end of year</i>	\$ 10,482,518

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, 2019

Exhibit D-3

	<b>Leased Facilities 62000</b>
<i>Cash flows from operating activities:</i>	
Cash received from user charges	\$ 4,527,731
Cash payments to employees for services	(763,709)
Cash payments to suppliers for goods and services	(2,077,061)
<i>Net cash provided by operating activities</i>	1,686,961
 <i>Cash flows from noncapital financing activities:</i>	
Changes in interfund activity	273,203
Transfers (net)	(183,600)
<i>Net cash provided by noncapital financing activities</i>	89,603
 <i>Cash flows from investing activities:</i>	
Interest on investments	41,221
<i>Net cash provided by investing activities</i>	41,221
 <i>Net increase in cash and cash equivalents</i>	1,817,785
<i>Cash and cash equivalents - beginning of year</i>	9,921,273
 <i>Cash and cash equivalents - end of year</i>	\$ 11,739,058
 <i>Reconciliation of operating income to net cash provided (used) by operating activities:</i>	
Operating income	\$ 728,029
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Net pension and OPEB expense	307,202
Changes in assets and liabilities:	
Receivables	745,623
Accounts payable	(99,964)
Accrued payroll expenses	6,071
<i>Net cash provided by operating activities</i>	\$ 1,686,961

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, 2019

Exhibit E-1

	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>
<i>Current assets</i>		
Cash and cash equivalents	\$ -	\$ 3,609
Investments	316,378	-
<i>Total assets</i>	\$ 316,378	\$ 3,609
 <i>Current liabilities</i>		
Due to student organizations	\$ -	\$ 3,609
<i>Total liabilities</i>	-	3,609
 <i>Net Position</i>		
Restricted net position	316,378	-
<i>Total net position</i>	\$ 316,378	\$ -

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  
 For the year ended June 30, 2019

Exhibit E-2

	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>
<i>Additions:</i>		
Investment earnings	\$ 316	\$ -
Contributions and donations from private sources	-	34,934
	316	34,934
<i>Total additions</i>		
	316	34,934
<i>Deductions:</i>		
Student activity expenditures	-	35,770
Scholarships	600	-
	600	35,770
<i>Total deductions</i>		
	600	35,770
Change in net position	(284)	
Beginning - net position	316,662	
Ending - net position	\$ 316,378	
Change in liabilities held for others		(836)
Beginning liabilities held for others		4,445
Ending liabilities held for others		\$ 3,609

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, 2019

**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 eight schools within the District with a total enrollment of approximately 3,750 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, 2019, the District adopted GASB Statements No. 83, *Certain Asset Retirement Obligations*, No. 84, *Fiduciary Activities*, No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* as required by GAAP. None of these pronouncements have a significant impact on these financial statements. The District does not have any disclosure requirements in accordance with GASB Statement No. 77.

**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.

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.



**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*A. Financial Reporting Entity (continued)*

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.

*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.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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 *custodial funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Custodial 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:

*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.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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

*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.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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.

*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. For purposes of the Statement of Cash Flows, cash and cash equivalents include cash and cash equivalents and investments as these are certificates of deposit.

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, 2019, 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.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

**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, 2019. 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.

**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.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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, 2019.

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.

**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 no amounts as deferred inflows of resources 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.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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.

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 \$7,584,556 in unspent bond proceeds at June 30, 2019.

*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."

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
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June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

*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 \$14,452,219 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.

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, 2019, 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.



**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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.

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 \$28,663,011 in state equalization guarantee distributions during the year ended June 30, 2019.

**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 \$9,267,120 in tax revenues during the year ended June 30, 2019. 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 1<sup>st</sup> of each year to be paid in whole or in two installments by November 10<sup>th</sup> and April 10<sup>th</sup> 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 \$517,171 in transportation distributions during the year ended June 30, 2019.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*E. Revenues (Continued)*

**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, 2019 totaled \$130,922

**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.

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 2019, 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, 2019.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*E. Revenues (Continued)*

**Federal Grants:** The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program 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.

*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, 2019

**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, 2019

**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, 2019, is presented.

The appropriated budget for the year ended June 30, 2019, was properly amended by the Board of Education throughout the year. These amendments resulted in the following changes:

	<b>Excess (deficiency) of revenues over expenditures</b>	
	<b>Original Budget</b>	<b>Final Budget</b>
Budgeted Funds:		
General Fund	\$ (1,966,953)	\$ (2,099,892)

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.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Notes to Financial Statements  
June 30, 2019

**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, 2019.

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.

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, 2019, \$31,969,111 of the District's deposits of \$36,651,145 was exposed to custodial credit risk. \$31,783,571 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. As of June 30, 2019, there was \$185,540 uninsured and uncollateralized. As of June 30, 2019, the carrying amount of these deposits was \$35,796,863; total amount of deposits of \$35,651,145 less outstanding items of \$145,718. 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.

**STATE OF NEW MEXICO**  
 Los Alamos Public Schools  
 Notes to Financial Statements  
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**NOTE 3. Deposits and Investments (continued)**

**Primary Government**

	<b>Sunflower/First National Bank 1870</b>	<b>Enterprise Bank &amp; Trust</b>	<b>New Mexico Bank and Trust</b>
Amount of deposits	\$ 19,997,685	\$ 11,568,884	\$ 1,152,542
FDIC Coverage	(250,000)	(250,000)	(250,000)
Total uninsured public funds	19,747,685	11,318,884	902,542
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	19,747,685	11,318,884	717,002
Uninsured and uncollateralized	\$ -	\$ -	\$ 185,540
Collateral requirement (50% of uninsured funds)	\$ 9,873,843	\$ 5,659,442	\$ 451,271
Pledged Collateral	21,261,068	33,950,532	717,002
Over (Under) collateralized	\$ 11,387,225	\$ 28,291,090	\$ 265,731
	<b>Los Alamos Credit Union</b>	<b>Charles Schwab</b>	<b>Total</b>
Amount of deposits	\$ 152	\$ 2,931,882	\$ 35,651,145
FDIC Coverage	(152)	(2,931,882)	(3,682,034)
Total uninsured public funds	-	-	31,969,111
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	-	-	31,783,571
Uninsured and uncollateralized	\$ -	\$ -	\$ 185,540
Collateral requirement (50% of uninsured funds)	\$ -	\$ -	\$ 15,984,556
Pledged Collateral	-	-	55,928,602
Over (Under) collateralized	\$ -	\$ -	\$ 39,944,046

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 \$16,762,334 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, 2019 as follow:

**STATE OF NEW MEXICO**  
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 June 30, 2019

**NOTE 3. Deposits and Investments (continued)**

**Primary Government(continued)**

Reconciliation to the Statement of Net Position:

Cash and cash equivalents- Exhibit A-1	\$ 8,792,704
Restricted cash and cash equivalents- Exhibit A-1	6,701,620
Investments- Exhibit A-1	19,694,216
Cash and cash equivalents - Fiduciary funds - Exhibit E-1	3,609
Investments- Fiduciary funds - Exhibit E-1	<u>316,378</u>
 Total cash and cash equivalents	 35,508,527
 Plus: reconciling items	 145,718
Less: petty cash	<u>(3,100)</u>
 Bank balance of deposits	 <u><u>\$ 35,651,145</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, 2019, there were no deposits of the Foundation’s bank balance of \$108,283 subject to custodial credit risk. As of June 30, 2019, the carrying amount of these deposits was \$108,283. 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 \$334,855 as of June 30, 2019:



**STATE OF NEW MEXICO**  
 Los Alamos Public Schools  
 Notes to Financial Statements  
 June 30, 2019

**NOTE 3. Deposits and Investments (continued)**

**Fair Value Measurement**

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

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

Level 2            Inputs to the valuation methodology include:

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

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

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

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

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

The following table sets forth by level within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2019:

Level 1	Level 2	Level 3	Total
<u>\$ 334,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334,855</u>

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**NOTE 3. Deposits and Investments (continued)**

Component Unit

Reconciliation to the Statement of Net Position:

Cash and cash equivalents- Exhibit A-1	\$ 30,096
Investments- Exhibit A-1	334,855
Restricted cash and cash equivalents- Exhibit A-1	<u>58,764</u>
 Total cash and cash equivalents	 423,715
 Plus: reconciling items	 <u>19,423</u>
 Bank balance of deposits	 <u><u>\$ 443,138</u></u>

**NOTE 4. Receivables**

Receivables as of June 30, 2019 are as follows:

	<u>General Fund</u>	<u>Capital Improvements HB-33 Capital Projects Fund</u>	<u>Debt Service Fund</u>
Property taxes receivable	\$ 3,616	\$ 29,379	\$ 80,370
Due from other governments:			
Federal sources	40,958	-	-
State sources	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 44,574</u>	<u>\$ 29,379</u>	<u>\$ 80,370</u>
	 <b>Other Governmental Funds</b>	 <b>Total</b>	
Property taxes receivable	\$ -	\$ 113,365	
Due from other governments:			
Federal sources	388,097	429,055	
State sources	<u>88,386</u>	<u>88,386</u>	
	<u>\$ 476,483</u>	<u>\$ 630,806</u>	

All of the above receivables are deemed to be fully collectible.

