OFFICIAL STATEMENT DATED JULY 18, 2019

\$2,500,000

WEST LAS VEGAS MUNICIPAL SCHOOL DISTRICT NO. 1 County of San Miguel, New Mexico

General Obligation School Bonds, Series 2019

NEW ISSUE Bank-Qualified Book-Entry Only Moody's Rating: A3 Underlying/Aa3 Enhanced

PURPOSES

Proceeds of the \$2,500,000 West Las Vegas Municipal School District No.1 General Obligation School Bonds, Series 2019 (the "Bonds") will be used for the purpose of (i) erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds, purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [NMSA 1978, §§ 22-24-1 et. seq.], or any combination of these purposes and (ii) paying costs of issuance.

THE BONDS

The Bonds are issuable, pursuant to a resolution authorizing the issuance of the Bonds adopted by the District's Board and a pricing certificate to be executed on the date of sale of the Bonds as designated in the resolution (the resolution and the pricing certificate are collectively referred to herein as the "Bond Resolution"), as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds will be made in book-entry-only form, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through a DTC Participant. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest on the Bonds is payable on each February 15 and August 15, commencing February 15, 2020. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursements of such payments to DTC Participants is the responsibility of DTC. See "The Bonds - Book-Entry-Only System". BOKF, N.A., Albuquerque, New Mexico (or successor) will serve as the Registrar and Paying Agent for the Bonds.

OPTIONAL PRIOR REDEMPTION

The Series 2019 Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS – Optional Prior Redemption."

SECURITY

The Bonds are general obligations of the West Las Vegas School District No. 1, San Miguel County, New Mexico ("the District"), payable solely out of general (ad valorem) property taxes that are required to be levied against all taxable property in the District without limitation as to rate or amount.

BOND AND TAX OPINION

The delivery of the Bonds is subject to the opinions of Cuddy & McCarthy, LLP, and McCall, Parkhurst & Horton L.L.P., Co-Bond Counsel, as to the validity of the Bonds and the opinion of McCall, Parkhurst & Horton L.L.P., to the effect that interest on the Bonds is excludable from gross income for purposes of federal income taxation, under existing statutes, regulations, published rulings and court decisions, and the Bonds will not be "specified private activity bonds", as described under "TAX MATTERS" herein. See "LEGAL MATTERS" and "TAX MATTERS" herein for a discussion of Co-Bond Counsel's opinions, including a description of certain collateral federal tax consequences. The District will designate the Bonds as "qualified tax-exempt obligations," for financial institutions.

DELIVERY When, as and if issued, through DTC's facilities, on or about August 20, 2019.

DATED DATE Date of initial delivery expected to be August 20, 2019.

DUE DATE Principal is payable annually on August 15, commencing August 15, 2020.

General Obligation School Bonds, Series 2019

Year					Year				
Maturing		Interest		Cusip#	Maturing		Interest		Cusip#
(August 15)	Principal	Rate	Yield	953769	(August 15)	Principal	Rate	Yield	953769
2020	\$500,000	4.000%	1.400%	MR4	2026	\$175,000	4.000%	1.750%	MX1
2021	250,000	4.000%	1.500%	MS2	2027	175,000	4.000%	1.850%	MY9
2022	175,000	4.000%	1.550%	MTO	2028	175,000	4.000%	1.900%	MZ6
2023	175,000	4.000%	1.600%	MU7	2029	175,000	2.250%	2.000%	NA0
2024	175,000	4.000%	1.650%	MV5	2030	175,000	2.250%	2.050%	NB8
2025	175 000	4 000%	1 700%	MW3	2031	175 000	2 250%	2 150%	NC6

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<u>ISSUER</u>

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BOARD OF EDUCATION

Chairman: Marvin Martinez Vice-Chairman: Patrick Marquez

Secretary: Christine Ludi Member: Linda Montoya Member: Ambrosio Castellano

FINANCIAL ADVISOR

RBC Capital Markets, LLC 6301Uptown Blvd. NE, Suite 110 Albuquerque, New Mexico 87110 (505) 872-5999

PAYING AGENT/REGISTRAR

BOKF, N.A. 100 Sun Avenue NE, Suite 500 Albuquerque, New Mexico 87109 (505) 222-8447

DISTRICT ADMINISTRATION

Superintendent: Christopher Gutierrez Business Manager: Dinah Maynes

CO-BOND COUNSEL

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McCall, Parkhurst & Horton L.L.P. 600 Congress Avenue, Suite 1800 Austin, Texas 78701 (512) 487-3805

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- D. FORMS OF CO-BOND COUNSELS' OPINION

\$2,500,000 WEST LAS VEGAS MUNICIPAL SCHOOL DISTRICT NO. 1 County of San Miguel, New Mexico General Obligation School Bonds, Series 2019

Introduction:

Thank you for your interest in learning more about the \$2,500,000 West Las Vegas Municipal School District No. 1, County of San Miguel, New Mexico (the "District"), General Obligation School Bonds, Series 2019 (the "Bonds"). This Official Statement will tell you about the Bonds, their security, the District and the risks involved in an investment in the Bonds.

Although the District has approved this Official Statement, the District does not intend it to substitute for competent investment advice, tailored for your situation.

The Bonds are fully registered bonds in denominations of \$5,000 or integral multiples thereof as described in the Bond Resolution. The Bonds mature and bear interest as presented on the cover page of this Official Statement.

The Financial Advisor

RBC Capital Markets, LLC (the "Financial Advisor") is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make an independent verification of or assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

The Issuer

The District is a political subdivision of the State of New Mexico organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District encompasses approximately 3,065 square miles in the north central region of New Mexico and includes the City of Las Vegas and portions of unincorporated San Miguel County in northern New Mexico. The District's 2018 assessed valuation is \$196,875,012 and its 2018/2019 40th day enrollment excluding charter schools was 1,431. See "THE DISTRICT."

Limited Role Of Auditors

Except for the audited financial statements of the District for the year ended June 30, 2018, contained in Appendix B, this Official Statement presents unaudited financial and statistical information from District records and other sources.

Purpose

Proceeds of the Bonds will be used for the purposes of (i) erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds and purchasing computer software and hardware for student use in public school classrooms, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act (NMSA 1978, §§ 22-24-1 et seq.) or any combination of these purposes; and (ii) paying costs of issuance. The sale of Bonds represents the third series of \$9.5 million authorized on February 7, 2017.

The Bonds

New Mexico law (NMSA 1978, §§ 6-15-1 through 6-15-22) enables the District to issue the Bonds. The New Mexico Attorney General will provide a written approving opinion with respect to the Bonds.

General Terms

The Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the front cover of this Official Statement. All Bonds are fully registered in denominations of \$5,000 or multiples of \$5,000. Bond payments will be made by the Paying Agent/Registrar to The Depository Trust Company ("DTC"), and DTC will then remit the payments to its participants for disbursement to the beneficial owners of the Bonds. See Appendix C -"THE BOOK-ENTRY ONLY SYSTEM."

Security for the Bonds

The Bonds are general obligation bonds of the District and are payable from ad valorem taxes which shall be levied against all taxable property within the boundaries of the District without limitation as to rate or amount. The Bonds are additionally secured by the New Mexico Credit Enhancement Program as discussed in more detail under "NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM," herein. The District will covenant in the Bond Resolution to levy, in addition to all other taxes, direct annual ad valorem taxes sufficient to pay the principal of and interest on the Bonds. The District may pay the principal of and interest on the Bonds from any funds belonging to the District, which funds may be reimbursed from the ad valorem taxes when the same are collected.

Registrar and Paying Agent

BOKF, N.A., Albuquerque, New Mexico (or successor in function) will serve as the Registrar (the "Registrar") and Paying Agent (the "Paying Agent") for the Bonds.

In the Bond Resolution, adopted by the Board of Education of the District ("Board") on May 9, 2019 ("Bond Resolution") the District covenants to provide a Paying Agent/Registrar at all times until the Bonds are paid, and any Paying Agent/Registrar selected by the District shall be a commercial bank, a trust company, a financial institution or any other entity, as provided by State law, duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar. The Registration Books for the Bonds will be maintained by the Paying Agent/Registrar containing the names and addresses of the registered owners of the Bonds. In the Bond Resolution, the District retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, such Paying Agent/Registrar, promptly upon the appointment of a successor, is required to deliver the Registration Books to the successor Paying Agent/Registrar. In the event there is a change in the Paying Agent/Registrar for the Bonds, the District has agreed to notify each registered owner of the Bonds affected by the change by United States mail, first-class postage prepaid, at the address in the Registration Books, stating the effective date of the change and the mailing address of the successor Paying Agent/Registrar.

Payment of Principal and Interest; Record Date

The principal of the Bonds is payable to the registered owners of the Bonds at the principal office of the Paying Agent. Interest on the Bonds is payable by check or draft of the Paying Agent mailed on or before each interest payment date to the registered owners of the Bonds as of the close of business on the last business day of the month preceding the interest payment date (the "Regular Record Date") at the addresses appearing in the registration books maintained by the Registrar. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each

Owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Optional Prior Redemption

Bonds maturing on and after August 15, 2029, are subject to prior redemption at the District's option on and after August 15, 2028, in whole or in part at any time. The Bonds will be redeemed in \$5,000 units or multiples of \$5,000. The redemption price will equal principal of Bonds being redeemed plus accrued interest to the redemption date, without any premium. If the District redeems only part of the Bonds of a given maturity, the Registrar will select those Bonds by lot.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Resolution have been met and moneys sufficient to pay the principal of and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Redemption Notices

The Registrar must, by first class mail, give redemption notices to the registered owners of the affected bonds and to various securities depositories and information services not less than 30 days prior to the redemption date. Please note that failure to give notice or any defect in such notice will affect the validity of the redemption for Bonds for which notice was properly given. No transfer of Bonds called for redemption shall be made within 45 days of the date of redemption.

While the Bonds remain under the Book-Entry-Only System, the Paying Agent/Registrar will send notices only to DTC. Any problems from DTC through its system to the beneficial owners of the Bonds will not affect the validity of the Bond redemption or any other action based on the Paying Agent/Registrar's notice. Investors in the Bonds might consider arranging to receive redemption notices or other communications from DTC which affect them, including notice of interest payments. See "APPENDIX C - BOOK-ENTRY-ONLY SYSTEM" herein.

If the Paying Agent/Registrar gives proper redemption notice and the Paying Agent/Registrar holds money to pay the redemption price of the affected Bonds, then on the redemption date the Bonds called for redemption will become due and payable. Thereafter, no interest will accrue on those Bonds, and their owners' only right will be to receive payment of the redemption price upon surrender of those Bonds to the Registrar.

Transfers and Exchanges

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the principal office of the Paying Agent/Registrar, or sent by United States mail, first-class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the

registered owner or his duly authorized agent, in a form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See APPENDIX C - "BOOK-ENTRY-ONLY SYSTEM" herein.

Limitation on Transfer of Bonds

Neither the District nor the Paying Agent/Registrar are required to transfer or exchange any Bond (i) during the period commencing at the close of business on the Record Date and ending at the opening of business on the next interest payment date; and (ii) within 45 days of the date fixed for redemption; provided such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond called for redemption in part.

Limited Book-Entry Responsibilities

While a Book-Entry-Only system is used for the Bonds, the Paying Agent/Registrar will send redemption and other notices only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any beneficial owner, of any notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the Bond redemption or any other action based on the notice.

The District and the Financial Advisor have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership of interests in the Bonds.

The District and the Financial Advisor cannot and do not give any assurances that DTC will distribute payments to DTC Participants or that DTC Participants or others will distribute payments with respect to the Bonds received by DTC or its nominees as the holder or any redemption notices or other notices to the beneficial owners, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

Defeasance

General. The Bond Resolution provides for the defeasance of the Bonds and the termination of the pledge of taxes and all other general defeasance covenants in the Bond Resolution under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of the Bond Resolution when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (1) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (2) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible entity for such payment (a) lawful money of the United States of America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the District with the Paying Agent/Registrar or an eligible entity for the payment of its services until after all Defeased Bonds shall have become due and payable or (c) any combination of (a) and (b). At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of the ad valorem taxes or revenues levied and pledged as provided in the Bond Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (2) above shall be deemed a payment of a Bond when proper notice of redemption of such Bonds shall have been given, in accordance with the Bond Resolution. Any money so deposited with the Paying Agent/Registrar or an eligible entity may at the discretion of the District also be invested in Defeasance Securities, maturing in the amounts and at the times as set forth in the Bond Resolution, and all income from such Defeasance Securities received by the Paying Agent/Registrar or an eligible trust company or commercial bank

that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the District.

<u>Investments</u>. Any escrow agreement or other instrument entered into between the District and the Paying Agent/Registrar or an eligible entity pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent/Registrar or an eligible trust company or commercial bank which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the District.

For the purposes of these provisions, "Defeasance Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

Security and Remedies

The Bonds are general obligations of the District payable from general (ad valorem) property taxes that may be levied against all taxable property within the District without limitation of rate or amount.

The District must use all of the property taxes collected for debt service, and any other legally available money, to pay the debt service on the Bonds and other outstanding general obligation debt.

Various New Mexico laws and constitutional provisions apply to the assessment and collection of ad valorem property taxes. There is no guarantee that there will not be any changes that would have a material effect on the District.

Limitations of Remedies

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds, including mandamus, may have to be enforced from year to year.

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the District in issuing the Bonds, are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; usual equity principles that may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bond to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

New Mexico School District Enhancement Program

The New Mexico legislature amended NMSA 1978, Sections 22-18-1 et. seq. in the first session of 2003 by adding Section 22-18-13 which became effective July 1, 2003. Section 22-18-13 was further amended in 2007 and provides that, if a school district indicates that it will not make the payment by the date on which it is due, the New Mexico Department of Finance and Administration ("DFA") shall forward the amount in immediately available funds necessary to make the payment due on the bonds to the paying agent from the current fiscal year's undistributed State Equalization Guarantee ("SEG") distribution to that school district and, if not otherwise repaid by the school district from other legally available funds, withhold the distributions from the school district until the amount has been recouped by the DFA, provided that, if the amount of the undistributed SEG distribution in the current fiscal year is less than the payment due on the bond, the DFA shall:

- (1) forward in immediately available funds to the paying agent an amount equal to the total amount of the school district's undistributed SEG distribution and, if not otherwise repaid by the school district from other legally available funds, withhold all distributions to the school district for the remainder of the fiscal year; and
- (2) on July 1 of the following fiscal year, forward in immediately available funds an amount equal to the remaining amount due to the paying agent from that year's SEG distribution and, if not otherwise repaid by the school district from other legally available funds, withhold an equal amount from the distribution to the school district until the amount paid has been recouped in full.

This provision applies to all New Mexico school districts.

Withholding of the SEG distribution may affect the District's ability to continue to operate.

The New Mexico School District Enhancement Program was initially put on watch list for possible downgrade on May 15, 2007 after the State adopted new legislation that altered the mechanics of the program. After a review of the law and policies regarding the implementation of the law, program ratings were bifurcated, with one rating applying to bonds issued prior to the March 30, 2007 effective date of the legislation and a second rating applying to bonds issued on or after the March 30, 2007 effective date. Under the new law, the State cannot immediately advance more than the remaining undistributed SEG payments for the fiscal year of default. As a result, those school districts with principal and interest payments that fall in the latter part of the fiscal year or that are significant in amount relative to the district's total annual SEG distribution may not have sufficient undistributed SEG payments to cover debt service payments in the event of a default.

Moody's downgraded the New Mexico School District Enhancement Program (Pre and Post-Default) to Aa2 from Aa1, and assigned a negative outlook on November 1, 2016, which reflected the State of New Mexico's recent rating downgrade and outlook. On June 18, 2018, Moody's further downgraded the enhancement rating from "Aa2" to "Aa3" and assigned a stable outlook.

By request, Moody's will assign a rating to school district bonds upon verification of a requirement in the authorizing Bond Resolution that an independent, third-party paying agent will be appointed and maintained. The District has qualified the Bonds under the New Mexico School District Enhancement Program and received a rating of "Aa3" on the Bonds.

Debt and Other Financial Obligations

Article IX, Section 11 of the New Mexico Constitution limits the powers of a District to incur general obligation debt extending beyond the fiscal year. The District can incur such debt for the purpose of erecting, remodeling, making additions to and furnishing school buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public school classrooms, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act or any combination of these purposes but only after the proposition to create any such debt has been submitted to a vote of the qualified electors of the District, and a majority of those voting on the question vote in favor of creating the debt. The total indebtedness of the District may not exceed 6% of the assessed valuation of the taxable property within the District as shown by the last preceding general assessment. The District also may create a debt by entering into a lease-purchase arrangement to acquire education technology equipment without submitting the proposition to a vote of the qualified electors of the District, but any such debt is subject to the 6% debt limitation. An issuance of refunding bonds does not have to be submitted to a vote of the qualified electors of the District.

The assessed valuation of taxable property within the District is \$196,875,012 for tax year 2018. Therefore, the maximum general obligation debt may not exceed \$11,812,500.

After the Bonds are issued, the ratio of total outstanding general obligation debt of the District to the 2018 assessed valuation will be no greater than 5.32% as summarized:

2018 Assessed Valuation	\$196,875,012
2018 Estimated Actual Valuation (1)	638,828,451
Bonds Outstanding (including the Bonds)	\$11,890,000
Less Debt Service Fund Balance (2)	1,415,602
ESTIMATED NET DEBT	\$10,474,398
Ratio of Net Debt to 2018 Assessed Valuation:	5.32%
Ratio of Net Debt to 2018 Estimated Assessed Valuation	1.64%
Per Capita Net Bonded Debt:	\$654.65
Est. Population	16,000

- Estimated actual valuation is computed by adding the 2018 exemptions to the 2018
 assessed valuation and multiplying the result by three.
- (2) The debt service cash balance for the Bonds was \$1,645,757.18 as of 5/1/2019. The amount properly attributable to principal reduction is 85.5%.

Selected Debt Ratios

2018 Assessed Valuation	\$196,875,012
2018 Estimated Actual Valuation (1)	638,828,451
District's Estimated Net Debt as a Percentage of	
Assessed Valuation	5.32%
Estimated Actual Valuation	1.64%
Direct & Overlapping Debt as a Percentage of	
Assessed Valuation	6.61%
Estimated Actual Valuation	2.04%
Estimated Population	16,000
District's General Obligation Bonds & Notes	
Debt Outstanding (Including the Bonds)	\$11,890,000
District Net General Obligation Debt	10,474,398
Estimated Direct & Overlapping G/O Debt	13,020,253
District Net Debt Per Capita	\$654.65
Direct and Overlapping Debt Per Capita	\$813.77

⁽¹⁾ Estimated actual valuation is computed by adding the 2018 exemptions to the 2018 assessed valuation and multiplying the result by three.

Outstanding Debt

The District has never defaulted in the payment of any of its debt or other obligations. Listed below is the District's total outstanding general obligation debt including the proposed Bonds.

Series	Original Amount Issued	Final Maturity	Principal Outstanding
2011	\$1,200,000	08/15/2019	\$650,000
2012	975,000	10/01/2019	200,000
2013	800,000	08/15/2025	675,000
2014	1,000,000	08/15/2026	790,000
2015	1,500,000	08/15/2027	1,350,000
2016	1,700,000	08/15/2028	1,100,000
2017	2,500,000	08/15/2029	2,500,000
2018	2,500,000	08/15/2030	2,125,000
2019	2,500,000	08/15/2031	2,500,000
	\$14,675,000		\$11,890,000

Debt Service Requirements to Maturity

The District schedules principal and interest payments at the time of the bond sales with constraints being general obligation debt capacity and expected property tax revenues at the desired tax rate. Below is a summary of the currently scheduled principal and interest on the District's outstanding debt as well as the proposed principal and interest payments on the Bonds.

