

STATE OF NEW MEXICO

Together for Student Success

Home of the Yellow Jackets



CLAYTON MUNICIPAL SCHOOLS

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

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INTRODUCTORY SECTION

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CLAYTON MUNICIPAL SCHOOLS
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2015

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CLAYTON MUNICIPAL SCHOOLS
OFFICIAL ROSTER
 June 30, 2015

<u>Name</u>		<u>Title</u>
	<u>Board of Education</u>	
Chad Deason		President
Monte Anderson		Vice President
Rebecca Hatch		Secretary
Craig Reeves		Member
Richard Sandoval		Member
	<u>Audit Committee</u>	
Chad Deason		Board Member
Rebecca Hatch		Board Member
Stacy Diller		Superintendent
Sondra Miera		Administrative Bookkeeper
Alyssa Tippit		Parent/Staff
April Geary		Parent/Financial Experience
	<u>School Officials</u>	
Stacy Diller		Superintendent (Position effective July 1, 2015)
Sondra Miera		Administrative Bookkeeper (Position effective October 1, 2014)

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Clayton Municipal Schools
Clayton, New Mexico

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 of the general fund and the major special revenue funds of Clayton Municipal Schools (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise Clayton Municipal Schools' basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Clayton Municipal Schools' nonmajor governmental funds and the budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents. We did not audit the 2014 Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Educational Retirement Board (ERB), the administrator of the cost sharing pension plan for the District. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District, is based solely on the report of the other auditors.

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 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 Clayton Municipal Schools' 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 Clayton Municipal Schools' 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.

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Basis for Qualified Opinions

The District was unable to provide a capital asset listing with depreciation expense for the year ended June 30, 2015. We were not able to apply other auditing procedures to provide evidence to verify the fairness of presentation of the capital assets and depreciation expense.

Opinions

In our opinion, based on our report and the report of the other auditors, and except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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 Clayton Municipal Schools, as of June 30, 2015, and the respective changes in financial position where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Clayton Municipal Schools as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds and all nonmajor 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 *Management's Discussion and Analysis* on pages 17-23, the *Schedule of Proportionate Share of the Net Pension Liability* on page 115, the *Schedule of Contributions* on page 117, and the notes to the required supplementary information on page 119 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on Clayton Municipal Schools' financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and relates 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 statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules as required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2015 on our consideration of the Clayton Municipal Schools' 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 Clayton Municipal Schools' internal control over financial reporting and compliance.

Precision Accounting, LLC

Precision Accounting, LLC
Albuquerque, New Mexico
September 17, 2015

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**CLAYTON MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

This is the Management Discussion and Analysis (MD&A) of the fiscal performance of the Clayton Municipal Schools (District) for the period ending June 30, 2015. The MD&A written analysis is a required part of the District's financial reporting and is an objective and easily readable discussion of the District's financial activities. For school districts, GASB 34 has had a significant impact in the manner in which the financial statements are prepared, as well as the kinds of statements that are included in the report. There are two new statements that began four years ago: a Statement of Net Position which includes all of the assets and liabilities of the district and a Statement of Activities, which is a report that uses a net cost format with expenses reported by functions/programs. The Management Discussion and Analysis as well as the two new statements, provide a review of the School District's *overall* financial activities using the accrual basis of accounting. Fund financial statements are reported on a modified accrual basis of accounting. The reports include a comparison with last fiscal year.

The discussion and analysis, as well as the Statement of Net Position and Statement of Activities, provide a review of the District's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2015. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the District as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphics information.

In addition to the new reporting, this annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Independent Auditor's Report, The Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards, and a Schedule of Findings and Responses. These statements and information were included in past audit reports.

About CLAYTON MUNICIPAL SCHOOLS

To completely understand the financial discussion of Clayton Municipal Schools, it is important to understand the nature of the District.

As one would travel the State of New Mexico, it would be a unique treat to pass through Clayton, located in Eastern New Mexico, which is isolated and yet diverse. Clayton is a small, rural community with a population of just over 2,850 people. Clayton and Union County's job market is primarily comprised of agriculture, retail, educational services, health care, social assistance and public administration. Personal income and employment have remained stable, while both have grown substantially in the United States. Housing permits and remodeling projects also indicate a lack of growth, but not a steep decline. The market value of products sold in Union County in 1987 were \$212,500,462 and in 2012 the market value of ranching and farming products totaled \$98,138,000, which is a steep decline of \$118,362,462 over the 25 year period. Unemployment rates are low in Union County and the median household income \$38,902 is substantially below the United States average of \$53,046.

Clayton has a registered voting population of 2,423. The school population as of 40-day count is 494 students. It is the attempt of the district to provide academic and extracurricular opportunities that will enhance individual student knowledge and experience. Our older students are active in sports - football, volleyball, basketball, baseball and track - along with FFA, Band, Art, Wood Shop, Honor Society, Student Council and various other activities. The primary focus with the elementary students tends to be in the classroom because of necessary skill building at this level. There is little violence or vandalism to report; and it is important that as one walks the halls, there are still no locks on the students' lockers because there is not a need. Clayton continues to do well in the area of academics. Our K-4 elementary school received a "B", the Fifth-Sixth campus received a "C"; the Junior High School maintained a "C", and the high school maintained an "B" grade on the NMPED school grade report card in spring of 2014.

**CLAYTON MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

The District provides a full range of educational services to its students. The Special Education staff of the Clayton district joins forces with the General Education staff, families, and community to increase learning opportunities for all students. The purpose of Special Education is based on a philosophy of providing a high quality, individualized, comprehensive education in the most inclusive environment based on a student's educational needs. The purpose of this education is to prepare students to become productive and responsible and to allow them to meaningfully participate in an ever-changing global society.

Significant Financial Highlights for the Year Ending June 30, 2015

The overall Fund Balances decreased from \$3,122,113 for the year ending June 30, 2014 to \$2,551,823 for the year ending June 30, 2015. The total decrease in fund balance is \$(570,290). The decrease was due to an increase in expenditures and the decrease in revenue.

Total expenditures increased from \$6,520,737 for the year ending June 30, 2014 to \$7,425,549 for the year ending June 30, 2015. This is an increase in expenditures of \$904,812 or 13.8%. The reason for this increase is because the district experienced an increase in costs of services and in the delivery of those services. Revenues increased from \$6,581,714 for the year ending June 30, 2014 to \$6,762,978 for the year ending June 30, 2015 resulting in a total increase of \$181,264.

Total cash decreased by \$481,969 in 2015 in part due to the district having increased operating costs and a decrease in revenue. The district also purchased kitchen equipment, paid for renovations to the Ag Building, installed a new phone system for the district and had their information technology updated.

The change of \$143,376 in capital assets is attributable to capital additions and depreciation expense of \$230,816 for the year.

There was an increase in accounts payable of \$10,171 while overall liabilities increased (as a result) by \$6,522,177 due to the net pension liability reporting per GASB 68.