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**NOTE 4. Receivables (continued)**

<b>Business-type activities</b>	<b>Leased Facilities</b>
Due from other governments:	
Los Alamos County	\$ 452,579
Other receivables:	
Miscellaneous	1,798
	<u>\$ 454,377</u>

**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, 2019 is as follows:

All Interfund balances are to be paid within one year.

**Governmental activities**

<b>Due from Other Funds</b>	<b>Due to Other Funds</b>	<b>Amount</b>
Operational - 11000	Title I IASA - 24101	\$ 35,952
Operational - 11000	IDEA-B Entitlement - 24106	297,258
Operational - 11000	IDEA-B Preschool - 24109	12,096
Operational - 11000	IDEA-B Private School Share - 24115	1,404
Operational - 11000	Teacher/Principal Training Recruiting - 24154	23,820
Operational - 11000	ROTC - 25200	22,695
Operational - 11000	LANL Foundation - 26113	319
Operational - 11000	Dual Credit Instructional Materials - 27103	1,608
Operational - 11000	2012 G.O.Bond Student Library - 27107	20,745
Operational - 11000	New Mexico Reads to Lead K-3 Initiative - 27114	30,816
Operational - 11000	Pre-K Initiative - 27149	43,213
Operational - 11000	Early College High School Start-Up - 27180	4,906
Operational - 11000	Bond Building Capital Projects Fund - 31100	99
Food Service- 21000	Operational - 11000	34,537
	Total Governmental Activities	<u>529,468</u>
 <b>Business-type activities</b>		
Operational - 11000	Leased Facilities- 62000	279,451
	Total Business-type Activities	<u>\$ 279,451</u>

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

<b>Transfer from Other Funds</b>	<b>Transfers to Other Funds</b>	<b>Amount</b>
Leased Facilities- 62000	Food Service- 21000	\$ 120,000
Leased Facilities- 62000	Non Instructional Support- 23000	63,600
		<u>\$ 183,600</u>

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**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2019 follows. Land and construction in progress are not subject to depreciation.

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Dispositions and adjustments</u>	<u>Balance June 30, 2019</u>
<b>Governmental activities:</b>				
Capital assets not depreciated				
Land	\$ 52,785,577	\$ -	\$ -	\$ 52,785,577
Construction in process	3,377,730	10,377,063	(2,606,209)	11,148,584
Total assets not depreciated	<u>56,163,307</u>	<u>10,377,063</u>	<u>(2,606,209)</u>	<u>63,934,161</u>
Capital assets depreciated				
Land improvements	10,279,570	12,899	-	10,292,469
Buildings and improvements	99,750,835	2,614,472	(173,685)	102,191,622
Furniture, fixtures and equipment	9,358,782	191,640	(180,247)	9,370,175
Total assets depreciated	<u>119,389,187</u>	<u>2,819,011</u>	<u>(353,932)</u>	<u>121,854,266</u>
Total assets	175,552,494	13,196,074	(2,960,141)	185,788,427
Less accumulated depreciation for:				
Land improvements	5,366,436	683,845	-	6,050,281
Buildings and improvements	27,508,008	2,754,737	(83,024)	30,179,721
Furniture, fixtures and equipment	7,234,214	559,528	(177,266)	7,616,476
Total accumulated depreciation	<u>40,108,658</u>	<u>3,998,110</u>	<u>(260,290)</u>	<u>43,846,478</u>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 135,443,836</u></u>	<u><u>\$ 9,197,964</u></u>	<u><u>\$ (2,699,851)</u></u>	<u><u>\$ 141,941,949</u></u>

Depreciation expense for the year ended June 30, 2019 was charged to governmental activities as follows:

Instruction	\$ 82,565
Support Services – Students	1,857
Central Services	3,701,942
Operations / Maintenance of Plant	43,651
Transportation Services	167,671
Food Services	424
Total	<u><u>\$ 3,998,110</u></u>

The District has active construction projects as of June 30, 2019. 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. During the year ended June 30, 2019, the District received \$1,880,656 in PSCOC awards.

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**NOTE 6. Capital Assets (continued)**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>Component Unit:</b>				
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	(361)	(103)	-	(464)
Total accumulated depreciation	<u>(258)</u>	<u>(103)</u>	<u>-</u>	<u>(361)</u>
 <b>Capital assets, net</b>	<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, 2019 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, 2019 are for governmental activities.

General obligation bonds outstanding at June 30, 2019, 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

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**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, 2019 the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 36,210,000	\$ -	\$ 4,930,000	\$ 31,280,000	\$ 5,050,000
Compensated Absences	562,112	211,615	348,845	424,882	348,845
Total long-term debt	<u>\$ 36,772,112</u>	<u>\$ 211,615</u>	<u>\$ 5,278,845</u>	<u>\$ 31,704,882</u>	<u>\$ 5,398,845</u>

The annual requirements to amortize the General Obligation Bonds as of June 30, 2019, including interest payments are as follows. The interest rates range from 2.00% to 4.50% with maturity dates until August 15, 2029.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	3,100,000	279,424	3,379,424
2025-2029	8,875,000	491,140	9,366,140
2030	575,000	7,188	582,188
	<u>\$ 31,280,000</u>	<u>\$ 3,052,259</u>	<u>\$ 34,332,259</u>

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**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, 2019, compensated absences decreased \$137,230 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, 2019, 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, 2019.

Pupil Transportation - 13000	\$	492
LANL Foundation - 26113		319
2012 G.O. Bond Student Library Fund - 27107		2,160
PreK Initiative - 27149		495
Early College High School Start-Up - 27180		4,906
	<u>\$</u>	<u>8,372</u>

**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, 2019.

**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, 2019.

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**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](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.



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**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

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**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, 2019 and 2018 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
2019	7-1-18 to 6-30-19	Over \$20K	10.70%	13.90%	24.60%	0.00%
2019	7-1-18 to 6-30-19	\$20K or less	7.90%	13.90%	21.80%	0.00%
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%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$6,386,343 and \$5,896,214, which equal the amount of the required contributions for each fiscal year.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2019, the District reported a liability of \$102,920,659 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2018, the District’s proportion was 0.86551% percent, which was a decrease of 0.02362% percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District recognized pension expense of \$17,096,343. At June 30, 2018, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 75,115	\$ 1,958,746
Net difference between expected and actual investments on pension plan investments	227,840	-
Changes of assumptions	21,211,461	-
Change in proportion	1,436,414	713,585
District's contributions subsequent to the measurement date	3,640,021	-
Total	\$ 26,590,851	\$ 2,672,331

\$3,640,021 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$	12,176,458
2020		7,942,723
2021		156,319
2022		2,999
2023		-
Thereafter		-

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

Actuarial Cost Method	Entry age normal
Inflation	2.50%
Salary Increases	Composed of 2.50% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for less than 10 years of service
Investment Rate of Return	7.25%
Single Discount Rate	5.69%
Retirement Age	Experience based table of rates based on age and service. Adopted by NMERB on April 21, 2017 in conjunction with the six-year experience study for the period ended June 30, 2016.

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

Mortality Healthy Males – RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with Scale BB from the table's base year of 2000.

Healthy Females – 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.

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

Basis for Allocation – The employers' proportionate share, reported in the Schedule of Employer Allocations, is calculated using employer contributions for employers that were members of NMERB, as of June 30, 2018.

