

**OFFICIAL STATEMENT DATED JUNE 17 2020**

**\$1,835,000**

**WEST LAS VEGAS MUNICIPAL SCHOOL DISTRICT NO. 1  
County of San Miguel, New Mexico  
General Obligation School Bonds, Series 2020**

**NEW ISSUE  
Book-Entry Only**

**Bank-Qualified  
Moody's Rating: A3 Underlying/ Aa3 Enhanced**

<b>PURPOSES</b>	Proceeds of the \$1,835,000 West Las Vegas Municipal School District No.1 General Obligation School Bonds, Series 2020 (the "Bonds" or the "Series 2020 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.
<b>THE BONDS</b>	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, 2021. 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.
<b>OPTIONAL PRIOR REDEMPTION</b>	<b>The Series 2020 Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS – Optional Prior Redemption."</b>
<b>SECURITY</b>	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.
<b>OPINIONS</b>	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 is not includable in gross income for purposes of New Mexico income tax, 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 has designated the Bonds as "qualified tax-exempt obligations," for financial institutions. Delivery of the Bonds is also subject to the delivery of an approving opinion of the Attorney General of the State of New Mexico. Certain legal matters in connection with the Bonds will be passed upon by Modrall, Sperling, Roehl, Harris & Sisk, P.A., as counsel to the underwriter.
<b>DELIVERY</b>	When, as and if issued, through DTC's facilities, on or about July 22, 2020.
<b>DATED DATE</b>	Date of initial delivery expected to be July 22, 2020.
<b>DUE DATE</b>	Principal is payable annually on August 15, commencing August 15, 2022.



**General Obligation School Bonds, Series 2020**

Year (August 15)	Principal	Interest Rate	Yield	Cusip # 953769	Year (August 15)	Principal	Interest Rate	Yield	Cusip # 953769
2022	\$100,000	4.000%	0.850%	ND4	2026	\$175,000	4.000%	1.280%	NH5
2023	170,000	4.000%	0.910%	NE2	2027	175,000	4.000%	1.410%	NJ1
2024	170,000	4.000%	1.010%	NF9	2028	175,000	4.000%	1.520%	NK8
2025	170,000	4.000%	1.140%	NG7					

\$350,000 4.000% Term Bonds due August 15, 2030 Yield: 1.650%<sup>(1)</sup> CUSIP 953769NL6

\$350,000 4.000% Term Bonds due August 15, 2032 Yield: 1.850%<sup>(1)</sup> CUSIP 953769NM4

<sup>(1)</sup> Yield calculated to first call date at par, August 15, 2028.

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**ISSUER**

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Secretary: Manuel Lucero  
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**DISTRICT ADMINISTRATION**

*Superintendent:* Christopher Gutierrez  
*Business Manager:* Dinah Maynes

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**PAYING AGENT/REGISTRAR**

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## A Few Words About Official Statements

Official statements for municipal securities issues – like this one – contain the only “official” information about a particular issue of municipal securities. This “Official Statement” is not an offer to sell or solicitation of an offer to buy Bonds in any jurisdiction where it is unlawful to make such offer, solicitation or sale and no unlawful offer, solicitation or sale of the Bonds may occur through this Official Statement or otherwise. This Official Statement is not a contract and provides no investment advice. Investors should consult their advisors and legal counsel with their questions about this Official Statement, the Bonds or anything else related to this issue.

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### MARKET STABILIZATION

*In connection with this Official Statement, the initial purchaser may over-allot or effect transactions, which stabilize and maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. The initial purchaser is not obligated to do this and is free to discontinue it at any time.*

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The estimates, forecasts, projections and opinions in this Official Statement are not hard facts, and no one, including the District, guarantees them.

The information set forth or included in this Official Statement has been provided by the District and from other sources believed by the District to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the District described herein since the date hereof. This Official statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

Co-Bond Counsel, Cuddy & McCarthy, LLP, Santa Fe, New Mexico, and McCall, Parkhurst & Horton L.L.P., Austin, Texas, were not requested to and did not take part in the preparation of the 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 the Official Statement or otherwise. The legal fees to be paid to Co-Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent, in part, upon the sale and delivery of such Bonds and all legal fees will be paid from bond proceeds.

Any part of this Official Statement may change at any time, without prior notice. Also, important information about the District and other relevant matters may change after the date of this Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

All document summaries are just that – they are not complete or definitive, and they may omit relevant information. Such documents are qualified in their entirety to the complete documents. Any investor who wishes to review the full text of documents may request them at no cost from the District or the Financial Advisor as follows:

**District**

West Las Vegas Municipal School District No. 1  
179 Bridge Street  
Las Vegas, New Mexico 87701  
Attn: Christopher Gutierrez

**Financial Advisor**

RBC Capital Markets, LLC  
6301 Uptown Blvd. NE, Suite 110  
Albuquerque, NM 87110  
Attn: Regina Gaysina

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- B. JUNE 30, 2019 AUDITED FINANCIAL STATEMENTS
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**\$1,835,000**

**WEST LAS VEGAS MUNICIPAL SCHOOL DISTRICT NO. 1**

**County of San Miguel, New Mexico**

**General Obligation School Bonds, Series 2020**

**INTRODUCTION**

Thank you for your interest in learning more about the \$1,835,000 West Las Vegas Municipal School District No. 1, County of San Miguel, New Mexico (the "District"), General Obligation School Bonds, Series 2020 (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 2019 assessed valuation is \$206,049,718 and its 2019/2020 40th day enrollment excluding charter schools was 1,432. See "THE DISTRICT."

**Limited Role of Auditors**

Except for the audited financial statements of the District for the year ended June 30, 2019, 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 of the Bonds. The sale of Bonds represents the fourth series of \$9.5 million authorized on February 7, 2017.

## **COVID-19**

### **Infection Disease Outbreak – COVID-19**

A respiratory disease named "coronavirus disease 2019" ("COVID-19") has recently spread to most parts of the world, including New Mexico and throughout the U.S. On March 11, 2020, COVID-19 was declared a pandemic by the World Health Organization. Following the World Health Organization's declaration of the outbreak of COVID-19 as a pandemic, state and local governments, including the State of New Mexico, have announced orders, recommendations and other measures intended to limit the size of public gatherings and regulate public spaces intended to minimize interpersonal contact and slow the spread of COVID-19.

On March 11, 2020, New Mexico Governor Michelle Lujan Grisham issued Executive Order 2020-004, declaring a state of public health emergency and directing State agencies to use all resources necessary to prepare for and respond to the outbreak. On March 13, 2020, President Donald Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic. Governor Lujan Grisham and New Mexico Department of Health Secretary Kathyleen Kunkel have issued additional orders that, among other things, order the closure of all public schools, businesses and non-profit entities except for those deemed essential, advise the public to stay home except for necessary outings, and direct that hotels, motels, RV parks, and other places of lodging shall not operate at more than 25% of maximum occupancy and prohibit mass gatherings. Beginning June 1<sup>st</sup>, New Mexico entered the next phase of reopening that allows the previously mentioned places, restaurants and gyms to operate at a 50% capacity and the opening of hair salons, indoor malls, tattoo parlors and massage services to open at a 25% capacity. There can be no assurance that additional restrictions applicable to lodging occupancy, travel, mass gatherings, or other matters won't be imposed. Please visit Governor Lujan Grisham's website, [www.governor.state.nm.us](http://www.governor.state.nm.us), for any additional executive orders issued by Governor Lujan Grisham related to COVID-19.

The New Mexico Department of Health provides information relating to COVID-19 and related developments in the State of New Mexico on its website, <https://cv.nmhealth.org/>. The information presented on the NMDOH website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Supplement.

### **Potential Impact of COVID-19**

The current spread of COVID-19 is altering the behavior of businesses and people in a manner that may have negative effects on economic activity, and therefore adversely affect the financial condition of the District, either directly or indirectly. The District cannot predict (i) the duration or extent of the COVID-19 outbreak/pandemic; (ii) the duration or expansion of public health orders, regulations or legislation, mandated or voluntary business closings, travel restrictions or warnings; (iii) the extent or duration of the negative effects that any COVID-19 or other outbreak/pandemic-related orders, regulations, legislation, restrictions or warnings will have on the local or global economy; (iv) the duration of lodging occupancy and travel restrictions or (v) the extent of the adverse financial impact that such circumstances or economic effects will have on ad valorem property tax collections or the District's financial condition. In addition, financial markets in the United States and globally have experienced significant volatility or declines in connection with the COVID-19 which may have a material impact on the market price of the Bonds.

Measures taken to prevent or reduce the spread of COVID-19 could limit the growth of or reduce economic activity in the State and the District, which in turn could limit the growth of or reduce the District's ad valorem collections or negatively affect property values within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds. The duration, extent and impact of COVID-19 on the New Mexico economy and the District's revenues, expenses, cash flow and property tax valuations is uncertain and cannot be quantified at this time. The financial data



contained herein are the latest available, but are as of dates and periods prior to the economic impact of COVID-19.