**CLAYTON MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

DISTRICT WIDE FINANCIAL STATEMENTS

Statement of Net Position

The overall Statement of Net Position is prepared using the accrual method of accounting. This statement shows that the District has net position of \$626,045. The District has \$2,478,390 of cash and cash equivalents on hand as of June 30, 2015 compared to \$2,960,359 in prior year. Net Position totaling \$(6,024,677) are "unrestricted" affected by the pension liability as required per GASB 68.

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Cash Assets	\$ 2,960,359	\$ 2,478,390
Other Current Assets	171,779	331,836
Capital Assets	5,338,225	5,194,850
Deferred Outflows of Resources	-	424,136
Total Assets	<u>8,470,363</u>	<u>8,429,212</u>
<u>Liabilities</u>		
Accounts Payable	-	20,196
Other Current Liabilities	10,025	-
Long Term Liabilities	39,118	6,551,124
Total Liabilities	<u>49,143</u>	<u>6,571,320</u>
Deferred Inflows of Resources	-	1,310,298
<u>Net Position</u>		
Net investment in capital assets	5,338,225	5,194,850
Restricted	2,005,584	1,353,453
Unrestricted	<u>1,077,411</u>	<u>(6,000,709)</u>
Total Net Position	8,421,220	547,594
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 8,470,363	\$ 8,429,212

GASB 34 rules require public entities to depreciate capital assets. This statement includes an adjusted accumulated depreciation of the District's capital assets in the amount of \$5,194,850. The District utilized a "straight line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

Statement of Activities

The Statement of (Governmental) Activities is a statement required by GASB 34 and is prepared using the accrual method of accounting. This report compliments the Statement of Net Position by showing the overall change in the District's net position for the fiscal year ending June 30, 2015. As of June 30, 2015 the District had net position of \$547,594. The adjusted beginning year total net position is \$1,246,124 reflecting a decrease in total net position of \$(698,530) for the year ending June 30, 2015.

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Expenses for Governmental Activities	\$ (6,707,520)	\$ (7,465,850)
Less Charges for Services	132,826	261,157
Less Operating Grants and Contributions	1,492,784	538,586
Less Capital Grants and Contributions	54,997	845,041
Net (Expenses) Revenues and Changes in Net Position	<u>\$ (5,026,913)</u>	<u>\$ (5,821,066)</u>

**CLAYTON MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
General Revenues:		
Taxes -general, debt service, capital projects	\$ 299,834	\$ 339,742
Federal and State Aid not restricted to specific purpose	4,604,656	4,766,825
Interest Earned	11,498	11,578
Miscellaneous	4,931	4,391
Subtotal, General Revenues	<u>4,920,919</u>	<u>5,122,536</u>
Changes in Net Position	(105,994)	(698,530)
Net Position, Beginning	<u>8,527,214</u>	<u>8,421,220</u>
Restatement	-	(7,175,096)
Net Position, Ending	\$ <u>8,421,220</u>	\$ <u>547,594</u>

FUND FINANCIAL STATEMENTS

The Statement of Revenues and Expenditures and Changes in Fund Balances report guides the reader to a meaningful overall view for the District revenue, expenditures and changes to the fund balance. Total revenues from state, local and federal sources and other sources were \$6,762,978. Total expenditures for the District were \$7,425,549. The total ending fund balance was \$2,551,823; a decrease of \$570,290 from the prior year.

Multi-Year District Revenues and Expenditures

A multi-year view of overall District revenues and expenditures indicates a growth and then lack of growth in both areas through the 2015 fiscal year. The revenue and expenditures decreased in the 2015 fiscal year due to the policy of the Clayton Municipal Schools to not expend more revenue than we receive coupled with the cap on cash balances allowed by the PED. The District enrollment fluctuates. It is expected that expenditures increase with increased enrollment.

<u>Year</u>	<u>Total Revenues *</u>	<u>Increase %</u>	<u>Total Expenses*</u>
2012/2013	6,942,752	(5.2)%	6,986,253
2013/2014	6,581,714	(5.2)%	6,520,737
2014/2015	6,762,978	2.8%	7,347,098

Note: * Revenues include proceeds from General Obligation Bonds and exclude cash carryovers; * Expenditures include capital outlays.

**CLAYTON MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

The Budget

District budgets reflect the same growth as seen in the revenue and expenditures of the District. The State of New Mexico school budget process is defined under state law and regulation. To enhance the process of developing a budget at the school district level, the District utilizes goals and objectives defined by the District's Board, community input meetings, long term plans and input from various staff groups to develop to the District's budget. District priorities are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

Major budgetary funds in these reports are: The General Fund (Operational Fund) (Transportation Fund) and the (Instructional Materials Fund), NM Reads to Lead, the Bond Building Fund, the Capital Improvements HB-33 and SB-9 Fund, and the Debt Service Fund. In addition, twenty (20) Special Revenue Funds and Capital Projects Funds are also reported for their budgetary performance. The following graphics and tables show the fiscal relationship of the major funds and the combined non-major funds.

The reader will note that the Operational Fund represents 73% of the total fund dollar amount. This fund provides the salary and benefits for the significant majority of the Direct Instruction, Instructional Support, Administration, Business Support, Food Service and Maintenance staff as well as classroom materials, special education consulting staff and fixed utility costs.

Revenue from this fund is substantially derived from the State Equalization Guarantee, which is the funding formula appropriated for education by the State Legislature. The General Fund is explored later in the Management Discussion and Analysis.

The following table examines the summary budget performance of the major and combined nonmajor funds for the fiscal year ending June 30, 2015. Detailed budget performance is examined through the Budgetary Comparison Statement for each major fund and the Schedule of Revenues and Expenditures Budget and Actual for the combined Special Revenue Funds, Capital Projects Funds, and Debt Service.

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

Fund Type	Final Budget	Actual	Variance
Operational	\$ 5,716,361	\$ 5,023,671	\$ 692,690
Capital Improvements HB-33	715,955	-	715,955
Capital Improvements SB-9	1,401,463	785,202	616,261
Debt Service	-	-	-

The Operational Fund's original budget of \$8,335,573 is \$2,619,212 more than the final budget of \$5,716,361. The reason for this decrease is that the budget is prepared in April, approved in early June and final budget reflects grants and other awards garnered during the year that decreased revenue.

The \$692,690 variance between the final budget in the Operational Fund and the amount actually spent is the result of decreased revenues resulting in decreased expenditures in these revenue funds as detailed in the application process and award guidelines.

**CLAYTON MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

COMBINED NON-MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

Fund Type	Combined Budget	Actual	Final Variance
Special Revenue Funds	\$ 2,979,208	1,461,106	1,518,102

All funds fell within the regulatory criteria set by the Public Education Department and New Mexico Statute. Both the Manual of Procedures for Public School Accounting and NMSA 8-22-5, Annotated require that budget expenditures be within the authorization of the approved budget.

The General Fund

The General Fund revenues represent \$17,692 of the total \$6,762,978 in overall District revenues.