Rate of Return – The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.); 2) application of key economic projections (inflation, real growth, dividends, etc.); and 3) structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

Discount Rate – A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.62%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the Net Pension Liability – The following table shows the sensitivity of the net pension liability to changes in the discount rate as of June 30, 2018. In particular, the table presents the Plan's net pension liability if it were calculated using a discount rate one percentage point lower (4.69%) or one percentage point higher (6.69%) than the single discount rate.

	<b>1% Decrease (4.69%)</b>	<b>Current Discount Rate (5.69%)</b>	<b>1% Increase (6.69%)</b>
District's proportionate share of the net pension liability	\$ 133,757,438	\$ 102,920,659	\$ 77,759,771

**STATE OF NEW MEXICO**  
 Los Alamos Public Schools  
 Notes to Financial Statements  
 June 30, 2019

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

**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](https://www.nmerb.org/Annual_reports.html).

**Payables to the pension plan.** At June 30, 2019, the District owed the ERB \$513,613 for the contributions withheld in the month of June 2019.

**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, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	<u>93,349</u>
	<u>156,025</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	<u>93,349</u>

**STATE OF NEW MEXICO**  
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**NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

**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 \$786,273 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$24,638,648 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of 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, 2018. At June 30, 2018, the District’s proportion was 0.56662 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of \$45,562. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,458,766
Net difference between expected and actual investments on OPEB plan investments	-	307,481
Changes of assumptions	-	4,599,926
Changes in proportion	374,586	-
District’s contributions subsequent to the measurement	524,146	-
Total	\$ 898,732	\$ 6,366,173

Deferred outflows of resources totaling \$524,146 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:

2020	\$	(1,538,146)
2021		(1,538,146)
2022		(1,538,146)
2023		(1,169,763)
2024		(207,386)

**STATE OF NEW MEXICO**  
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 June 30, 2019

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

**Actuarial assumptions.** The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 that was rolled forward to a measurement date of June 30, 2018. The mortality, retirement, disability, turnover and salary increase assumptions for PERA members are based on the PERA annual valuation as of June 30, 2016 and for ERB members are based on the ERB actuarial experience study as of June 30, 2016. The following actuarial assumptions were applied to the actuary’s measurement:

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% to 12.50% based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

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

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

Asset Class	Long-Term Rate of Return
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1
Non U.S. - emerging markets	10.2
Non U.S. - developed equities	7.8
Private equity	11.8
Credit and structured finance	5.3
Real estate	4.9
Absolute return	4.1
U.S. equity - small/mid cap	7.1

**STATE OF NEW MEXICO**  
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**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 4.08% 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, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.87%) was applied. Thus, 4.08% 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 (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

	<b>1% Decrease (3.08%)</b>	<b>Current Discount Rate (4.08%)</b>	<b>1% Increase (5.08%)</b>
District's proportionate share of the net OPEB liability	\$ 29,818,566	\$ 24,638,648	\$ 20,555,718

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:

	<b>Trend Rate Sensitivity Analysis</b>		
	<b>1% Decrease</b>	<b>Rate</b>	<b>1% Increase</b>
District's proportionate share of the net OPEB liability	\$ 20,828,296	\$ 24,638,648	\$ 27,626,050

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

**Payable Changes in the Net OPEB Liability.** At June 30, 2019, the District reported a payable of \$62,922 for outstanding contributions due to NMRHCA for the year ended June 30, 2019.



**STATE OF NEW MEXICO**  
 Los Alamos Public Schools  
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 June 30, 2019

**NOTE 12. Construction and Other Significant Commitments**

The District has committed to the following construction contracts that were not completed as of June 30, 2019, and will continue throughout year end 2020:

<u>Contract</u>	<u>Year Ending</u>	<u>Amount</u>
Security Updates	2020	\$ 578,973
FMP	2020	90,000
12 bus replacements	2020	<u>1,100,000</u>
Total Outstanding Commitments		<u>\$ 1,768,973</u>

**NOTE 13. 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.

**NOTE 14. Subsequent Events**

The date to which events occurring after June 30, 2019, have been evaluated for possible adjustment to the financial statements or disclosures is November 13, 2019.

On July 23, 2019 the Los Alamos Public Schools sold Series 2019 General Obligation Bonds as detailed below:

Series 2019 General Obligation School Building Bonds  
 Bond Amount: \$6,500,000  
 Closing Date: July 23, 2019  
 Maturity Date: August 1, 2031  
 Interest Rate: 3.00% to 5.00%  
 Purpose: Capital, equipment, and other improvements throughout Los Alamos Public Schools

**NOTE 15. 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.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
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June 30, 2019

**NOTE 16. 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

**NOTE 17. Subsequent Pronouncements**

In June 2017, GASB Statement No. 87 Leases, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2019. The District does not expect this pronouncement to have a material effect on the financial statements.

In June 2018, GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The standard will be implemented during the fiscal year ended June 30, 2021. The District is still evaluating how this pronouncement will affect the financial statements.

In August 2019, GASB Statement No. 90, Majority Equity Interest-an amendment of GASB Statements No. 14 and No. 61, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2020. The District does not expect this pronouncement to have a material effect on the financial statements.

In May 2019, GASB Statement No. 91, Conduit Debt Obligations, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The District does not expect this pronouncement to have a material effect on the financial statements.

**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\*

	<b>2019</b> <b>Measurement</b> <b>Date (As of and</b> <b>for the Year</b> <b>Ended June 30,</b> <b>2018)</b>	<b>2018</b> <b>Measurement</b> <b>Date (As of and</b> <b>for the Year</b> <b>Ended June 30,</b> <b>2017)</b>	<b>2017</b> <b>Measurement</b> <b>Date (As of and</b> <b>for the Year</b> <b>Ended June 30,</b> <b>2016)</b>
Los Alamos Public Schools proportion of the net pension liability (asset)	0.86551%	0.84189%	0.86560%
Los Alamos Public Schools proportionate share of the net pension liability (asset)	\$ 102,920,659	\$ 93,563,178	\$ 62,292,329
Los Alamos Public Schools covered-payroll	24,196,447	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	425%	390%	252%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	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.

<b>2016 Measurement Date (As of and for the Year Ended June 30, 2015)</b>	<b>2015 Measurement Date (As of and for the Year Ended June 30, 2014)</b>
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\*

	<u>As of and for the Year Ended June 30, 2019</u>	<u>As of and for the Year Ended June 30, 2018</u>	<u>As of and for the Year Ended June 30, 2017</u>
Contractually required contribution	\$ 3,640,021	\$ 3,361,509	\$ 3,334,935
Contributions in relation to the contractually required contribution	<u>3,640,021</u>	<u>3,361,509</u>	<u>3,334,935</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Los Alamos Public Schools covered-payroll	26,194,461	24,196,447	23,992,338
Contribution as a percentage of covered payroll	13.90%	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.

<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
\$ 3,435,739	\$ 3,380,325
<u>3,435,739</u>	<u>3,380,325</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.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Notes to Required Supplementary Information  
June 30, 2019

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

*Changes in assumptions and methods.* Actuarial assumptions and methods are set by the Board of Trustee, based upon 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.



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**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

	<b>2019</b>	<b>2018</b>
	<b>Measurement</b>	<b>Measurement</b>
	<b>Date (As of and</b>	<b>Date (As of and</b>
	<b>for the Year</b>	<b>for the Year</b>
	<b>Ended June 30,</b>	<b>Ended June 30,</b>
	<b>2018)</b>	<b>2017)</b>
Los Alamos Public School's proportion of the net OPEB liability (asset)	0.56662%	0.55846%
Los Alamos Public School's proportionate share of the net OPEB liability (asset)	\$ 24,638,648	\$ 25,307,581
Los Alamos Public School's covered payroll	24,195,330	23,263,474
Los Alamos Public School's proportionate share of the net OPEB liability as a percentage of its covered payroll	101.83%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	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

	<b>As of and for the Year Ended June 30, 2019</b>	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contribution	\$ 524,146	\$ 483,931
Contributions in relation to the contractually required	524,146	483,931
Contribution deficiency (excess)	\$ -	\$ -
Los Alamos Public School's covered payroll	26,209,108	24,195,330
Contribution as a percentage of covered payroll	2.00%	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**

**NONMAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Nonmajor Governmental Fund Descriptions  
June 30, 2019

**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.

**IDEA-B Private School Share (24115)** – A proportionate allocation subtracted from the total IDEA-B Entitlement award to private school students with disabilities. Authorized by the Individuals with Disabilities Education Act of 2004, Title I, Part B (Public Law 108-446).