Calendar	Cur	rent Requiremen	nts		Series 2019				Total Requirements			
Year	Principal	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total		
2019	\$1,605,000	\$238,529	\$1,843,529					\$1,605,000	\$238,529	\$1,843,529		
2020	880,000	193,816	1,073,816	\$500,000	4.000%	\$89,551	\$589,551	1,380,000	283,367	1,663,367		
2021	885,000	172,341	1,057,341	250,000	4.000%	70,813	320,813	1,135,000	243,153	1,378,153		
2022	860,000	150,771	1,010,771	175,000	4.000%	60,813	235,813	1,035,000	211,583	1,246,583		
2023	860,000	129,490	989,490	175,000	4.000%	53,813	228,813	1,035,000	183,303	1,218,303		
2024	860,000	108,050	968,050	175,000	4.000%	46,813	221,813	1,035,000	154,863	1,189,863		
2025	860,000	89,700	949,700	175,000	4.000%	39,813	214,813	1,035,000	129,513	1,164,513		
2026	760,000	71,275	831,275	175,000	4.000%	32,813	207,813	935,000	104,088	1,039,088		
2027	710,000	52,250	762,250	175,000	4.000%	25,813	200,813	885,000	78,063	963,063		
2028	510,000	33,000	543,000	175,000	4.000%	18,813	193,813	685,000	51,813	736,813		
2029	400,000	18,250	418,250	175,000	2.250%	11,813	186,813	575,000	30,063	605,063		
2030	200,000	6,250	206,250	175,000	2.250%	7,875	182,875	375,000	14,125	389,125		
2031				175,000	2.250%	3,938	178,938	175,000	3,938	178,938		
TOTAL	\$9,390,000	\$1,263,722	\$10,653,722	\$2,500,000		\$462,676	\$2,962,676	\$11,890,000	\$1,726,398	\$13,616,398		

Statement of Estimated Direct and Overlapping Debt

The following is a calculation, which is useful to investors in assessing the debt load and per capita debt of the District payable from property taxes. In addition to the outstanding debt of the District, the calculation takes into account debt attributable to other taxing entities that are the responsibility of taxpayers within the boundaries of the District. Revenue bonds are not payable from property taxes.

Taxing Entity	2018 Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$61,126,458,199	\$350,925,000	0.32%	\$1,130,253
San Miguel County	614,372,218	-	32.04%	-
City of Las Vegas	210,392,387	-	100.00%	-
Luna Community College	791,200,055	-	24.88%	-
West Las Vegas Schools	196,875,012	11,890,000	100.00%	11,890,000
Total Direct & Overlapping Debt				\$13,020,253
Ratio of Estimated Direct & Overlapping	Debt to 2018 Assessed Valuation			6.61%
Ratio of Estimated Direct & Overlapping	Debt to 2018 Estimated Actual Valuat	tion		2.04%
Per Capita Direct & Overlapping Debt:				\$813.77
Population				16,00

Tax Base

Analysis of Assessed Valuation

Assessed Valuation of property within the District is calculated as follows: Of the total estimated actual valuation of all taxable property in the District, 33-1/3% is legally subject to ad valorem taxes. This means the assessment ratio is 33-1/3%. After deduction of certain personal exemptions, the District's 2018 assessed valuation is \$196,875,012. The actual value of personal property within the District (see "Assessments" below) is determined by the County Assessor.

The actual value of certain corporate property within the District (see "Centrally Assessed" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division. The analysis of Assessed Valuation for 2018 and the previous four years follows.

		2018	2017	2016	2015	2014
Assessments						
Value of Land	\$	61,802,470	\$ 59,794,372	\$ 58,518,141	\$ 54,594,164	\$ 53,169,219
Improvements		113,548,392	109,949,832	106,169,924	100,808,501	97,479,942
Personal Property		2,027,367	2,088,699	1,973,727	2,176,530	2,237,015
Mobile Homes		7,271,491	7,364,523	7,069,438	6,949,857	7,292,878
Livestock		5,591,929	5,529,028	9,058,679	8,123,374	5,956,951
Assessor's Total Taxable Value	\$	190,241,649	\$ 184,726,454	\$ 182,789,909	\$ 172,652,426	\$ 166,136,005
Less Exemptions						
Head of Family	\$	3,194,967	\$ 3,258,100	\$ 3,296,369	\$ 3,238,750	\$ 3,359,837
Veterans		1,710,018	1,760,692	1,772,832	1,664,000	1,656,000
Exemption Waiver**		3,796,157	3,546,313	3,216,468	242,093	2,842,831
Other		7,366,663	6,986,537	6,347,284	-	-
Total	\$	16,067,805	\$ 15,551,642	\$ 14,632,953	\$ 5,144,843	\$ 7,858,668
Assessors Net Taxable Value	\$	174,173,844	\$ 169,174,812	\$ 168,156,956	\$ 167,507,583	\$ 158,277,337
Centrally Assessed		22,701,168	20,452,686	19,161,984	18,443,092	17,220,748
Total Assessed Valuation	\$	196,875,012	\$ 189,627,498	\$ 187,318,940	\$ 185,950,675	\$ 175,498,085
** 100% Exempt - 100% Disabled	Veteran	ıs				
			2017	2016	2015	2014
Residential	\$	129,804,219	\$ 125,949,958	\$ 122,114,698	\$ 121,975,579	\$ 115,143,808
Non-Residential		67,070,793	63,677,540	65,204,242	63,975,096	60,354,277
Total	\$	196,875,012	\$ 189,627,498	\$ 187,318,940	\$ 185,950,675	\$ 175,498,085

History of Assessed Valuation

The following is a five-year history of assessed valuation for the District compared with the City of Las Vegas and San Miguel County.

Tax	West Las	City of	San Miguel
Year	Vegas Schools	Las Vegas	County
2018	\$196,875,012	\$210,392,387	\$614,372,218
2017	189,627,498	207,434,413	596,773,705
2016	187,318,940	203,536,672	584,869,067
2015	185,950,675	202,339,104	581,715,048
2014	175,498,085	196,290,923	555,350,345

Source: San Miguel County Assessor's Office

Major Taxpayers

The following is a list of the five largest taxpayers in the District, along with the 2018 assessed valuation for each. Property taxes are current for these taxpayers. This table is useful in assessing the concentration risk of the tax base. The five largest taxpayers' assessed valuation is 10.26% of the District's total 2018 assessed valuation.

		2018	% of Assessed
Taxpayer	Business	Valuation	Valuation
BN&SF	Railraod	\$11,877,367	6.03%
ENMR Telephone Coop	Telephone	2,945,312	1.50%
Silver Spur Land & Cattle LLCC	Livestock	2,202,901	1.12%
Public Service Co. of NM	Electric Utility	1,882,490	0.96%
Trinidad Lodging LLC	Lodging	1,295,155	0.66%
Total		\$20,203,225	10.26%

Source: San Miguel County Assessor's Office.

Tax Rates

Article VIII, Section 2 of the New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within the District to \$20.00 per \$1,000 of assessed value. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the jurisdiction voting on the question. The following table summarizes the tax situation on residential property for the 2018 tax year and the previous four years. The District expects no change in the level of its taxes in the foreseeable future but is unable to predict what overlapping entities might do. A high level of taxation may impact the District's ability to repay bonds.

Within 20 N	lill Limit for Gene	ral Purposes			
	2018	2017	2016	2015	2014
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
San Miguel County	5.265	5.179	5.202	5.225	5.420
Las Vegas, City of	6.713	6.640	6.641	6.715	7.010
West Las Vegas Schools	0.220	0.214	0.216	0.215	0.223
Luna Community College	2.304	2.251	2.254	2.268	2.304
Total	\$14.502	\$14.284	\$14.313	\$14.423	\$14.957
Over 20 Mill Limit	t - Interest, Princi	, ,			
	2018	2017	2016	2015	2014
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
San Miguel County	0.000	0.000	0.000	0.000	0.000
Las Vegas, City of	0.000	0.000	0.000	0.000	0.000
West Las Vegas Schools	12.486	12.436	12.718	12.410	12.529
Total	\$13.846	\$13.796	\$14.078	\$13.770	\$13.889
	Total Levy	2047	2016	2015	2014
	2018	2017			2014
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
San Miguel County	5.265	5.179	5.202	5.225	5.420
Las Vegas, City of	6.713	6.640	6.641	6.715	7.010
West Las Vegas Schools	12.706	12.650	12.934	12.625	12.752
Luna Community College	2.304	2.251	2.254	2.268	2.304
Total Residential in Las Vegas	\$28.348	\$28.080	\$28.391	\$28.193	\$28.846
Total Non-Residential in Las Vegas	\$36.891	\$36.891	\$36.891	\$36.891	\$36.891
Total Residential in Unincorporated County	\$21.740	\$21.740	\$21.740	\$21.740	\$21.740
Total Non-Residential in Unincorporated County	\$29.241	\$29.241	\$29.241	\$29.241	\$29.241

Source: New Mexico Department of Finance & Administration.

School Tax Rates

The following table shows the historical school tax levies on residential and non-residential property within the District since the 2014 tax year (2014-15 fiscal year). The Two Mill Levy is renewed every six years, most recently on February 5, 2019.

		Opera	tional	SB9 (Two	Mill Levy)		To	tal
Tax Year	Calciluai	Beetdeedel	Non-	 B	INOI1-	Debt Service	De et de este l	Non-
	Year	Residential	Residential	Residential	Residential		Residential	Residential
2014	2015	0.223	0.500	2.000	2.000	10.529	12.752	13.029
2015	2016	0.215	0.486	1.932	1.942	10.478	12.625	12.906
2016	2017	0.216	0.478	1.937	1.911	10.781	12.934	13.170
2017	2018	0.214	0.500	1.924	2.000	10.512	12.650	13.012
2018	2019	0.220	0.500	1.972	2.000	10.514	12.706	13.014

Source: New Mexico Department of Finance & Administration.

Yield Control Limitations

State law limits property tax increases from the prior property tax year. Specifically, no taxing entity may set a rate or impose a tax (excluding oil and gas production ad valorem and oil and gas production equipment ad valorem taxes) or assessment which will produce revenues which exceed the prior year's tax revenues from residential and non-residential property multiplied by a "growth control factor." The growth control factor is the percentage equal to the sum of (a) "percent change I" plus (b) the prior property tax year's total taxable property value plus "net new value", as defined by statute, divided by such prior property tax year's total taxable property value, but if that percentage is less than 100%, then the growth control factor is (a) "percent change I" plus (b) 100%. "Percent change I" is based upon the annual implicit price deflator index for state and local government purchases of goods and services (as published in the United States Department of Commerce monthly publication entitled "Survey of Current Business," or any successor publication) and is a percent (not to exceed 5%) that is derived by dividing the increase in the prior calendar year (unless there was a decrease, in which case zero is used) by the index for such calendar year next preceding the prior calendar year. The growth control factor applies to authorized operating levies and to any capital improvements levies, but does not apply to levies for paying principal and interest on public general obligation debt.

Developments Limiting Residential Property Tax Increases

In an effort to limit large annual increases in residential property taxes in some areas of the State (particularly the Santa Fe and Taos areas which have experienced large increases in residential property values in recent years), an amendment to the uniformity clause (Article VIII, Section 1) of the New Mexico Constitution was proposed during the 1997 Legislative Session. The amendment was submitted to voters of the State at the general election held on November 3, 1998 and was approved by a wide margin.

The amendment directs the Legislature to provide for valuation of residential property in a manner that limits annual increases in valuation. The limitation may be applied to classes of residential property taxpayers based on occupancy, age or income. Further, the limitations may be authorized statewide or at the option of a local jurisdiction and may include conditions for applying the limitations.

Bills implementing the constitutional amendment were enacted in 2001 and were codified as NMSA 1978, Sections 7-36-21.2 and 7-36-21.3.

NMSA 1978, Section 7-36-21.2, establishes a statewide limitation on residential property valuation increases beginning in tax year 2001 (the "Statutory Valuation Cap on Residential Increases"). Annual valuation increases are limited to 3% over the prior year's valuation or 6.1% over the valuation from two years prior. Subject to certain exceptions, these limitations do not apply:

- 1. To property that is being valued for the first time;
- To physical improvements made to the property in the preceding year;
- 3. When the property is transferred to a person other than a spouse, or a child who occupies the property as his principal residence and who qualifies for the head of household exemption on the property under the Property Tax Code;
- 4. When a change occurs in the zoning or use of the property; and
- 5. To property that is subject to the valuation limitations under NMSA 1978, Section 7-36-21.3; and

On March 28, 2012, the New Mexico Court of Appeals upheld the constitutionality of a law capping residential valuation increases until a home changes ownership. This decision was appealed to the New Mexico Supreme Court which affirmed this decision on June 30, 2014. The New Mexico Legislature has brought up the issue of the disparity in valuations in the past several years, but has not enacted the bill into law. To the extent that court or legislative action is taken or a further constitutional amendment is passed amending the valuation provisions, it could have a material impact on the valuation of residential property within the boundaries of the District.

NMSA 1978, Section 7-36-21.3 places a limitation on the increase in value for property taxation purposes for single-family dwellings occupied by low-income owners who are 65 years of age or older or who are disabled. The statute fixes the valuation of the property to the valuation in the year that the owner turned 65 or became disabled. The Section 7-36-21.3 limitation does not apply:

- 1. To property that is being valued for the first time;
- To a change in valuation resulting from physical improvements made to the property in the preceding year; and
- 3. To a change in valuation resulting from a change in the zoning or permitted use of the property in the preceding year.

Tax Collections

The level of tax collections is an important component in the analysis of the ability to pay principal and interest on a timely basis. General property taxes, with the exception of those taxes on oil and gas production and equipment for all units of government, are collected by the County Treasurer and distributed monthly to the various political subdivisions to which they are due. Property taxes are due in two installments. The first half is due on November 10 and becomes delinquent on December 10. The second half is due on April 10 and becomes delinquent on May 10. Collection statistics for all political subdivisions for which the County Treasurer collects taxes are as follows:

Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax ollections (1)	Current Collections as a % of Net Levied	Del	Current/ linquent Tax ollections (2)	Current/Delinquent Collections as a % of Net Levied
2018	18/19	\$ 15,276,955	\$ 11,515,805	75.4%	\$	11,515,805	75.4%
2017	17/18	14,824,281	12,935,832	87.3%		13,739,716	92.7%
2016	16/17	14,868,420	12,583,681	84.6%		13,955,121	93.9%
2015	15/16	14,617,313	12,369,434	84.6%		13,541,928	92.6%
2014	14/15	14,256,440	12,117,974	85.0%		13,507,568	94.7%

⁽¹⁾ Current collections through June 30 of each tax year. Except for tax year 2018.

Source: San Miguel County Treasurer's Office

Interest on Delinquent Taxes

Pursuant to NMSA 1978, Section 7-38-49, if property taxes are not paid for any reason within 30 days after the date they are due, interest on the unpaid taxes shall accrue from the 30th day after they are due until the date they are paid. Interest accrues at the rate of 1% per month or any fraction of a month.

Penalty for Delinquent Taxes

Pursuant to NMSA 1978, Section 7-38-50, if property taxes become delinquent, a penalty of 1% of the delinquent tax for each month, or any portion of a month, they remain unpaid must be imposed, but the total penalty shall not exceed 5% of the delinquent taxes. The minimum penalty imposed is \$5.00. A county can suspend application of the minimum penalty requirement for any tax year.

If property taxes become delinquent because of intent to defraud by the property owner, 50% of the property tax due or \$50.00, whichever is greater, shall be added as a penalty.

Remedies Available for Non-Payment of Taxes

Pursuant to NMSA 1978, Section 7-38-47, property taxes are the personal obligation of the person owning the property on the date upon which the property was subject to valuation for property taxation purposes. A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes.

Taxes on real property are a lien against the real property. Pursuant to NMSA 1978, Section 7-38-65, delinquent taxes on real property may be collected by selling the real property on which taxes are delinquent.

Pursuant to NMSA 1978, Section 7-38-53, delinquent property taxes on personal property may be collected by asserting a claim against the owner(s) of the personal property upon which taxes are delinquent.

The District

The District is a political subdivision of the State organized for the purpose of operating and maintaining an educational program for school-age children residing within its boundaries. The District is located in Las Vegas,

⁽²⁾ As of May, 2019.

New Mexico and is approximately 120 miles northeast of Albuquerque and approximately 70 miles northeast of Santa Fe. The City of Las Vegas is the largest community in San Miguel County and the county seat.

School District Powers

Pursuant to Chapter 27 Laws 2004 passed in the 2004 legislative session, the District's powers are subject to regulations promulgated by the Secretary of the New Mexico Public Education Department ("PED") with the advice of the Public Education Commission. The Secretary of the PED (the "Secretary") is responsible for control, management and direction of all public schools. The Public Education Commission is comprised of 10 members, elected from public education districts for staggered four-year terms. Generally, the powers of the PED include determining policy of operations of all public schools; designating courses of instruction for all public schools in the State; adopting regulations for the administration of all public schools; determining qualifications for teachers, counselors, and their assistants; and prescribing minimum educational standards for all public schools. The PED may order the creation of new school districts or may require consolidation of school districts.

Management

The District Board of Education (the "Board"), subject to regulations of the Secretary, develops educational policies for the District. The Board employs the superintendent of schools, delegates administrative and supervisory functions to the superintendent, including fixing the salaries of all employees, reviews and approves the annual District budget, has the capacity to sue and be sued, contracts, leases, purchases and sells for the District, acquires and disposes of all property, and adopts regulations pertaining to the administration of all powers or duties of the Board. Members serve without compensation for four-year terms of office in non-partisan elections held every two years on the first Tuesday in November. The current Board Members are:

<u>Marvin Martinez</u>, Chairman; term expires December 31, 2019

<u>Patrick Marquez</u>, Vice-Chairman; term expires December 31, 2019

Ambrosio Castellano, Member; term expires December 31, 2019

<u>Christine Ludi</u>, Secretary; term expires December 31, 2021

<u>Linda Montoya</u>, Member; term expires December 31, 2021

The Superintendent of Schools is selected by and serves at the discretion of the Board. All other staff members are selected by the Superintendent. The current administrative staff is:

Christopher Gutierrez, Superintendent. Mr. Gutierrez has served in the position of Superintendent since September of 2016. He is a graduate of New Mexico Highlands University. Prior to the position as Superintendent, Mr. Gutierrez served as a High School Math and Science teacher for nine and a half years and a year and a half as the Middle School principal, both for the West Las Vegas School District. He holds a Bachelor's degree in General Science for Secondary Education Teachers, a Master's degree in Educational Leadership, enough hours for endorsements in Special Education and Reading, and is working towards a gifted endorsement.

Dinah Maynes, Business Manager. Ms. Maynes has served in the position of Business Manager since 2010. She, also, is a proud graduate of the West Las Vegas Schools and New Mexico Highlands University. Prior to the position of Business Manager, Ms. Maynes served as bookkeeper for Federal Programs for 16 years. She holds a Bachelor's Degree in Business Administration with an emphasis in Accounting from New Mexico Highlands University.

Insurance

The District is a member of the New Mexico Public Schools Insurance Authority (the "Insurance Authority"), which was established to provide a comprehensive core insurance program by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the Insurance Authority based on claim experience and the status of the pool. The Risk Management Program

includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the Risk Management Program are Boiler, Machinery and Student Accident Insurance.

Intergovernmental Agreements

The District has entered into various joint powers agreements with other governmental entities in the State that permit them to provide equipment purchases and other services jointly.

School Property

In addition to the school buildings and their contents, the District owns the land upon which school buildings and facilities are located, which includes the District Administration Building, a Maintenance Shop and Custodial Center, a Curriculum and Instruction Center, an instructional materials warehouse and numerous vehicles. The District contracts buses, which are used only to transport students to and from school and school activity events.

Enrollment

Set forth below is a five year history of the District's enrollment. For a discussion of the relationship between student enrollment and amounts of financial support provided by the State for public schools, see "FINANCES OF THE DISTRICT - SOURCES OF REVENUES".

School Year	West Las Vegas SD	Rio Gallinas Charter School	Total Enrollment
2018-19	1,431	67	1,498
2017-18	1,415	95	1,510
2016-17	1,440	77	1,517
2015-16	1,473	83	1,556
2014-15	1,438	101	1,539

Source: NM Public Education Department & the District.