The Operational Fund is predominately funded by revenues from the State of New Mexico Equalization Guarantee Formula. This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff and administration staff. The Operational Fund provides the predominant funding for athletics and food service. Because of the student growth experienced by the School District, an emphasis on schools by the New Mexico Legislature, and because the Equalization Guarantee Formula is based upon student populations, the Operational Fund saw significant increases in revenues through fiscal year 2007 but a change in the funding formula has resulted in a decrease in State Equalization Guarantee funding since for fiscal years 2008 through 2012 as seen in the following table. In 2014-2015 fiscal year there was a decrease in the State Equalization Guarantee because the unit value was increased. Additionally Clayton Municipal Schools had increase in student enrollment.

<u>Year</u>	<u>Revenues</u>	<u>Increase %</u>
2014-2015	5,675,448	-

Because the Operational Fund is the main fund whose expenditures are significantly related to the educational process, \$5,023,671 was expended in the year ending June 30, 2015.

The most significant inter-fund expenditure was for the function noted as "Direct Instruction". This expenditure was \$2,788,802 and represents 56% of all general expenditures. Expenditures included in this function are regular and special education teachers and assistants, benefits, payroll taxes, school supplies, training and miscellaneous instructional related contract services. Approximately 14% of all Operational Fund expenditures are made for employee salaries, payroll taxes and benefits.

The Office of the Superintendent and the Business Office represent the overhead support of the entire operations of the District; these programs combined represent 14% of the total Operational Fund. Operation of Plant accounts for 12% of the Operational Fund expenditures. Included in the Operation of the Plant expenditures are salaries and benefits for maintenance staff, school custodians, fixed utility costs, maintenance and repairs, maintenance supplies and school custodial supplies. Additional support for maintenance supplies and projects comes from the voter approved SB9 Fund. The Operational Fund also supports expenditures for athletics, food service and transportation.

**CLAYTON MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

Capital Assets

Because of aging facilities, the District has taken an aggressive approach to maintaining existing facilities.

Asset Type	Balance <u>June 30, 2014</u>	Balance <u>June 30, 2015</u>
Land	467,890	467,890
Capital Assets, depreciable	10,162,659	10,229,775
Construction in Progress	-	20,325
Total Capital Assets	<u>10,630,549</u>	<u>10,717,990</u>
Less Accumulated Depreciation	(5,292,324)	(5,523,140)
Capital Assets-Net	<u>5,338,225</u>	<u>5,194,850</u>

In the fiscal year ending June 30, 2015 the Statement of Revenues and Expenditures and Changes in Fund Balances shows the District expended \$784,765 for all capital outlays. The capital outlay expenditures consist mostly of maintenance of equipment and AG Farm building in construction in progress.

In 2003, the New Mexico legislature passed some major education reforms known as House Bill 212 that implemented a new three tiered licensure system for classroom teachers. It has had a major impact on the district's budget because it establishes a \$30,000, \$40,000 and a \$50,000 salary minimum for Level I, Level II and Level III teachers. In addition, the legislation provides for a minimum salary for school principals effective in FY 07-08.

It is expected that there will continue to be double-digit inflation in the cost of health and medical insurance benefits provided through the New Mexico Public Schools Insurance Authority in subsequent years. This will have a large budget impact to the district.

The New Mexico Public Schools Insurance Authority also provides general liability, property damage and worker's compensation coverage for all school districts in New Mexico. It is anticipated that for the next several years, that school districts will experience double-digit inflationary increases for this coverage. The cost increases of general liability, property damage and worker's compensation premiums should be included in the funding formula, but because of the high claims history of some districts, those districts will realize a budget shortfall.

The above factors will present some challenges and opportunities for the District to closely review all programs, operations, and staffing levels, in hopes of identifying ways in which to balance its budget in future years. The board of education has indicated their desire to establish a long-range strategic planning committee to help develop plans for coping with the budget challenges.

Contacting the Clayton Municipal Schools

This financial report is designed to provide our community, parents, taxpayers, investors, and creditors with an overview of the Clayton Municipal Schools' financial condition and to provide accountability for the funds the school district receives. If you have any questions about this report or about the operations of the Clayton Municipal Schools' District, please contact:

Stacy Diller, Superintendent and/or Sondra Miera Administrative Bookkeeper
Clayton Municipal School District
Clayton, NM 88415
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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2015

Exhibit A-1
(Page 1 of 2)

	Governmental Activities
ASSETS	
Current assets:	
Cash and temporary investments	2,478,390
Receivables (net of allowance for uncollectibles)	326,955
Inventory	4,881
Total current assets	2,810,226
Noncurrent assets:	
Capital assets:	
Other capital assets	10,717,990
Less accumulated depreciation	(5,523,140)
Total Capital assets	5,194,850
Total noncurrent assets	5,194,850
DEFERRED OUTFLOWS OF RESOURCES	
Post Measurement Date Contributions-Employer	424,136
Total deferred inflows of resources	424,136
Total assets	\$ 8,429,212

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2015

Exhibit A-1
(Page 2 of 2)

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 20,196
Total current liabilities	20,196
Noncurrent liabilities:	
Accrued compensated absences	38,042
Net Pension Liability	6,513,082
Total noncurrent liabilities	6,551,124
Total liabilities	6,571,320
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue-Property Taxes	238,207
Actuarial Experience in Net Pension Liability	97,024
Investment Experience in Net Pension Liability	592,081
Change in Proportion in Net Pension Liability	382,986
Total deferred inflows of resources	1,310,298
Net position:	
Net investment in capital assets	5,194,850
Restricted for	
Special Revenue Funds	102,058
Capital Projects Funds	1,251,395
Debt Service Funds	-
Unrestricted	(6,000,709)
Total net position	547,594
Total liabilities, deferred inflows of resources and net position	\$ 8,429,212

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Service</u>
Governmental activities:		
Instruction:		
Direct instruction	\$ 3,349,183	\$ 17,368
Support services:		
Students	649,711	-
Instruction	76,111	-
General Administration	234,048	-
School Administration	531,013	-
Central Services	113,758	-
Operation & Maintenance of Plant	601,816	195,201
Student Transportation	840,560	-
Other Support Services	92,988	-
Food Services	267,026	48,588
Capital Outlay	709,636	-
Interest on long-term debt	-	-
Total governmental activities	<u>\$ 7,465,850</u>	<u>\$ 261,157</u>

<u>Program Revenues</u>		<u>Net</u>
<u>Operating</u>	<u>Capital</u>	<u>(Expenses)</u>
<u>Grants and</u>	<u>Grants and</u>	<u>Revenues and</u>
<u>Contributions</u>	<u>Contributions</u>	<u>Changes in</u>
		<u>Net Position</u>
\$ 357,256	\$ -	\$ (2,974,559)
-	-	(649,711)
-	-	(76,111)
-	-	(234,048)
-	-	(531,013)
-	-	(113,758)
-	42,571	(364,044)
-	802,470	(38,090)
-	-	(92,988)
181,330	-	(37,108)
-	-	(709,636)
-	-	-
<u>\$ 538,586</u>	<u>\$ 845,041</u>	<u>\$ (5,821,066)</u>