## **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. Interest is payable on February 15, 2021 and each August 15 and February 15 thereafter until maturity or prior redemption and will be calculated on the basis of a 360 day year consisting of twelve 30-day months. 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."

### **Authority**

The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District (the "Board") on May 14, 2020 authorizing the issuance of the Bonds in which pricing of the Bonds was delegated to a "Pricing Officer" and an executed pricing certificate dated the date of sale of the Bonds of such officer (collectively, the "Bond Resolution") and NMSA 1978, Sections 6-15-1 through 6-15-22, as amended and supplemented, the Constitution of the State of New Mexico and other laws of the State, and constitute the final installment of \$1,835,000 of voted authorization of the \$9,500,000 of general obligation bonds authorized by the qualified voters of the District at an election held on February 7, 2017. Pursuant to NMSA 1978, Section 22-18-9, the written approval of the New Mexico Attorney General will be supplied as to the form and legality of the Bonds. See "Legal Matters" herein.

### **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, 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.

**Sources and Uses of Proceeds**

<b>Sources:</b>	
Bond Proceeds:	
Par Amount	\$1,835,000.00
Premium	275,166.35
	<b>\$2,110,166.35</b>

<b>Uses:</b>	
Project Fund	\$2,000,000.00
Cost of Issuance	75,250.00
Underwriter's Discount	18,131.35
Debt Service Fund Deposit	16,785.00
	<b>\$2,110,166.35</b>

**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.

### **Mandatory Sinking Fund Redemption**

The Paying Agent/Registrar shall proceed to select for redemption (by lot in such manner as the Paying Agent/Registrar may determine) from all Term Bonds outstanding a principal amount of Term Bonds equal to the aggregate principal amount of Term Bonds redeemable with the required mandatory sinking fund payment, shall call such Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) for such redemption on such mandatory sinking fund redemption date, and shall give notice of such call.

In connection with any payments of scheduled mandatory sinking fund payments, the Paying Agent/Registrar will direct DTC to make a pro rata pass-through distribution of principal basis to the holders of the Series 2020 Bonds in accordance with the DTC procedures. If the DTC operational arrangements do not allow for the redemption of the Series 2020 Bonds on a pro rata pass-through distribution of principal basis, then the Series 2020 Bonds will be selected for redemption, in accordance with the DTC procedures, by lot.

### **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.

*Investments.* 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 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 \$206,049,718 for tax year 2019. Therefore, the maximum general obligation debt may not exceed \$12,362,983. Currently, the District has \$12,120,000 in General Obligation debt outstanding including the Bonds.

After the Bonds are issued, the ratio of total outstanding general obligation debt of the District to the 2019 assessed valuation will be no greater than 5.14% as summarized:

2019 Assessed Valuation	\$206,049,718
2019 Estimated Actual Valuation <sup>(1)</sup>	659,704,824
<hr/>	
Bonds Outstanding (including the Bonds)	\$12,120,000
Less Debt Service Fund Balance <sup>(2)</sup>	1,539,094
<b>ESTIMATED NET DEBT</b>	<b>\$10,580,906</b>
<hr/>	
Ratio of Net Debt to 2019 Assessed Valuation:	5.14%
Ratio of Net Debt to 2019 Estimated Assessed Valuation:	1.60%
Per Capita Net Bonded Debt:	\$661.31
Est. Population	16,000

(1) *Estimated actual valuation is computed by adding the 2019 exemptions to the 2019 assessed valuation and multiplying the result by three.*

(2) *The debt service cash balance for the Bonds was \$1,876,250.02 as of 4/15/2020. The amount properly attributable to principal reduction is 82%.*

## Selected Debt Ratios

2019 Assessed Valuation	\$206,049,718
2019 Estimated Actual Valuation <sup>(1)</sup>	659,704,824
District's Estimated Net Debt as a Percentage of	
Assessed Valuation	5.14%
Estimated Actual Valuation	1.60%
Direct & Overlapping Debt as a Percentage of	
Assessed Valuation	6.51%
Estimated Actual Valuation	2.03%
Estimated Population	16,000
District's General Obligation Bonds & Notes	
Debt Outstanding (Including the Bonds)	\$12,120,000
District Net General Obligation Debt	10,580,906
Estimated Direct & Overlapping G/O Debt	13,418,697
District Net Debt Per Capita	\$661.31
Direct and Overlapping Debt Per Capita	838.67

## 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
2013	\$800,000	08/15/2025	\$625,000
2014	1,000,000	08/15/2026	700,000
2015	1,500,000	08/15/2027	1,250,000
2016	1,700,000	08/15/2028	990,000
2017	2,500,000	08/15/2029	1,945,000
2018	2,500,000	08/15/2030	2,275,000
2019	2,500,000	08/15/2031	2,500,000
2020	1,835,000	08/15/2032	1,835,000
	<b>\$14,335,000</b>		<b>\$12,120,000</b>

## 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 Year	Current Requirements			Series 2020				Total Requirements		
	Principal	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total
2020	\$1,380,000	\$283,367	\$1,663,367					\$1,380,000	\$283,367	\$1,663,367
2021	1,135,000	243,153	1,378,153			\$78,089	\$78,089	1,135,000	321,243	1,456,243
2022	1,035,000	211,583	1,246,583	\$100,000	4.000%	73,400	173,400	1,135,000	284,983	1,419,983
2023	1,035,000	183,303	1,218,303	170,000	4.000%	69,400	239,400	1,205,000	252,703	1,457,703
2024	1,035,000	154,863	1,189,863	170,000	4.000%	62,600	232,600	1,205,000	217,463	1,422,463
2025	1,035,000	129,513	1,164,513	170,000	4.000%	55,800	225,800	1,205,000	185,313	1,390,313
2026	935,000	104,088	1,039,088	175,000	4.000%	49,000	224,000	1,110,000	153,088	1,263,088
2027	885,000	78,063	963,063	175,000	4.000%	42,000	217,000	1,060,000	120,063	1,180,063
2028	685,000	51,813	736,813	175,000	4.000%	35,000	210,000	860,000	86,813	946,813
2029	575,000	30,063	605,063	175,000	4.000%	28,000	203,000	750,000	58,063	808,063
2030	375,000	14,125	389,125	175,000	4.000%	21,000	196,000	550,000	35,125	585,125
2031	175,000	3,938	178,938	175,000	4.000%	14,000	189,000	350,000	17,938	367,938
2032				175,000	4.000%	7,000	182,000	175,000	7,000	182,000
<b>TOTAL</b>	<b>\$10,285,000</b>	<b>\$1,487,869</b>	<b>\$11,772,869</b>	<b>\$1,835,000</b>		<b>\$535,289</b>	<b>\$2,370,289</b>	<b>\$12,120,000</b>	<b>\$2,023,159</b>	<b>\$14,143,159</b>

### 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	Assessed Valuation	Outstanding	Applicable	Amount
State of New Mexico	\$66,906,427,722	\$421,700,000	0.31%	\$1,298,697
San Miguel County	634,990,918	-	32.45%	-
City of Las Vegas	219,994,710	-	100.00%	-
Luna Community College	836,987,082	-	24.62%	-
West Las Vegas Schools	206,049,718	12,120,000	100.00%	12,120,000
<b>Total Direct &amp; Overlapping Debt</b>				<b>\$13,418,697</b>
Ratio of Estimated Direct & Overlapping Debt to 2019 Assessed Valuation				6.51%
Ratio of Estimated Direct & Overlapping Debt to 2019 Estimated Actual Valuation				2.03%
Per Capita Direct & Overlapping Debt:				\$838.67
Population				16,000

## 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 2019 assessed valuation is \$206,049,718. 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 2019 and the previous four years follows.

	2019	2018	2017	2016	2015
<b>Assessments</b>					
Value of Land	\$ 64,772,557	\$ 61,802,470	\$ 59,794,372	\$ 58,518,141	\$ 54,594,164
Improvements	115,622,460	113,548,392	109,949,832	106,169,924	100,808,501
Personal Property	1,896,568	2,027,367	2,088,699	1,973,727	2,176,530
Mobile Homes	7,994,658	7,271,491	7,364,523	7,069,438	6,949,857
Livestock	5,513,740	5,591,929	5,529,028	9,058,679	8,123,374
<b>Assessor's Total Taxable Value</b>	<b>\$ 195,799,983</b>	<b>\$ 190,241,649</b>	<b>\$ 184,726,454</b>	<b>\$ 182,789,909</b>	<b>\$ 172,652,426</b>
<b>Less Exemptions</b>					
Head of Family	\$ 3,034,190	\$ 3,194,967	\$ 3,258,100	\$ 3,296,369	\$ 3,238,750
Veterans	1,666,790	1,710,018	1,760,692	1,772,832	1,664,000
Exemption Waiver**	4,151,579	3,796,157	3,546,313	3,216,468	242,093
Other	4,999,331	7,366,663	6,986,537	6,347,284	-
<b>Total</b>	<b>\$ 13,851,890</b>	<b>\$ 16,067,805</b>	<b>\$ 15,551,642</b>	<b>\$ 14,632,953</b>	<b>\$ 5,144,843</b>
Assessors Net Taxable Value	\$ 181,948,093	\$ 174,173,844	\$ 169,174,812	\$ 168,156,956	\$ 167,507,583
Centrally Assessed	\$ 24,101,625	\$ 22,701,168	\$ 20,452,686	\$ 19,161,984	\$ 18,443,092
<b>Total Assessed Valuation</b>	<b>\$ 206,049,718</b>	<b>\$ 196,875,012</b>	<b>\$ 189,627,498</b>	<b>\$ 187,318,940</b>	<b>\$ 185,950,675</b>
<i>** 100% Exempt - 100% Disabled Veterans</i>					
	2019	2018	2017	2016	2015
Residential	\$ 133,129,923	\$ 129,804,219	\$ 125,949,958	\$ 122,114,698	\$ 121,975,579
Non-Residential	\$ 72,919,795	\$ 67,070,793	\$ 63,677,540	\$ 65,204,242	\$ 63,975,096
<b>Total</b>	<b>\$ 206,049,718</b>	<b>\$ 196,875,012</b>	<b>\$ 189,627,498</b>	<b>\$ 187,318,940</b>	<b>\$ 185,950,675</b>

Source: San Miguel County Assessor's Office.