Finances of the District

The basic format for the financial operation of the District is provided by PED through the School Budget Planning Division, which is directed by State law to supervise and control the preparation of all budgets of all school districts. The District receives revenue from a variety of local, state and federal sources, the most important of which are described below. New Mexico's public school finance laws are subject to review and examination through both the judicial and legislative processes. As a result, the District cannot anticipate with certainty all of the factors that may influence the financing of its future activities. There is no assurance that there will not be any change in, interpretation of or additions to the applicable laws, provisions and regulations that would have a material effect, directly or indirectly, on the affairs of the District.

Sources of Revenues for General Fund

The General Fund is used to account for resources of the operational fund, student activity funds and other resources not accounted for in another fund. The sources of revenue for the District's General Fund are:

<u>Local Revenues</u> - Local revenues are a minor source of revenue to the District made up, in part, by a property tax annually levied on and against all of the taxable property within the District for operational purposes. The levy is limited by State law to a rate of 50 cents for each \$1,000 of net taxable value of taxable property. Other sources

of local revenues include interest income earned on the District's investments, rentals and sale of property. In fiscal year 2018, the District received \$262,405 from local sources.

<u>Federal Revenues</u> - Another minor source of annual revenue for the District's General Fund is derived from indirect costs of direct federal grant funds related to vocational, special education, and various other programs and P.L. 874 federal impact moneys paid to the District in lieu of taxes on federal land located in the District. In fiscal year 2018, the District received \$72,951 in federal revenues for its General Fund.

<u>State Revenues</u> - The District's largest source of annual revenue is derived from the State Equalization Guarantee distribution described below. During fiscal year 2018, the District received \$13,362,738 from state sources. Such payments represented approximately 98% of actual fiscal year General Fund Revenues.

State Equalization Guarantee

The State Legislature enacted New Mexico's current public school funding formula in 1974. Designed to distribute operational funds to local school districts in an objective manner, the funding formula is based upon the educational needs of individual students and costs of the programs designed to meet those needs. Program cost differentials are based upon nationwide data regarding the relative costs of various school programs, as well as data specific to New Mexico. The objectives of the formula are (1) to equalize educational opportunity statewide (by crediting certain local and federal support and then distributing state support in an objective manner) and (2) to retain local autonomy in actual use of funds by allowing funds to be used in local school districts at the discretion of local policy making bodies. The formula is divided into three basic parts:

- Educational program units that reflect the different costs of identified programs;
- 2. Training and experience units that attempt to provide additional funds so that districts may hire and retain better educated and more experienced instructional staff; and
- Size adjustment units that recognize local school and community needs, economies of scale, types of students, marginal cost increases for growth in enrollment from one year to the next, and adjustments for the creation of new districts.

SEG payments are made monthly and prior to June 30 each fiscal year. The calculation of the distribution is also based on the local and federal revenues received from July 1 of the previous fiscal year through May 31 of the fiscal year for which the State distribution is being computed. In the event that a school district receives more SEG funds than its entitlement, that district must make a refund to the State's general fund.

Even though the current public school funding formula has been in place for several decades, some school districts have indicated a concern about the fact that some school districts receive less revenue per pupil compared to others. In response to these concerns, the Legislature, the Governor, and the State Board of Education authorized an independent, comprehensive study of the formula that was conducted in 1996. In its principal finding the independent consultant concluded, "...When evaluated on the basis of generally accepted standards of equity, the New Mexico public school funding formula is a highly equitable formula. . . .[S]pending disparities are less than in other states and statistically insignificant."

Despite the acknowledged equity of the formula, the independent consultant pointed out a strong perception of unfairness in the so-called "density" factor and in the training and experience computations of some school districts. As a result, the Legislature enacted the following changes to the funding formula:

- Required that special education students be counted with regular students with "add-on" weights assigned
 depending upon the severity of the disability;
- Changed weights for special education ancillary services and included diagnosticians in ancillary services computations; and
- Repealed the so-called "density" factor and replaced it with an at-risk factor that is available to all school districts.

The equalization funding for a school district is based on previous years' enrollments rather than current year enrollment.

Budgeted and historical SEG payments are as follows:

	Program		Without
Year	Unit Value	Amount *	Charter School
2014-2015	4,005.75	13,888,644	12,903,891
2015-2016	4,027.75	13,696,158	12,895,623
2016-2017	3,979.63	13,047,854	12,394,987
2017-2018	4,053.55	12,833,799	12,078,602
2018-2019	4,159.00	12,556,844	11,816,934

^{*} Includes Charter School Payments

Source: New Mexico Public Education Department

The New Mexico PED receives Federal mineral-leasing funds from which it makes annual allocations to the District for purchasing textbooks. In fiscal year 2018, the District received \$41,175 for instructional materials.

The District is also reimbursed by the State for the costs of transporting students to and from school. These payments are based upon a formula consisting of the number of students per square mile that are transported. In fiscal year 2018, the District received \$803,089 for transportation purposes.

Balance Sheet

Listed below is the Balance Sheet (General Fund only) for fiscal years 2014 through 2018. The complete audit report for the fiscal year ending June 30, 2018 and the prior four years can be downloaded from the State Auditor's website by using the following link http://www.saonm.org/financial_audits.

		BALANCE S	HEE	T - GENERAL	FUN	D ⁽¹⁾		
Year Ended June 30	2014			2015		2016	2017	2018
Assets:								
Cash and Investments	\$	384,393	\$	416,057	\$	568,759	\$ 203,176	\$ 1,585,817
Receivables:								
Taxes		584		701		10,241	15,922	16,231
Interfund receivables		50,149		788,370		573,377	1,060,937	454,936
Other receivables		-		5,454		-	-	-
Total Assets	\$	435,126	\$	1,210,582	\$	1,152,377	\$ 1,280,035	\$ 2,056,984
Liabilities:								
Accounts payable	\$	210,171	\$	43,588	\$	50,170	\$ 30,581	\$ 31,494
Total Liabilities	\$	210,171	\$	43,588	\$	50,170	\$ 30,581	\$ 31,494
Deferred Inflows of Resources	\$	-	\$	-	\$	9,428	\$ 15,069	\$ 15,329
Fund Balances:								
Reserved:								
Restricted	\$	224,955	\$	43,805	\$	-	\$ -	\$ -
Capital Improvements		-		-		-	-	-
Assigned		-		-		-	-	-
Commited		-		1,149,345		1,092,779		
Unreserved, Undesignated		-		-		-	1,234,385	2,010,161
Total Fund Balance	\$	224,955	\$	1,193,150	\$	1,092,779	\$ 1,234,385	\$ 2,010,161
Total Liabilities and Fund Balance	\$	435,126	\$	1,236,738	\$	1,152,377	\$ 1,280,035	\$ 2,056,984

⁽¹⁾ General Fund includes Operational, Transportation and Instructional Materials.

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete.

Statement of Revenues, Expenditures & Changes in Fund Balances

Below is a five year history of Revenues and Expenditures for the District. The complete audit report for the fiscal year ending June 30, 2018 and the prior four years can be downloaded from the State Auditor's website by using the following link http://www.saonm.org/financial_audits.

STATEMENT OF RE	VENUES, E	EXPENDITURES	& CI	HANGES IN FU	ND E	BALANCES - GI	ENEF	RAL FUND ⁽¹⁾	
Fiscal Year Ended June 30		2014		2015		2016		2017	2018
Revenues:									
Local Sources	\$	171,354	\$	680,668	\$	217,478	\$	475,565	\$ 262,405
State Sources		13,805,539		14,159,871		13,843,016		13,180,362	13,362,738
Federal Sources		62,907		12,079		71,982		71,982	72,951
Total Revenues	\$	14,039,800	\$	14,852,618	\$	14,132,476	\$	13,727,909	\$ 13,698,094
Expenditures:									
Instruction	\$	6,832,333	\$	6,717,054	\$	6,779,717	\$	6,666,496	\$ 6,308,528
Student support services		1,499,460		1,483,796		1,597,890		1,581,913	1,401,821
Instruction support services		354,464		310,944		301,363		297,163	215,486
General administration		490,835		582,763		595,343		505,464	487,917
School administration		1,034,026		1,026,504		1,011,063		938,473	864,418
Central services		537,812		511,665		498,847		361,199	367,820
Op. & Maintenance of Plant		2,481,789		2,387,546		2,426,621		2,295,547	2,311,218
Pupil Transportation		846,786		846,831		852,670		830,407	858,112
Other		27,821		-		141,583		13,212	69,747
Capital Outlay		-		-		35,056		-	36,891
Total Expenditures	\$	14,105,326	\$	13,867,103	\$	14,240,153	\$	13,489,874	\$ 12,921,958
Excess (Deficiency)									
of Revenues over Expenditures	\$	(65,526)	\$	968,195	\$	(107,677)	\$	173,981	\$ 775,776
Operating Transfers		-		-		-		(18,063)	
Restated fund balance	\$	(65,526)	\$	968,195	\$	(107,677)	\$	155,918	\$ 775,776
Fund Balance-Beginning		290,481		224,955		1,193,150		1,092,779	1,234,385
Restatement		-		-		7,306		(14,312)	
Fund Balance-Ending	\$	224,955	\$	1,193,150	\$	1,092,779	\$	1,234,385	\$ 2,010,161
% of Total Revenues		1.60%		8.03%		7.73%		8.99%	14.67

⁽¹⁾ General Fund includes Operational, Transportation and Instructional Materials.

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete.

Statement of Net Assets

Below is a five year history of Net Assets for the District (Governmental Activities). The complete audit report for the fiscal year ending June 30, 2018 and the prior four years can be downloaded from the State Auditor's website by using the following link http://www.saonm.org/financial_audits.

Fiscal Year Ended June 30	2014	2015	2016	2017	2018
ASSETS	 				20.0
Current assets:					
Cash & cash equivalents	\$ 4,075,651	\$ 4,845,754	\$ 5,538,828	\$ 4,860,252	\$ 5,114,51
Taxes receivable	86,083	30,177	419,631	773,757	588,58
Due from other governmental entities	965,349	972,311	650,119	1,198,266	484,22
Accounts Recievable	-	31,662	-	-	-
Inventory	-	-	16,844	16,844	13,89
Total current assets	\$ 5,127,083	\$ 5,879,904	\$ 6,625,422	\$ 6,849,119	\$ 6,201,20
Noncurrent assets:					
Bond issuance costs	-	-	-	-	-
Capital assets	87,835,303	89,764,540	91,090,900	96,106,512	101,760,36
Less: Accumulated depreciation	(42,951,140)	(45,157,463)	(47,270,840)	(49,691,667)	(51,020,48
Total noncurrent assets	44,884,163	44,607,077	43,820,060	46,414,845	50,739,87
Total Assets	50,011,246	50,486,981	50,445,482	53,263,964	56,941,08
Deferred Outflows of Resources	\$ -	\$ 1,342,498	\$ 2,073,973	\$ 3,309,943	\$ 11,937,11
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 507,339	\$ 205,274	\$ 583,798	\$ 31,668	\$ 38,77
Accrued liabilities	132,821	133,326	211,372		-
Accrued interest	92,887	88,544	66,110	58,531	68,30
Compensated absences payable				250,260	270,97
Deferred revenue	42,568	4,542	-	-	-
Current portion of long-term obligations	1,370,000	2,070,000	1,650,000	905,000	1,545,00
Total current liabilities	\$ 2,145,615	\$ 2,501,686	\$ 2,511,280	\$ 1,245,459	\$ 1,923,05
Long-term obligations					
Bond underwriter premiumums	-	-	-	6,405,000	7,032,90
Pension Liability	-	-	22,013,637	24,194,410	35,593,10
Noncurrent portion of long term obligations	6,955,834	26,158,173	5,610,000		9,641,13
Total long-term obligations	6,955,834	26,158,173	27,623,637	30,599,410	52,267,14
Total Liabilities	9,101,449	28,659,859	30,134,917	31,844,869	54,190,19
Deferred Inflows of Resources	\$ -	\$ 3,091,570	\$ 2,771,915	\$ 1,763,082	\$ 4,133,53
NET ASSETS					
Invested in capital assets, net of related debt	\$ 39,098,553	\$ 39,151,964	\$ 36,560,060	\$ 39,104,845	\$ 42,161,96
Restricted for:					
Debtservice	1,639,232	1,806,155	436,710	1,507,902	1,180,79
Capital projects	302,675	329,524	3,297,958	2,772,659	1,958,86
Unrestricted	(130,663)	(21,209,593)	(20,152,105)	(20,419,450)	(34,747,16

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the District's FY2018 audited financial statements is provided in Appendix B.

Statement of Activities

Below is a five year history of Activities for the District (Governmental Activities). The complete audit report for the fiscal year ending June 30, 2018 and the prior four years can be downloaded from the State Auditor's website by using the following link http://www.saonm.org/financial_audits.

	STATEMEN	NT OF ACTIVITIES	- GOVERNMENTAL	ACTIVITIES		
Fiscal Year Ended June 30						
EXPENSES:		2014	2015	2016	2017	2018
Governmental activities						
Instruction	\$	(8,541,630)	\$ (8,566,275)	\$ (8,286,637)	\$ (6,523,524)	\$ (10,496,569)
Student support services		(1,582,786)	(1,497,545)	(1,553,280)	(1,407,675)	(1,928,897)
Instruction support services		(369,424)	(356,585)	(221,106)	(293,272)	(239,905)
General administration		(521,635)	(585,690)	(621,630)	(555,986)	(703,658)
School administration		(1,135,414)	(1,014,275)	(967,116)	(935,859)	(1,145,140)
Other support services		(28,466)	(17,439)	-	(13,212)	-
Central services		(563,858)	(507,179)	(422,342)	(272,536)	(392,964)
Pupil transportation services		(180,598)	(82,246)	(61,508)	(41,352)	(100,924)
Operation & maintenance of plant		(766,788)	(1,143,370)	(2,271,801)	(2,367,292)	(2,700,887)
Other support services						(72,438
Food services		(347,128)	16,620	238,075	178,558	(141,938
Interest on long-term obligations		(440,361)	(266,174)	(181,283)	(175,135)	(171,892)
Total governmental activities	\$	(14,478,088)	\$ (14,020,158)	\$ (14,490,211)	\$ (12,407,285)	\$ (18,095,212
General revenues						
Property taxes for general purposes	\$	54,867	\$ 53,739	\$ 50,948	\$ 60,019	\$ 58,766
Property taxes for debt service		1,802,570	1,788,509	1,739,176	2,201,316	1,856,889
Property taxes for capital projects		344,229	340,561	323,919	399,695	343,998
Capital						2,324,815
General Federal & State aid		12,771,039	13,284,963	13,022,872	12,377,326	12,591,712
Interest & investment earnings		6,208	6,922	16,919	9,008	8,670
Miscellaneous		-	-	20,202	197,566	66,748
Subtotal, general revenues		14,978,913	15,474,694	15,174,036	15,244,930	17,251,598
Change in net assets		500,825	1,452,536	683,825	2,837,645	(843,614
Net assets - beginning, as adjusted		40,408,972	40,909,797	20,078,050	20,142,623	22,965,956
Restatement		-	(22,284,283)	(619,252)	(14,312)	(11,567,883
Net Assets - End of Year	\$	40,909,797	\$ 20,078,050	\$ 20,142,623	\$ 22,965,956	\$ 10,554,459

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the District's FY2018 audited financial statements is provided in Appendix B.

Special Revenue Funds

The Special Revenue Fund accounts are used to account for grant funds received from various sources that are legally required to be used for purposes specified in the grant awards and may not be used for any other purpose.

Debt Service

Debt service funds are used to account for accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The County remits property taxes collected on locally assessed and centrally assessed property to the District as one lump sum and does not break down the amounts as to principal or interest reduction in accordance with instructions from PED.

Capital Projects

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The Capital Projects Fund, which consists of the Bond Building Fund, accounts for the resources and major costs of capital improvements in the District such as erecting, remodeling, making additions to and furnishing school buildings and purchasing and improving school grounds. Revenue is provided through general obligation bonds and earnings on investments.

Fiduciary Funds – Trust & Agency

These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

District Budget Process

Each year, the school district budget process begins with the educational appropriations passed by the Legislature and signed into law by the Governor. The actual budget process follows specific steps set forth in the Public School Finance Act:

- Before April 15 of each year, the District must submit an estimated budget for the next school year to PED. If the District fails to submit a budget, PED must prepare a District budget for the ensuing year.
- Before June 20 of each year, the Board must hold a public hearing to fix the estimated budget for the next school year.
- On or before July 1 of each year, PED must approve and certify an approved operating budget for use by the Board.

No school board, officer or employee of the district may make an expenditure or incur any obligation for the expenditure of public funds unless that expenditure is made in accordance with an operating budget approved by PED. This requirement, however, does not prohibit the transfer of funds between line items within a series of a budget. Final budgets may not be altered or amended after approval by PED except upon the District's request to PED. An instance in which such requests will be approved include a change within the budget that does not increase the total amount of the budget. Additional budget items may also be approved if the District is to receive unanticipated revenues. Finally, if it becomes necessary to increase the District's budget by more than \$1,000 for any reason other than those listed above, PED may order a special public hearing to consider the requested increase.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Debt Service Fund with appropriations lapsing at year end. Total expenditures of any function category may not exceed categorical appropriations.

To conform with PED's requirements, budgets for all funds of the District are adopted on the cash basis of accounting except for state instructional material credit. State instructional material funds provide for free textbooks from PED. As a result, budgets are not prepared in conformity with generally accepted accounting principles GAAP, and budgetary comparisons are presented on the (Non-GAAP) basis of accounting.

Employees and Retirement Plan

The District employs approximately 250 regular employees of which 15 are administrators, 120 are teachers and other professional instructional personnel including special education support personnel, 25 are instructional assistants, and 90 are support, custodial and administrative staff. This includes federal programs (Head Start, etc).

Post-Employment Benefits - State Retiree Healthcare Plan

Plan Description. The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority ("RHCA"). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (NMSA 1978, §§ 10-7C-1 through 10-7C-16). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

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

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

The Retiree Health Care Act (at Section 10-7C-15) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member

coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G), at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to NMSA 1978, Section 7-1-6.1 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2018, 2017 and 2016 were \$184,731, \$182,668, \$192,459, respectively, which equal the required contributions for each year.

Pension Plan - Educational Retirement Board

Plan Description. Substantially all of the District's full-time employees participate in an educational employee retirement system authorized under the Educational Retirement Act (NMSA 1978, Chapter 22, Article 11). The Educational Retirement Board ("ERB") is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of living adjustments to plan members (certified teachers, other employees of state public school districts, colleges and universities, and some state agency employees) and beneficiaries. The ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may also be obtained by writing to the ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on the ERB's website at www.nmerb.org.

Following is a partial history of employer and employee contributions statewide and net assets held in trust of the retirement fund.

Fiscal Year Ending June 30	Employer Contributions	Employee Contributions	Net Assets Held in Trust
2014	\$362,462,537	\$268,693,991	\$11,442,171,449
2015	395,129,621	294,560,840	11,642,543,051
2016	396,988,557	293,847,970	11,532,837,951
2017	395,843,795	292,809,008	12,509,355,910
2018	388,723,983	287,323,804	12,970,300,855

Source: New Mexico Educational Retirement Board, Financial Report

Funding Policy

Contributions.

The contribution requirements are established in statue under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2018 and 2017, the District paid employee and employer contributions of \$2,259,627 and \$2,216,006, which equal the amount of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of the Resources Related to Pensions.

At June 30, 2018, the District reported a liability of \$35,593,105 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability

was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 20, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. Therefore, the District's portion was established as of the measurement date of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2017, the District's proportion was 0.32027%, which was a decrease of 0.01959% from its proportion measured as of June 20, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$4,430,574.

On June 25, 2012, the Governmental Accounting Standards Board approved Statement No. 68 which addresses accounting and financial reporting for pensions that are provided to employees of state and local government employers through pension plans that are administered through trusts and also establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. According to Statement No. 68, the District, as a contributor to the ERB, is required to recognize its proportionate share of the collective net pension liability, pension expense, and deferred inflows or outflows of resources of the cost-sharing, multi-employer plan with the ERB. The District is assessing the full extent of the effect of the new standards on the District's audited financial statements. Statement No. 68 is effective beginning with the fiscal year ending June 30, 2014 for the District.