General Revenues:

Property taxes:	
Levied for general purposes	65,786
Levied for debt service	-
Levied for capital projects	273,956
State aid not restricted	4,766,825
Unrestricted investment earnings	11,578
Transfers	151
Miscellaneous	4,240
	<u>5,122,536</u>
Total general revenues	<u>5,122,536</u>
Change in net position	(698,530)
Net position - beginning	8,421,220
Reclassification of District Funds	92,130
Net Pension Liability Restatement	<u>(7,267,226)</u>
Beginning Net Position-restated	1,246,124
Net position - ending	<u>\$ 547,594</u>

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund		
	Operational	Transportation	Instructional Materials
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 943,045	\$ 32,883	\$ 15,101
Accounts receivable			
Taxes	1,891	-	-
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Interfund receivable	78,931	-	-
Prepaid Assets	-	-	-
Inventory	-	-	-
<i>Total assets</i>	\$ 1,023,867	\$ 32,883	\$ 15,101
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ 16,781	\$ 75	\$ -
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	-
Unearned revenue	-	-	-
<i>Total liabilities</i>	16,781	75	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
<i>Total deferred inflow of resources</i>	-	-	-
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	1,007,086	32,808	15,101
<i>Total fund balances</i>	1,007,086	32,808	15,101
<i>Total liabilities, deferred inflow of resources and fund balances</i>	\$ 1,023,867	\$ 32,883	\$ 15,101

<u>NM Reads to Lead K-3</u>	<u>Capital Improvements HB-33</u>	<u>Capital Improvements SB-9</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 715,799	\$ 684,672	\$ -	\$ 86,890	\$ 2,478,390
-	-	8,025	-	-	9,916
7,807	-	-	-	71,025	78,832
-	-	-	-	-	-
-	-	-	-	-	78,931
-	-	-	-	-	-
-	-	-	-	4,881	4,881
<u>\$ 7,807</u>	<u>\$ 715,799</u>	<u>\$ 692,697</u>	<u>\$ -</u>	<u>\$ 162,796</u>	<u>\$ 2,650,950</u>
\$ 55	\$ -	\$ 1,414	\$ -	\$ 1,871	\$ 20,196
-	-	-	-	-	-
7,807	-	-	-	71,124	78,931
-	-	-	-	-	-
<u>7,862</u>	<u>-</u>	<u>1,414</u>	<u>-</u>	<u>72,995</u>	<u>99,127</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,881	4,881
-	-	-	-	-	-
-	-	-	-	85,019	85,019
-	715,799	691,283	-	-	1,407,082
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(55)	-	-	-	(99)	1,054,841
<u>(55)</u>	<u>715,799</u>	<u>691,283</u>	<u>-</u>	<u>89,801</u>	<u>2,551,823</u>
<u>\$ 7,807</u>	<u>\$ 715,799</u>	<u>\$ 692,697</u>	<u>\$ -</u>	<u>\$ 162,796</u>	<u>\$ 2,650,950</u>

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS

Exhibit B-1
(Page 2 of 2)

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$ 2,551,823
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets	5,194,850
Other liabilities are not due and payable in the current period and therefore are not reported in the funds - accrued interest payable	-
Long-term liabilities, including bonds payable, compensated absences and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds	<u>(7,199,079)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 547,594</u></u>

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General Fund		
	Operational	Transportation	Instructional Materials
<i>Revenues:</i>			
Taxes			
Taxes levied/assessed	\$ 65,786	\$ -	\$ -
Local sources			
Tuition	-	-	-
Investment income	6,594	-	-
Food services	-	-	-
District activities	81,342	-	-
Other revenue	4,240	-	-
State sources			
Unrestricted Grants	4,766,825	-	-
Restricted Grants	-	802,470	34,364
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	-	-	-
Department of Interior	-	-	-
Other items	17,962	-	-
<i>Total revenues</i>	<u>4,942,749</u>	<u>802,470</u>	<u>34,364</u>
<i>Expenditures:</i>			
Current:			
Instruction	2,793,038	-	24,190
Support Services			
Students	640,611	-	-
Instruction	76,111	-	-
General Administration	232,197	-	-
School Administration	473,933	-	-
Central Services	113,758	-	-
Operation & maintenance of plant	601,816	-	-
Student transportation	8,093	832,467	-
Other Support Services	92,988	-	-
Operation of Non-instructional Services			
Food services operations	7,907	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>5,040,452</u>	<u>832,467</u>	<u>24,190</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(97,703)</u>	<u>(29,997)</u>	<u>10,174</u>
<i>Other financing sources (uses)</i>			
Transfers	(4,805)	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>(4,805)</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(102,508)	(29,997)	10,174
<i>Fund balances - beginning of year</i>	1,048,797	62,805	4,927
Restatement-reclassification of District Funds	60,797	-	-
<i>Fund balances-beginning of year, restated</i>	1,109,594	62,805	4,927
<i>Fund balances - end of year</i>	<u>\$ 1,007,086</u>	<u>\$ 32,808</u>	<u>\$ 15,101</u>

NM Reads to Lead K-3	Capital Improvements HB-33	Capital Improvements SB-9	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 273,956	\$ -	\$ -	\$ 339,742
-	-	-	-	-	-
-	2,091	2,717	-	176	11,578
-	-	-	-	48,588	48,588
-	-	-	-	131,227	212,569
-	-	-	-	4,211	8,451
-	-	-	-	-	4,766,825
47,976	-	-	-	23,813	908,623
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	448,640	448,640
-	-	-	-	-	-
-	-	-	-	-	17,962
<u>47,976</u>	<u>2,091</u>	<u>276,673</u>	<u>-</u>	<u>656,655</u>	<u>6,762,978</u>
48,031	-	-	-	362,592	3,227,851
-	-	-	-	7,460	648,071
-	-	-	-	-	76,111
-	-	1,851	-	-	234,048
-	-	-	-	57,080	531,013
-	-	-	-	-	113,758
-	-	-	-	-	601,816
-	-	-	-	-	840,560
-	-	-	-	-	92,988
-	-	-	-	266,661	274,568
-	-	784,765	-	-	784,765
-	-	-	-	-	-
-	-	-	-	-	-
<u>48,031</u>	<u>-</u>	<u>786,616</u>	<u>-</u>	<u>693,793</u>	<u>7,425,549</u>
<u>(55)</u>	<u>2,091</u>	<u>(509,943)</u>	<u>-</u>	<u>(37,138)</u>	<u>(662,571)</u>
-	-	-	-	4,956	151
-	-	-	-	-	-
-	-	-	-	4,956	151
<u>(55)</u>	<u>2,091</u>	<u>(509,943)</u>	<u>-</u>	<u>(32,182)</u>	<u>(662,420)</u>
-	713,708	1,201,226	-	90,650	3,122,113
-	-	-	-	31,333	92,130
-	713,708	1,201,226	-	121,983	3,214,243
<u>\$ (55)</u>	<u>\$ 715,799</u>	<u>\$ 691,283</u>	<u>\$ -</u>	<u>\$ 89,801</u>	<u>\$ 2,551,823</u>

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS

Exhibit B-2
 (Page 2 of 2)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the year Ended June 30, 2015

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

Net change in fund balances - total governmental funds	\$	(662,420)
--	----	-----------

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

Capital expenditures:		
Current year capital expenditures capitalized		87,441
Depreciation expense		(230,816)

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

Property taxes

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial
 resources to governmental funds, while the repayment of the principal of long-term
 debt consumes the current financial resources of governmental funds. Neither
 transaction, however, has any effect on net assets.