### History of Assessed Value

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 Year	West Las Vegas Schools	City of Las Vegas	San Miguel County
2019	\$206,049,718	\$219,994,710	\$634,990,918
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

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 2019 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 10.12% of the District's total 2019 assessed valuation.

<b>Taxpayer</b>	<b>Business</b>	<b>2019 Valuation</b>	<b>% of Assessed Valuation</b>
BN&SF Railway	Railroad	\$12,377,887	6.01%
ENMR Telephone Coop	Telephone	2,966,584	1.44%
Public Service Co. of NM	Utility	2,731,704	1.33%
Farmers Electric Cooperative	Utility	1,597,820	0.78%
Mora-San Miguel Electric Cooperative	Utility	1,188,005	0.58%
<b>Total</b>		<b>\$20,862,000</b>	<b>10.12%</b>

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 2019 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 Mill Limit for General Purposes					
	2019	2018	2017	2016	2015
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
San Miguel County	5.379	5.265	5.179	5.202	5.225
Las Vegas, City of	6.697	6.713	6.640	6.641	6.715
West Las Vegas Schools	0.222	0.220	0.214	0.216	0.215
Luna Community College	2.293	2.304	2.251	2.254	2.268
<b>Total</b>	<b>\$14.591</b>	<b>\$14.502</b>	<b>\$14.284</b>	<b>\$14.313</b>	<b>\$14.423</b>

Over 20 Mill Limit - Interest, Principal, Judgment, etc.					
	2019	2018	2017	2016	2015
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	12.514	12.486	12.436	12.718	12.410
<b>Total</b>	<b>\$13.874</b>	<b>\$13.846</b>	<b>\$13.796</b>	<b>\$14.078</b>	<b>\$13.770</b>

Total Levy					
	2019	2018	2017	2016	2015
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
San Miguel County	5.379	5.265	5.179	5.202	5.225
Las Vegas, City of	6.697	6.713	6.640	6.641	6.715
West Las Vegas Schools	12.736	12.706	12.650	12.934	12.625
Luna Community College	2.293	2.304	2.251	2.254	2.268
<b>Total Residential in Las Vegas</b>	<b>\$28.465</b>	<b>\$28.348</b>	<b>\$28.080</b>	<b>\$28.391</b>	<b>\$28.193</b>
<b>Total Non-Residential in Las Vegas</b>	<b>\$36.725</b>	<b>\$36.874</b>	<b>\$36.872</b>	<b>\$37.030</b>	<b>\$36.891</b>
Total Residential in Unincorporated County	\$21.768	\$21.635	\$21.440	\$21.750	\$21.478
Total Non-Residential in Unincorporated County	\$29.075	\$29.224	\$29.222	\$29.380	\$29.114

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 2015 tax year (2015-16 fiscal year). The Two Mill Levy is renewed every six years, most recently on February 5, 2019.

Tax Year	Calendar Year	Operational		SB9 (Two Mill Levy)		Debt Service	Total	
		Residential	Non-Residential	Residential	Non-Residential		Residential	Non-Residential
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
2019	2020	0.222	0.483	2.000	2.000	10.514	12.736	12.997

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;
2. 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;
2. 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 Collections <sup>(1)</sup>	Current Collections as a % of Net Levied	Current/Delinquent Tax Collections <sup>(2)</sup>	Current/Delinquent Collections as a % of Net Levied
2019	19/20	\$ 15,896,177	\$ 10,503,880	66.1%	\$ 10,503,880	66.1%
2018	18/19	15,276,955	11,515,805	75.4%	14,058,215	92.0%
2017	17/18	14,824,281	12,935,832	87.3%	14,028,376	94.6%
2016	16/17	14,868,420	12,583,681	84.6%	14,112,755	94.9%
2015	15/16	14,617,313	12,369,434	84.6%	14,812,044	100.0%

(1) Current collections through June 30 of each tax year. Except for tax year 2019.

(2) As of April, 2020.

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, 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. The District currently operates 11 school sites including 6 elementary schools, 1 combination elementary/middle school, 1 middle school, 1 alternative high school, 1 high school and 1 charter school.

### **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 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:

Patrick Marquez, President;  
term expires December 31, 2023

Manuel Lucero, Secretary;  
term expires December 31, 2023

Christine Ludi, Vice-President;  
term expires December 31, 2021

Linda Montoya, Member;  
term expires December 31, 2021

Rolando Medrano Jr., Member;  
term expires December 31, 2023

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
2019-20	1,432	69	1,501
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

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:

Local Revenues - 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 2019, the District received \$294,537 from local sources.

Federal Revenues - 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 2019, the District received \$73,777 in federal revenues for its General Fund.

State Revenues - The District's largest source of annual revenue is derived from the State Equalization Guarantee distribution described below. During fiscal year 2019, the District received \$13,185,302 from state sources. Such payments represented approximately 97% 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:

1. 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
3. 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 for the prior five years are as follows:

Year	Program Unit Value	Amount *	Without Charter School
2015-2016	\$4,028	\$13,696,158	\$12,895,623
2016-2017	3,980	13,047,854	12,394,987
2017-2018	4,054	12,833,799	12,078,602
2018-2019	4,159	13,296,755	12,556,845
2019-2020	4,565	15,897,595	14,987,505

\* 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 2019, the District received \$47,840 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 2019, the District received \$679,900 for transportation purposes.

### **Recent and Current Legislative Action**

During the New Mexico State Legislature's 2018 regular session, the New Mexico State Legislature passed House Bill 98 (HB 98) which enacted the Local Elections Act amending the State's election statutes to consolidate virtually all nonpartisan local elections on the same day. HB 98 was signed by Governor Susana Martinez on March 7, 2018, and took effect on July 1, 2018. Among other things, the local Election Act provides that elections for school districts, community college districts, flood control districts, special zoning districts and soil and water sanitation districts will be merged starting in 2019. The Local Election Act which was amended in the 2019 Legislative session also permits certain municipalities to opt-in to the elections at the regular elections. As a result of the statutory amendments, the dates for all of these nonpartisan regular elections will occur on the first Tuesday after the first Monday in November of each odd-numbered year. Matters voted on at these regular elections could include election of school board members, municipal officers and the officers for other districts that have taxation authority. Ballots may also include bond questions and local mill levies for the voter's consideration. HB 98 amended the special election provisions contained under NMSA Section 1-24-1 to eliminate in person voting at special elections and to require that all such special elections be conducted by mailed ballot. The District passed a 2 mill levy at a special election in April 2019.

## Balance Sheet

Listed below is the Balance Sheet (General Fund only) for fiscal years 2015 through 2019. The complete audit report for the fiscal year ending June 30, 2019 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](http://www.saonm.org/financial_audits).