**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, 2019

**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.

**ROTC (25200)** – To account for federal funds received for the implementation of the ROTC program. The authority for creation of this fund is the State of New Mexico PED Policies and Procedures Manual.

**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.

**Excellence in Teaching Awards (27125)** – This fund was established to make a one time salary supplement to teachers who met the award criteria as the State's most outstanding teachers, including those that achieved two years of student growth in one academic year. Authority for the creation of this fund is the New Mexico Public Education Department.



**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Nonmajor Governmental Fund Descriptions  
June 30, 2019

**Special Revenue Funds (continued)**

**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.

**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.

**STATE OF NEW MEXICO**  
 Los Alamos Public Schools  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2019

Statement A-1

	<b>Special Revenue</b>
<i>Assets</i>	
Cash and cash equivalents	\$ 1,396,620
Receivables:	
Due from other governments	476,483
Due from other funds	34,537
<i>Total assets</i>	\$ 1,907,640
 <i>Liabilities and fund balances</i>	
<i>Liabilities</i>	
Accounts payable	\$ 9,962
Accrued payroll	10,681
Due to other funds	494,832
<i>Total liabilities</i>	515,475
 <i>Fund balances</i>	
Spendable:	
Restricted for:	
Food services	48,525
Extracurricular activities	1,203,292
Education	148,228
Unassigned	(7,880)
<i>Total fund balances</i>	1,392,165
<i>Total liabilities and fund balances</i>	\$ 1,907,640

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, 2019

Statement A-2

	<b>Special Revenue</b>
<i>Revenues</i>	
Property taxes	\$ -
Intergovernmental revenue:	
Federal flowthrough	941,663
Federal direct	129,817
Local sources	44,291
State flowthrough	659,277
Charges for services	772,393
Miscellaneous income	10,000
<i>Total revenues</i>	2,557,441
 <i>Expenditures</i>	
Current:	
Instruction	2,100,573
Support services - students	356,050
Support services - instruction	36,849
Support services - general administration	1,075
Support services - school administration	4,720
Operation and maintenance of plant	123
Student transportation	27,839
Food services operations	123,647
Community service operations	33,149
Capital outlay	4,891
<i>Total expenditures</i>	2,688,916
 <i>Excess (deficiency) of revenues over expenditures</i>	(131,475)
 <i>Other financing sources (uses)</i>	
Transfers in	183,600
<i>Total other financing sources (uses)</i>	183,600
 <i>Net change in fund balances</i>	52,125
 <i>Fund balances - beginning</i>	1,340,040
 <i>Fund balances - end of year</i>	\$ 1,392,165

See independent auditors' report.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2019

	<b>Food Service 21000</b>	<b>Athletics 22000</b>	<b>Non- Instructional Support 23000</b>	<b>Title I- IASA 24101</b>
<i>Assets</i>				
Cash and cash equivalents	\$ 13,988	\$ 65,155	\$ 1,144,425	\$ 24
Receivables:				
Due from other governments	-	-	-	35,928
Due from other funds	34,537	-	-	-
<i>Total assets</i>	<u>\$ 48,525</u>	<u>\$ 65,155</u>	<u>\$ 1,144,425</u>	<u>\$ 35,952</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 5,000	\$ 1,288	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	35,952
<i>Total liabilities</i>	<u>-</u>	<u>5,000</u>	<u>1,288</u>	<u>35,952</u>
<i>Fund balances</i>				
Spendable:				
Restricted for:				
Food services	48,525	-	-	-
Extracurricular activities	-	60,155	1,143,137	-
Education	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>48,525</u>	<u>60,155</u>	<u>1,143,137</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 48,525</u>	<u>\$ 65,155</u>	<u>\$ 1,144,425</u>	<u>\$ 35,952</u>

See independent auditors' report.

<b>IDEA-B Entitlement 24106</b>	<b>IDEA-B Preschool 24109</b>	<b>IDEA-B Early Intervention Services 24112</b>	<b>IDEA-B Private School Share 24115</b>	<b>Teacher/Principal Training &amp; Recruitment 24154</b>	<b>Impact Aid Indian Education 25147</b>
\$ 37,599	\$ 1,076	\$ -	\$ -	\$ 4,767	\$ 85,282
299,463	11,850	-	1,404	19,053	-
-	-	-	-	-	-
<u>\$ 337,062</u>	<u>\$ 12,926</u>	<u>\$ -</u>	<u>\$ 1,404</u>	<u>\$ 23,820</u>	<u>\$ 85,282</u>
\$ 2,205	\$ 830	\$ -	\$ -	\$ -	\$ -
9,216	-	-	-	-	-
297,258	12,096	-	1,404	23,820	-
<u>308,679</u>	<u>12,926</u>	<u>-</u>	<u>1,404</u>	<u>23,820</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
28,383	-	-	-	-	85,282
-	-	-	-	-	-
<u>28,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,282</u>
<u>\$ 337,062</u>	<u>\$ 12,926</u>	<u>\$ -</u>	<u>\$ 1,404</u>	<u>\$ 23,820</u>	<u>\$ 85,282</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2019

	<b>Indian Education Formula Grant 25184</b>	<b>ROTC 25200</b>	<b>LANL Foundation 26113</b>	<b>Golden Apple Foundation 26163</b>
<i>Assets</i>				
Cash and cash equivalents	\$ 32	\$ 2,546	\$ -	\$ 387
Receivables:				
Due from other governments	250	20,149	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 282</b>	<b>\$ 22,695</b>	<b>\$ -</b>	<b>\$ 387</b>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 250	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	22,695	319	-
<b>Total liabilities</b>	<b>250</b>	<b>22,695</b>	<b>319</b>	<b>-</b>
<i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	32	-	-	387
Unassigned	-	-	(319)	-
<b>Total fund balances</b>	<b>32</b>	<b>-</b>	<b>(319)</b>	<b>387</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 282</b>	<b>\$ 22,695</b>	<b>\$ -</b>	<b>\$ 387</b>

See independent auditors' report.

<b>Los Alamos Public School Foundation 26189</b>	<b>Dual Credit Instructional Materials 27103</b>	<b>2012 G.O. Bond Student Library Fund 27107</b>	<b>NM Reads to Lead K-3 Initiative 27114</b>	<b>Excellence in Teaching Awards 27125</b>	<b>PreK Initiative 27149</b>
\$ 17,224	\$ -	\$ -	\$ 12,214	\$ -	\$ 901
-	1,608	18,585	24,980	-	43,213
-	-	-	-	-	-
<u>\$ 17,224</u>	<u>\$ 1,608</u>	<u>\$ 18,585</u>	<u>\$ 37,194</u>	<u>\$ -</u>	<u>\$ 44,114</u>
\$ 389	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	69	-	1,396
-	1,608	20,745	30,816	-	43,213
<u>389</u>	<u>1,608</u>	<u>20,745</u>	<u>30,885</u>	<u>-</u>	<u>44,609</u>
-	-	-	-	-	-
-	-	-	-	-	-
16,835	-	-	6,309	-	-
-	-	(2,160)	-	-	(495)
<u>16,835</u>	<u>-</u>	<u>(2,160)</u>	<u>6,309</u>	<u>-</u>	<u>(495)</u>
<u>\$ 17,224</u>	<u>\$ 1,608</u>	<u>\$ 18,585</u>	<u>\$ 37,194</u>	<u>\$ -</u>	<u>\$ 44,114</u>

See independent auditors' report.