In July 2012, the ERB adopted goals of achieving 95%, plus or minus 5%, funded ratio by the year 2042. To achieve this goal, the New Mexico Legislature amended the Educational Retirement Act in the 2013 legislative session (Senate Bill 115; Chapter 61, Laws 2013). The amendments increased employee contributions for members whose salary exceeds \$20,000 per year to 10.1% in Fiscal Year 2014 and 10.7% in Fiscal Year 2015 (ERB members who make less than \$20,000 contribute 7.9% of their gross salary). The legislation also kept in place scheduled increases in employer contribution rates, created a new tier membership for persons who become members of the ERB Fund on or after July 1, 2013, created certain actuarial limitations on benefits of new tier members, placed limitations on future cost of living adjustments ("COLA") for current and future retirees which are tied to the future funded ratios of the Fund, and made certain other clarifying and technical changes.

In December 2013, the New Mexico Supreme Court, in *Bartlett v. Cameron*, 316 P.3d 889 (2013), rejected the claims of certain retired teachers, professors and other public education employees challenging the state constitutionality of Senate Bill 115 to the extent that it reduces the future amounts that all education retirees might receive as annual COLA. The Court held that Article XX, Section 22 of the New Mexico Constitution did not grant the retirees a right to an annual COLA based on the formula in effect on the date of their retirement for the entirety of their retirement. The Court held that in the absence of any contrary indication from the New Mexico Legislature, any future COLA to a retirement benefit is merely a year-to-year expectation that, until paid, does not create a property right under the New Mexico Constitution. Once paid, the COLA, by statute, becomes part of the retirement benefit, and a property right subject to those constitutional protections.

Tax Matters

Federal Income Tax Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Co-Bond Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings, and court decisions existing on the date thereof, (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated in this subsection and the subsection "New Mexico Income Tax Opinion," McCall, Parkhurst & Horton L.L.P. will express no opinion as to any other federal, state, or local tax

consequences of the purchase, ownership, or disposition of the Bonds. See "Appendix D -- Forms of Co-Bond Counsels' Opinion".

In rendering its opinion, McCall, Parkhurst & Horton L.L.P. will rely upon (a) the District's federal tax certificate, (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds, and (c) certain other matters. Failure of the District to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of McCall, Parkhurst & Horton L.L.P. is conditioned on compliance by the District with such requirements, and McCall, Parkhurst & Horton L.L.P. has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

The opinion rendered by McCall, Parkhurst & Horton L.L.P. represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations, and covenants. The opinion rendered by McCall, Parkhurst & Horton L.L.P. is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership, or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion rendered by McCall, Parkhurst & Horton L.L.P. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

New Mexico Income Tax Opinion

On the date of initial delivery of the Bonds, Cuddy & McCarthy, LLP and McCall, Parkhurst & Horton L.L.P. will render their opinions that interest on the Bonds will be excluded from net income for purposes of New Mexico state income tax. Cuddy & McCarthy, LLP expresses no opinion as to any other federal, state or local tax consequences, except as described in this subsection. See "Appendix D -- Forms of Co-Bond Counsels' Opinion".

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable

to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings, and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excessive passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase taxexempt obligations.

INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM RECENTLY ENACTED LEGISLATION FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued

original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local & Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership, or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States citizens.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District expects to designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action which would assure, or to refrain from such action which would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium

in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Bonds would not be "qualified tax-exempt obligations."

Continuing Disclosure Undertaking

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be publicly available on the MSRB's website at www.emma.msrb.org.

Annual Reports

The District will provide annually certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DEBT AND OTHER FINANCIAL OBLIGATIONS", "TAX BASE", "THE DISTRICT - Enrollment" and "FINANCES OF THE DISTRICT - State Equalization Guarantee," "Balance Sheet," and "Statement of Revenues", "Expenditures & Changes in Fund Balances" and "Appendix B." The District will update and provide this information by March 31 of each year beginning in 2020.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial information by the required time and will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with accounting principles as in the District's annual financial statements attached hereto or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is June 30. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) nonpayment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms,

if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. All documents provided by the District to the MSRB described under "Annual Reports" and "Event Notices" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

During the past 5 years the District has complied with its obligation under these continuing disclosure requirements.

The address of the MSRB is 1900 Duke Street, Suite 6000, Alexandria, Virginia 22314, and its telephone number is (703) 797-6600.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

This continuing disclosure agreement may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law or a change in the identity, nature, status or type of operations of the District, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

For the past five years, the District has complied in all material respects with its existing continuing disclosure agreements in accordance with SEC Rule 15c2-12. The District notes that the otherwise timely filings of the 2014 and 2016 audited financial statements and the 2015 and 2016 annual continuing disclosure reports were not linked to all of the then outstanding CUSIP numbers (Series 2010) without filing a notice of late filing with respect to those CUSIPs. The Failure to File Notices were subsequently filed on 8/31/2017 and 7/20/2016, respectively. The District has implemented procedures to ensure compliance with its continuing disclosure agreements.

Litigation

At the time of the original delivery of the Bonds, the District will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceeding is pending or, to the knowledge of the appropriate officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the Bond Resolution, the levying or collecting of taxes to pay the principal of and interest on the Bonds (except as described below) or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

Events

Two lawsuits were filed challenging the funding of the State's primary and secondary education system. In March 2014, individual plaintiffs in New Mexico District Court in McKinley County brought suit against the State, among others, alleging, among other things, that the State's educational funding formula violated the sufficiency of education and uniform system of public schools provision of the New Mexico Constitution and asked the court for injunctive relief ordering the State to develop a budget and funding formula that sufficiently, uniformly and equitably funded the public school system. In April 2014, individual plaintiffs in New Mexico District Court in Santa Fe County brought suit against the State, among others, alleging, among other things, that the State has failed to provide a sufficient and uniform system of education in violation of the sufficiency, uniformity, equal protection and due process provisions of the New Mexico Constitution because of an inadequate and arbitrary funding system. The cases were consolidated and on July 20, 2018 the District Court entered its Decision on the consolidated suits which concluded that the State has failed to provide educational funding sufficient to meet its obligations under Article XII, §1 of the New Mexico Constitution, the state Constitution's Equal Protection Clause and its Due Process Clause with respect to "at risk" students. Final Judgment was entered on February 2, 2019. The State has not appealed. The Judgment does not directly affect ad valorem taxes in the State.

Rating

Moody's Investors Service has assigned the Bonds a rating of Aa3 on the understanding that the Bonds will qualify under the New Mexico School District Enhancement Program. The underlying rating for the District is A3. See "New Mexico School District Enhancement Program" herein. An explanation of the significance of the rating given by Moody's Investors Service may be obtained from Moody's Investors Service, 99 Church Street, New York, New York 10007. There is no assurance that the rating will not be revised downward or withdrawn entirely by the rating agency, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Legal Matters

The written approval from the New Mexico Attorney General will be obtained for the Bonds. The legality of the Bonds will be approved by Cuddy & McCarthy, LLP, Santa Fe, New Mexico and McCall, Parkhurst & Horton L.L.P., Austin, Texas, as Co-Bond Counsel, whose unqualified opinions approving the legality of the Bonds will be furnished to the initial purchasers. Co-Bond Counsel, were not requested to and did not take part in the preparation of this Official Statement, nor have these firms undertaken to independently verify any of the information contained herein. Such firms have no responsibility for the accuracy or completeness of any information furnished in connection with any offer or sale of the Bonds in this Official Statement or otherwise.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Disclosure Certificate

The final certificate included in the transcript of legal proceedings will include the following: At closing the Superintendent or Director of Finance will sign a certificate stating, after reasonable investigation, that to the best of his knowledge (a) no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, is pending, or, to the best of his knowledge, threatened in any way contesting the completeness or accuracy of the Final Official Statement, (b) the Final Official Statement, as it pertains to the District and the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (c) no event affecting the District has occurred since the date of the Final Official Statement, which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however, that the District does not make any representation concerning the pricing information contained in the Final Official Statement.

Additional Matters

All summaries of the statutes, resolutions, opinions, contracts, agreements, financial and statistical data and other related reports described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available for inspection during normal business hours at the offices of the District located at the School Administration Office, or at the offices of RBC Capital Markets, LLC, 6301 Uptown Boulevard NE, Suite 110, Albuquerque, New Mexico 87110.

A Last Word

Anything in this Official Statement involving matters of opinion or estimates – whether labeled as such or not – are just that. They are not representations of fact. They might not prove true. Neither this Official Statement nor any other written or oral information is to be construed as a contract with the registered owners of the Bonds.

The District has duly authorized the execution and delivery of this Official Statement.

SI
Chairman, Board of Education
'sl
Secretary, Board of Education

ECONOMIC & DEMOGRAPHIC INFORMATION

THE ECONOMY

The West Las Vegas School District No. 1 is located in the north central region of New Mexico. Two school districts serve the City of Las Vegas and surrounding area.

The City of Las Vegas (2010 U.S. Census population of 13,753), incorporated in 1906, is the County Seat and principal city in San Miguel County, and serves as a trade and service center for the surrounding area. It is located approximately 125 miles northeast of Albuquerque and approximately 70 miles southeast of Santa Fe. In the late 1800s, as a major trading point on the Santa Fe Trail, Las Vegas was one of the largest towns in the region and had become a prosperous town, rivaling Denver, El Paso and Tucson. Unlike any other town in New Mexico, Las Vegas is home to a number of beautiful Victorian homes and buildings, with over 900 buildings on the historic register.

The decline of Las Vegas from a prosperous commercial center began around 1905 when major rail traffic was diverted to the south. An agricultural depression in the mid-1920s, the Great Depression of the 1930s, and a long drought put an end to Las Vegas' growth and its boomtown prosperity.

Today, Las Vegas is a thriving community of distinctive cultures. Las Vegas and the communities in San Miguel County are rich in history, architecture, cultural traditions, arts and natural beauty. Considered one of America's oldest film locations, many movies were filmed, in whole or in part, in and around Las Vegas.

The base of Las Vegas' economy is its institutional jobs housed within eight major institutions. These include: New Mexico Behavioral Health Institute, New Mexico Highlands University, Luna Community College, City of Las Vegas, San Miguel County, the West Las Vegas School District, the Las Vegas City School District, and Alta Vista Regional Hospital. Other institutional employers include the New Mexico Department of Transportation District 4 office and Armand Hammer United World College.

In addition to the City's glorious and infamous history, its location and natural resources provide a variety of outdoor and recreation opportunities such as hiking, biking, fishing, hunting, boating and golf.

The City operates under the Mayor-Council form of government.

New Mexico Highlands University

Founded in 1893, New Mexico Highlands University ("NMHU") has served as a leading academic, cultural and economic institution for the communities of Northern New Mexico. In addition to its main campus in Las Vegas, it also has centers in Farmington, Roswell, Espanola/Santa Fe, Rio Rancho/Albuquerque and Raton. Undergraduate and graduate programs are offered in the arts and sciences, business, education and social work.

The Fall 2018 undergraduate enrollment at the main campus of NMHU was 1,496. The enrollment including all branch centers totaled 3,181.

Luna Community College

Luna Community College ("LCC") is the only community college in northeastern New Mexico. LCC is located in the lower slopes of the majestic Sangre de Cristo Mountain Range overlooking the City of Las Vegas, New Mexico. LCC enjoys an outstanding reputation for its caliber of facilities, teaching methods, curricula, and dedication to excellence. 1,334 students were enrolled as of fall 2018.

LCC has satellite centers in the northeastern New Mexico towns of Mora, Springer and Santa Rosa. These satellites, in addition to the main campus, serve participants of the Springer Municipal Schools, the Maxwell Municipal Schools, and the Santa Rosa Consolidated Schools, which are within Colfax and Guadalupe Counties. LCC also has a presence in the Pecos and Wagon Mound Schools.

All campuses are administered and supervised by LCC and governed by an elected Board of Trustees from the service area. LCC continues to offer a broad range of vocational, technical and professional education programs.

Population

Based on information gained from the Bureau of Business & Economic Research, the following table shows both the historical and projected population data for the City of Las Vegas, San Miguel County, and the State of New Mexico.

Census Year	City of Las Vegas	County of San Miguel	State of New Mexico
1970	13,835	21,951	1,017,055
1980	14,322	22,751	1,303,143
1990	14,522	25,743	1,515,069
2000	14,565	30,126	1,826,280
2010	13,753	29,393	2,065,826
2018*	N/A	27,591	2,081,363
2019	12,815	27,397	2,091,198
2024 ⁽¹⁾	12,445	26,707	2,110,284
Projected Growth 2019- 2024 (2)	-2.89%	-2.52%	0.91%

*Estimates. Source: U.S. Census Bureau: State and County Quick Facts, April 2019.

(1) Estimates. Source: Spotlight, April 2019.(2) Projected. Source: Spotlight, April 2019.

The following table sets forth a comparative age distribution profile for San Miguel County, the State of New Mexico and the United States.

	Percent of P	opulation	
	San Miguel	New	United
Age Group	County	Mexico	States
0 - 17	23.25%	23.25%	22.80%
18 - 24	8.17%	9.65%	9.80%
25 - 34	13.21%	13.21%	13.40%
35 - 44	11.99%	11.99%	12.60%
45 - 54	11.51%	11.51%	13.10%
55 and Older	31.87%	30.39%	28.30%

Source: Spotlight, May 2019.

Effective Buying Income

The following table reflects the percentage of households by Effective Buying Income ("EBI") and a four-year comparison of the estimated median household income as reported by The Nielsen Company. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income, and transfer payments. Deductions are made for federal, state, and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance. The following chart depicts the median household EBI level for San Miguel County, the State of New Mexico and the United States.

Effective Buying	San Miguel	New	United
Income Group	County	Mexico	States
Under \$25,000	45.96%	26.42%	20.37%
\$25,000 - \$34,999	11.93%	11.97%	9.21%
\$35,000 - \$49,999	13.71%	10.23%	12.87%
\$50,000 - \$74,999	13.21%	13.64%	17.09%
\$75,000 & Over	15.19%	37.74%	40.46%
2016 Est. Median Household Income	\$31,903	\$45,445	\$55,551
2017 Est. Median Household Income	\$28,567	\$46,783	\$56,672
2018 Est. Median Household Income	\$29,605	\$48,044	\$60,133
2019 Est. Median Household Income	\$28,106	\$49,654	\$60,336
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Source: Spotlight, May 2019.

Employment

Historically, the unemployment rates for San Miguel County and the State of New Mexico have remained higher than national levels. The following table provides a ten-year history of labor force and unemployment rates for San Miguel County, the State of New Mexico and the United States.

Year ⁽¹⁾	San Migu	el County	State of Ne	ew Mexico	United States
Teal	Labor Force	% Unemployed	Labor Force	% Unemployed	% Unemployed
2019 ⁽²⁾	11,283	6.00%	958,215	5.20%	4.10%
2018	10,900	6.20%	934,178	5.80%	4.40%
2017	10,826	8.50%	929,567	6.20%	4.40%
2016	10,984	7.70%	927,355	6.70%	4.90%
2015	10,988	7.70%	919,889	6.60%	5.30%
2014	10,927	8.20%	918,206	6.50%	6.20%
2013	11,076	8.30%	922,960	6.90%	7.40%
2012	11,103	8.90%	928,050	7.10%	8.10%
2011	11,044	9.50%	929,862	7.60%	8.90%
2010	11,173	9.60%	936,088	8.10%	9.60%

^{(1) -} Numbers are annual averages.

Source: U.S. Bureau of Labor Statistics, April 2019

^{(2) -} Data for the month of February 2019. Numbers are Preliminary

Major Employers

Major employers include the following:

Largest Employers in San Miguel County	Number of Employees
New Mexico Behavioral Health Institute	1,000
West Las Vegas Schools	495
Las Vegas City Schools	490
Alta Vista Regional Hospital	325
New Mexico Highlands University	300
Wal-Mart	300
Las Vegas City Government	290
Luna Community College	200
San Miguel County Government	125
Franken Companies	40-50

Source: Las Vegas Chamber of Commerce, May 2018.

Average Annual Employment by NAICS Code Classification

The New Mexico Department of Workforce Solutions publishes quarterly reports of covered employment and wages according to the North American Industry Classification System (NAICS). Detailed below is the report for San Miguel County.

Information 51 40 Enterprises 7 7 Manufacturing 102 93 Mining 10 8 Other Services, Ex. Public Admin 117 149 Professional and Technical Services 103 96	813 17 47 * 234 * 251 1,859 38	818 51 41 * 395 * 257 2,751	885 22 37 * 249 147 240 1,929
Agriculture, Forestry, Fishing & Hunting 37 46 Arts, Entertainment, and Recreation 74 * Construction 414 246 Educational Services 1,642 * Finance and Insurance 215 228 Health Care and Social Assistance 2,644 1,826 Information 51 40 Enterprises 7 7 Manufacturing 102 93 Mining 10 8 Other Services, Ex. Public Admin 117 149 Professional and Technical Services 103 96	47 * 234 * 251 1,859	41 * 395 * 257 2,751	37 * 249 147 240
Arts, Entertainment, and Recreation 74 * Construction 414 246 Educational Services 1,642 * Finance and Insurance 215 228 Health Care and Social Assistance 2,644 1,826 Information 51 40 Enterprises 7 7 Manufacturing 102 93 Mining 10 8 Other Services, Ex. Public Admin 117 149 Professional and Technical Services 103 96	234 * 251 1,859	395 * 257 2,751	249 147 240
Airs, Entertainment, and Recreation 74 Construction 414 246 Educational Services 1,642 * Finance and Insurance 215 228 Health Care and Social Assistance 2,644 1,826 Information 51 40 Enterprises 7 7 Manufacturing 102 93 Mining 10 8 Other Services, Ex. Public Admin 117 149 Professional and Technical Services 103 96	234 * 251 1,859	395 * 257 2,751	249 147 240
Educational Services 1,642 * Finance and Insurance 215 228 Health Care and Social Assistance 2,644 1,826 Information 51 40 Enterprises 7 7 Manufacturing 102 93 Mining 10 8 Other Services, Ex. Public Admin 117 149 Professional and Technical Services 103 96	* 251 1,859	* 257 2,751	147 240
Educational Services 1,642 Finance and Insurance 215 228 Health Care and Social Assistance 2,644 1,826 Information 51 40 Enterprises 7 7 Manufacturing 102 93 Mining 10 8 Other Services, Ex. Public Admin 117 149 Professional and Technical Services 103 96	251 1,859	257 2,751	240
Health Care and Social Assistance 2,644 1,826 Information 51 40 Enterprises 7 7 Manufacturing 102 93 Mining 10 8 Other Services, Ex. Public Admin 117 149 Professional and Technical Services 103 96	1,859	2,751	
Information 51 40 Enterprises 7 7 Manufacturing 102 93 Mining 10 8 Other Services, Ex. Public Admin 117 149 Professional and Technical Services 103 96	•		1,929
Enterprises 7 7 Manufacturing 102 93 Mining 10 8 Other Services, Ex. Public Admin 117 149 Professional and Technical Services 103 96	38		
Manufacturing 102 93 Mining 10 8 Other Services, Ex. Public Admin 117 149 Professional and Technical Services 103 96		43	36
Mining 10 8 Other Services, Ex. Public Admin 117 149 Professional and Technical Services 103 96	7	7	7
Other Services, Ex. Public Admin 117 149 Professional and Technical Services 103 96	88	92	93
Professional and Technical Services 103 96	13	*	11
	108	102	115
	92	140	101
Real Estate and Rental and Leasing 58 52	45	46	43
Retail Trade 927 924	897	910	919
Transportation and Warehousing 298 273	256	306	214
Utilities 99 27	26	85	27
Wholesale Trade 27 26	33	33	31
Total Government 3,398 3,301	3,231	3,167	2,814
Total Private 4,752 5,014	4,973	5,041	5,106
Grand Total 8,150 8,315	8,204	8,208	7,920

⁽¹⁾ Data as of Third Quarter of 2018

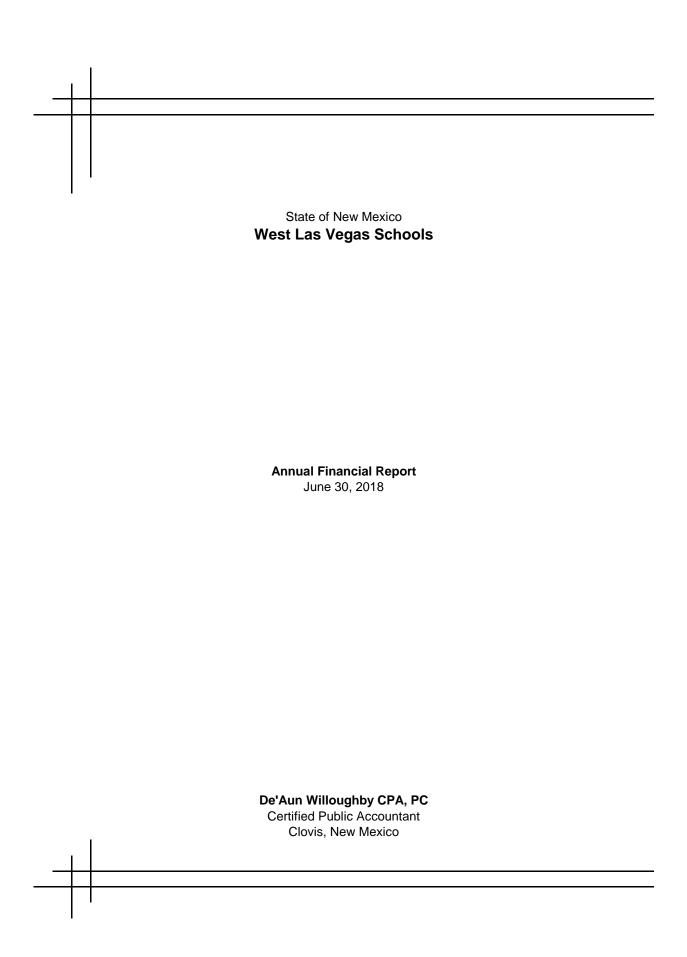
Therefore, the individual industries may not sum to the totals.