BALANCE SHEET - GENERAL FUND <sup>(1)</sup>						
Year Ended June 30	2015	2016	2017	2018	2019	
<b>Assets:</b>						
Cash and Investments	\$ 416,057	\$ 568,759	\$ 203,176	\$ 1,585,817	\$ 700,468	
Receivables:						
Taxes	701	10,241	15,922	16,231	17,326	
Interfund receivables	788,370	573,377	1,060,937	454,936	1,017,650	
Other receivables	5,454	-	-	-	-	
<b>Total Assets</b>	<b>\$ 1,210,582</b>	<b>\$ 1,152,377</b>	<b>\$ 1,280,035</b>	<b>\$ 2,056,984</b>	<b>\$ 1,735,444</b>	
<b>Liabilities:</b>						
Accounts payable	\$ 43,588	\$ 50,170	\$ 30,581	\$ 31,494	\$ 43,227	
Accrued payroll liabilities	-	-	-	-	32,445	
<b>Total Liabilities</b>	<b>\$ 43,588</b>	<b>\$ 50,170</b>	<b>\$ 30,581</b>	<b>\$ 31,494</b>	<b>\$ 75,672</b>	
<b>Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ 9,428</b>	<b>\$ 15,069</b>	<b>\$ 15,329</b>	<b>\$ 16,178</b>	
<b>Fund Balances:</b>						
Reserved:						
Restricted	\$ 43,805	\$ -	\$ -	\$ -	\$ -	
Committed	1,149,345	1,092,779				
Unreserved, Undesignated	-	-	1,234,385	2,010,161	1,643,595	
<b>Total Fund Balance</b>	<b>\$ 1,193,150</b>	<b>\$ 1,092,779</b>	<b>\$ 1,234,385</b>	<b>\$ 2,010,161</b>	<b>\$ 1,643,595</b>	
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,236,738</b>	<b>\$ 1,152,377</b>	<b>\$ 1,280,035</b>	<b>\$ 2,056,984</b>	<b>\$ 1,735,445</b>	

(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, 2019 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](http://www.saonm.org/financial_audits).

STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES - GENERAL FUND <sup>(1)</sup>						
Fiscal Year Ended June 30	2015	2016	2017	2018	2019	
<b>Revenues:</b>						
Local Sources	\$ 680,668	\$ 217,478	\$ 475,565	\$ 262,405	\$ 294,537	
State Sources	14,159,871	13,843,016	13,180,362	13,362,738	13,185,302	
Federal Sources	12,079	71,982	71,982	72,951	73,777	
<b>Total Revenues</b>	<b>\$ 14,852,618</b>	<b>\$ 14,132,476</b>	<b>\$ 13,727,909</b>	<b>\$ 13,698,094</b>	<b>\$ 13,553,616</b>	
<b>Expenditures:</b>						
Instruction	\$ 6,717,054	\$ 6,779,717	\$ 6,666,496	\$ 6,308,528	\$ 6,822,819	
Student support services	1,483,796	1,597,890	1,581,913	1,401,821	1,430,456	
Instruction support services	310,944	301,363	297,163	215,486	212,017	
General administration	582,763	595,343	505,464	487,917	539,603	
School administration	1,026,504	1,011,063	938,473	864,418	872,573	
Central services	511,665	498,847	361,199	367,820	394,590	
Op. & Maintenance of Plant	2,387,546	2,426,621	2,295,547	2,311,218	2,631,116	
Pupil Transportation	846,831	852,670	830,407	858,112	783,394	
Other	-	141,583	13,212	69,747	1,097	
Capital Outlay	-	35,056	-	36,891	200,904	
<b>Total Expenditures</b>	<b>\$ 13,867,103</b>	<b>\$ 14,240,153</b>	<b>\$ 13,489,874</b>	<b>\$ 12,921,958</b>	<b>\$ 13,888,569</b>	
Excess (Deficiency)						
of Revenues over Expenditures	\$ 968,195	\$ (107,677)	\$ 173,981	\$ 775,776	\$ (334,953)	
Operating Transfers	-	-	(18,063)	-	(31,613)	
Restated fund balance	\$ 968,195	\$ (107,677)	\$ 155,918	\$ 775,776	\$ (366,566)	
Fund Balance-Beginning	224,955	1,193,150	1,092,779	1,234,385	2,010,161	
Restatement	-	7,306	(14,312)		-	
<b>Fund Balance-Ending</b>	<b>\$ 1,193,150</b>	<b>\$ 1,092,779</b>	<b>\$ 1,234,385</b>	<b>\$ 2,010,161</b>	<b>\$ 1,643,595</b>	
<b>% of Total Revenues</b>	<b>8.03%</b>	<b>7.73%</b>	<b>8.99%</b>	<b>14.67%</b>	<b>12.13%</b>	

(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, 2019 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](http://www.saonm.org/financial_audits).

STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES					
<i>Fiscal Year Ended June 30</i>	2015	2016	2017	2018	2019
<b>ASSETS</b>					
Current assets:					
Cash & cash equivalents	\$ 4,845,754	\$ 5,538,828	\$ 4,860,252	\$ 5,114,510	\$ 4,950,375
Taxes receivable	30,177	419,631	773,757	588,583	628,334
Due from other governmental entities	972,311	650,119	1,198,266	484,221	1,154,690
Accounts Receivable	31,662	-	-	-	-
Inventory	-	16,844	16,844	13,891	44,116
<b>Total current assets</b>	<b>\$ 5,879,904</b>	<b>\$ 6,625,422</b>	<b>\$ 6,849,119</b>	<b>\$ 6,201,205</b>	<b>\$ 6,777,515</b>
Noncurrent assets:					
Capital assets	89,764,540	91,090,900	96,106,512	101,760,360	104,840,372
Less: Accumulated depreciation	(45,157,463)	(47,270,840)	(49,691,667)	(51,020,485)	(53,258,845)
<b>Total noncurrent assets</b>	<b>44,607,077</b>	<b>43,820,060</b>	<b>46,414,845</b>	<b>50,739,875</b>	<b>51,581,527</b>
<b>Total Assets</b>	<b>50,486,981</b>	<b>50,445,482</b>	<b>53,263,964</b>	<b>56,941,080</b>	<b>58,359,042</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 1,342,498</b>	<b>\$ 2,073,973</b>	<b>\$ 3,309,943</b>	<b>\$ 11,937,116</b>	<b>\$ 10,821,907</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 205,274	\$ 583,798	\$ 31,668	\$ 38,779	\$ 60,564
Accrued liabilities	133,326	211,372	-	-	32,445
Accrued interest	88,544	66,110	58,531	68,304	86,804
Compensated absences payable	-	-	250,260	270,970	302,687
Deferred revenue	4,542	-	-	-	-
Current portion of long-term obligations	2,070,000	1,650,000	905,000	1,545,000	1,605,000
<b>Total current liabilities</b>	<b>\$ 2,501,686</b>	<b>\$ 2,511,280</b>	<b>\$ 1,245,459</b>	<b>\$ 1,923,053</b>	<b>\$ 2,087,500</b>
Long-term obligations					
Bond underwriter premiumums	-	-	6,405,000	7,032,907	7,876,434
Pension Liability	-	22,013,637	24,194,410	35,593,105	39,686,128
Noncurrent portion of long term obligations	26,158,173	5,610,000	-	9,641,134	9,405,926
<b>Total long-term obligations</b>	<b>26,158,173</b>	<b>27,623,637</b>	<b>30,599,410</b>	<b>52,267,146</b>	<b>56,968,488</b>
<b>Total Liabilities</b>	<b>28,659,859</b>	<b>30,134,917</b>	<b>31,844,869</b>	<b>54,190,199</b>	<b>59,055,988</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 3,091,570</b>	<b>\$ 2,771,915</b>	<b>\$ 1,763,082</b>	<b>\$ 4,133,538</b>	<b>\$ 3,715,231</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 39,151,964	\$ 36,560,060	\$ 39,104,845	\$ 42,161,968	\$ 42,100,093
Restricted for:					
Debt service	1,806,155	436,710	1,507,902	1,180,798	2,185,985
Capital projects	329,524	3,297,958	2,772,659	1,958,861	1,670,445
Unrestricted	(21,209,593)	(20,152,105)	(20,419,450)	(34,747,168)	(39,546,793)
<b>TOTAL NET ASSETS</b>	<b>\$ 20,078,050</b>	<b>\$ 20,142,623</b>	<b>\$ 22,965,956</b>	<b>\$ 10,554,459</b>	<b>\$ 6,409,730</b>

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 FY2019 audited financial statements is provided in Appendix B. Excludes Charter School.

## 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, 2019 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](http://www.saonm.org/financial_audits).

STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES					
Fiscal Year Ended June 30					
EXPENSES:	2015	2016	2017	2018	2019
Governmental activities					
Instruction	\$ (8,566,275)	\$ (8,286,637)	\$ (6,523,524)	\$ (10,496,569)	\$ (11,490,401)
Student support services	(1,497,545)	(1,553,280)	(1,407,675)	(1,928,897)	(2,220,915)
Instruction support services	(356,585)	(221,106)	(293,272)	(239,905)	(292,738)
General administration	(585,690)	(621,630)	(555,986)	(703,658)	(689,609)
School administration	(1,014,275)	(967,116)	(935,859)	(1,145,140)	(1,242,813)
Other support services	(17,439)	-	(13,212)	-	-
Central services	(507,179)	(422,342)	(272,536)	(392,964)	(423,845)
Pupil transportation services	(82,246)	(61,508)	(41,352)	(100,924)	(170,151)
Operation & maintenance of plant	(1,143,370)	(2,271,801)	(2,367,292)	(2,700,887)	(3,263,665)
Other support services				(72,438)	(1,097)
Food services	16,620	238,075	178,558	(141,938)	69,160
Interest on long-term obligations	(266,174)	(181,283)	(175,135)	(171,892)	(225,226)
<b>Total governmental activities</b>	<b>\$ (14,020,158)</b>	<b>\$ (14,490,211)</b>	<b>\$ (12,407,285)</b>	<b>\$ (18,095,212)</b>	<b>\$ (19,951,300)</b>
General revenues					
Property taxes for general purposes	\$ 53,739	\$ 50,948	\$ 60,019	\$ 58,766	\$ 60,163
Property taxes for debt service	1,788,509	1,739,176	2,201,316	1,856,889	2,024,627
Property taxes for capital projects	340,561	323,919	399,695	343,998	380,488
Capital				2,324,815	738,701
General Federal & State aid	13,284,963	13,022,872	12,377,326	12,591,712	12,531,380
Interest & investment earnings	6,922	16,919	9,008	8,670	8,644
Miscellaneous	-	20,202	197,566	66,748	62,568
<b>Subtotal, general revenues</b>	<b>15,474,694</b>	<b>15,174,036</b>	<b>15,244,930</b>	<b>17,251,598</b>	<b>15,806,571</b>
Change in net assets	1,452,536	683,825	2,837,645	(843,614)	(4,144,729)
Net assets - beginning, as adjusted	40,909,797	20,078,050	20,142,623	22,965,956	10,554,459
Restatement	(22,284,283)	(619,252)	(14,312)	(11,567,883)	-
<b>Net Assets - End of Year</b>	<b>\$ 20,078,050</b>	<b>\$ 20,142,623</b>	<b>\$ 22,965,956</b>	<b>\$ 10,554,459</b>	<b>\$ 6,409,730</b>

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 FY2019 audited financial statements is provided in Appendix B. Excludes Charter School.

## Special Revenue Funds

The Special Revenue Fund program is used to provide supplemental educational opportunity for academically disadvantaged children residing in the area. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criterion that identifies a campus; educational need determines the students to be served and the funds are allocated to the District through the New Mexico Public Education Department. Authority is Part A of Chapter I of Title I of Elementary and Secondary Education Act ESEA of 1965, as amended, P.L. 103-383.

## 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 266 regular employees of which 21 are administrators, 125 are teachers and other professional instructional personnel including special education support personnel, 23 are instructional assistants, and 97 are support [FYI, e.g., cooks, secretaries, bus aide, mechanic, payroll clerk, nurse assistant, records clerk, mechanic, warehouse clerk, security guards, bus drivers, and Head Start staff], custodial, and maintenance staff.

### 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](http://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.

Contributions to the Fund from the District were \$196,216 for the year ended June 30, 2019.

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

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

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](http://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
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
2019	406,549,056	303,442,092	13,544,691,114

Source: New Mexico Educational Retirement Board, Financial Report.

Contributions.

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$2,414,877 and \$2,259,627 which equal the amount of the required contributions for each fiscal year.

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

At June 30, 2019, the District reported a liability of \$39,686,128 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the District's portion was established as of the measurement date of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2018, actuarially determined. At June 30, 2018, the District's proportion was 0.33374%, which was an increase of 0.01347% from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the District recognized pension expense of \$6,116,384.

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 – For forms of Opinion of McCall, Parkhurst & Horton L.L.P."

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' Opinions".

### **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 tax-exempt 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 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 has designated 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."

## **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](http://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 2021.

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) non-payment 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.

For these purposes, the District intends the words used in clauses (15) and (16) in the preceding paragraph, including the term "financial obligation," to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

## **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.

The address of the MSRB is 1300 I Street NW, Suite 1000, Washington D.C., and its telephone number is (202) 898-1500.

## **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, however, that the rating downgrade to the NMSDEP on June 18, 2018 was not timely filed as required. The rating downgrade and the Notice of Failure to File were subsequently filed on August 29, 2018. 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 did not not appeal. The Judgement does not directly affect ad valorem taxes in the State.

### **Underwriting**

Robert W. Baird & Co. Incorporated (the "Underwriter") has agreed, subject to certain customary conditions, to purchase the Bonds at a price equal to the initial offering prices to the public, as shown on the front cover page hereof, less an Underwriter's discount of \$18,131.35. The Underwriter's obligations are subject to certain conditions precedent, and the Underwriter will be obligated to purchase all of the Bonds, if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by the Underwriter.



The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

## **Rating**

Moody's Investors Service has assigned the Bonds a rating of A3 on the understanding that the Bonds will qualify under the New Mexico School District Enhancement Program. The underlying rating for the District is Aa3. 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 legal fees to be paid to Co-Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent in part upon the sale and delivery of the Bonds.

Certain legal matters will be passed upon for the Underwriter by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico. The fee to be paid to Counsel to the Underwriter is contingent upon the sale and delivery of the Bonds.

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.

/s/ Patrick Marquez  
President, Board of Education

/s/ Manuel Lucero  
Secretary, Board of Education

## **APPENDIX A**

### **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 prosperous, 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 2019 undergraduate enrollment at the main campus of NMHU was 1,179. The enrollment including all branch centers totaled 2,891.

### **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. Approximately 1,300 are enrolled in different programs at the college.

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*	13,107	27,591	2,095,428
2020 <sup>(1)</sup>	12,651	27,238	2,097,688
2025 <sup>(1)</sup>	12,285	26,566	2,116,027
<b>Projected Growth 2020-2025<sup>(2)</sup></b>	<b>-2.89%</b>	<b>-2.47%</b>	<b>0.87%</b>

\*Estimates. Source: U.S. Census Bureau: State and County QuickFacts.

(1) Estimates. Source: Environics Analytics, April 2020.

(2) Projected. Source: Environics Analytics, April 2020.

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

Age Group	Percent of Population		
	San Miguel County	New Mexico	United States
0 - 17	18.63%	23.06%	22.34%
18 - 24	9.86%	9.58%	9.46%
25 - 34	11.89%	13.23%	13.51%
35 - 44	10.35%	12.12%	12.66%
45 - 54	11.57%	11.32%	12.53%
55 and Older	37.70%	30.69%	29.50%

Source: Environics Analytics, April 2020.

## 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 Environics Analytics. 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 Income Group	San Miguel County	New Mexico	United States
Under \$25,000	44.25%	25.91%	18.56%
\$25,000 - \$34,999	12.17%	10.84%	8.50%
\$35,000 - \$49,999	14.21%	13.77%	12.23%
\$50,000 - \$74,999	14.64%	17.17%	16.73%
\$75,000 & Over	14.73%	32.31%	43.98%
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
2020 Est. Median Household Income	\$29,471	\$49,384	\$65,228

Source: Environics Analytics, April 2020.

## 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 <sup>(1)</sup>	San Miguel County		State of New Mexico		United States
	Labor Force	%	Labor Force	%	%
		Unemployed		Unemployed	Unemployed
2020 <sup>(2)</sup>	11,152	6.70%	966,489	5.90%	4.50%
2019	10,712	5.50%	954,596	4.90%	3.70%
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%

(1) Numbers are annual averages.

(2) Data for the month of March 2020. Numbers are Preliminary.

Source: U.S. Bureau of Labor Statistics, May 2020.

## 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.

## 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.

Sector	2015	2016	2017	2018	2019 <sup>(1)</sup>
Accommodation and Food Services	820	813	818	847	846
Administrative and Waste Services	20	17	51	21	23
Agriculture, Forestry, Fishing & Hunting	46	47	41	38	37
Arts, Entertainment, and Recreation	*	*	*	*	*
Construction	246	234	395	241	291
Educational Services	*	*	*	*	143
Finance and Insurance	228	251	257	243	236
Health Care and Social Assistance	1,826	1,859	2,751	1,942	1,972
Information	40	38	43	36	31
Management of Companies and Enterprises	7	7	7	7	9
Manufacturing	93	88	92	93	95
Mining	8	13	*	10	7
Other Services, Ex. Public Admin	149	108	102	115	95
Professional and Technical Services	96	92	140	107	99
Real Estate and Rental and Leasing	52	45	46	43	46
Retail Trade	924	897	910	903	850
Transportation and Warehousing	273	256	306	219	216
Utilities	27	26	85	26	28
Wholesale Trade	26	33	33	31	16
Total Government	3,301	3,231	3,167	3,036	2,801
Total Private	5,014	4,973	5,041	5,071	5,038
<b>Grand Total</b>	<b>8,315</b>	<b>8,204</b>	<b>8,208</b>	<b>8,107</b>	<b>7,839</b>

(1) Data as of Third Quarter of 2019

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

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

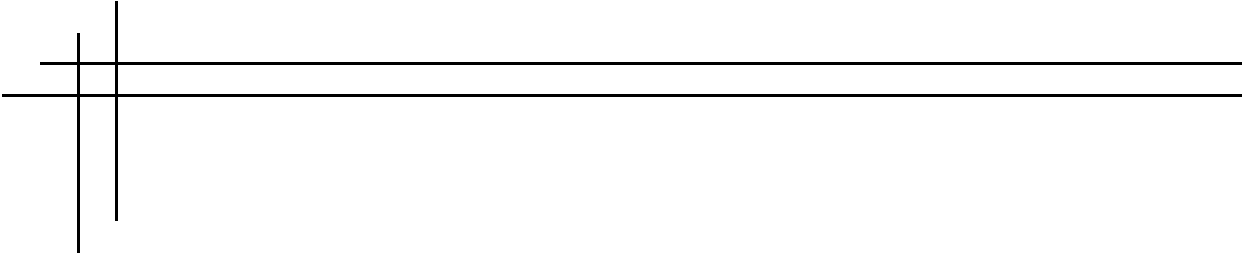
Note: Figures shown here are annual averages of quarterly data.