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**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2019

	<b>Early College High School Start-Up 27180</b>	<b>Zenas Boone Memorial 29102</b>	<b>Total</b>
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ 11,000	\$ 1,396,620
Receivables:			
Due from other governments	-	-	476,483
Due from other funds	-	-	34,537
<i>Total assets</i>	\$ -	\$ 11,000	\$ 1,907,640
 <i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ 9,962
Accrued payroll	-	-	10,681
Due to other funds	4,906	-	494,832
<i>Total liabilities</i>	4,906	-	515,475
 <i>Fund balances</i>			
<i>Spendable:</i>			
<i>    Restricted for:</i>			
Food services	-	-	48,525
Extracurricular activities	-	-	1,203,292
Education	-	11,000	148,228
Unassigned	(4,906)	-	(7,880)
<i>Total fund balances</i>	(4,906)	11,000	1,392,165
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ -	\$ 11,000	\$ 1,907,640

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, 2019

	<b>Food Service 21000</b>	<b>Athletics 22000</b>	<b>Non- Instructional Support 23000</b>	<b>Title I- IASA 24101</b>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	3,647	-	-	35,927
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	-	78,520	693,873	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>3,647</u>	<u>78,520</u>	<u>693,873</u>	<u>35,927</u>
<i>Expenditures</i>				
Current:				
Instruction	-	139,404	703,119	35,927
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	123,647	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>123,647</u>	<u>139,404</u>	<u>703,119</u>	<u>35,927</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(120,000)</u>	<u>(60,884)</u>	<u>(9,246)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	120,000	-	63,600	-
<i>Total other financing sources (uses)</i>	<u>120,000</u>	<u>-</u>	<u>63,600</u>	<u>-</u>
<i>Net change in fund balances</i>	-	(60,884)	54,354	-
<i>Fund balances - beginning</i>	<u>48,525</u>	<u>121,039</u>	<u>1,088,783</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 48,525</u>	<u>\$ 60,155</u>	<u>\$ 1,143,137</u>	<u>\$ -</u>

See independent auditors' report.

<b>IDEA-B Entitlement 24106</b>	<b>IDEA-B Preschool 24109</b>	<b>IDEA-B Early Intervention Services 24112</b>	<b>IDEA-B Private School Share 24115</b>	<b>Teacher/Principal Training &amp; Recruitment 24154</b>	<b>Impact Aid Indian Education 25147</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
841,208	25,061	-	-	35,820	-
-	-	-	1,404	-	45,972
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>841,208</u>	<u>25,061</u>	<u>-</u>	<u>1,404</u>	<u>35,820</u>	<u>45,972</u>
457,804	18,981	-	-	31,100	-
348,974	5,672	-	1,404	-	-
-	408	-	-	-	-
1,075	-	-	-	-	-
-	-	-	-	4,720	-
123	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
33,149	-	-	-	-	-
-	-	-	-	-	-
<u>841,125</u>	<u>25,061</u>	<u>-</u>	<u>1,404</u>	<u>35,820</u>	<u>-</u>
<u>83</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,972</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>83</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,972</u>
<u>28,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,310</u>
<u>\$ 28,383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,282</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, 2019

	<b>Indian Education Formula Grant 25184</b>	<b>ROTC 25200</b>	<b>LANL Foundation 26113</b>	<b>Golden Apple Foundation 26163</b>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	12,625	69,816	-	-
Local sources	-	-	2,500	5,474
State flowthrough	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>12,625</u>	<u>69,816</u>	<u>2,500</u>	<u>5,474</u>
<i>Expenditures</i>				
Current:				
Instruction	8,946	69,816	4,820	5,457
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>8,946</u>	<u>69,816</u>	<u>4,820</u>	<u>5,457</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,679</u>	<u>-</u>	<u>(2,320)</u>	<u>17</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	3,679	-	(2,320)	17
<i>Fund balances - beginning</i>	<u>(3,647)</u>	<u>-</u>	<u>2,001</u>	<u>370</u>
<i>Fund balances - end of year</i>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ (319)</u>	<u>\$ 387</u>

See independent auditors' report.

<b>Los Alamos Public School Foundation 26189</b>	<b>Dual Credit Instructional Materials 27103</b>	<b>2012 G.O. Bond Student Library Fund 27107</b>	<b>NM Reads to Lead K-3 Initiative 27114</b>	<b>Excellence in Teaching Awards 27125</b>	<b>PreK Initiative 27149</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
36,317	-	-	-	-	-
-	7,808	27,882	161,932	317,568	144,087
-	-	-	-	-	-
-	-	-	-	-	-
<u>36,317</u>	<u>7,808</u>	<u>27,882</u>	<u>161,932</u>	<u>317,568</u>	<u>144,087</u>
26,120	7,808	-	161,751	317,568	111,952
-	-	-	-	-	-
6,392	-	30,049	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	27,839
-	-	-	-	-	-
-	-	-	-	-	-
100	-	-	-	-	4,791
<u>32,612</u>	<u>7,808</u>	<u>30,049</u>	<u>161,751</u>	<u>317,568</u>	<u>144,582</u>
<u>3,705</u>	<u>-</u>	<u>(2,167)</u>	<u>181</u>	<u>-</u>	<u>(495)</u>
-	-	-	-	-	-
-	-	-	-	-	-
3,705	-	(2,167)	181	-	(495)
13,130	-	7	6,128	-	-
<u>\$ 16,835</u>	<u>\$ -</u>	<u>\$ (2,160)</u>	<u>\$ 6,309</u>	<u>\$ -</u>	<u>\$ (495)</u>

See independent auditors' report.

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**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, 2019

	<b>Early College High School Start-Up 27180</b>	<b>Zenas Boone Memorial 29102</b>	<b>Total</b>
<i>Revenues</i>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	-	-	941,663
Federal direct	-	-	129,817
Local sources	-	-	44,291
State flowthrough	-	-	659,277
Charges for services	-	-	772,393
Miscellaneous income	-	10,000	10,000
<i>Total revenues</i>	<u>-</u>	<u>10,000</u>	<u>2,557,441</u>
<i>Expenditures</i>			
Current:			
Instruction	-	-	2,100,573
Support services - students	-	-	356,050
Support services - instruction	-	-	36,849
Support services - general administration	-	-	1,075
Support services - school administration	-	-	4,720
Operation and maintenance of plant	-	-	123
Student transportation	-	-	27,839
Food services operations	-	-	123,647
Community service operations	-	-	33,149
Capital outlay	-	-	4,891
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>2,688,916</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>10,000</u>	<u>(131,475)</u>
<i>Other financing sources (uses)</i>			
Transfers in	-	-	183,600
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>183,600</u>
<i>Net change in fund balances</i>	-	10,000	52,125
<i>Fund balances - beginning</i>	<u>(4,906)</u>	<u>1,000</u>	<u>1,340,040</u>
<i>Fund balances - end of year</i>	<u>\$ (4,906)</u>	<u>\$ 11,000</u>	<u>\$ 1,392,165</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Combining Balance Sheet  
General Fund  
June 30, 2019

Statement E-1

	<b>Operational 11000</b>	<b>Pupil Transportation 13000</b>	<b>Instructional Materials 14000</b>	<b>Total</b>
<i>Assets</i>				
Cash and cash equivalents	\$ 1,095,639	\$ -	\$ -	\$ 1,095,639
Receivables:				
Property taxes	3,616	-	-	3,616
Due from other governments	40,958	-	-	40,958
Inventory	168,438	-	-	168,438
Due from other funds	765,299	9,082	1	774,382
<i>Total assets</i>	<u>\$ 2,073,950</u>	<u>\$ 9,082</u>	<u>\$ 1</u>	<u>\$ 2,083,033</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 85,498	\$ 492	\$ -	\$ 85,990
Accrued payroll	975,117	9,082	-	984,199
Due to other funds	34,537	-	-	34,537
<i>Total liabilities</i>	<u>1,095,152</u>	<u>9,574</u>	<u>-</u>	<u>1,104,726</u>
 <i>Fund Balances</i>				
Nonspendable:				
Inventory	168,438	-	-	168,438
Spendable:				
Restricted for:				
Instructional materials	-	-	1	1
Committed for:				
Subsequent year's expenditures	810,360	-	-	810,360
Unassigned	-	(492)	-	(492)
<i>Total fund balances</i>	<u>978,798</u>	<u>(492)</u>	<u>1</u>	<u>978,307</u>
 <i>Total liabilities and fund balances</i>	 <u>\$ 2,073,950</u>	 <u>\$ 9,082</u>	 <u>\$ 1</u>	 <u>\$ 2,083,033</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, 2019