Note: Figures shown here are annual averages of quarterly data.

Source: New Mexico Department of Workforce Solutions, Quarterly Census of Employment and Wages program.

^{*} Withheld to avoid disclosing confidential data. Data that are not disclosed for individual industries are always included in the totals.

JUNE 30, 2018 AUDITED FINANCIAL STATEMENTS



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State of New Mexico West Las Vegas Schools Official Roster June 30, 2018

Board of Education

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

School Officials

Christopher Gutierrez Superintendent
Dinah Maynes Business Manager

De'Aun Willoughby CPA, PC Certified Public Accountant

ed Public Accountant 225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Independent Auditor's Report

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

Mr. Johnson and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general and major special revenue funds of West Las Vegas Schools (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparisons for the general and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedules of Required Supplementary Information for Pension Plan, Other Post Employment Benefits Plan and related notes be presented to supplement the basic financial statements. Such information although not a part of the basic financial statements , is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. We do not express an opinion or provide any assurance on the information or provide any assurance.

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the other schedules presented as other supplemental information related to non-major funds as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other schedules presented as other supplemental information related to non-major funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

De'Aun Willoughby, CPA, PC

Clovis, New Mexico October 19, 2018 **Financial Section**

State of New Mexico West Las Vegas Schools Government Wide Statement of Net Position

. Iru	ne	30	20	18

Julie 30, 2016		Governmental	Rio Gallinas
Assets	_	Activities	Charter School
Current Assets			
Cash and Cash Equivalents	\$	5,114,510 \$	
Taxes Receivable		588,583	0
Due from Grantor		484,221	5,209
Other Receivables		0	105,364
Inventory	_	13,891	0
Total Current Assets	_	6,201,205	299,659
Noncurrent Assets			
Capital Assets		101,760,360	174,095
Less Accumulated Depreciation	_	(51,020,485)	(164,685)
Total Noncurrent Assets	_	50,739,875	9,410
Total Assets	_	56,941,080	309,069
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions			
Actuarial Experience		63,893	3,100
Changes of Assumptions		10,390,327	504,155
Changes in Proportion		0	346,502
Contributions Subsequent to Measurement Date		1,298,165	60,512
Deferred Outflows Related to Other Post Employment Benefits		.,_00,.00	00,0.2
Contributions Subsequent to Measurement Date		184,731	8,707
Total Deferred Outflows of Resources	-	11,937,116	922,976
	-	,00.,0	022,0:0
Liabilities			
Current Liabilities			
Accounts Payable		38,779	0
Payroll Liabilities		0	38,319
Accrued Interest		68,304	0
Compensated Absences		270,970	0
Current Portion Due of Long-Term Debt	_	1,545,000	0
Total Current Liabilities	_	1,923,053	38,319
Noncurrent Liabilities			
Bonds and Net Premiums		7,032,907	0
Pension Liability		35,593,105	1,727,033
Other Post Employment Benefits Liability	_	9,641,134	466,762
Total Noncurrent Liabilities	_	52,267,146	2,193,795
Total Liabilities	_	54,190,199	2,232,114
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions			
Actuarial Experience		548,345	26,607
Investment Experience		4,883	237
Changes in Proportion		1,386,010	283,808
Deferred Inflows Related to Other Post Employment Benefits		1,500,010	200,000
Actuarial Experience		369,976	17,912
Investment Experience		138,694	6,715
Changes of Assumptions		1,685,630	81,607
Total Deferred Inflows of Resources	-	4,133,538	416,886
Total Defetted filliows of Nesources	-	4,100,000	410,000
Net Position			
Net Investment in Capital Assets		42,161,968	9,410
Restricted for Capital Projects		1,180,798	0
Restricted for Debt Service		1,958,861	0
Unrestricted		(34,747,168) 10,554,459 \$	(1,426,365) (1,416,955)

State of New Mexico West Las Vegas Schools Government-Wide Statement of Activities
For the Year Ended June 30, 2018

For the Year Ended June 30, 2018

-		F	s) Revenue			
	_	Charges	Operating	Capital	and Changes i	
		for	Grants and	Grants and	Primary	Component
Functions/Programs	Expenses	Services	Contributions	Contributions	Government	Unit
Governmental Activities						
	\$ 12,661,573	62,306	\$ 2,102,698	\$ 0 9	5 (10,496,569) \$	0
Support Services				_		_
Students	2,914,230	331,324	654,009	0	(1,928,897)	0
Instruction	263,401	0	23,496	0	(239,905)	0
General Administration	783,536	0	79,878	0	(703,658)	0
School Administration	1,437,155	0	292,015	0	(1,145,140)	0
Central Services	521,960	60,212	68,784	0	(392,964)	0
Operation of Plant	2,921,963	66,753	154,323		(2,700,887)	0
Student Transportation	906,704	0	805,780	0	(100,924)	0
Other	72,438	0	0	0	(72,438)	0
Food Services Operations	1,301,223	11,515	1,147,770	0	(141,938)	0
Interest Expense	171,892	0	0	0	(171,892)	0
Total Governmental Activities	\$ 23,956,075	532,110	\$ 5,328,753	\$ 0	(18,095,212)	0
Component Unit						
Rio Gallinas Charter Schoc	\$ <u>1,323,256</u>	7,121	\$ 122,124	\$ <u> </u>	0	(1,194,011)
	General Revenu	es				
	Taxes					
	Property Taxe	es, Levied fo	r General Purpos	ses	58,766	0
	Property Taxe	es, Levied fo	r Capital Projects	S	343,998	0
	Property Taxe	es, Levied fo	r Debt Service		1,856,889	0
	Federal and St	tate Aid Not	Restricted to			
	Specific Purp	ose				
	General				12,591,712	796,716
	Capital				2,324,815	0
	Interest and Inve	stment Earn	ings		8,670	0
	Miscellaneous				66,748	22,513
	Total General	Revenues			17,251,598	819,229
	Change in Net	Position			(843,614)	(374,782)
	Net Position - Be	ginning			22,965,956	(487,734)
	Restatement				(11,567,883)	(554,439)
	Restated Beginn	ing Net Posi	tion		11,398,073	(1,042,173)
	Net Position - Er	nding		9	<u> 10,554,459</u> \$	(1,416,955)

State of New Mexico
West Las Vegas Schools
Governmental Funds
Balance Sheet
June 30, 2018

			General Fund	
		Operational 11000	Transportation 13000	Instructional Materials 14000
Assets	_			
Cash and Cash Equivalents	\$	1,563,570	1 \$	22,246
Receivables			_	
Taxes		16,231	0	0
Due From Grantor		0	0	0
Interfund Balance		454,936	0	0
Inventory		0	0	0
Total Assets	\$	2,034,737	5 1 \$	22,246
Liabilities and Fund Balance Liabilities Accounts Payable	\$	31,230	S 264 \$	0
Interfund Balance	•	0	0	0
Total Liabilities	•	31,230	264	0
Deferred Inflows of Resources Unavailable Revenue Total Deferred Inflows of Resources		15,329 15,329	0 0	0
Fund Balances				
Nonspendable-Inventory Restricted for		0	0	0
Special Revenue Funds		0	0	0
Capital Improvements		0	0	0
Debt Service		0	0	0
Unassigned		1,988,178	(263)	22,246
Total Fund Balances		1,988,178	(263)	22,246
Total Liabilities, Deferred Inflow of Resources and				
Fund Balances	\$	2,034,737	S	22,246

State of New Mexico
West Las Vegas Schools
Governmental Funds
Balance Sheet
June 30, 2018

		Special	Capital	
	_	Revenue	Projects	
			Bond	Debt
		Title I	Building	Service
•	_	24101	31100	41000
Assets	•	2 4		4 000 040
Cash and Cash Equivalents	\$	0 \$	1,059,549 \$	1,926,016
Receivables		•		404 405
Taxes		0	0	481,405
Due From Grantor		138,027	0	0
Interfund Balance		0	0	0
Inventory		0	0	0
Total Assets	\$ <u>-</u>	138,027 \$	1,059,549 \$	2,407,421
Linkilities and Fund Dalance				
Liabilities and Fund Balance Liabilities				
	\$	0 \$	0 \$	0
Accounts Payable Interfund Balance	Ф	•	•	0
	-	138,027	0 0	0
Total Liabilities	-	138,027		
Deferred Inflows of Resources				
Unavailable Revenue	_	0	0	448,560
Total Deferred Inflows of Resources	-	0	0	448,560
Fund Balances				
Nonspendable-Inventory		0	0	0
Restricted for				
Special Revenue Funds		0	0	0
Capital Improvements		0	1,059,549	0
Debt Service		0	0	1,958,861
Unassigned	_	0	0	0
Total Fund Balances	-	0	1,059,549	1,958,861
Total Liabilities, Deferred Inflow of Resources and				
Fund Balances	\$_	138,027 \$	1,059,549 \$	2,407,421

State of New Mexico
West Las Vegas Schools
Governmental Funds
Balance Sheet
June 30, 2018

		Other Governmental Funds	Total Governmental Funds
Assets Cach and Cach Equivalents	\$	543,128	5,114,510
Cash and Cash Equivalents Receivables	Ф	343,126	5,114,510
Taxes		90,947	588,583
Due From Grantor		346,194	484,221
Interfund Balance		0	454,936
Inventory		13,891	13,891
Total Assets	\$	994,160	
	* ;	,	
Liabilities and Fund Balance Liabilities			
Accounts Payable	\$	7,285	38,779
Interfund Balance	Ψ	316,909	454,936
Total Liabilities	•	324,194	493,715
Total Elabilities	•	02 1,10 1	100,110
Deferred Inflows of Resources			
Unavailable Revenue		84,887	548,776
Total Deferred Inflows of Resources	•	84,887	548,776
Fund Balances			
Nonspendable-Inventory		13,891	13,891
Restricted for		10,001	10,001
Special Revenue Funds		449,939	449,939
Capital Improvements		121,249	1,180,798
Debt Service		0	1,958,861
Unassigned		0	2,010,161
Total Fund Balances	•	585,079	5,613,650
Total Liabilities, Deferred Inflow of Resources and		_	
Fund Balances	\$	994,160	6,656,141
	Ψ,		-,,

West Las Vegas Schools

Reconciliation of the Governmental Funds Balance Sheet

to the Statement of Net Position

June 30, 2018

Total Fund Balance - Governmental Funds		\$	5,613,650
Amounts reported for governmental activities in the Statement of Net Pos are different because:			
Property taxes receivable will be collected after the period of availability, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.			548,776
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital Assets Accumulated Depreciation	101,760,360 (51,020,485)	<u>-</u>	50,739,875
Deferred Outflows and Inflows Related to Pensions and Other Post-Employment Benefits (OPEB) are the results of differences in expected and actual actuary experience and the difference in actuary projected and actual earnings. Also changes in proportion and differences between contributions and proportionate share of contributions.			
Deferred Outflows Related to Pensions Deferred Outflows Related to OPEB Deferred Inflows Related to Pensions Deferred Inflows Related to OPEB	11,752,385 184,731 (1,939,238) (2,194,300)		7,803,578
Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:			
Accrued Interest Compensated Absences Bonds Good Faith Deposit Bond Premiums, net Pension Liability Other Post Employment Benefits Liability	(68,304) (270,970) (8,435,000) (50,000) (92,907) (35,593,105) (9,641,134)		(54,151,420)
Total Net Position - Governmental Activities	(3,041,134)	\$_	10,554,459

State of New Mexico West Las Vegas Schools Governmental Funds Statement of Revenues, Expenditures and Changes

in Fund Balance For the Year Ended June 30, 2018

		General Fund				
	_	Operational 11000	_	Transportation 13000		Instructional Materials 14000
Revenues						
Property Taxes	\$	58,506	\$		\$	0
Interest Income		4,240		0		0
Fees		132,911		0		0
State and Local Grants		12,519,121		803,089		40,528
Federal Grants		72,591		0		0
Miscellaneous	_	66,101		0	_	647
Total Revenues	_	12,853,470		803,089	_	41,175
Expenditures						
Current		0.007.005		0		44.500
Instruction		6,267,025		0		41,503
Support Services		4 404 004		0		0
Students		1,401,821		0		0
Instruction		215,486		0		0
General Administration		487,917		0		0
School Administration		864,418		0		0
Central Services		367,820		0		0
Operation of Plant		2,311,218		705.000		0
Student Transportation		92,120		765,992		0
Other		69,747		0		0
Food Service Operations		0		0		0
Capital Outlay		0		36,891		0
Debt Service		0		0		0
Principal		0		0		0
Interest	_	0		0	_	0
Total Expenditures	-	12,077,572		802,883	_	41,503
Excess (Deficiency) of Revenues Over Expenditures		775,898		206		(328)
Other Financial Sources	_				_	(0-0)
Bond Issue		0		0		0
Premium on Bond Issue		0		0		0
Good Faith Money on Future Bond Issue		0		0		0
Total Other Financial Sources	-	0		0	_	0
Net Change in Fund Balances	_	775,898		206	_	(328)
Fund Balances at Beginning of Year		1,212,280		(469)	_	22,574
Restatement		0		(400)		0
Restated Beginning Fund Balance	-	1,212,280		(469)	-	22,574
Fund Balance End of Year	\$_	1,988,178	\$	(263)	\$_	22,246

West Las Vegas Schools

Governmental Funds

Statement of Revenues, Expenditures and Changes

in Fund Balance

For the Year Ended June 30, 2018

	_	Special Revenue	Capital Projects Bond	Debt
		Title I 24101	Building 31100	Service 41000
Revenues	•	ο Φ	۰. ۵	0.045.005
Property Taxes	\$	0 \$	0 \$	2,015,605
Interest Income Fees		0 0	3,328	1,054
State and Local Grants		0	1 924 052	0
Federal Grants		493,165	1,824,952 0	0 0
Miscellaneous		493,103	0	0
Total Revenues	_	493,165	1,828,280	2,016,659
	_	100,100	1,020,200	2,010,000
Expenditures Current				
Instruction		314,513	32,258	0
Support Services		314,313	32,230	U
Students		1,436	0	0
Instruction		0	0	0
General Administration		22,884	85,201	20,135
School Administration		129,332	0	0
Central Services		25,000	0	0
Operation of Plant		0	2,472	0
Student Transportation		0	0	0
Other		0	0	0
Food Service Operations		0	0	0
Capital Outlay		0	5,843,099	0
Debt Service				
Principal		0	0	1,375,000
Interest	_	0	0	170,565
Total Expenditures	_	493,165	5,963,030	1,565,700
Excess (Deficiency) of Revenues				
Over Expenditures	_	0	(4,134,750)	450,959
Other Financial Sources				
Bond Issue		0	2,500,000	0
Premium on Bond Issue		0	76,603	0
Good Faith Money on Future Bond Issue	_	0	50,000	0
Total Other Financial Sources		0	2,626,603	0
Net Change in Fund Balances	_	0	(1,508,147)	450,959
Fund Balances at Beginning of Year		0	2,567,696	1,507,902
Restatement		0	0	0
Restated Beginning Fund Balance	_	0	2,567,696	1,507,902
Fund Balance End of Year	\$_	0 \$	1,059,549 \$	1,958,861

West Las Vegas Schools

Governmental Funds

Statement of Revenues, Expenditures and Changes

in Fund Balance

For the Year Ended June 30, 2018

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

West Las Vegas Schools

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

June 30, 2018		
Net Change in Fund Balances	;	\$ (376,301)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities. Property Taxes Receivable, June 30, 2017 Property Taxes Receivable, June 30, 2018	(736,500) 548,776	(187,724)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. Depreciation Expense Capital Outlays	(2,224,469) 6,549,499	4,325,030
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. However, neither are reported on the Statement of Activities. Also, governmental funds report premiums when bonds are first issued, whereas the premiums are deferred and amortized in the Statement of Activities reducing interest expense. Bond Proceeds Repayment of Bond Principal Premium Received on the Bond Issue Amortization of Premiums	(2,550,000) 1,375,000 (76,603) 8,446	(1,243,157)
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. Accrued Interest, June 30, 2017 Accrued Interest, June 30, 2018	58,531 (68,304)	(9,773)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Compensated Absences, June 30, 2017 Compensated Absences, June 30, 2018	250,260 (270,970)	\$ (20,710)
John Pensaleu Absences, June 30, 2010	(210,310)	ψ (20,710)

West Las Vegas Schools

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities June 30, 2018

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

Pension Contributions	\$ 1,298,165
OPEB Contributions	184,731
Pension Expense	(4,430,574)
OPEB Expense	(383,301) \$ (3,330,979)

\$ (843,614)

Changes in Net Position of Governmental Activities

West Las Vegas Schools

General Fund-Operational-11000

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

Budget and Actual (Budgetary Basis) For the Year Ended June 30, 2018

For the Year Ended June 30, 2018	_	Budgete	ed A		_	Actual (Budgetary	Variance with Final Budget-
_	_	Original		Final		Basis)	Over (Under)
Revenues Property Taxes Interest Income	\$	57,545 2,681	\$	57,545 2,681	\$	58,458 4,240	\$ 913 1,559
Fees State Grant Federal Grant Miscellaneous		193,366 12,476,074 0 216,219		193,366 12,476,074 0 216,219		132,911 12,519,121 72,591 66,101	(60,455) 43,047 72,591 (150,118)
Total Revenues	_	12,945,885	 	12,945,885		12,853,422	(92,463)
Expenditures Instruction							
Personnel Services		4,748,833		4,827,683		4,380,796	446,887
Employee Benefits		1,814,270		1,715,436		1,591,829	123,607
Professional & Tech Services		14,250		23,250		22,906	344
Purchased Property Services		95,000		95,000		47,589	47,411
Other Purchased Services		206,900		207,300		122,083	85,217
Supplies Total Instruction	-	157,281 7,036,534		167,865		101,752	66,113
rotal instruction	-	7,036,534		7,036,534		6,266,955	769,579
Support Services Students							
Personnel Services		1,001,435		1,009,557		930,245	79,312
Employee Benefits		397,142		389,070		345,030	44,040
Professional & Tech Services		170,450		170,450		123,834	46,616
Purchased Property Services		550		550		0	550
Other Purchased Services		6,200		6,300		600	5,700
Supplies	_	5,000		4,850		1,160	3,690
Total Students	_	1,580,777		1,580,777		1,400,869	179,908
Instruction							
Personnel Services		177,475		173,725		133,365	40,360
Employee Benefits		88,199		82,199		53,320	28,879
Purchased Property Services		300		300		0	300
Other Purchased Services		2,000		11,750		11,855	(105)
Supplies	_	65,000		65,000		16,991	48,009
Total Instruction	_	332,974		332,974		215,531	117,443
General Administration							
Personnel Services		278,848		278,848		277,013	1,835
Employee Benefits		99,430		99,730		90,744	8,986
Professional & Tech Services		274,750		256,850		103,169	153,681
Other Purchased Services		37,000		37,100		16,834	20,266
Supplies		1,500		1,500	- , -	891	 609
Total General Administration	\$_	691,528	_\$_	674,028	\$	488,651	\$ 185,377