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



**APPENDIX B**

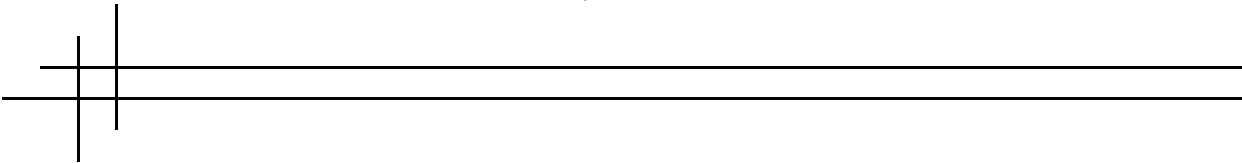
**JUNE 30, 2019 AUDITED FINANCIAL STATEMENTS**



State of New Mexico  
**West Las Vegas Schools**

Annual Financial Report  
June 30, 2019

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



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

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**Board of Education**

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

**School Officials**

Christopher Gutierrez	Superintendent
Dinah Maynes	Business Manager/CPO

Independent Auditor's Report

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

Mr. Colón and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general and major special revenue funds of West Las Vegas Schools (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the general and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

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

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

#### *Other Information*

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

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

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***De'Aun Willoughby, CPA, PC***

Clovis, New Mexico

October 22, 2019

## Financial Section



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

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

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

State of New Mexico  
**West Las Vegas Schools**  
Government-Wide Statement of Activities  
For the Year Ended June 30, 2019

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

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

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

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

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

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

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

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

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

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

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

State of New Mexico  
**West Las Vegas Schools**  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 June 30, 2019

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

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

Property taxes receivable will be collected after the period of availability, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 580,625

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

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

Deferred Outflows and Inflows Related to Pensions and Other Post-Employment Benefits (OPEB) are the results of differences in expected and actual actuary experience and the difference in actuary projected and actual earnings. Also changes in proportion and differences between contributions and proportionate share of contributions.

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

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of :

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

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

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

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

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

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

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

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

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



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

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

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

State of New Mexico  
**West Las Vegas Schools**  
 Reconciliation of the Governmental Funds Statement  
 of Revenues, Expenditures and Changes in Fund Balance  
 to the Statement of Activities  
 June 30, 2019

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Net Change in Fund Balances \$ 487,907

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

Some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.

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

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

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

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. However, neither are reported on the Statement of Activities. Also, governmental funds report premiums when bonds are first issued, whereas the premiums are deferred and amortized in the Statement of Activities reducing interest expense.

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

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

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

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

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

State of New Mexico

**West Las Vegas Schools**

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

June 30, 2019

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

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

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

State of New Mexico  
**West Las Vegas Schools**  
 General Fund-Operational-11000  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2019

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

State of New Mexico  
**West Las Vegas Schools**  
 General Fund-Operational-11000  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2019

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

State of New Mexico  
**West Las Vegas Schools**  
 General Fund-Operational-11000  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2019

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

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

State of New Mexico  
**West Las Vegas Schools**  
 General Fund-Transportation-13000  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2019

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

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

State of New Mexico

**West Las Vegas Schools**

General Fund-Instructional Materials-14000

Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

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

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



State of New Mexico  
**West Las Vegas Schools**  
Special Revenue Fund-Title I-24101  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2019

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

State of New Mexico  
**West Las Vegas Schools**  
Special Revenue Fund-Title I-24101  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2019

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

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

State of New Mexico  
**West Las Vegas Schools**  
Statement of Fiduciary Assets and Liabilities-Agency Funds  
June 30, 2019

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

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

**Summary of Significant Accounting Policies**

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

**Financial Reporting Entity**

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

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

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

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

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

***Governmental Funds***

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

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

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

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

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

***Fiduciary Fund Type***

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

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

**Major Funds**

The District reports the following major governmental funds:

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

**Special Revenue Fund**

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

**Capital Projects Fund**

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

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

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

**Measurement Focus and Basis of Accounting**

***Government-Wide Financial Statements (GWFS)***

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

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

#### Program Revenues

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

#### ***Fund Financial Statements (FFS)***

##### Governmental Funds

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

##### Revenues

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

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

##### Revenue Recognition for Grants

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

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

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

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

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

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

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

#### Cash and Cash Equivalents

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

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

#### Investments

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

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

#### Receivables and Payables

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

#### Property Taxes

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



Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

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

Capital Assets

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

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

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

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years

Capital Leases

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

Short -Term Debt

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

Long-Term Liabilities

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

#### Restricted Net Position

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

#### Fund Balances of Fund Financial Statements

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

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

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

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

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

#### Interfund Transfers

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

#### Deferred Outflows of Resources

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

#### Deferred Inflows of Resources

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

#### Compensated Absences

The District's policy is as follows:

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

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

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

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

This does not apply to Bargaining Unit Employees.

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

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

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

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

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

Estimates

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

**A. Deposits and Investments**

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

<u>Name of Account</u>	Balance Per Bank 6/30/19	Reconciled Balance	Type
General	\$ 5,931,989	\$ 4,950,375	Checking
Accounts Payable	445,542	0	Checking
Student Activities	172,412	162,060	Checking
Total Deposited	<u>6,549,943</u>	<u>\$ 5,112,435</u>	
Less FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	6,299,943		
50% collateral requirement	3,149,972		
Pledged securities	<u>4,000,000</u>		
Over (Under) requirement	<u>\$ 850,029</u>		

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

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

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

**Custodial Credit Risk-Deposits**

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

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2019 \$2,299,943 of the District's balance of \$6,549,943 was exposed to custodial risk.

**Component Unit**

**A. Deposits and Investments**

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

**Southwest Capital Bank**

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

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

The following securities are pledged at Southwest Capital Bank:

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

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

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	13,875
Uninsured and uncollateralized	13,876
Total Deposits	\$ <u>277,751</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2019 \$13,876 of the Charter's balance of \$277,751 was exposed to custodial risk.

**B. Receivables**

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

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

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

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

**C. Interfund Receivables, Payables and Transfers**

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

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

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

**D. Capital Assets**

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

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

State of New Mexico  
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Notes to the Financial Statements  
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**Less Accumulated Depreciation**

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

Depreciation expense was charged to governmental activities as follows:

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

**Component Unit**

**D. Capital Assets**

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

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

Depreciation expense was charged to governmental activities as follows:

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

**E. Long-Term Debt and Other Liabilities**

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

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

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

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

Amount from above	\$ 9,390,000
Premiums received	111,022
Less accumulated amortization of the premiums	(19,588)
Amount on the Statement of Net Position	<u>\$ 9,481,434</u>

**General Obligation Bonds.**

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

Series	Original Amount	Maturity Date	Interest Rate	Balance
2011	1,200,000	08/15/2019	2.50%	\$ 650,000
2012	975,000	10/01/2019	1.80%	200,000
2013	80,000	08/15/2025	2.20%	675,000
2014	1,000,000	08/15/2026	2.50%	790,000
2015	1,500,000	08/15/2027	2.00%	1,350,000
2016	1,700,000	08/15/2028	2-2.5%	1,100,000
2017	2,500,000	08/15/2029	2-3%	2,125,000
2018	2,500,000	08/15/2031	3%-3.125%	2,500,000
				<u>\$ 9,390,000</u>

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

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

**F. Commitments**

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

**G. Retirement Plan**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

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

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

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

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



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

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

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

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

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

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

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

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

**Benefit Options.** The Plan has three benefit options available.

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

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

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

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

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

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

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

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

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

**Contributions.** For the fiscal year ended June 30, 2019 educational employers contributed to the Plan based on the following rate schedule.

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

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$2,414,877 and \$2,259,627 which equal the amount of the required contributions for each fiscal year.

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

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

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

\$1,389,894 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

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

Actuarial Cost Method	Entry age normal				
Inflation	2.50%				
Salary Increases	3.25% composed of 2.50% inflation, plus 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.				
Investment Rate of Return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.				
Average of Expected Remaining Service Lives	Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	Service life in years	3.35	3.77	3.92	3.88
Mortality	<p>Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB from the table's base year of 2000.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>				
Retirement Age	Experience based table of rates based on age and service. Adopted by NMERB on April 21, 2017 in conjunction with the six-year experience study for the period ended June 30, 2016.				
Cost-of-living Increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.				
Payroll Growth	3.00% per year (with no allowance for membership growth).				
Contribution Accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.				
Disability Incidence	Approved rates are applied to eligible members with at least 10 years of service.				