Statement E-2

	<b>Operational 11000</b>	<b>Pupil Transportation 13000</b>	<b>Instructional Materials 14000</b>	<b>Total</b>
<i>Revenues</i>				
Property taxes	\$ 265,182	\$ -	\$ -	\$ 265,182
Intergovernmental revenue:				
Federal direct	8,512,957	-	-	8,512,957
Local sources	94,778	-	-	94,778
State flowthrough	56,210	-	-	56,210
State direct	28,663,011	-	130,922	28,793,933
Transportation distribution	-	517,171	-	517,171
Charges for services	221,400	-	-	221,400
Investment income	107,177	-	-	107,177
<i>Total revenues</i>	<u>37,921,593</u>	<u>517,171</u>	<u>130,922</u>	<u>38,569,686</u>
<i>Expenditures</i>				
Current:				
Instruction	23,319,835	-	257,857	23,577,692
Support services - students	4,115,229	-	-	4,115,229
Support services - instruction	1,634,440	-	-	1,634,440
Support services - general administration	789,248	-	-	789,248
Support services - school administration	1,986,994	-	-	1,986,994
Central services	1,823,220	-	-	1,823,220
Operation and maintenance plant	4,431,947	-	-	4,431,947
Student transportation	168,825	529,669	-	698,494
Community services operations	5,250	-	-	5,250
<i>Total expenditures</i>	<u>38,274,988</u>	<u>529,669</u>	<u>257,857</u>	<u>39,062,514</u>
<i>Net change in fund balances</i>	(353,395)	(12,498)	(126,935)	(492,828)
<i>Fund balances - beginning</i>	<u>1,332,193</u>	<u>12,006</u>	<u>126,936</u>	<u>1,471,135</u>
<i>Fund balances - end of year</i>	<u>\$ 978,798</u>	<u>\$ (492)</u>	<u>\$ 1</u>	<u>\$ 978,307</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, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 255,432	\$ 255,432	\$ 265,385	\$ 9,953
Intergovernmental revenue:				
Federal direct	8,397,160	8,397,160	8,512,957	115,797
Local sources	111,000	111,000	53,820	(57,180)
State flowthrough	-	-	84,850	84,850
State direct	28,526,364	28,746,948	28,663,011	(83,937)
Charges for services	425,650	425,650	221,650	(204,000)
Investment income	18,000	18,000	107,177	89,177
Miscellaneous	-	-	878	878
<i>Total revenues</i>	<u>37,733,606</u>	<u>37,954,190</u>	<u>37,909,728</u>	<u>(44,462)</u>
<i>Expenditures</i>				
Current:				
Instruction	23,437,693	23,747,277	23,311,801	435,476
Support services - students	4,050,427	4,050,427	4,071,989	(21,562)
Support services - instruction	1,419,853	1,419,853	1,632,077	(212,224)
Support services - general administration	1,013,559	1,013,559	785,030	228,529
Support services - school administration	2,048,071	2,048,071	1,986,994	61,077
Central services	1,749,800	1,749,800	1,821,859	(72,059)
Operation and maintenance of plant	5,734,416	5,639,416	4,503,596	1,135,820
Student transportation	195,045	195,045	168,825	26,220
Other support services	50,027	50,027	-	50,027
Community services operations	1,668	7,668	5,250	2,418
<i>Total expenditures</i>	<u>39,700,559</u>	<u>39,921,143</u>	<u>38,287,421</u>	<u>1,633,722</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,966,953)</u>	<u>(1,966,953)</u>	<u>(377,693)</u>	<u>1,589,260</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,966,953	1,966,953	-	(1,966,953)
Transfers in	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,966,953</u>	<u>1,966,953</u>	<u>-</u>	<u>(1,966,953)</u>
<i>Net change in fund balance</i>	-	-	(377,693)	(377,693)
<i>Fund balance - beginning of year</i>	-	-	1,228,977	1,228,977
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 851,284</u>	<u>\$ 851,284</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (377,693)
Adjustments to revenues for taxes and intergovernmental revenue				11,865
Adjustments to expenditures for supplies and payroll expenditures				12,433
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ (353,395)</u>

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, 2019

Statement E-4

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable (Unfavorable) Final to Actual</b>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	523,173	523,173	523,173	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>523,173</b>	<b>523,173</b>	<b>523,173</b>	<b>-</b>
<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	523,173	529,177	529,177	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>523,173</b>	<b>529,177</b>	<b>529,177</b>	<b>-</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<b>-</b>	<b>(6,004)</b>	<b>(6,004)</b>	<b>-</b>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	6,004	-	(6,004)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>6,004</b>	<b>-</b>	<b>(6,004)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(6,004)</b>	<b>(6,004)</b>
<b>Fund balance - beginning of year</b>	<b>-</b>	<b>-</b>	<b>6,004</b>	<b>6,004</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (6,004)
Adjustments to revenues for transportation distribution				(6,002)
Adjustments to expenditures for student transportation				(492)
<b>Net change in fund balance (GAAP Basis)</b>				<b>\$ (12,498)</b>

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, 2019

Statement E-5

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u> <u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	123,573	133,442	130,922	(2,520)
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>123,573</b>	<b>133,442</b>	<b>130,922</b>	<b>(2,520)</b>
<i>Expenditures</i>				
Current:				
Instruction	123,573	260,378	257,857	2,521
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	-	-	-	-
<b>Total expenditures</b>	<b>123,573</b>	<b>260,378</b>	<b>257,857</b>	<b>2,521</b>
<i>Excess (deficiency) of revenues over expenditures</i>	-	(126,936)	(126,935)	1
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	126,936	-	(126,936)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>126,936</b>	<b>-</b>	<b>(126,936)</b>
<i>Net change in fund balance</i>	-	-	(126,935)	(126,935)
<i>Fund balance - beginning of year</i>	-	-	126,936	126,936
<i>Fund balance - end of year</i>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 1</b>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (126,935)
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balance (GAAP Basis)</i>				<b>\$ (126,935)</b>

See independent auditors' report.

## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
 Los Alamos Public Schools  
 Schedule of Changes in Fiduciary Net Position  
 Custodial Funds  
 For the Year Ended June 30, 2019

Schedule I

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
High School Athletics Concession Fund	<u>\$ 4,445</u>	<u>\$ 34,934</u>	<u>\$ 35,770</u>	<u>\$ 3,609</u>
Totals	<u><u>\$ 4,445</u></u>	<u><u>\$ 34,934</u></u>	<u><u>\$ 35,770</u></u>	<u><u>\$ 3,609</u></u>

**STATE OF NEW MEXICO**  
 Los Alamos Public Schools  
 Schedule of Collateral Pledged by Depository for Public Funds  
 June 30, 2019

Schedule II

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2019
<b>Enterprise Bank &amp; Trust</b>				
	GINNIE MAE II Pool #BA1311	Not Provided	3617ADN46	\$ 1,324,799
	FANNIE MAE CMO SERIES 2018-74	Not Provided	3136B3HU7	9,725,805
	FREDDIE MAC CMO SERIES K049	Not Provided	3137BLMZ8	7,288,184
	FREDDIE MAC CMO SERIES K052	Not Provided	3137BMTX4	10,498,114
	FREDDIE MAC COM SERIES K055	Not Provided	3137BMW21	<u>5,113,630</u>
			<b>Total Enterprise Bank &amp; Trust</b>	<u>33,950,532</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	3,038,707
	FHR 3996 JP	12/15/2030	3137ALUA5	559,871
	FHR 4337 BA	2/15/2046	3137BBA91	3,009,660
	FHR 4390 CA	6/15/2050	3137BDX76	2,886,573
	FHR 4555 CP	4/15/2045	3137BN4M3	3,619,245
	FHR 4622 KB	1/15/2055	3137BSEB5	2,308,872
	FHR 4698 DA	5/15/2045	3137F1XE3	3,835,903
	FNMA Pool #MA1059	5/1/2032	31418AE95	<u>2,002,237</u>
			<b>Total Sunflower Bank First National Bank 1870</b>	<u>21,261,068</u>

Name and location of safekeeper for above pledged collateral:  
 Vinning Sparks, Memphis, TN

**New Mexico Bank and Trust**

	SBA PC VAR QTRLY ADJ	11/25/2027	83165AT38	381,498
	SBA PC VAR QTRLY ADJ	1/25/2026	83165AML5	<u>335,504</u>
			<b>Total New Mexico Bank and Trust</b>	<u>717,002</u>

Name and location of safekeeper for above pledged collateral:  
 Suntrust Bank, Atlanta

*Total collateral pledged* \$ 55,928,602

See independent auditors' report.