Change in accrued compensated absences		1,076
Change in deferred inflows		<u>106,189</u>

Changes in Net Position of Governmental Activities	\$	<u><u>(698,530)</u></u>
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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
OPERATIONAL FUND

Exhibit C-1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ 108,252	\$ 108,252	\$ 157,881	\$ 49,629
State sources	4,756,678	4,759,080	4,766,825	7,745
Federal sources	-	-	-	-
Interest	-	-	17,962	17,962
<i>Total revenues</i>	<u>4,864,930</u>	<u>4,867,332</u>	<u>4,942,668</u>	<u>75,336</u>
<i>Expenditures:</i>				
Current:				
Instruction	2,916,154	2,918,556	2,788,802	129,754
Support Services				
Students	580,543	640,743	640,611	132
Instruction	83,559	77,359	76,111	1,248
General Administration	223,122	241,122	230,363	10,759
School Administration	530,874	506,874	473,028	33,846
Central Services	2,789,805	142,191	107,185	35,006
Operation & maintenance of plant	718,048	696,048	598,583	97,465
Student transportation	10,000	10,000	8,093	1,907
Other Support Services	475,468	475,468	92,988	382,480
Operation of Non-instructional Services				
Food services operations	8,000	8,000	7,907	93
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>8,335,573</u>	<u>5,716,361</u>	<u>5,023,671</u>	<u>692,690</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(3,470,643)</u>	<u>(849,029)</u>	<u>(81,003)</u>	<u>768,026</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	(4,805)	(4,805)
Designated Cash	3,470,643	849,029	-	(849,029)
<i>Total other financing sources (uses)</i>	<u>3,470,643</u>	<u>849,029</u>	<u>(4,805)</u>	<u>(853,834)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(85,808)</u>	<u>(85,808)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,107,784</u>	<u>1,107,784</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,021,976</u>	<u>\$ 1,021,976</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			<u>\$ (85,808)</u>	
Adjustment to revenues for accruals and other deferrals			81	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(16,781)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (102,508)</u>	

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
TRANSPORTATION FUND

Exhibit C-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	813,669	800,992	802,470	1,478
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>813,669</u>	<u>800,992</u>	<u>802,470</u>	<u>1,478</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	813,669	832,395	832,392	3
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>813,669</u>	<u>832,395</u>	<u>832,392</u>	<u>3</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(31,403)</u>	<u>(29,922)</u>	<u>1,481</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	31,403	-	(31,403)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>31,403</u>	<u>-</u>	<u>(31,403)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(29,922)</u>	<u>(29,922)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>62,805</u>	<u>62,805</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,883</u>	<u>\$ 32,883</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			<u>\$ (29,922)</u>	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(75)	
Net change in fund balance (GAAP Basis)			<u>\$ (29,997)</u>	

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
INSTRUCTIONAL MATERIALS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	25,359	25,359	34,364	9,005
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>25,359</u>	<u>25,359</u>	<u>34,364</u>	<u>9,005</u>
<i>Expenditures:</i>				
Current:				
Instruction	25,359	25,359	24,190	1,169
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>25,359</u>	<u>25,359</u>	<u>24,190</u>	<u>1,169</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>10,174</u>	<u>10,174</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>10,174</u>	<u>10,174</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>4,927</u>	<u>4,927</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,101</u>	<u>\$ 15,101</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			<u>\$ 10,174</u>	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ 10,174</u>	

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
NM READS TO LEAD K-3 SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	50,000	50,000	46,694	(3,306)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>50,000</u>	<u>50,000</u>	<u>46,694</u>	<u>(3,306)</u>
<i>Expenditures:</i>				
Current:				
Instruction	50,000	50,000	47,976	2,024
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>47,976</u>	<u>2,024</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,282)</u>	<u>(1,282)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(1,282)</u>	<u>(1,282)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(6,525)</u>	<u>(6,525)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,807)</u>	<u>\$ (7,807)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (1,282)	
Adjustment to revenues for accruals and other deferrals			1,282	
Adjustment to expenditures for payables, prepaids and other accruals			(55)	
Net change in fund balance (GAAP Basis)			<u>\$ (55)</u>	

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2015

ASSETS*Current Assets*

Cash	\$ <u>6,292</u>
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<i>Total assets</i>	\$ <u><u>6,292</u></u>
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LIABILITIES*Current Liabilities*

Deposits held in trust for others	\$ <u>6,292</u>
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<i>Total liabilities</i>	\$ <u><u>6,292</u></u>
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STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies

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

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Clayton Municipal Schools management who is responsible for their integrity and objectivity. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government's accounting policies are described below.

A. *Financial Reporting Entity*

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

B. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *Operational Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by district school tax levy, state equalization and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.

The *Transportation Fund* is used to account for the transportation distribution received from the State Department of Education which is used to pay for the costs associated with transporting school age children.

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

NM Reads to Lead- The purpose of this state grant is to provide for the implementation of the K-3 reading initiative activities as specified by the legislation. The fund was created by grant provisions.

The *Capital Improvements House Bill 33 Project* fund is used to account for funds received from a 2 mill levy, restricted to capital improvements. Authority for this fund is section 22-26-1, NMSA 1978.

The *Capital Improvements SB-9 Capital Projects Fund* is used to account for the revenue derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

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

Additionally, the government reports the following fund types:

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

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

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

D. *Assets, Liabilities and Net Position or Equity*

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

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

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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

The District receives monthly income from tax levies in Union County. The funds are collected by the County Treasurers and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August 2014 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2015.

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

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the New Mexico Public Education Department "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. The districts are allowed to carry forward unused allocations from year to year.

Inventory: Inventory is valued at cost utilizing the purchase basis of accounting. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as expenditures at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity 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. Donated commodities for the year ended June 30, 2015 were \$-.

STATE OF NEW MEXICO
 Clayton Municipal Schools
 Notes to the Financial Statements
 June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Land improvements	50
Equipment, and Furniture	5-10
Vehicles	12-20

Unearned Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as unearned revenues in the governmental fund financial statements.