West Las Vegas Schools

General Fund-Operational-11000

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

Budget and Actual (Budgetary Basis) For the Year Ended June 30, 2018

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

West Las Vegas Schools

General Fund-Operational-11000

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2018

		Budgeted A	mounts	Actual (Budgetary	Variance with Final Budget-
	_	Original	Final	Basis)	Over (Under)
Excess (Deficiency) of Revenues Over Expenditures	\$	(674,273) \$	(1,241,498) \$	777,008 \$	2,018,506
Cash Balance Beginning of Year	_	1,241,498	1,241,498	1,241,498	0
Cash Balance End of Year	\$_	567,225 \$	0_\$	2,018,506 \$	2,018,506
Reconciliation of Budgetary Basis to GAAP Basis Excess (Deficiency) of Revenues Over Expenditures \$ 7 Net Change in Taxes Receivable Net Change in Accounts Payable Net Change in Unearned Revenue Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis \$ 7					

West Las Vegas Schools

General Fund-Transportation-13000

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2018

	_		ed A	Amounts		Actual (Budgetary	Variance with Final Budget-
_	_	Original		Final	_	Basis)	Over (Under)
Revenues							(2.2)
State Grant	\$_	782,682		803,109	\$_	803,089 \$	(20)
Total Revenues	_	782,682		803,109	_	803,089	(20)
Expenditures							
Support Services							
Student Transportation							
Personnel Services		68,951		115,677		110,802	4,875
Employee Benefits		34,282		50,723		57,787	(7,064)
Professional & Tech Services		0		550		550	0
Purchased Property Services		83,221		91,545		85,368	6,177
Other Purchased Services		515,762		453,042		450,812	2,230
Supplies		80,466		85,079		54,405	30,674
Fixed Assets		0		0		36,892	(36,892)
Supply Assets		0		6,513		6,513	0
Total Student Transportation	_	782,682		803,129	_	803,129	0
Total Support Services		782,682		803,129		803,129	0
	_	·			_	<u> </u>	
Total Expenditures	-	782,682		803,129	_	803,129	0
Excess (Deficiency) of Revenues		0		(20)		(40)	(00)
Over Expenditures		0		(20)		(40)	(20)
Cash Balance Beginning of Year	_	41		41	_	41	0
Cash Balance End of Year	\$_	41	\$	21	\$_	1_\$	(20)
Reconciliation of Budgetary Basis to GAAP Basis Excess (Deficiency) of Revenues Over Expenditures \$ (40) Net Change in Accounts Payable 246 Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis \$ 206							

West Las Vegas Schools

General Fund-Instructional Materials-14000

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2018

	_	Budgeted An Original	nounts Final	Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
Revenues	_				
State Grant	\$	40,578 \$	44,721 \$		(4,193)
Miscellaneous	_	0	0	647	647
Total Revenues	_	40,578	44,721	41,175	(3,546)
Expenditures					
Instruction					
Supplies		65,393	67,295	41,503	25,792
Total Instruction		65,393	67,295	41,503	25,792
Total Expenditures	_	65,393	67,295	41,503	25,792
Excess (Deficiency) of Revenues Over Expenditures		(24,815)	(22,574)	(328)	22,246
Cash Balance Beginning of Year	_	22,574	22,574	22,574	0
Cash Balance End of Year	\$_	(2,241) \$	0 \$	22,246 \$	22,246
Reconciliation of Budgetary Basis to GAAP Basis Excess (Deficiency) of Revenues Over Expenditures \$ (328) Net Change in Accounts Payable 0 Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis \$ (328)					

West Las Vegas Schools

Special Revenue Fund-Title I-24101

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

Budget and Actual (Budgetary Basis) For the Year Ended June 30, 2018

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

State of New Mexico
West Las Vegas Schools
Special Revenue Fund-Title I-24101
Statement of Revenues, Expenditures, and Changes in Cash Balance Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2018

	Budgeted	Amounts		Actual (Budgetary	Variance with Final Budget-
	Original	Final		Basis)	Over (Under)
Reconciliation of Budgetary Basis to GAAP E Excess (Deficiency) of Revenues Over E Net Change in Due from Grantor Excess (Deficiency) of Revenues Over E	Expenditures-Cas		\$ - \$_	1,779 (1,779) 0	

West Las Vegas Schools

Statement of Fiduciary Assets and Liabilities-Agency Funds

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

Summary of Significant Accounting Policies

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

Financial Reporting Entity

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

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

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

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

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

Governmental Funds

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

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

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

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

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

Fiduciary Fund Type

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

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

Major Funds

The District reports the following major governmental funds:

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

Special Revenue Fund

Title I (24101) To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

Capital Projects Fund

Bond Building (31100). The revenues are derived from a bond debt levy. Expenditures are restricted to capital improvements.

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

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

Program Revenues

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

Fund Financial Statements (FFS)

Governmental Funds

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

Revenues

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

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

Revenue Recognition for Grants.

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

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

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

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

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

Cash and Cash Equivalents

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

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

Investments

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

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

Receivables and Payables

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

Property Taxes

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Food Service Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings & Improvements 20-50 Years

Equipment, Vehicles, Information Technology Equipment, Software &

Library Books 3-15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

Long-Term Liabilities

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

Restricted Net Position

For the government-wide statement of net position, net positions are reported as restricted when constraints placed use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

<u>Deferred Outflows of Resources</u>

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

<u>Deferred Inflows of Resources</u>

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

Compensated Absences

The District's policy is as follows:

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

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

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

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

This does not apply to Bargaining Unit Employees.

The District's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- (a) The employees' right to receive compensation is attributable to services already rendered.
- (b) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

A. <u>Deposits and Investments</u>

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

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

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

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

The following securities are pledged at The Southwest Capital Bank:

<u>Description</u> Letter of Credit #4305000004	\$ \$	Market Value 4,100,000 4,100,000	Maturity Date 01/25/2019	<u>Location</u> FHLB Irving, TX
Custodial Credit Risk-Deposits				
		Bank		
Depository Account		Balance		
Insured	\$	250,000		
Collateralized				
Collateral held by the pledging bank in				
District's name		4,100,000		
Uninsured and uncollateralized		1,998,651		
Total Deposits	\$	6,348,651		

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2018 \$1,998,651 of the District's balance of \$6,348,651 was exposed to custodial risk.

Component Unit

A. <u>Deposits and Investments</u>

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

Southwest Capital Bank		Balance			
No. 20 of Acres of		Per Bank		Reconciled	T
Name of Account	_	6/30/18		Balance	Type
Rio Gallinas School for Ecology and the Arts	\$_	213,199	\$_	193,121	Checking
Total Deposited	_	213,199	\$_	193,121	
Less FDIC Coverage		(213,199)			
Uninsured Amount	_	0			
50% collateral requirement		0			
Pledged securities		0			
Over (Under) requirement	\$	0			

The Net Position reports cash of \$189,086 and the above schedule reports cash of \$193,121 for a difference of \$4,035 which is the balance of the student activity accounts held by Rio Gallinas Charter School.

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

Custodial Credit Risk-Deposits

Depository Account	_	Balance
Collateralized	_	
Insured		213,199
Total Deposits	\$	213,199

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2018 none of the Charter's balance of \$213,199 was exposed to custodial risk.

B. Receivables

Following is a schedule of property taxes receivable as of June 30, 2018:

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

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

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

C. <u>Interfund Receivables, Payables and Transfers</u>

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

Due to General Fund from:

 Title I
 \$ 138,027

 Other Governmental Funds
 316,909

 Totals
 \$ 454,936

Short term loans from the General Fund to the above funds were to cover costs during the year until the grant revenue is received. The loans will be repaid within one year.

D. <u>Capital Assets</u>

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

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

Depreciation expense was charged to governmental activities as follows:

 $\begin{array}{ccc} \text{Instruction} & & \$ & 2,224,469 \\ \text{Total Depreciation Expense} & & \$ & 2,224,469 \\ \end{array}$

Component Unit

D. <u>Capital Assets</u>

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

		Balance 6/30/17	Increases	Adjustment	Balance 6/30/18		
Governmental Activities Capital Assets, being Depreciated Buildings Improvements Equipment, Vehicles, Information	\$	29,249 \$	0 \$	0 \$	29,249		
Technology Equipment, Software & Library Books Total Capital Assets, being	_	144,846	0	0	144,846		
Depreciated	_	174,095	0	0	174,095		
Total Capital Assets	_	174,095	0	0	174,095		
Less Accumulated Depreciation Buildings & Improvements Equipment, Vehicles, Information Technology Equipment, Software &		13,376	830	6,935	21,141		
Library Books Total Accumulated Depreciation	-	147,322 160,698	3,157 3,987	(6,935) (6,935)	143,544 164,685		
Capital Assets, net	\$_	13,397 \$	(3,987)	6,935 \$	9,410		
Depreciation expense was charged to governmental activities as follows:							
Instruction Total Depreciation Expense			\$ \$	3,987 3,987			

E. <u>Long-Term Debt and Other Liabilities</u>

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

Governmental Activities Bonds and Notes Payab	,	Balance 6/30/17	Additions	=	Reductions	_	Balance 6/30/18	Amounts Due Within One Year
General Obligation	.0							
Bonds	\$	7,310,000 \$	2,500,000	\$_	1,375,000	\$_	8,435,000 \$	1,545,000
Total Bonds		7,310,000	2,500,000		1,375,000		8,435,000	1,545,000
Other Liabilities Compensated								
Absences		211,372	75,337		36,449		250,260	250,260
Total Other Liabilities	•	211,372	75,337	-	36,449	_	250,260	250,260
Long-Term Liabilities	\$	7,521,372 \$	2,575,337	\$_	1,411,449	\$_	8,685,260 \$	1,795,260

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

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

Amount from above	\$	8,435,000
Good faith deposit received from the underwriter for the bonds to be issued in	1	
the fiscal year ending June 30, 2019		50,000
Premiums received		103,415
Less accumulated amortization of the premiums		(10,508)
Amount on the Statement of Net Position	\$	8,577,907

General Obligation Bonds.

The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

	Original	Maturity	Interest		
Series	Amount	Date	ate Rate		Balance
2005	1,200,000	12/01/2018	3.75%	\$	120,000
2011	1,200,000	08/15/2019	2.50%		850,000
2012	975,000	10/01/2019	1.80%		700,000
2013	80,000	08/15/2025	2.20%		725,000
2014	1,000,000	08/15/2026	2.50%		840,000
2015	1,500,000	08/15/2027	2.00%		1,470,000
2016	1,700,000	08/15/2028	2-2.5%		1,230,000
2017	2,500,000	08/15/2029	2-3%	_	2,500,000
				\$	8,435,000

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

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

F. Commitments

The District is involved in a major renovation of the Middle School and repairs campus wide.

G. Retirement Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

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

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

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

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

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

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

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

*The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.

*The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits.

*The member's age is 67, and has earned 5 or more years of service credit.

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

Benefit Options. The Plan has three benefit options available.

Option A. Straight Life Benefit. The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.

Option B. Joint 100% Survivor Benefit. The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

Option C. Joint 50% Survivor Benefit. The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A. The member's increased monthly benefit commences in the month following the beneficiary's death.

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

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

^{*}Tier 1 membership is comprised of employees who became members prior to July 1, 2010.

^{*}Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013.

^{*}Tier 3 membership is comprised of employees who became members on or after July 1, 2013.

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

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

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

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

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

There was no change in the rates from the previous year.

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2018 and 2017, the District paid employee and employer contributions of \$2,259,627 and \$2,216,006, which equal the amount of the required contributions for each fiscal year.

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

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

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

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

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

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

Inflation	2.50%				
Salary Increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.				
Investment Rate of Return	7.25% compounded annually, net of expenses. This is made up of a $2.50%$ inflation rate and a 4.75 real rate of return.				
Average Expected	Fiscal year Service Life	2017	2016	2015	2014
Remaining Service Lives	in Years	3.35	3.77	3.92	3.88
Mortality	•		P-2000 Combined ty improvements w	•	ith White Collar
Healthy females: Based on GRS Southwest Region Teacher Mortality T back one year, generational mortality improvements in accordance with from the table's base year of 2012.		•			
	Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.				

Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.

Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.

Retirement Age Experience-based table rates based on age and service, adopted by the Board on

June 12, 2015 in conjunction with the six-year experience study for the period ending

June 30, 2014.

Cost-of-living Increases 1.90% per year, compounded annually.

Payroll Growth 3.00% per year (with no allowance for membership growth).

Contribution Accumulation The accumulated member account balance with interest is estimated at the valuation

date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the

future.

Disability Incidence Approved rates are applied to eligible members with at least 10 years of service.

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

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

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

Target	Long-Term Expected Rate of
Allocation	Return
33%	
26%	
40%	
1%	
100%	7.25%
	Allocation 33% 26% 40% 1%

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

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

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

	Current		
1% Decrease	Discount Rate	1% Increase	
(4.9%)	(5.9%)	(6.9%)	
46,333,371 \$	35,593,105 \$	26,813,811	
	(4.9%)	(4.9%) (5.9%)	

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

H. Other Post Employment Benefits (OPEB)

Retiree Health Care Plan

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

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

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

Plan membership

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

Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48.756

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

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

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

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

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

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

Benefits Provided

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

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

Dependent Benefits: Same as retirees.

Dependent Coverage: Same as retirees.

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

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

Retired Before 2020 or in Public Safety Pension Plan			
	Percent of full		Percent of full
	subsidy		subsidy
Years of	based on	Years of	based on
Service	service	Service	service
5	6.25%	13	56.25%
6	12.50%	14	62.50%
7	18.75%	15	58.75%
8	25.00%	16	75.00%
9	31.25%	17	81.25%
10	37.50%	18	87.50%
11	43.75%	19	93.75%
12	50.00%	20+	100.00%

Retired Af	Retired After 2019 and Not in Public Safety Pension Plan			
	Percent of full		Percent of full	
	subsidy		subsidy	
Years of	based on	Years of	based on	
Service	service	Service	service	
5	4.76%	16	57.14%	
6	9.52%	17	61.90%	
7	14.29%	18	66.67%	
8	19.05%	19	71.43%	
9	23.81%	20	76.19%	
10	28.57%	21	80.95%	
11	33.33%	22	85.71%	
12	38.10%	23	90.48%	
13	42.86%	24	95.24%	
14	47.62%	25+	100.00%	
15	52.38%			

Actuarial Valuation

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

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

Rate of Return

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

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

Discount Rate

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

Sensitivity of the Net OPEB Liability

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

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

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

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

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

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

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

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

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

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

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

I. Reconciliation of Budgetary Basis to GAAP Basis Statements

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

The reconciliation of budgetary basis to GAAP basis statements are located at the bottom of each budget actual.

J. Contingent Liabilities

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

K. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

Property and Automobile Liability and Physical Damage

Liability and Civil Rights and Personal Injury

Contract School Bus Coverage; and Crime

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

L. Joint Powers Agreements

The District is part of a joint powers agreement with the Northeast Regional Center Cooperative (NEREC). NEREC is a regional cooperative center that operates as an agency for participating school districts and provides cooperative services as its primary service.

The purpose of the agreement is to provide supplementary special education services to local education agencies utilizing federal PL 94-142 funds.

The agreement is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The financial statements for the REC were prepared by an IPA. The audit report is available at the REC located in Las Vegas, New Mexico and at www.saonm.org.

M. <u>Concentrations</u>

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

N. Subsequent Events

Subsequent events were evaluated through October 19, 2018 which is the date the financial statements were available to be issued.

O. Restatements

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

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

Component Unit Restatements

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

P. Fund Deficient Balances

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

Required Supplemental Information

Schedule of the District's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

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

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

Schedule of District's Contributions

Last 10 Fiscal Years*			June 3	0,	
		2015	2016	2017	2018
Contractually required contribution	\$	1,342,498 \$	1,316,800 \$	1,268,273 \$	1,298,165
Contributions in relation to the contractually required	_	1,342,498	1,316,800	1,268,273	1,298,165
Contribution deficiency (excess)	\$_	0 \$	0 \$	0 \$	0
District's covered-employee payroll	\$	9,658,259	9,473,381	9,124,269 \$	9,339,320
Contributions as a percentage of covered-employee payro	II	13.90%	13.90%	13.90%	13.90%

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

Notes to Required Supplementary Information Changes of benefit terms and assumptions.

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

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

West Las Vegas Schools

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

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

Last 10 Fiscal Years*

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

*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2018, the year the statement's requirements became effective.

Schedule of District's Contributions

Last 10 Fiscal Years*	_	June 30,
		2018
Contractually required contribution	\$	184,731
Contributions in relation to the contractually required contribution	_	184,731
Contribution deficiency (excess)	\$_	0
District's covered-employee payroll		9,236,546
Contributions as a percentage of covered-employee payroll		2.00%

*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for District is not available prior to fiscal year 2018, the year the statement's requirements became effective.

Notes to Required Supplementary Information

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

Supplemental Information Related to Nonmajor Funds

Nonmajor Special Revenue Funds

Food Service (21000) To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

Athletics (22000) To account for revenue and expenditures associated with the District's budgeted athletic activities. (NMAC 6.20.2).

IDEA B (24106)(24132) To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

IDEA Preschool (24109) To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

Fresh Fruit & Vegetables (24118) To account for a Federal grant to provide a variety of free fresh fruits and vegetables to children to help create a healthier school environment. Funding is authorized by the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Act, signed in November 2005, Public Law 109-97.

English Language Acquisition (24153) To account for the educational performance of limited English proficient students by assisting the children to learn English and meet state academic content standards. (Resolution R-98-33)

Teacher/Principal Training (24154) To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

Rural and Low Income Schools (24160) To account for and encourage eligible entities to provide or maintain a guarantee to eligible low income students who obtain a secondary diploma, of the financial assistance necessary to permit the student to attend an institution of higher education; and provide additional support services to students who are at risk of dropping out of school. Higher Education Act, Title IV, Part A, Subpart 2, Chapter 2, Public Law 105-244

Title I School Improvements (24162)To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

Youth Resiliency Project (24186) To account for the promotion of protective factors and risk behaviors that contribute to the leading causes of death, disability, and social problems among youth and adults. The fund was created by the authority of federal grant provisions.

Head Start (25127) To account for the promotion of school readiness by enhancing the social and cognitive development of low-income children, including children on federally recognized reservations and children of migratory farm workers, through the provision of comprehensive health, education, nutritional, social and other services; and to involve parents in their children's learning and to help parents make progress toward their educational, literacy and employment goals. Head Start also emphasizes the significant involvement of parents in the administration of the local Head start programs. Community Opportunities, Accountability, Training, and Educational Services Act of 1998, Title I, Sections 101-119.

Medicaid (25153) To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

NM Community Foundation (26176) To account for a health education/obesity prevention program that will serve 1,596 elementary school students from 13 schools in two districts in rural New Mexico. The goal of the program is to mobilize resources and sustain a community wide focus on lifelong physical fitness and health. The fund was created by the authority of grant provisions.

Dual Credit Instructional Materials (27103) To provide financial assistance to purchased instructional materials for the college classes offered to students who are taking them for duel credits. The fund was created by the authority of state grant provisions.

GO Library Books (27107) To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

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

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

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

School Bus (27178) To account for funds provided by New Mexico Public Education Department to purchase school buses. The fund was created by definition.

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

Private Grant (29102). To account for a private grant to be used as specified in the grant. The fund was created by grant provisions.

Teen Pregnancy (29103). To account for revenues and expenditures to provide an adolescent pregnancy prevention program at West Las Vegas School District Middle School in the after-school hours using Teen Outreach Prevention Curriculum (TOP). The fund was created by provisions in the contract.