**STATE OF NEW MEXICO**  
 Los Alamos Public Schools  
 Schedule of Deposits and Investments  
 June 30, 2019

<b>Bank Account Type/ Name</b>	<b>Sunflower/ First National Bank 1870</b>	<b>Enterprise Bank &amp; Trust</b>
Cash Deposits:		
Checking - Bond Building	\$ 893,584	\$ 1,315,141
Checking - HB-33	1,040,944	-
Checking - Leased Facilities	3,070,875	-
Checking - Zenus Boone Estate	316,378	-
Checking - AP Clearing	-	292,504
Checking - Payroll Clearing	-	1,480,239
Checking - Operational	-	841,883
Checking - Concession (Agency)	-	3,609
Checking - Debt Service	-	6,701,620
Certificate of Deposit - HB-33 *	2,568,020	-
Certificate of Deposit - HB-33 *	3,000,000	-
Certificate of Deposit - Leased Facilities *	1,531,372	933,888
Certificate of Deposit - Leased Facilities *	538,302	-
Certificate of Deposit - Leased Facilities *	1,038,210	-
Certificate of Deposit - Leased Facilities *	4,700,000	-
Certificate of Deposit- Bond Building *	1,300,000	-
<b>Total Cash Deposits</b>	<b>19,997,685</b>	<b>11,568,884</b>
<b>Total Deposits and Investments</b>	<b>19,997,685</b>	<b>11,568,884</b>
Reconciling items	-	(145,718)
Plus: Cash on hand		
<i>Reconciled balance June 30, 2019</i>	<u><u>\$ 19,997,685</u></u>	<u><u>\$ 11,423,166</u></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 - Exhibit E-1

Investments:

Statement of fiduciary net position - Exhibit E-1

*Cash and cash equivalents per Financial Statements*

See independent auditors' report.



<u>New Mexico Bank &amp; Trust</u>	<u>Los Alamos Credit Union</u>	<u>Charles Schwab</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 2,208,725
-	-	-	1,040,944
-	-	-	3,070,875
-	-	-	316,378
-	-	-	292,504
-	-	-	1,480,239
-	152	-	842,035
-	-	-	3,609
-	-	-	6,701,620
-	-	-	2,568,020
-	-	-	3,000,000
-	-	-	2,465,260
-	-	-	538,302
-	-	-	1,038,210
-	-	-	4,700,000
<u>1,152,542</u>	<u>-</u>	<u>2,931,882</u>	<u>5,384,424</u>
1,152,542	152	2,931,882	35,651,145
1,152,542	152	2,931,882	35,651,145
-	-	-	(145,718)
			<u>3,100</u>
<u>\$ 1,152,542</u>	<u>\$ 152</u>	<u>\$ 2,931,882</u>	<u>\$ 35,508,527</u>

\$ 8,792,704

19,694,216

6,701,620

3,609

316,378

\$ 35,508,527

See independent auditors' report.

**STATE OF NEW MEXICO**  
 Los Alamos Public Schools  
 Schedule of Deposits and Investments  
 June 30, 2019

**Component Unit**

<u>Bank Account Type/ Name</u>	<u>Los Alamos National Bank</u>	<u>Los Alamos Credit Union</u>
Cash Deposits:		
Checking - Regular	\$ 30,609	\$ 8,319
Checking - Savings	10,591	-
Checking - Restricted	58,764	-
	<hr/>	<hr/>
Total Cash Deposits	99,964	8,319
Investments	<hr/> -	<hr/> -
Total Deposits and Investments	<hr/> 99,964	<hr/> 8,319
Reconciling items	<hr/> (19,423)	<hr/> -
<i>Reconciled balance June 30, 2019</i>	<hr/> <u>\$ 80,541</u>	<hr/> <u>\$ 8,319</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>
\$ -	\$ 38,928
-	10,591
-	58,764
-	108,283
<u>334,855</u>	<u>334,855</u>
<u>334,855</u>	<u>443,138</u>
-	<u>(19,423)</u>
<u>\$ 334,855</u>	<u>\$ 423,715</u>

\$ 30,096
334,855
<u>58,764</u>
<u>\$ 423,715</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Cash Reconciliation  
For the Year Ended June 30, 2019

	<b>Operational 11000</b>	<b>Transportation 13000</b>	<b>Instructional Materials 14000</b>	<b>Food Services 21000</b>
Audited Cash June 30, 2018	\$ 2,116,332	\$ 20,556	\$ 126,936	\$ 48,525
Add:				
2018-2019 receipts	37,868,904	523,173	130,922	3,647
Transfers from other sources	-	-	-	120,000
Total cash available	<u>39,985,236</u>	<u>543,729</u>	<u>257,858</u>	<u>172,172</u>
Less:				
2018-2019 expenditures	<u>(38,550,796)</u>	<u>(529,177)</u>	<u>(257,857)</u>	<u>(123,647)</u>
Total Cash	<u>1,434,440</u>	<u>14,552</u>	<u>1</u>	<u>48,525</u>
Add / Less:				
Adjustment	-	-	-	-
Negative cash loans from (to)	(730,762)	(9,082)	(1)	(34,537)
Change in Payroll Accruals	<u>391,961</u>	<u>(5,470)</u>	<u>-</u>	<u>-</u>
<i>Cash per financial statement</i>	<u><u>\$ 1,095,639</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,988</u></u>

See independent auditors' report.

<b>Athletics 22000</b>	<b>Non-Instructional Support 23000</b>	<b>Federal Flowthrough 24000</b>	<b>Federal Direct 25000</b>	<b>Local Grants 26000</b>	<b>State Flowthrough 27000</b>
\$ 121,039	\$ 1,089,751	\$ -	\$ 39,310	\$ 15,819	\$ 7
78,521	693,973	884,314	108,014	44,291	695,339
-	63,600	-	-	-	-
199,560	1,847,324	884,314	147,324	60,110	695,346
(134,405)	(701,931)	(936,335)	(78,512)	(42,500)	(661,446)
65,155	1,145,393	(52,021)	68,812	17,610	33,900
-	-	-	-	-	-
-	-	370,530	22,695	319	101,288
-	(968)	(275,043)	(3,647)	(318)	(122,073)
<u>\$ 65,155</u>	<u>\$ 1,144,425</u>	<u>\$ 43,466</u>	<u>\$ 87,860</u>	<u>\$ 17,611</u>	<u>\$ 13,115</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Cash Reconciliation  
For the Year Ended June 30, 2019

	<b>Local or state 29000</b>	<b>Bond Building 31100</b>	<b>Capital Improvements SB-9 31400</b>	<b>Capital Improvements HB-33 31600</b>
Audited Cash				
June 30, 2018	\$ 1,000	\$ 14,307,965	\$ -	\$ 7,491,265
Add:				
2018-2019 receipts	10,000	150,805	217,966	2,420,016
Transfers from other sources	-	-	-	-
Total cash available	<u>11,000</u>	<u>14,458,770</u>	<u>217,966</u>	<u>9,911,281</u>
Less:				
2018-2019 expenditures	-	(6,955,120)	-	(3,316,461)
Total Cash	<u>11,000</u>	<u>7,503,650</u>	<u>217,966</u>	<u>6,594,820</u>
Add / Less:				
Adjustment	-	89,400	(217,966)	67,634
Negative cash loans from (to)	-	99	-	-
Change in Payroll Accruals	-	-	-	-
<i>Cash per financial statement</i>	<u><u>\$ 11,000</u></u>	<u><u>\$ 7,593,149</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,662,454</u></u>

See independent auditors' report.

<b>Capital Improvements SB-9 31700</b>	<b>Capital Improvements SB-9 Local 31701</b>	<b>Debt Service 41000</b>	<b>Total</b>
\$ -	\$ -	\$ 5,999,766	\$ 31,378,271
-	-	6,615,063	50,444,948
-	-	-	183,600
-	-	12,614,829	82,006,819
-	-	(5,913,209)	(58,201,396)
-	-	6,701,620	23,805,423
-	-	-	(60,932)
-	-	-	(279,451)
-	-	-	(15,558)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,701,620</u>	<u>\$ 23,449,482</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**

Brian S. Colón, Esq  
New Mexico State Auditor  
U.S. Office of Management and Budget  
Board of Education and Management  
Los Alamos Public Schools  
Los Alamos, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund of Los Alamos Public Schools (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2019.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-003 that we consider to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as item 2019-002.