Deferred inflows/outflows of resources: GASB 63 amended previous guidance on deferred revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

Compensated Absences: The District contracts with all employees on an annual basis. A terminated employee is paid through the date of dismissal in accordance with their contract. Due to this practice, no liability is reported for unpaid vacation or accumulated sick leave, as no payment is required upon termination of service by employees.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond issuance costs are reflected as a current period expense per GASB 65.

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 debt proceeds received, are reported as debt service expenditures.

Fund Equity: Restricted fund balance represents amounts that are constrained either by: 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high-level body or official whom the governing body has delegated.

Unassigned fund balance is the residual classification for the general fund and represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes.

The District's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Reclassifications: Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

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

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

E. *Revenues*

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration: 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size of district, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$4,766,825 in state equalization guarantee distributions during the year ended June 30, 2015.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$- in tax revenues in the governmental fund financial statements during the year ended June 30, 2015. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K-12 attending public school within the school district. The District received \$802,470 in transportation distributions during the year ended June 30, 2015.

Instructional Materials: The District had allocations allowed by the State for the current year of \$34,364. The full amount of allocations used to purchase textbooks during the year was \$34,364. Allocations received and utilized are reflected in revenue and expenditures of the General Fund.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

Actual expenditures may not exceed the budget on a line item basis, i.e., (each budgeted expenditure must be within budgeted amounts). Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series' this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures. The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

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

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

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 3. Cash and Temporary Investments

State statutes authorize the investment of the District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed state investment requirements as of June 30, 2015.

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

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

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

The collateral pledged is listed on Schedule 1 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, District or political subdivision of the State of New Mexico.

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

Deposits

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

<u>Type</u>	<u>First National Bank</u>	<u>Farmers & Stockmans Bank</u>
Checking	\$ 2,113,294	\$ 251,746
CDs	700,000	-
Total Deposits	2,813,294	251,746
Less: FDIC Coverage	(250,000)	(250,000)
Uninsured Amount	2,563,294	1,746
50% Collateral requirement	1,281,648	873
Pledged Securities (Schedule 1)	1,371,325	528,032
(Over) Under collateralized	\$ (89,667)	\$ (527,159)
 Custodial Credit Risk-Deposits		
Account Balance	\$ 3,065,040	
FDIC Insured	500,000	
Collateral:		
Collateral held by the pledging bank, not in the District's name	1,899,357	
Uninsured and uncollateralized	665,683	
Total Deposits	\$ 3,065,040	

STATE OF NEW MEXICO
 Clayton Municipal Schools
 Notes to the Financial Statements
 June 30, 2015

NOTE 3. Cash and Temporary Investments (continued)

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$665,683 of the District's bank balance of \$3,065,040 was exposed to custodial credit risk.

Reconciliation of Cash and Temporary Investments

Governmental Funds - Balance Sheet	
Cash and cash equivalents per Exhibit A-1	\$ 2,478,390
Cash and cash equivalents per Exhibit D	6,292
Add outstanding items	<u>580,358</u>
Bank balance of deposits	<u>\$ 3,065,040</u>

Custodial Credit Risk- Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for the securities underlying an overnight repurchase agreement, or a joint safekeeping receipt to be issued to the District for at least one hundred and two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution.

At June 30, 2015, the District had no investment balances therefore there was no custodial credit risk.

The New MexiGrow Local Governmental Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10-P and Section 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 19078, as the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

Interest Rate Risk and Credit Rating-Investment in State Treasurer's LGIP

The District does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The District had no investments at June 30, 2015.

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 4. Accounts Payables and Accrued Expenses

Accounts payable and Accrued Expenses as of June 30, 2015, are as follows:

Payable to suppliers	\$ 20,196
Total Accounts Payable and Accrued Expenses	\$ 20,196

NOTE 5. Interfund Receivables, Payables, and Transfers

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received.

The composition of interfund balances during the year ended June 30, 2015 is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 78,931	\$ -
Title I	-	30,870
IDEA B Entitlement	-	28,980
IDEA B Preschool	-	3,558
Teacher/Principal Training	-	3,621
Dual Credit	-	99
NM Reads to Lead K-3	-	7,807
Parent Advocacy Project	-	3,996
	\$ 78,931	\$ 78,931

NOTE 6. Accounts Receivable

Accounts Receivable as of June 30, 2015, are as follows:

	General Fund	Capital Improvements SB-9	Debt Service	Other Governmental Funds	Total
Property taxes	\$ 49,269	\$ 198,854	\$ -	\$ -	\$ 248,123
Due from other governments:					
Title I	-	-	-	30,870	30,870
Idea B Entitlement	-	-	-	28,980	28,980
Idea-B Preschool	-	-	-	3,558	3,558
Teacher/Principal Training	-	-	-	3,621	3,621
NM Reads to Lead	-	-	-	7,807	7,807
Parent Advocacy Project	-	-	-	3,996	3,996
	\$ 49,269	\$ 198,854	\$ -	\$ 78,832	\$ 326,955

The above receivables are deemed 100% collectible.

Unearned Revenues

Unearned revenue represents advances on grants which have not been earned at June 30, 2015.

	Governmental	Total
Other Federal Awards	\$ -	\$ -

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2015, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	Balance June 30, 2014	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 467,890	\$ -	\$ -	\$ 467,890
Construction in Progress	-	20,325	-	20,325
Total capital assets not being depreciated	<u>467,890</u>	<u>20,325</u>	<u>-</u>	<u>488,215</u>
Capital assets being depreciated:				
Land improvements	625,330	-	-	625,330
Buildings and improvements	7,379,212	-	-	7,379,212
Equipment, Fixtures & Furniture	1,223,094	67,115	-	1,290,209
Vehicles	935,024	-	-	935,024
Total capital assets being depreciated	<u>10,162,660</u>	<u>67,115</u>	<u>-</u>	<u>10,229,775</u>
Total capital assets	<u>10,630,550</u>	<u>87,440</u>	<u>-</u>	<u>10,717,990</u>
Less accumulated depreciation:				
Land improvements	166,450	25,760	-	192,210
Buildings and improvements	3,213,927	140,618	-	3,354,545
Equipment, Fixtures & Furniture	1,169,705	15,356	-	1,185,061
Vehicles	742,242	49,082	-	791,324
Total accumulated depreciation	<u>5,292,324</u>	<u>230,816</u>	<u>-</u>	<u>5,523,140</u>
Total capital assets net of depreciation	<u>\$ 5,338,226</u>	<u>\$ (143,376)</u>	<u>\$ -</u>	<u>\$ 5,194,850</u>

Capital assets, net of accumulated depreciation, at June 30, 2015 appear in the Statement of Net Position as follows:

Governmental activities	\$ 5,194,850
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Depreciation expense for the year ended June 30, 2015 was charged to the following functions and funds:

Governmental activities:	
Food Service Operations	\$ 267
Capital Outlay	1,640
Direct Instruction	228,909
	<u>\$ 230,816</u>

STATE OF NEW MEXICO
 Clayton Municipal Schools
 Notes to the Financial Statements
 June 30, 2015

NOTE 8. Long-term Debt

The District has no long term debt for the year ended June 30, 2015 except for long term accrued compensated absences.