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

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

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

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

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

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

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

**Sensitivity of the Net Pension Liability.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.69 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.69 percent) or 1-percentage-point higher (6.69 percent) than the current rate:

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

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

**G. Other Post-Employment Benefits (OPEB)**

**Retiree Health Care Plan**

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

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

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

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

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

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

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

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

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

**Actuarial Assumptions**

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis.
Asset valuation method	Market value of assets.
Actuarial assumptions:	
Inflation	2.50% for ERB members; 2.25% for PERA members.
Projected payroll increases	3.25% to 12.50%, based on years of service, including inflation.
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation.
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs.
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality.

**Rate of Return**

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

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

**Discount Rate**

The discount rate used to measure the Fund's total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

**Sensitivity of the Net OPEB Liability**

The following presents the net OPEB liability, calculated using the discount rate of 4.08%, as well as what the Fund's net OPEB liability would be if it were calculated using a discount rate that is 1-percent lower or 1-percent higher than the current rate:

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

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



	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
The Districts' proportionate share of the net OPEB liability	\$ <u>7,951,305</u>	\$ <u>9,405,926</u>	\$ <u>10,546,382</u>

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

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$(22,119). At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 556,891
Net difference between projected and actual earnings on OPEB investments	0	117,382
Changes in assumptions	0	1,756,045
Changes in proportion and differences between the District's contributions and proportionate share of contributions	163,422	0
District's contributions subsequent to the measurement date	196,216	0
<b>Total</b>	<b>\$ <u>359,638</u></b>	<b>\$ <u>2,430,318</u></b>

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

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

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

**I. Reconciliation of Budgetary Basis to GAAP Basis Statements**

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

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

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

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

**J. Contingent Liabilities**

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

**K. Risk Management**

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

- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Contract School Bus Coverage; and Crime

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

**L. Joint Powers Agreements**

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

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

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

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

**M. Concentrations**

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

**N. Subsequent Events**

Subsequent events were evaluated through October 22, 2019 which is the date the financial statements were available to be issued.

**O. Restatements**

Component Unit Restatements

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

**P. Tax Abatement Disclosures**

The District has not been affected by a tax abatement.

## **Required Supplemental Information**

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

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

Last 10 Fiscal Years\*

	Fiscal Year Measurement Date	2015 2014	2016 2015	2017 2016	2018 2017
District's proportion of the net pension liability.		0.37403%	0.33986%	0.33986%	0.32027%
District's proportionate share of the net pension liability.		\$ 21,341,136	\$ 22,013,637	\$ 22,013,637	\$ 35,593,105
District's covered-employee payroll.		\$ 10,309,633	\$ 9,279,267	\$ 9,124,269	\$ 9,339,320
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll.		207.00%	237.23%	241.26%	381.11%
Plan fiduciary net position as a percentage of the total pension liability.		0.6654	0.6397	0.6158	0.5295

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

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

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

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

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Schedule of District's Contributions  
 Last 10 Fiscal Years\*

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

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

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

**Notes to Required Supplementary Information**

**Changes of benefit terms and assumptions.**

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

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

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

**West Las Vegas Schools**

Schedules of Required Supplementary Information and Notes for OPEB

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

**Liability**

Last 10 Fiscal Years\*

	Fiscal Year Measurement Date	2018 2017	2019 2018
District's proportion of the net OPEB liability .		0.21275%	0.21631%
District's proportionate share of the net OPEB liability.		\$ 9,641,134	\$ 9,405,926
District's covered-employee payroll.		\$ 9,236,546	\$ 9,810,802
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll.		104.38%	95.87%
Plan fiduciary net OPEB as a percentage of the total OPEB liability.		11.34%	13.14%

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

Schedule of District's Contributions

Last 10 Fiscal Years\*

	June 30, 2018	June 30, 2019
Contractually required contribution.	\$ 184,731	\$ 196,216
Contributions in relation to the contractually required contribution.	184,731	196,216
Contribution deficiency (excess).	\$ 0	\$ 0
District's covered-employee payroll.	9,236,546	9,810,802
Contributions as a percentage of covered-employee payroll.	2.00%	2.00%

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

Notes to Required Supplementary Information

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

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



**Supplemental Information Related to  
Nonmajor Funds**

### **Nonmajor Special Revenue Funds**

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

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

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

**NM Autism Project (24108).** To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children specifically for training for those who are educating autistic students. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Nonmajor Capital Projects Fund**

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

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

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

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

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

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

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

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

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

	Special Revenue Funds		
	IDEA B Results Plan 24132	English Language Acquisition 24153	Teacher Principal Training 24154
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	4,740	0	34,137
Inventory	0	0	0
Total Assets	<u>\$ 4,740</u>	<u>\$ 0</u>	<u>\$ 34,137</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	4,740	0	34,137
Total Liabilities	<u>4,740</u>	<u>0</u>	<u>34,137</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 4,740</u>	<u>\$ 0</u>	<u>\$ 34,137</u>

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

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

	Special Revenue Funds		
	Rural and Low Income Schools 24160	Carl D Perkins Secondary 24176	USDA Equipment Assistance 24183
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes Receivable	0	0	0
Due From Grantor	23	1,539	24,980
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 23</b>	<b>\$ 1,539</b>	<b>\$ 24,980</b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	23	1,539	24,980
<b>Total Liabilities</b>	<b>23</b>	<b>1,539</b>	<b>24,980</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
<b>Total Fund Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 23</b>	<b>\$ 1,539</b>	<b>\$ 24,980</b>

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## **Other Supplemental Information**

**Activity Trust Fund**

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

State of New Mexico  
**West Las Vegas Schools**  
Agency Funds - Activity  
Schedule of Fiduciary Assets and Liabilities-Agency Funds  
For the Year Ended June 30, 2019

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

State of New Mexico  
**West Las Vegas Schools**  
 Agency Funds - Activity  
 Schedule of Fiduciary Assets and Liabilities-Agency Funds  
 For the Year Ended June 30, 2019

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

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

State of New Mexico  
**West Las Vegas Schools**  
Cash Reconciliation-All Funds  
For the Year Ended June 30, 2019

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

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

## **Federal Compliance**

State of New Mexico  
**West Las Vegas Schools**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2019

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

See accompanying notes to the Schedule of Expenditures of Federal Awards

State of New Mexico

**West Las Vegas Schools**

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2019

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Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards.  
The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards.

Note 2: Insurance Requirements.  
There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards.

Note 3: Loans or Loan Guarantees.  
There were no loans or loan guarantees outstanding at year end.

Note 4: De Minimis Indirect Rate.  
The District did not elect to use the 10% de minimis indirect cost rate.



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

Independent Auditor's Report

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

Mr. Colón and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general and major special revenue funds, of West Las Vegas Schools (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 22, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies. 2019-001, 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, 2019-007, 2019-008, 2019-009, 2019-010, 2019-011, 2019-012, and 2019-014

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001, 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, 2019-007, 2019-008, 2019-009, 2019-010, 2019-011, 2019-012, 2019-013, and 2019-014.

#### District's Responses to Findings

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

#### Purpose of this Report

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

*De'Aun Willoughby, CPA, PC*

Clovis, New Mexico  
October 22, 2019

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 Federal Major Program and Internal Control  
Over Compliance in Accordance With OMB Uniform Guidance

Independent Auditor's Report

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

Mr. Colón and Members of the Board

Report on Compliance for Each Major Federal Program

We have audited West Las Vegas Schools (District) compliance with the types of compliance requirements described in the *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### Report on Internal Control Over Compliance

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

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

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

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

*De'Aun Willoughby, CPA, PC*

Clovis, New Mexico  
October 22, 2019

**A. Summary of Audit Results**

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

\* Material weaknesses identified? No

\* Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

\* Material weaknesses identified? No

\* Significant deficiencies identified? No

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance No

Identification of major programs:

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

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

Audited qualified as low risk Auditee Yes

**Federal Awards Finding**

**Prior Year Audit Findings**

None

**Current Year Audit Findings**

None

**Financial Statements Findings**

**Prior Year Audit Findings**

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



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

**Condition**

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

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

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

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

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

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

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

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

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

**Criteria**

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

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

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

**Cause**

The Payroll clerk who is responsible for completing the forms has made progress in completing this process but has not finalized the process.

**Effect**

The District could be liable for both penalties and fines for every I-9. Improper completion, retention (known as technical violations) or making it available for inspection fines range for first offense with greater than 50% substantive violations, which includes failing to produce a Form I-9, range from \$230 to \$2,292 per violation. The penalty per I-9 as well as the fines can be up to an additional 25%. Estimated fines and penalties could be as high as \$849,072.

**Recommendation**

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

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



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

**Response**

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

**Responsible Party:** Superintendent and Business Manager

**Timeline:** June 30, 2020

State of New Mexico

**West Las Vegas Schools**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

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

**Condition**

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

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

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

**Criteria**

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

(b) 22-11-21 NMSA 1978 Contributions; members; local administrative units. The ERB handbook states any employee working .25 FTE or more is covered by ERB's retirement program. As per ERB New Member Brochure any employee covered by ERB's retirement program earning Greater than \$20,000 is to contribute 10.7% and employees earning less than \$20,000 are to contribute 7.9%. ERB withholdings are based on the employee's gross salary without including stipends or increments.