## **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 13, 2019

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## **FEDERAL FINANCIAL ASSISTANCE**

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

### INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq  
New Mexico State Auditor  
U.S. Office of Management and Budget  
Board of Education and Management  
Los Alamos Public Schools  
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, 2019. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for 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, 2019.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 13, 2019

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

<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>
<b>U.S. Department of Energy</b>					
<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>
<b>U.S. Department of Defense</b>					
<i>Direct United States Department of Defense</i>					
NJROTC	25200	12.XXX	\$ 69,816	\$ -	\$ -
<i>Total U.S. Department Defense</i>			<u>69,816</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Education</b>					
<i>Passed through New Mexico Public Education Department</i>					
IDEA-B Entitlement	24106	84.027	(1) 841,125	-	-
IDEA-B Preschool	24109	84.173	(1) 25,061	-	-
IDEA-B Private School Share	24115	84.027	(1) 1,404	-	-
<i>Total IDEA Cluster</i>			<u>867,590</u>	<u>-</u>	<u>-</u>
Title I - IASA	24101	84.010	35,927	-	-
Teacher/ Principal Training /Recruiting	24154	84.367A	35,820	-	-
<i>Subtotal - Passed through New Mexico Public Education Department</i>			<u>939,337</u>	<u>-</u>	<u>-</u>
<i>Direct U.S. Department of Education</i>					
Impact Aid - General Fund	11000	84.041	508,652	-	-
Indian Education Grants to Local Educational Agencies- Formula	25184	84.041	8,946	-	-
<i>Subtotal - Direct U.S. Department of Education</i>			<u>517,598</u>	<u>-</u>	<u>-</u>
<i>Total U.S. Department of Education</i>			<u>1,456,935</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Agriculture</b>					
<i>Federal Direct Payments</i>					
Forest Reserve	11000	10.665	4,305	-	-
<i>Total U.S. Department of Agriculture</i>			<u>4,305</u>	<u>-</u>	<u>-</u>
<i>Total Federal Financial Assistance</i>			<u>\$ 9,531,056</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, 2019**

**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? | Yes        |
| 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	DOE Assistance Grant

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

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2019-001 Consumable Inventory Control – (Significant Deficiency)**

*Condition:* During inquiry and gathering of client prepared documents (August 2019) to support audited financial numbers it was noted that the District was not able to provide evidence of the consumable inventory on hand as of year end.

*Criteria:* Sections 6-5-1 through 6-5-6 NMSA, 1978 require internal accounting controls designed to prevent accounting errors and violations of state and federal laws and rules related to financial matters.

*Effect:* Without proper inventory controls, the District cannot substantiate the dollar amount inventory they have on hand or is available for use and may be misappropriated without the knowledge of management. Also, the inventory balance at year end may be misstated as the balance cannot be supported by the sufficient evidence.

*Cause:* The District has not implemented and trained individuals on proper inventory management which includes generating an inventory listing with quantities, as well as the extended dollar amounts in order to properly account for inventory on hand.

*Auditors' Recommendations:* We recommend that the District develop and implement policies and procedures designed to prevent or detect possible misstatements in its inventory as well as train individuals in the responsible departments the proper maintenance and reporting of inventory.

*Agency's Response:* This problem stemmed from a lack of procedure documents and lack of transition steps when key individuals in charge of a particular inventory left. This led to the non-renewal of inventory software. That has since been reinstated. Procedures will be established and provided for the maintenance and tracking of inventory and the requirements that are needed for onsite audits. Individuals handling inventory will have information provided regarding the timelines as to when an inventory audit must be completed, the data that must be included in the audit, and the need for access by the auditors to verify inventory. The procedures will be the responsibility of the Business Manager in conjunction with the management of departments holding inventory, whereas the process of performing the inventory and the documentation for that will be the responsibility of the managers who maintain consumable inventory items.

**SECTION II - FINANCIAL STATEMENT FINDINGS (continued)**

**2019-003 Cybersecurity Plan – (Significant Deficiency)**

*Condition:* During our audit, we noted that there has not been a recent formal cyber security assessment including penetration testing, performed on the District's IT systems to determine where they are vulnerable for risk areas of the Information Technology General Computer Controls that increase the risks of the District. These areas are:

- Outdated documented disaster recovery policies and procedures
- There has not been a formal cyber security assessment including penetration testing, performed on the District's IT systems to determine where they are vulnerable for attacks.
- Training to users has not been formally employed to ensure all information technology protocols and processes are adhered to by any user of the District's infrastructure.

*Criteria:* Information technology (IT) including systems and infrastructure are essential and integral to the efficiency of the Organization's operations. IT internal controls are essential to maintain the confidentiality, integrity and availability of data. IT internal controls are as important as the internal controls that surround the input of financial transactions into the Organization's general ledger. In addition, the Committee of Sponsoring Organizations (COSO) COSO Internal Control – Integrated Framework (2013), consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring, which includes the implementation of good internal controls over IT general computer controls within the organization.

*Effect:* Lack of policies, access restriction, and monitoring increases the risk of fraud or errors in the day to day operations of the accounting as well as the Organization losing data in an event and not being able to recover that data. In addition, we noted an actual instance where a test file was lost and could not be recovered.

*Cause:* The Organization has not performed a recent cybersecurity assessment and we noted actual instances of lost data during the year

*Auditors' Recommendations:* The Organization should consider implementing the following recommendations:

- Establish written policies governing the IT functions of the District.
- Document the results and responses of a cybersecurity assessment and ensure all areas of concern are properly addressed.

*Agency's Response:* The District has made disaster recovery plans and cybersecurity a primary focus. A review of existing recommendations for IT controls will be undertaken and policies and/or procedures will be documented. Individuals' access to any and all sensitive electronic data will be reviewed and documented. All senior management overseeing any IT functions will have responsibility for various aspects with oversight by the Superintendent.

**SECTION III - FEDERAL AWARD FINDINGS**

None noted

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**SECTION IV – SECTION 12-6-5 NMSA FINDINGS**

**2019-002 Untimely Deposits – (Other Matter)**

*Condition:* During our examination of cash receipts we noted two instances out of ten totaling \$3,524 where monies were not deposited within a 24 hour period.

*Criteria:* Per 6.20.2.14 NMAC 1978: C. Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day. If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference.

*Effect:* The District is not in compliance with state statutes and lack of timeliness of deposits could subject the District to a possible occurrence of fraud or improper reporting.

*Cause:* The District had staff that did not adhere to rules in place for deposit procedures.

*Auditors' Recommendations:* We recommend the District communicate the importance of timely deposits of receipts to be in compliance with state statutes. The District should train and cross train employees so that more than one individual is able to make deposits to ensure timely deposits.

*Agency's Response:* The District emphasizes the 24 hour deposit rule throughout the year in support personnel training meetings (typically held quarterly), at beginning of the year trainings, and with flyers, e.g. the OSA directive, being sent to all sites related to the importance of the 24 hour deposit rule. We have written policies and procedures that we send to all money-handling employees. Internal audits of individuals handling money occurs randomly. When it is determined that employees are not adhering to the rule they are verbally reminded of the rules and receive written notices when there are additional problems, along with notification to their supervisors. Most employees handling money have remote deposit equipment that alleviates the necessity to leave their desks to make deposits of checks. Employees are told and the policy is enforced that non-adherence to the rules may result in either their loss of money-handling privileges or even loss of their job.

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

Schedule VI

**SECTION V - PRIOR YEAR AUDIT FINDINGS**

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

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

**STATE OF NEW MEXICO**  
Los Alamos Public Schools  
Other Disclosures  
June 30, 2019

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on November 13, 2019. In attendance were the following:

**Representing Los Alamos Public Schools:**

Ellen Ben-Naim – Board President  
Dr. Kurt Steinhaus – Superintendent  
Teresa Gatewood – Comptroller  
Morrie Pongratz – Audit Committee

**Representing Los Alamos Public Schools Foundation:**

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.