The following is a summary of the long-term debt and the activity for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Accrued compensated absences	\$ 39,118	\$ 1,076	\$ 2,152	\$ 38,042	-
	<u>\$ 39,118</u>	<u>\$ 1,076</u>	<u>\$ 2,152</u>	<u>\$ 38,042</u>	<u>-</u>

NOTE 9. Risk Management

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

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

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2015, there have been no claims that have exceeded insurance coverage.

NOTE 10. Other Required Individual Fund Disclosures

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

- A. There is one fund with a deficit fund balance.
 - Future Farmers of America, High School Activity Fund \$(121)
- B. Excess Expenditures over budget.
 - None

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 11. Pension Plan- Educational Retirement Board

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

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

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

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 14. Pension Plan- Educational Retirement Board (continued)

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

Contributions. The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$424,136 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the District reported a liability of \$6,513,082 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the District's proportion was 0.11415 percent, which was an increase of 0.00822% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$317,947. At the June 30, 2015, 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
Difference between expected and actual experience	\$ -	\$ 97,024
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	592,081
Changes in proportion and differences between District contributions and proportionate share of contributions	-	382,986
District contributions subsequent to the measurement date	413,759	-
Total	<u>\$ 413,759</u>	<u>\$ 1,072,091</u>

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 14. Pension Plan- Educational Retirement Board (continued)

\$413,759 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (314,687)
2017	(314,687)
2018	(294,687)
2019	(148,018)
2020	\$ -

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. Specifically, the liabilities measured as of June 30, 2014 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 20, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment to 2014 using Scale AA (one year setback for females)

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 14. Pension Plan- Educational Retirement Board (continued)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2014 and 2013 for 30-year return assumptions are summarized in the following table:

Asset Class	2014 Long-Term Expected Real Rate of Return	2013 Long-Term Expected Real Rate of Return
Cash	1.50%	0.75%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.5%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels.

STATE OF NEW MEXICO
 Clayton Municipal Schools
 Notes to the Financial Statements
 June 30, 2015

NOTE 14. Pension Plan- Educational Retirement Board (continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table presents District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what 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 (6.75 percent) or 1- percentage-point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 8,861,802	\$ 6,513,085	\$ 4,551,359

Pension plan fiduciary net position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2014 and 2013 which are publicly available at www.nmerb.org.

Payables to the pension plan. At June 30, 2015, the District had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2015.

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 12. Post-Employment Benefits-State Retiree Healthcare Plan

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

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 Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period required for the employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RCHA 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 RCHA or viewed on their website at www.nmrhca.stat.nm.us.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention office 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, 2014, the statute required each participating employer to contribute 2.0% 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, 2014, the statute required each participating employer to contribute 2.0% of each employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15 (G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$61,050, \$63,164, and \$66,843, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 13. Contingent Liabilities

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

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

NOTE 14. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2015 was \$-.

NOTE 15. Surety Bond

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

NOTE 16. Memorandum of Understanding

REC

Purpose: To allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the USDE under the Education of the Handicapped Act, Part B, PL 94-142 among others.

Participants: High Plains Regional Education Cooperative and Clayton Municipal Schools

Responsible Party for Operation and Audit: Regional Education Cooperative

Beginning and Ending Date of Agreement: July 1, 2014 until the end of any fiscal year during which the school gives notice of intent to terminate.

Total Actual Amount Paid: The REC administered services to the District totaling \$381,865 but expenditures are accounted for by the District.

NOTE 18. Related Party Disclosure

A board member is the Vice President of the District's bank institution and the superintendent's husband also is director of the District's bank institution.

NOTE 19. Subsequent Events Review

Clayton Municipal Schools has evaluated subsequent events through September 17, 2015, which is the date the financial statements were available to be issued. There are no subsequent events to be reported.

STATE OF NEW MEXICO
Clayton Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 20. Restatement of Net Position

GASB 68 requires a restatement of Net Position in the Statement of Activities to include the net pension liability at June 30, 2015 as the District is required to recognize the liability on its government wide financial statements. Also a restatement of Fund balance in the Statement of Revenues, Expenditures and Changes in Fund Balances was performed for the reclassification of activity funds to district funds into the Operational Fund 11000. These reclassified funds are district funded and directed activities. In summary, the restatements are as follows:

Beginning Net Position	\$8,421,220		
Reclassification of District Funds	92,130		
Restatement for Net Pension Liability	<u>(7,267,226)</u>		
Beginning Net Position, restated	\$ 1,246,124		
Beginning Fund Balance		\$ 1,048,797	\$ 90,650
<i>Restatement – Reclass to Fund 11000 Operational</i>			
High School General		5,399	-
High School Band		918	-
High School Scholarship		110	-
High School CMS-MWR		3,400	-
High School Counselor's ED		991	-
High School Library		1	-
High School Science		1,066	-
High School Shop		12,564	-
High School Spanish Club		1,688	-
High School Yearbook		2,213	-
Junior High General		12,752	-
Junior High Library		3	-
Junior High Band		1,941	-
Junior High Tech Ed		76	-
Kiser Student Activity		966	-
Alvis Student Activity		8,375	-
Alvis Teacher		147	-
High School Above & Beyond		(8)	-
High School Art		2,308	-
High School Wind Energy		(1,322)	-
Adjustment for beginning balance between book and PY audit		7,209	
<i>Restatement – Reclass to Fund 22000 Athletics</i>			
High School Baseball		-	731
High School Basketball Concession		-	7,225
High School Basketball Tournament		-	250
High School Boys Basketball		-	1,808
High School Cheer		-	96
High School Football		-	3,567
High School Girls Basketball		-	2,182
High School Track		-	541
High School Volleyball		-	1,691
Junior High Cheer		-	748
Junior High Volleyball		-	1,002
Junior High Football		-	641
Junior High Boys Basketball		-	4,059
Junior High Girls Basketball		-	3,475
Junior High Girls Track		-	1,155
Junior High Boys Track		-	1,155
Adjustment for beginning balance between book and PY audit			1,007
Subtotal		<u>60,797</u>	<u>31,333</u>
Beginning Fund Balance, restated		<u>\$ 1,109,594</u>	<u>\$ 121,983</u>

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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**STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
SPECIAL REVENUE FUNDS**

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

Food Service – This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Food Service Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of the National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. The Non-Federal funds consist of income derived from Snack-Bar facilities located in the District. Authority for the creation of this fund is NMSA 22-13-13. No minimum balance required according to legislation.

Athletics - This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC. No minimum balance required according to legislation.

Title I – This fund’s major objectives are to provide supplemental educational opportunities for academically disadvantaged children in the area where they reside. 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 criteria that identify a campus; education need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for the creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383. No minimum balance required according to legislation.