**Cause**

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

**Effect**

Eligible employees are not receiving benefits offered by the District.

**Recommendation**

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

**Response**

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

**Responsible Party:** Business Manager

**Timeline:** June 30, 2020

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

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

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

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

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

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

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

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

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

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

**Criteria**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**Response**

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

**Responsible Party:** Comptroller

**Timeline:** June 30, 2020

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

**Condition**

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

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

**Criteria**

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

**Cause**

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

**Effect**

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

**Recommendation**

Require all non-exempt employees to use the timeclock system that you presently have. It will calculate the time correctly. Changes are made by a supervisor with the written consent of the employee. If the District offers comp time in lieu of overtime for their non-exempt employees the District must have a system that accurately tracks comp time.

**Response**

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

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

**Timeline:** June 30, 2020

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

**Condition**

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

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

**Criteria**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**Response**

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

**Responsible Party:** Business Manager

**Timeline:** July 1, 2020

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

**Condition**

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

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

**Criteria**

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

A. An employer that has more than fifty employees and is not required to file an unemployment insurance tax form with the workforce solutions department or a payer shall file quarterly a withholding information return with the department on or before the last day of the month following the close of the calendar quarter.

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

**Cause**

The District was not complying with the deadline submission due date.

**Effect**

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

**Recommendation**

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

**Response**

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

**Responsible Party:** Business Manager

**Timeline:** June 30, 2020

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

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

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

**Criteria**

Negative compensated absences are considered payroll advances and are not allowed. The New Mexico Criminal Code makes it a fourth-degree felony for a public official to pay public money for services that have not been rendered. "Paying or receiving public money for services not rendered consists of knowingly making or receiving payment or causing payment to be made from public funds where such payment purports to be for wages, salary or remuneration for personal services [services] which have not in fact been rendered." NMSA

**Cause**

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

**Effect**

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

**Recommendation**

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

**Response**

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

**Responsible Party:** Business Manager

**Timeline:** June 30, 2020

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

**Condition**

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

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

**Criteria**

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

**Cause**

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

**Effect**

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

**Recommendation**

Training and supervision is necessary to avoid the above issue.

**Response**

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

**Responsible Party:** Human Resource

**Timeline:** June 30, 2020



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

**Condition**

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

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

**Criteria**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**Response**

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

**Responsible Party and Timeline**

**Responsible Party:** Human Resource

**Timeline:** June 30, 2020

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

**Condition**

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

**Criteria**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**Response**

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

**Responsible Party:** Business Manager

**Timeline:** June 30, 2020

**2019-011 Contracts-Compliance and Other Matter**

**Condition**

Out of 47 contracts tested the following were noted:

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

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

**Criteria**

NMAC 6.20.2.18 states the local board shall establish written policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School district shall maintain and have available for inspection, but not limited to employment contracts (including increments). Education Code states there should be adequate consideration for the contract. The contract should clearly and accurately state the consideration for the contract if cash payments are to be made, and when and where payments are due.

**Cause**

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

**Effect**

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

**Recommendation**

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

**Response**

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

**Responsible Party:** Business Manager

**Timeline:** June 30, 2020

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

**Condition**

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

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

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

**Criteria**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**Response**

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

**Responsible Party:** Business Manager

**Timeline:** June 30, 2020

**2019-013 CRS-Compliance and Other Matter**

**Condition**

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

**Criteria**

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

**Cause**

The district did not submit report in a timely manner.

**Effect**

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

**Recommendation**

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

**Response**

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

**Responsible Party:** Business Manager

**Timeline:** June 30, 2020

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

**Condition**

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

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

**Criteria**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**Response**

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

**Responsible Party:** Business Manager

**Timeline:** June 30, 2020



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

**Condition**

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

**Criteria**

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

**Cause**

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

**Effect**

The Charter is not in compliance with New Mexico Stat. 50-4-2 and could be subject to penalties.

**Recommendation**

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

**Response**

The business office corrected this as of July 1, 2019.

**Responsible Party:** Business Manager

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



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

**Condition**

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

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

**Criteria**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**Response**

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

**Responsible Party:** N/A

Timeline: Waiting on auditors for clarification as West Las Vegas also paid fiscal year 2019 payment late and in the wrong fiscal year.

**Financial Statement Preparation**

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

**Exit Conference - Component Unit**

An exit conference was held on September 11, 2019. Those in attendance were Kurt Ludi-Director, Jude Romero-Chairman, Ray Sanchez-Board Member, Katherine Espinoza-Administrative Assistant, Savannah Borquez-Financial Specialist, Rebekah Runyan-Business Manager and De'Aun Willoughby, CPA.

**Exit Conference - Primary Government**

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

## CORRECTIVE ACTION PLAN

September 28, 2019

US Department of Education

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

Name and address of the independent public accounting firm:

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

Audit period:

June 30, 2019

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

### FINDINGS - FINANCIAL STATEMENT AUDIT

#### FINDING THAT DOES NOT RISE TO THE LEVEL OF SIGNIFICANT DEFICIENCY

##### 2019-011 Contracts-Compliance and Other Matter

###### Recommendation

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

###### Management Response

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

Board  
of  
Education

Chairman  
Marvin Martinez

Vice-Chairman  
Patrick Marquez

Secretary  
Christine Ludi

Member  
Linda Montoya

Member  
Ambrosio Castellano

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

Responsible Party: Business Manager  
Timeline: June 30, 2020

### **2019-013 CRS-Compliance and Other Matter**

#### Recommendation

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

#### Management Response

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

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

Responsible Party: Business Manager  
Timeline: June 30, 2020

### **SIGNIFICANT DEFICIENCY**

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

#### Recommendation

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

#### Management Response

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

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

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

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

#### Recommendation

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

#### Management Response

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

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

Responsible Party: Business Manager

Timeline: June 30, 2020

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

##### Recommendation

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

##### Management Response

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

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

Responsible Party: Comptroller

Timeline: June 30, 2020

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

##### Recommendation

Require all non-exempt employees to use the timeclock system that you presently have. It will calculate the time correctly. Changes are made by a supervisor with the written consent of the employee. If the District offers comp time in lieu of overtime for their non-exempt employees the District must have a system that accurately tracks comp time.

##### Management Response

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

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

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

Timeline: June 30, 2020

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

##### Recommendation

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

##### Management Response

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

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

Responsible Party: Business Manager

**Timeline:** July 1, 2020

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

Recommendation

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

Management Response

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

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

Responsible Party: Business Manager

Timeline: June 30, 2020

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

Recommendation

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

Management Response

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

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

Responsible Party: Business Manager

Timeline: June 30, 2020

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

Recommendation

Training and supervision is necessary to avoid the above issue.

Management Response

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

Corrective Action: Personnel Specialist:

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

Responsible Party: Human Resource  
Timeline: June 30, 2020

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

Recommendation

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

Management Response

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

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

Responsible Party: Business Manager  
Timeline: June 30, 2020

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

Recommendation

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

Management Response

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

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

Responsible Party: Business Manager  
Timeline: June 30, 2020

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

Recommendation

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

Management Response

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

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

Responsible Party: Business Manager

Timeline: June 30, 2020

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

Recommendation

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

Management Response


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

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

Responsible Party: Business Manager

Timeline: June 30, 2020

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



Dinah Maynes  
Business Manager

## **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](http://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.

## **APPENDIX D**

### **FORMS OF CO-BOND COUNSEL'S OPINIONS**

**CUDDY  
&  
McCARTHY**  
*A Limited Liability Partnership*

*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  
CHARLOTTE H. HETHERINGTON  
R. DANIEL CASTILLE*

*CAROL S. HELMS  
K. STEPHEN ROYCE  
JULIE S. RIVERS  
YOUNG-JUN (JUN) ROH  
SAM W. MINNER  
PAUL M. ROYBAL  
MARYANN T. ROMAN  
FRANCESKA M. BARDACKE  
OF COUNSEL:  
JOHN F. KENNEDY  
RIPLEY B. HARWOOD  
HEATHER TRAVIS BOONE*

*REPLY TO SANTA FE OFFICE*

\_\_\_\_\_, 2020

**\$1,835,000**  
**WEST LAS VEGAS MUNICIPAL SCHOOL DISTRICT NO. 1**  
**GENERAL OBLIGATION SCHOOL BONDS**  
**SERIES 2020**

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 2020 (“Bonds”) in the aggregate principal amount of \$1,835,000. We have examined 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.

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.]*

**\$1,835,000**  
**WEST LAS VEGAS MUNICIPAL SCHOOL DISTRICT NO. 1**  
**GENERAL OBLIGATION SCHOOL BONDS**  
**SERIES 2020**

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 2020 in the aggregate principal amount of \$1,835,000 (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,