State of New Mexico **West Las Vegas Schools** June 30, 2018

Nonmajor Capital Projects Fund

Special Capital Outlay-State (31400). To account for a state grant to pay for capital improvements.

Senate Bill Nine-State (31700). The revenues are derived from a district tax levy and matched by the State. Expenditures are restricted to capital improvements.

Senate Bill Nine-Local (31701). The revenues are derived from a district tax levy. Expenditures are restricted to capital improvements, repairs and maintenance, supplies and supply assets used in the upkeep of the facilities.

State of New Mexico West Las Vegas Schools Nonmajor Funds Combining Balance Sheet June 30, 2018

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

State of New Mexico West Las Vegas Schools Nonmajor Funds Combining Balance Sheet June 30, 2018

	_	Special Revenue Funds			
	_	IDEA Preschool 24109	Fresh Fruit & Vegetables 24118	IDEA B Results Plan 24132	
Assets					
Cash and Cash Equivalents Receivables	\$	0 \$	0 \$	0	
Taxes Receivable		0	0	0	
Due From Grantor		1,775	21,651	4,481	
Inventory	_	0	0	0	
Total Assets	\$_	1,775	21,651 \$	4,481	
Liabilities and Fund Balance Liabilities					
Accounts Payable	\$	0 \$	0 \$	0	
Interfund Balance	·	1,775	21,651	4,481	
Total Liabilities	_	1,775	21,651	4,481	
Deferred Inflows of Resources					
Unavailable Revenue		0	0	0	
Total Deferred Inflows of Resources	_	0	0	0	
Fund Balances					
Nonspendable-Inventory		0	0	0	
Restricted for					
Special Revenue		0	0	0	
Capital Projects		0	0	0	
Unassigned	_	0	0	0	
Total Fund Balances	_	0	0	0	
Total Liabilities, Deferred Inflows and Fund					
Balances	\$_	1,775 \$	21,651 \$	4,481	

	_	Special Revenue Funds				
	_	English Language Acquisition 24153		Teacher Principal Training 24154		Rural and Low Income Schools 24160
Assets						
Cash and Cash Equivalents Receivables	\$	0	\$	0	\$	0
Taxes Receivable		0		0		0
Due From Grantor		855		35,936		1,202
Inventory	_	0		0	_	0
Total Assets	\$	855	\$	35,936	\$	1,202
Liabilities and Fund Balance Liabilities						
Accounts Payable	\$	0	\$	0	\$	0
Interfund Balance	·	855	•	35,936	•	1,202
Total Liabilities	_	855		35,936	_	1,202
Deferred Inflows of Resources						
Unavailable Revenue		0		0		0
Total Deferred Inflows of Resources	_	0	_	0	_	0
Fund Balances						
Nonspendable-Inventory		0		0		0
Restricted for						
Special Revenue		0		0		0
Capital Projects		0		0		0
Unassigned	_	0		0	_	0
Total Fund Balances	_	0		0	_	0
Total Liabilities, Deferred Inflows and Fund						
Balances	\$_	855	_\$_	35,936	\$_	1,202

		Special Revenue Funds				
		Title I School Improvements 24162		Youth Resiliency Project 24186		Head Start 25127
Assets						
Cash and Cash Equivalents Receivables	\$	0	\$	0	\$	0
Taxes Receivable		0		0		0
Due From Grantor		19,557		3,104		39,941
Inventory		0		0	_	0
Total Assets	\$	19,557	\$	3,104	\$	39,941
Liabilities and Fund Balance Liabilities						
Accounts Payable	\$	0	\$	0	\$	2,472
Interfund Balance	•	19,557		3,104		37,469
Total Liabilities	,	19,557		3,104	_	39,941
Deferred Inflows of Resources						
Unavailable Revenue		0		0		0
Total Deferred Inflows of Resources	i	0	_	0	_	0
Fund Balances						
Nonspendable-Inventory Restricted for		0		0		0
Special Revenue		0		0		0
Capital Projects		0		0		0
Unassigned		0		0		0
Total Fund Balances	,	0		0	_	0
Total Liabilities, Deferred Inflows and Fund						
Balances	\$	19,557	\$_	3,104	\$_	39,941

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

	_	Special Revenue Funds				
	_	GO Student Library 27107		Pre-K Initiative 27149		Breakfast for Elementary 27155
Assets						
Cash and Cash Equivalents Receivables	\$	0	\$	0	\$	0
Taxes Receivable		0		0		0
Due From Grantor		18,246		73,966		1,437
Inventory	_	0		0		0
Total Assets	\$_	18,246	\$_	73,966	\$	1,437
Liabilities and Fund Balance Liabilities						
Accounts Payable	\$	0	\$	0	\$	0
Interfund Balance		18,246		73,966		1,437
Total Liabilities	_	18,246	_	73,966	_	1,437
Deferred Inflows of Resources Unavailable Revenue		0		0		0
Total Deferred Inflows of Resources	-	0	-	0	-	0
Total Bolonea Illione of Researces	-		_			
Fund Balances						
Nonspendable-Inventory Restricted for		0		0		0
Special Revenue		0		0		0
Capital Projects		0		0		0
Unassigned	_	0		0		0
Total Fund Balances	_	0		0		0
Total Liabilities, Deferred Inflows and Fund						
Balances	\$_	18,246	\$_	73,966	\$	1,437

	_	Special Revenue Funds				
	-	Kindergarten 3 Plus 27166	School Bus 27178	s 	Family Planning 28147	
Assets						
Cash and Cash Equivalents Receivables	\$	0	\$	0 \$	0	
Taxes Receivable		0		0	0	
Due From Grantor		0		0	21,720	
Inventory	_	0		0	0	
Total Assets	\$	0	\$	0 \$	21,720	
Liabilities and Fund Balance Liabilities						
Accounts Payable	\$	0	\$	0 \$	0	
Interfund Balance		0		0	21,720	
Total Liabilities	-	0		0	21,720	
Deferred Inflows of Resources						
Unavailable Revenue	_	0		0	0	
Total Deferred Inflows of Resources	-	0		0	0	
Fund Balances						
Nonspendable-Inventory Restricted for		0		0	0	
Special Revenue		0		0	0	
Capital Projects		0		0	0	
Unassigned	_	0		0	0	
Total Fund Balances	-	0		0	0	
Total Liabilities, Deferred Inflows and Fund						
Balances	\$	0	\$	0 \$	21,720	

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

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

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

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

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

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

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

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

		Special Revenue Funds					
	_	Kindergarten 3 Plus 27166	School Bus 27178	Family Planning 28147			
Revenues							
Property Taxes	\$	0 \$	0 \$	0			
Interest Income		0	0	0			
Fees		0	0	0			
State and Local Grants		80,279	0	51,150			
Federal Grants	_	0	0	0			
Total Revenues	_	80,279	0	51,150			
Expenditures Current Instruction Support Services Students Instruction General Administration School Administration Central Services Operation of Plant Student Transportation		65,943 0 0 0 14,336 0 0	0 0 0 0 0 0	49,297 1,853 0 0 0 0			
Food Service Operations		0	0	0			
Capital Outlay	-	0 00 070	0 -	0			
Total Expenditures	-	80,279	0	51,150			
Excess (Deficiency) of Revenues Over Expenditures		0	0	0			
Fund Balances at Beginning of Year		0	0	0			
Restatement		0	0	0			
Restated Beginning Fund Balance	•	0	0	0			
Fund Balance End of Year	\$	0 \$	0 \$	0			

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

	Capital Projects Funds					
	_	Senate Bill Nine-State 31700		Senate Bill Nine-Local 31701	Total	
Revenues						
Property Taxes	\$	0	\$	373,266 \$	373,266	
Interest Income		0		0	48	
Fees		0		0	399,199	
State and Local Grants		219,134		0	717,925	
Federal Grants	_	0		0	3,773,909	
Total Revenues	_	219,134	_	373,266	5,264,347	
Expenditures Current Instruction		30,836		43,866	1,856,842	
Support Services		00,000		10,000	1,000,012	
Students		0		0	950,348	
Instruction		0		0	23,496	
General Administration		0		3,728	60,722	
School Administration		0		0	162,683	
Central Services		6,094		2,999	46,783	
Operation of Plant		26,292		219,770	374,093	
Student Transportation		0		0	2,691	
Food Service Operations		918		17,006	1,212,069	
Capital Outlay		154,994		169,646	669,509	
Total Expenditures	_	219,134		457,015	5,359,236	
Excess (Deficiency) of Revenues Over Expenditures		0		(83,749)	(94,889)	
Fund Balances at Beginning of Year		0		204,963	770,968	
Restatement		0		0	(91,000)	
Restated Beginning Fund Balance	_	0	_	204,963	679,968	
Fund Balance End of Year	\$_	0	\$_	121,214 \$	585,079	

Other Supplemental Information

State of New Mexico West Las Vegas Schools Fiduciary Fund June 30, 2018

Activity Trust Fund

To account for funds of various student groups that are custodial in nature.

West Las Vegas Schools
Agency Funds - Activity
Schedule of Fiduciary Assets and Liabilities-Agency Funds
For the Year Ended June 30, 2018

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

West Las Vegas Schools

Agency Funds - Activity

Schedule of Fiduciary Assets and Liabilities-Agency Funds

For the Year Ended June 30, 2018

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

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

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

Federal Compliance

U. S. Department of Agriculture Number ID Number Expended U. S. Department of Agriculture Child Nutrition Cluster Fass-through New Mexico Department of Health and Human Services Commodity Supplemental Food Program 10.565 21000 (1) 90,920 Pass-through New Mexico Public Education Department School Breakfast Program 10.553 21000 \$ 377,404 National School Lunch Program 10.555 21000 \$ 377,404 National School Lunch Program 10.552 21000 \$ 377,404 National School Lunch Program 10.582 24118 49,312 Direct Program 10.672 11000 72,591 Total U. S. Department of Agriculture 10.672 11000 72,591 Total U. S. Department of Education 24106 337,777 IDEA Be Besults Plan 84.027 24106 337,777 IDEA Preschool 84.173 24109 8,611 Pass-through New Mexico Public Education Department 84.010 24101 493,165 Title I 84.010 24101 493,165 Title I	Federal Agency/Pass Through	Federal CFDA	State		Total Federal Awards
D. S. Department of Agriculture Pass-through New Mexico Department of Health and Human Services Commodity Supplemental Food Program 10.565 21000 (1) 90,920 Pass-through New Mexico Public Education Department School Breakfast Program 10.555 21000 \$ 377,404 National School Lunch Program 10.555 21000 \$ 608,054 1,076,378 Fresh Fruit and Vegetables 10.582 24118 49,312 24161 49,312 24161 49,312 24161 49,312 24161 49,312 24161 49,312 24161 49,312 24161 49,312 24161 49,312 24161 49,312 24161 49,312 24161 49,312 24161 49,312 24161 49,312 24161 49,312 24161 49,312 24161 49,312 24161 49,315 49,312 49,3165					
Pass-through New Mexico Department of Health and Human Services Commodity Supplemental Food Program 10.565 21000 (1) 90,920 Pass-through New Mexico Public Education Department School Breakfast Program 10.555 21000 608,054 1,076,378 Fresh Fruit and Vegetables 10.582 24118 49,312 Direct Program Rural Development, Forestry, and Communities 10.672 11000 72,591 1,198,281 Total U. S. Department of Agriculture U.S. Department of Education Department Special Education Cluster 10EA B Entitlement 84,027 24106 337,777 IDEA B Results Plan 84,027 24132 18,577 IDEA B Results Plan 84,027 24132 18,577 IDEA B Results Plan 84,027 24132 18,577 IDEA B Results Plan 84,027 24109 364,965 Pass-through New Mexico Public Education Department Title I School Improvements 84,010 24101 493,165 1718 IS Supporting Effective Instruction 84,367 24154 85,286 Rural and Low Income Schools 84,365 24153 4,215 26,391 Total U. S. Department of Health and Human Services Direct Program Youth Resiliency Project 93,079 24186 3,458 2,695 2,071,959 Total U. S. Department of Health and Human Services 2,075,417 Total Federal Assistance-District 84,010 24101 \$ 25,000 1718 Supporting Effective Instruction 84,367 24154 85,286 26,391 1718 Supporting Effective Instruction 84,367 24154 85,286 26,391 1718 Supporting Effective Instruction 84,367 24154 85,286 26,391 1718 Supporting Effective Instruction 84,367 24160 26,391 1718 Supporting Effective Instruction 84,367 24160 26,391 1718 Supporting Effective Instruction 84,367 24160 26,391 1718 Supporting Effective Instruction 84,367 24164 3,458 4,431 1718 Supporting Effective Instruction 84,010 24162 22,864 4,431 1718 Supporting Effective Instruction 84,010 24162 22,864 4,431 1718 Supporting Effective Instruction 84,027 24106 62,690 1718 1718 Supporting Eff				_	
Human Services					
Commodity Supplemental Food Program 10.565 21000 (1) 90,920					
Pass-through New Mexico Public Education Department School Breakfast Program 10.553 21000 \$ 377,404 National School Lunch Program 10.555 21000 608,054 1,076,378 Fresh Fruit and Vegetables 10.582 24118 49,312 Direct Program Rural Development, Forestry, and Communities 10.672 11000 72,591 Total U. S. Department of Agriculture 1,198,281		40.505	24000	(4)	00.000
School Breakfast Program		10.565	21000	(1)	90,920
National School Lunch Program 10.555 21000 608,054 Fresh Fruit and Vegetables 10.582 24118 49.312 Direct Program 30.682 24118 49.312 Rural Development, Forestry, and Communities 10.672 11000 72.591 Total U. S. Department of Agriculture 11000 72.591 U. S. Department of Education 84.027 24106 337.777 IDEA B Entitlement 84.027 24132 18.577 IDEA B Results Plan 84.027 24132 18.577 IDEA Preschool 84.173 24109 86.11 79as-through New Mexico Public Education Department 364,965 493,165 Pass-through New Mexico Public Education Department 493,165 493,165 Title I School Improvements 84.010 24101 493,165 Title I School Improvements 84.010 24162 91,945 English Language Acquisition 84.367 24153 4,215 Supporting Effective Instruction 84.367 24154 85,286 Rural and Low Income S		10 553	21000	\$	377 404
1,076,378 1,077,378 1,07	g .			Ψ	
Direct Program Rural Development, Forestry, and Communities 10.672 11000 72,591 1,198,281	Manerial Correct Editor Fregram	10.000	2.000	_	
Direct Program Rural Development, Forestry, and Communities 10.672 11000 72,591 1,198,281	Fresh Fruit and Vegetables	10.582	24118	_	
Total U. S. Department of Agriculture					
D. S. Department of Education Pass-through New Mexico Public Education Department Special Education Cluster IDEA B Entitlement 84.027 24106 337,777 IDEA B Results Plan 84.027 24132 18,577 IDEA Preschool 84.173 24109 8,611 364,965 36		10.672	11000	_	
Pass-through New Mexico Public Education Department Special Education Cluster IDEA B Entitlement 84.027 24106 337,777 IDEA B Results Plan 84.027 24132 18,577 IDEA Preschool 84.173 24109 8,611 364,965 364,965	Total U. S. Department of Agriculture			_	1,198,281
Pass-through New Mexico Public Education Department Special Education Cluster IDEA B Entitlement 84.027 24106 337,777 IDEA B Results Plan 84.027 24132 18,577 IDEA Preschool 84.173 24109 8,611 364,965 364,965	U.S. Department of Education				
Special Education Cluster IDEA B Entitlement 84.027 24106 337,777 IDEA B Results Plan 84.027 24132 18,577 IDEA Preschool 84.173 24109 8,611 364,965 24105 364,965 24106 364,965 24107 364,965 24107 364,965 24107 364,965 24107 364,965 24107 364,965 24107 364,965 24107 364,965 24107 364,965 24107 364,965 24107 364,965 24107 364,965 24107 364,965 24107 364,965 24107 364,965 24107 364,965 24107 364,965 24107 364,965 24107 367,96					
IDEA B Entitlement 84.027 24106 337,777 IDEA B Results Plan 84.027 24132 18,577 IDEA Preschool 84.173 24109 8,611 364,965 Pass-through New Mexico Public Education Department Title 84.010 24101 493,165 17tle School Improvements 84.010 24162 91,945 17tle Supporting Effective Instruction 84.365 24153 4,215 24154 85,286 17tle Supporting Effective Instruction 84.367 24160 26,391 1,065,967 1,06	·				
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Rass-through New Mexico Public Education Department Title I 84.010 24101 493,165 Title I School Improvements 84.010 24162 91,945 English Language Acquisition 84.365 24153 4,215 Supporting Effective Instruction 84.367 24154 85,286 Rural and Low Income Schools 84.358 24160 26,391 Total U. S. Department of Education 34.58 24160 26,391 U.S. Department of Health and Human Services 34.58 24160 3,458 Head Start 93.079 24186 3,458 Head Start 93.600 25127 2,071,959 Total U. S. Department of Health and Human Services 2,075,417 Total Federal Assistance-District \$ 4,339,665 Rio Gallinas Charter School \$ 4,339,665 Rio Gallinas Charter School \$ 4,339,665 Rio Gallinas Charter School \$ 25,000 Title I School Improvements \$ 4,000 24101 \$ 25,000 Title I School Improvements \$ 84.010 24162		84.027	24132		
Pass-through New Mexico Public Education Department Title 84.010	IDEA Preschool	84.173	24109	_	
Title I School Improvements 84.010 24101 493,165 Title I School Improvements 84.010 24162 91,945 English Language Acquisition 84.365 24153 4,215 Supporting Effective Instruction 84.367 24154 85,286 Rural and Low Income Schools 84.358 24160 26,391 Total U. S. Department of Education 1,065,967 U. S. Department of Health and Human Services 2071,957 Direct Program 93.079 24186 3,458 Head Start 93.600 25127 2,071,959 Total U. S. Department of Health and Human 2075,417 2075,417 Total Federal Assistance-District 34.00 25127 2,075,417 Total Federal Assistance-District 34.00 24101 25,000 Pass-through New Mexico Public Education Department 34.00 24101 25,000 Title I School Improvements 84.010 24101 25,000 Total D. S. Department of Education 84.027 24106 10,515 Supporting Effective Instruction				_	364,965
Title I School Improvements 84.010 24162 91,945 English Language Acquisition 84.365 24153 4,215 Supporting Effective Instruction 84.367 24154 85,286 Rural and Low Income Schools 84.358 24160 26,391 Total U. S. Department of Education 1,065,967 U. S. Department of Health and Human Services 5 2,071,959 Direct Program 93.079 24186 3,458 Head Start 93.600 25127 2,071,959 Total U. S. Department of Health and Human Services 2,075,417 Total Federal Assistance-District \$ 4,339,665 Rio Gallinas Charter School 20.00 25127 2,075,417 Title I School Improvements 84.010 24101 \$ 25,000 Title I School Improvements 84.010 24101 \$ 25,000 Title I School Improvements 84.027 24106 10,515 Supporting Effective Instruction 84.367 24154 4,311 Total U. S. Department of Education 62,690	·	04.040	04404		400.405
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Rural and Low Income Schools 84.358 24160 26,391 Total U. S. Department of Education 1,065,967 U. S. Department of Health and Human Services Services Direct Program 93.079 24186 3,458 Youth Resiliency Project 93.600 25127 2,071,959 Total U. S. Department of Health and Human Services 2,075,417 Total Federal Assistance-District \$ 4,339,665 Rio Gallinas Charter School U. S. Department of Education Pass-through New Mexico Public Education Department 84.010 24101 \$ 25,000 Title I School Improvements 84.010 24101 \$ 25,000 Title I School Improvements 84.027 24106 10,515 Supporting Effective Instruction 84.367 24154 4,311 Total U. S. Department of Education 62,690 Total Federal Assistance-Charter School 62,690 Total Federal Assistance \$ 4,402,355					
Total U. S. Department of Education	•				
U. S. Department of Health and Human Services Direct Program 93.079 24186 3,458 Youth Resiliency Project 93.600 25127 2,071,959 Total U. S. Department of Health and Human 2,075,417 2,075,417 Total Federal Assistance-District \$ 4,339,665 Rio Gallinas Charter School U. S. Department of Education Pass-through New Mexico Public Education Department Title I 84.010 24101 \$ 25,000 Title I School Improvements 84.010 24162 22,864 IDEA B Entitlement 84.027 24106 10,515 Supporting Effective Instruction 84.367 24154 4,311 Total U. S. Department of Education 62,690 Total Federal Assistance-Charter School \$ 4,402,355		0000		_	
Direct Program 93.079 24186 3,458 Head Start 93.600 25127 2,071,959 Total U. S. Department of Health and Human Services 2,075,417 Total Federal Assistance-District \$ 4,339,665 Rio Gallinas Charter School U. S. Department of Education Pass-through New Mexico Public Education Department Title I 84.010 24101 \$ 25,000 Title I School Improvements 84.010 24101 \$ 25,000 IDEA B Entitlement 84.027 24106 10,515 Supporting Effective Instruction 84.367 24154 4,311 Total U. S. Department of Education 62,690 Total Federal Assistance-Charter School \$ 4,402,355	•			_	<u> </u>
Youth Resiliency Project 93.079 24186 3,458 Head Start 93.600 25127 2,071,959 Total U. S. Department of Health and Human Services 2,075,417 Total Federal Assistance-District \$ 4,339,665 Rio Gallinas Charter School U. S. Department of Education Pass-through New Mexico Public Education Department Title I 84.010 24101 \$ 25,000 Title I School Improvements 84.010 24162 22,864 IDEA B Entitlement 84.027 24106 10,515 Supporting Effective Instruction 84.367 24154 4,311 Total U. S. Department of Education 62,690 Total Federal Assistance-Charter School \$ 4,402,355					
Head Start 93.600 25127 2,071,959 Total U. S. Department of Health and Human Services 2,075,417 Total Federal Assistance-District \$ 4,339,665 Rio Gallinas Charter School U. S. Department of Education Pass-through New Mexico Public Education Department Title I 84.010 24101 \$ 25,000 Title I School Improvements 84.010 24162 22,864 IDEA B Entitlement 84.027 24106 10,515 Supporting Effective Instruction 84.367 24154 4,311 Total U. S. Department of Education 62,690 Total Federal Assistance-Charter School \$ 4,402,355		93 079	24186		3 458
Total U. S. Department of Health and Human Services Total Federal Assistance-District Rio Gallinas Charter School U. S. Department of Education Pass-through New Mexico Public Education Department Title I School Improvements 1DEA B Entitlement Supporting Effective Instruction Total U. S. Department of Education Total Federal Assistance Total Federal Assistance 2,075,417 4,339,665 84.010 24101 \$25,000 24102 22,864 10,515 84.027 24106 10,515 4,311 Total U. S. Department of Education Total Federal Assistance-Charter School Total Federal Assistance \$4,402,355	· ·				,
Total Federal Assistance-District \$ 4,339,665 Rio Gallinas Charter School U. S. Department of Education Pass-through New Mexico Public Education Department Title I 84.010 24101 \$ 25,000 Title I School Improvements 84.010 24162 22,864 IDEA B Entitlement 84.027 24106 10,515 Supporting Effective Instruction 84.367 24154 4,311 Total U. S. Department of Education 62,690 Total Federal Assistance-Charter School 62,690 Total Federal Assistance \$ 4,402,355				_	_,
Rio Gallinas Charter School U. S. Department of Education Pass-through New Mexico Public Education Department Title I 84.010 24101 \$ 25,000 Title I School Improvements 84.010 24162 22,864 IDEA B Entitlement 84.027 24106 10,515 Supporting Effective Instruction 84.367 24154 4,311 Total U. S. Department of Education 62,690 Total Federal Assistance-Charter School 62,690 Total Federal Assistance \$ 4,402,355	Services				2,075,417
U. S. Department of Education Pass-through New Mexico Public Education Department Title I 84.010 24101 \$ 25,000 Title I School Improvements 84.010 24162 22,864 IDEA B Entitlement 84.027 24106 10,515 Supporting Effective Instruction 84.367 24154 4,311 Total U. S. Department of Education 62,690 Total Federal Assistance-Charter School \$ 4,402,355	Total Federal Assistance-District			\$	4,339,665
U. S. Department of Education Pass-through New Mexico Public Education Department Title I 84.010 24101 \$ 25,000 Title I School Improvements 84.010 24162 22,864 IDEA B Entitlement 84.027 24106 10,515 Supporting Effective Instruction 84.367 24154 4,311 Total U. S. Department of Education 62,690 Total Federal Assistance-Charter School \$ 4,402,355	Rio Gallinas Charter School				
Pass-through New Mexico Public Education Department Title I 84.010 24101 \$ 25,000 Title I School Improvements 84.010 24162 22,864 IDEA B Entitlement 84.027 24106 10,515 Supporting Effective Instruction 84.367 24154 4,311 Total U. S. Department of Education 62,690 Total Federal Assistance-Charter School 62,690 Total Federal Assistance \$ 4,402,355					
Title I School Improvements 84.010 24162 22,864 IDEA B Entitlement 84.027 24106 10,515 Supporting Effective Instruction 84.367 24154 4,311 Total U. S. Department of Education 62,690 Total Federal Assistance-Charter School 62,690 Total Federal Assistance \$ 4,402,355					
IDEA B Entitlement 84.027 24106 10,515 Supporting Effective Instruction 84.367 24154 4,311 Total U. S. Department of Education 62,690 Total Federal Assistance-Charter School 62,690 Total Federal Assistance \$ 4,402,355	Title I	84.010	24101	\$	25,000
Supporting Effective Instruction84.367241544,311Total U. S. Department of Education62,690Total Federal Assistance-Charter School62,690Total Federal Assistance\$ 4,402,355	•				
Total U. S. Department of Education Total Federal Assistance-Charter School Total Federal Assistance \$ 4,402,355					
Total Federal Assistance-Charter School 62,690 Total Federal Assistance \$ 4,402,355	•	84.367	24154	_	
Total Federal Assistance \$ 4,402,355				_	
	Total Federal Assistance-Charter School			_	62,690
(1) Non-cash assistance	Total Federal Assistance			\$	4,402,355
	(1) Non-cash assistance			_	

See accompanying notes to the Schedule of Expenditures of Federal Awards

West Las Vegas Schools

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2018

Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards.

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards.

Note 2: Insurance Requirements.

There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards.

Note 3: Loans or Loan Guarantees.

There were no loans or loan guarantees outstanding at year end.

Note 4: De Minimis Indirect Rate.

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

 -	De'Aun Willoughby CPA, PC	
	Certified Public Accountant	225 Innsdale Terrace Clovis, NM 88101
		(855) 253-4313

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

Independent Auditor's Report

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

Mr. Johnson and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general and major special revenue funds, of West Las Vegas Schools (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 19, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies. 2016-002, 2016-004, 2016-005, 2016-007, 2016-008, 2017-002, 2018-001, 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-010, 2018-011 and for the Charter 2016-001, 2018-001 and 2018-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of it's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002, 2016-004, 2016-005, 2016-007, 2016-008, 2017-002, 2018-001, 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-010, 2018-011 and for the Charter 2016-001, 2018-001 and 2018-002.

District's Responses to Findings

The District's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Questioned Cost. responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

De'Aun Willoughby, CPA, PC

Clovis, New Mexico October 19, 2018

	De'Aun Willoughby CPA, PC	
	Certified Public Accountant	225 Innsdale Terrace Clovis, NM 88101
		(855) 253-4313

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

Independent Auditor's Report

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

Mr. Johnson and Members of the Board

Report on Compliance for Each Major Federal Program

We have audited West Las Vegas Schools (District) compliance with the types of compliance requirements described in the *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

De'Aun Willoughby, CPA, PC

Clovis, New Mexico October 19, 2018

A. Summary of Audit Results

Einana	vi a I	Statements
Financ	าลเ	Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

* Material weaknesses identified?

* Significant deficiencies identified? Yes

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:

* Material weaknesses identified?

* Significant deficiencies identified? No

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance

Yes

Identification of major programs:

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

Federal Awards Finding

Prior Year Audit Findings
2017-001 Child Nutrition Cluster

Status
Resolved

Current Year Audit Findings

None

Financial Statements Findings

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

Current Year Audit Findings

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

During our testing of 49 employees' payroll documentation we noted the following:

Fourteen I-9s could not be located; thirty-five were incomplete or completed incorrectly. Because of the large number of errors we expanded our scope and reviewed all 380 employees. Of the 380 there were 91 or 23.94% that could not be located and the remaining 289 were incomplete or completed incorrectly.

Of the 380 W-4s reviewed, 22 could not be located, 5 were incomplete or completed incorrectly and 1 had the same address for two employees. The employees had the same first name but were not related and one had never lived at that address, the W-4 was completed by the District's software program.

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

NMAC 6.20.2.18 states the local board shall establish written policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School district shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, direct deposit authorizations, pay or position change notices and ERA plan application.

Cause

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

State of New Mexico
West Las Vegas Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

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

The District could be liable for both penalties and fines for every I-9. Improper completion, retention (known as technical violations) or making it available for inspection fines range from \$100 to \$1,100 for each I-9. Knowingly hiring or continuing to employ unauthorized workers fines range from \$250 up to \$11,000 per violation. First offense with greater than 50% substantive violations the penalties would be \$1,862 per I-9 as well as up to an additional 25% fine. An estimate of the penalties and fines could total \$849,072.

Recommendation

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

Response

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

Responsible Party and Timeline

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

West Las Vegas Schools

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

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

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

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

Management has not made progress in correcting these issues.

Criteria

22-11-21 NMSA 1978 Contributions; members; local administrative units. The ERB handbook states any employee working .25 FTE or more is covered by ERB's retirement program.

Cause

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

Effect

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

Recommendation

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

Response

Management will apply the .25 FTE in determining those who qualify for ERB and RHCA rather than excluding them because they are temporary or part-time employees.

Responsible Party and Timeline

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

West Las Vegas Schools

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

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

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

Management has not made progress in correcting this finding.

Criteria

6.50.8.1 NMAC Subsection D of Section 22-29-7 NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978. As per NMPSIA Handbook "If an employee works 20+ hours a week or fewer than 20 hours per week but at least 15 hours per week, you may also be eligible to participate if your employer has passed a resolution which has been approved by the NMPSIA Board of Directors, then they are eligible to participate in this employee benefit program".

Cause

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

Effect

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

Recommendation

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

Response

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

Responsible Party and Timeline

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

West Las Vegas Schools

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

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

Of 51 activity receipts reviewed we noted the following:

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

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

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

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

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

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

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

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

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

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

Criteria

6-5-2 NMSA Internal Accounting Controls: Internal controls and procedures should be in writing and followed allowing documentation for the responsible party.

Cause

A lack of training and monitoring allows the issues described in the condition of this finding.

Effect

Activity funds pose a high risk of fraud making the implementation of a strong internal control system very important. Without a strong working control system, activity funds could easily be misappropriated.

Recommendation

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

Response

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

Responsible Party and Timeline

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

State of New Mexico
West Las Vegas Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

2016-008 Certification of Inventory-Compliance and Internal Control-Significant Deficiency Condition

The District did not certify the inventory for the fiscal year ended June 30, 2018.

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

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

Effect

Items that cost less than \$5,000 could be misappropriated intentionally or not intentionally. Without taking inventory and certifying it, it is not known if all inventory items has been accounted for. Replacing items cost the District funds that could be spent on educating the students.

Cause

An inventory was attempted but management failed short at two sites. For this reason, the certification process was incomplete.

Recommendation

We recommend a physical inventory be taken annually and certified as to its correctness. The certification should be made available to the auditors.

Response

Management will involve site administrator in producing all inventory sites accordingly.

Responsible Party and Timeline

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

West Las Vegas Schools

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

2017-002 Clearing Accounts not Reconciling to Zero-Compliance and Internal Control-Significant Deficiency Condition

Payroll clearing and accounts payable clearing accounts did not reconcile to zero or a set dollar amount each month.

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

Criteria

6.20.2.14.G. NMAC. Clearing accounts or pooled accounts may be used to combine more than one fund in one bank account. Clearing accounts shall reconcile to a zero balance at the end of each month. Bank reconciliations for clearing accounts shall be completed on a monthly basis.

Cause

It is unknown why the clearing accounts would not reconcile.

Effect

Failing to reconcile clearing bank accounts to zero or a set amount each month does not give assurance the general ledger accounts are correct.

Recommendation

The clearing accounts and all bank accounts should be consolidated into one bank account resolving the issue. **Response**

The clearing accounts are no longer in use.

Responsible Party and Timeline

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

State of New Mexico
West Las Vegas Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

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

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

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

Responsible Party and Timeline

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

West Las Vegas Schools

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

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

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

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

Responsible Party and Timeline

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

West Las Vegas Schools

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

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

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

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

Responsible Party and Timeline

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

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

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

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

Responsible Party and Timeline

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

West Las Vegas Schools

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

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

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

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

Responsible Party and Timeline

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

West Las Vegas Schools

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

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

We noted the following:

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

Criteria

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

- A. An employer that has more than fifty employees and is not required to file an unemployment insurance tax form with the workforce solutions department or a payer shall file quarterly a withholding information return with the department on or before the last day of the month following the close of the calendar quarter.
- B. The quarterly withholding information return required by this section shall contain all information required by the department, including:
- (1) Each employee's or payee's social security number;
- (2) Each employee's or payee's name;
- (3) Each employee's or payee's gross wages, pensions or annuity payments;
- (4) Each employee's or payee's state income tax withheld; and
- (5) The workers' compensation fees due on behalf of each employee or payee.
- C. Each quarterly withholding information return shall be filed with the department using a department-approved electronic medium.

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

Cause

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

Effect

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

Recommendation

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

Response

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

Responsible Party and Timeline

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

West Las Vegas Schools

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

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

During our review of compensated absences we noted:

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

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

Responsible Party and Timeline

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

West Las Vegas Schools

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

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

Four of 49 employees' background checks reviewed were missing.

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

Responsible Party and Timeline

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

West Las Vegas Schools

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

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

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

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

Responsible Party and Timeline

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

West Las Vegas Schools

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

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

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

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

Responsible Party and Timeline

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

West Las Vegas Schools

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

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

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

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

Responsible Party and Timeline

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

Component Unit Findings

Rio Gallinas Charter School

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

Findings

Prior Year Audit Findings

2016-001 Payroll Issues 2017-001 Expenditure Issues

2017-002 Receipts

Status

Repeated & Modified Resolved Resolved

Current Year Audit Findings

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

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

Management has not made progress in correcting this finding.

Criteria

- a. Employers have certain responsibilities under immigration law during the hiring process. The employer sanctions provisions, found in section 274A of the Immigration and Nationality Act (INA), were added by the Immigration Reform and Control Act of 1986 (IRCA). These provisions further changed with the passage of the Immigration Act of 1990 and the Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) of 1996.
- b. Employee Handbook II. Employment Policies G-1-c. states that Official Transcripts are required.

Cause

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

Effect

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

Recommendation

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

Response

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

Responsible Party and Timeline

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

Component Unit Findings

Rio Gallinas Charter School

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

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

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

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

Responsible Party and Timeline

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

Component Unit Findings

Rio Gallinas Charter School

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

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

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

Criteria

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

Cause

Management was not aware of this statute.

Effect

The Charter could be subject to penalties.

Recommendation

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

Response

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

Responsible Party and Timeline

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

Financial Statement Preparation

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

Exit Conference - Companent Unit

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

Exit Conference - Primary Government

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

APPENDIX C

THE BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The District and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption notices or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption notices or other notices to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such

other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments, with respect to the Bonds, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities depository). In that event, Bond certificates will be printed and delivered to bond holders.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District, the Financial Advisor and the Underwriters believe to be reliable, but none of the District, the Financial Advisor or the Underwriters take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Direct or Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the District, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under "The Bonds" below in this Official Statement.

FORMS OF CO-BOND COUNSEL'S OPINION



JOHN F. McCarthy, Jr.
M. Karen Kilgore
Sandra J. Brinck
Patricia Salazar Ives
Aaron J. Wolf
Rebecca Dempsey
Jacquelyn Archuleta-Staehlin
Julie A. Wittenberger
Patrick T. Ortiz
Charles V. Garcia
James S. Rubin
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R. Daniel Castille

CAROL S. HELMS K. STEPHEN ROYCE JULIE S. RIVERS DAVID A. MAESTAS YOUNG-JUN (JUN) ROH

SAM W. MINNER MARLOW B. HOOPER

OF COUNSEL: JOHN F. KENNEDY

REPLY TO SANTA FE OFFICE

_____, 2019

\$2,500,000 WEST LAS VEGAS MUNICIPAL SCHOOL DISTRICT NO. 1 GENERAL OBLIGATION SCHOOL BONDS SERIES 2019

We have acted as Co-Bond Counsel in connection with the issuance by the West Las Vegas Municipal School District No. 1, County of San Miguel, State of New Mexico ("Issuer"), of its General Obligation School Bonds, Series 2019 ("Bonds") in the aggregate principal amount of \$2,500,000. In addition to examining those portions of the Constitution and laws of the State of New Mexico considered by us to be relevant to this opinion, we have reviewed certified copies of the proceedings of the Issuer and documents authorizing the release of the Bonds, including the form of Bond approved by the Issuer. We have acted as Co-Bond Counsel for the Issuer for the sole purpose of rendering an opinion with respect to the validity of the Bonds under the Constitution and laws of the State of New Mexico, as to which an opinion is rendered herein, and for no other reason or purpose.

We have not been engaged nor have we undertaken to review the accuracy, completeness, or sufficiency of any offering material relating to the Bonds, and we express no opinion relating thereto. We have not been requested to investigate or verify, nor have we independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, and we have not assumed and do not assume any responsibility with respect thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that under existing law:

1. The Bonds have been authorized, issued, and delivered in accordance with the Constitution and laws of the State of New Mexico, and constitute valid and legally binding general obligations of the Issuer.



	, 2019
Page 2	

- 2. All taxable property within the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds, to the extent the necessary funds are not provided from other sources.
- 3. The interest on the Bonds is excluded from net income for New Mexico State income tax purposes.
- 4. We express no opinion as to any federal tax consequences resulting from the ownership, carrying, or disposition of the Bonds, and in particular, no opinion is expressed as to the excludability of interest on the Bonds from the gross income of the holders, for federal tax purposes.

Except as stated above, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Further, we express no opinion as to the federal, state, or local tax consequences arising from the enactment of any pending or future legislation.

We note that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Very truly yours,





[An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Co-Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.]

\$2,500,000 WEST LAS VEGAS MUNICIPAL SCHOOL DISTRICT NO. 1 GENERAL OBLIGATION SCHOOL BONDS SERIES 2019

We have acted as Co-Bond Counsel in connection with the issuance by the West Las Vegas Municipal School District No. 1 (the "Issuer"), of its General Obligation School Bonds, Series 2019 in the aggregate principal amount of \$2,500,000 (the "Bonds"). We have examined those portions of the Constitution and laws of the State of New Mexico considered by us relevant to this opinion, certified copies of the proceedings of the Issuer and other documents authorizing and relating to the issuance of the Bonds, including the form of the Bonds approved by the Issuer. We have acted as Co-Bond Counsel for the Issuer for the sole purpose of rendering an opinion with respect to the validity of the Bonds under the Constitution and laws of the State of New Mexico and with respect to the application to the Bonds of those provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as to which an opinion is rendered herein and for no other reason or purpose.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement provided to us or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement), nor have we been requested to investigate or verify, nor have we independently investigated or verified any records, data or other material relating to the financial condition or capabilities of the Issuer and have not assumed any responsibility with respect thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

- 1. The Bonds have been authorized, issued and delivered in accordance with the Constitution and laws of the State of New Mexico and constitute valid and legally binding general obligations of the Issuer.
- 2. All taxable property within the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include



in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

3. Except as discussed below, the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We further are of the opinion that the Bonds are not "specified private activity bonds" and that accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under Section 57(a)(5) of the Code. In expressing the aforementioned opinions, we have relied on, and assume compliance by the Issuer with, certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that failure by the Issuer to comply with such representations and covenants may cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

4. The interest on the Bonds is excluded from net income for New Mexico state income tax purposes.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.



The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,