IDEA B Entitlement and Discretionary – The purpose of this program is to account for revenue used to help maximize the resources in meeting the objective of handicapped children. The federal revenues in this fund are received from and administered by the New Mexico Department of Education. Authority for the creation of this fund is Part B of the Handicapped Act, Public Law 105-17. No minimum balance required according to legislation.

IDEA-B Preschool - The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17. No minimum balance required according to legislation.

Teacher Principal Training – The purpose of this fund is to improve the skills of teachers and the quality of instruction in mathematics and science and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is Title II of the Elementary and Secondary Education Act of 1965 as amended, Public Law 103-382. No minimum balance required according to legislation.

Rural and Low Income Schools – The purpose of this fund is to account for monies to rural schools to enhance the education program in technology, career readiness, and summer school and after school tutoring programs. The authority for this program is under CFDA 84.3580, Title II. No minimum balance required according to legislation.

Cafeteria Supplies – The purpose of this fund is to utilize funds to purchase kitchen equipment over \$5,000 for the District. The authority for this program is under CFDA 10.579 National School Lunch Program. No minimum balance required according to legislation.

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**STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
SPECIAL REVENUE FUNDS**

Title XIX Medicaid - The purpose of this program is to assist schools in offering key health and health related services that are designed to integrate and maintain active learning in Medicaid-eligible children with disabilities and special health care needs. Authority for creation of the Title XIX Medical Assistance Program is the Medicaid Title XIX of the Social Security Act, as amended, (42 USC 1396, et seq.) No minimum balance required according to legislation.

Dual Credit Fund- The objective is to account for the monies received from NMHU for the purpose of dual credit college enrollment for qualified high school seniors. Authority is based on Memorandum of Understanding between the District, the schools within the agreements, and LEA. No minimum balance required according to legislation.

GO Bonds Library- The objective is to account for the monies received from NMHU for the purpose of dual credit college enrollment for qualified high school seniors. Authority creation for this fund made available through appropriations contained in, Laws 2014, Chapter 65, Section 10, B3 (Senate Bill 53). No minimum balance required according to legislation.

STEM Teacher Initiatives – The objective is to account for STEM teacher recruitment and retention stipend funds. The formation of this fund is provided by local city/county funding. No minimum balance required according to legislation.

Parent Advocacy Project - The objective is to account for parent advocacy funds to be utilized to give parents a voice in supporting education. The formation of this fund is provided by local city/county funding. No minimum balance required according to legislation.

CYFD and Adult Food Program – The objective is to account for grant funds to provide meals and snacks to children enrolled in day care. This program is in accordance with the federal regulation 7 CFR part 226.6(h) and is monitored by the NM Children, Youth and Families Department. No minimum balance required according to legislation.

Saturday School – To account for a private grant used to provide Saturday tutoring services to students. The formation of this fund is provided by local city/county funding. No minimum balance required according to legislation.

These funds are on a reimbursement basis and therefore there are no reverting funds.

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**STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
CAPITAL PROJECTS FUNDS**

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

The District has these separate funds classified as non-major Capital Projects Funds as follows:

Special Capital Outlay Federal – To maintain school facilities owned by the Department of Education and operated by the Board of Education agencies and transfer these facilities to local agencies where appropriate. These funds are authorized by the Elementary and Secondary Education Act of 1965, Title VIII, Section 8008 as amended. No minimum balance required according to legislation.

Capital Improvements SB-9 – To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico’s State Equalization Matching and a special tax levy. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10. No minimum balance required according to legislation.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

ASSETS	Food Service	Athletics	Title I
<i>Current Assets</i>			
Cash and cash equivalents	\$ 23,925	\$ 50,750	\$ -
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	30,870
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Prepaid Assets	-	-	-
Inventory	4,881	-	-
	<u>28,806</u>	<u>50,750</u>	<u>30,870</u>
<i>Total assets</i>	<u>\$ 28,806</u>	<u>\$ 50,750</u>	<u>\$ 30,870</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ 1,871	\$ -
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	30,870
Unearned revenue	-	-	-
	<u>-</u>	<u>1,871</u>	<u>30,870</u>
<i>Total liabilities</i>	<u>-</u>	<u>1,871</u>	<u>30,870</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflow of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance			
Non-spendable	4,881	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	23,925	48,879	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
	<u>28,806</u>	<u>48,879</u>	<u>-</u>
<i>Total fund balances</i>	<u>28,806</u>	<u>48,879</u>	<u>-</u>
<i>Total liabilities, deferred inflow of resources and fund balances</i>	<u>\$ 28,806</u>	<u>\$ 50,750</u>	<u>\$ 30,870</u>

IDEA-B Entitlement	IDEA-B Preschool	Teacher/Principal Training	Rural and Low Income Schools	Cafeteria Supplies
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
28,980	3,558	3,621	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>28,980</u>	<u>3,558</u>	<u>3,621</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
28,980	3,558	3,621	-	-
-	-	-	-	-
<u>28,980</u>	<u>3,558</u>	<u>3,621</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>28,980</u>	<u>3,558</u>	<u>3,621</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2015

	Title XIX Medicaid	Dual Credit Fund	GO Bonds Library
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Prepaid Assets	-	-	-
Inventory	-	-	-
	-	-	-
<i>Total assets</i>	\$ -	\$ -	\$ -
 LIABILITIES AND FUND BALANCE			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Interfund payable	-	99	-
Unearned revenue	-	-	-
	-	99	-
<i>Total liabilities</i>	-	99	-
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
<i>Total deferred inflow of resources</i>	-	-	-
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	(99)	-
	-	(99)	-
<i>Total fund balances</i>	-	(99)	-
<i>Total liabilities and fund balances</i>	\$ -	\$ -	\$ -

<u>STEM Teacher Initiatives</u>	<u>Parent Advocacy Project</u>	<u>DWI Local Grant</u>	<u>CYFD & Adult Food Program</u>	<u>Private Direct Grants</u>	<u>Saturday School</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 1,000	\$ 2,004	\$ 5,401	\$ 3,810	\$ 86,890
-	-	-	-	-	-	-
-	3,996	-	-	-	-	71,025
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	4,881
<u>\$ -</u>	<u>\$ 3,996</u>	<u>\$ 1,000</u>	<u>\$ 2,004</u>	<u>\$ 5,401</u>	<u>\$ 3,810</u>	<u>\$ 162,796</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,871
-	-	-	-	-	-	-
-	3,996	-	-	-	-	71,124
-	-	-	-	-	-	-
-	3,996	-	-	-	-	72,995
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	4,881
-	-	1,000	2,004	5,401	3,810	85,019
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(99)
-	-	1,000	2,004	5,401	3,810	89,801
<u>\$ -</u>	<u>\$ 3,996</u>	<u>\$ 1,000</u>	<u>\$ 2,004</u>	<u>\$ 5,401</u>	<u>\$ 3,810</u>	<u>\$ 162,796</u>

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	Food Service	Athletics	Title I
<i>Revenues</i>			
Taxes	\$	\$	\$
Taxes levied/assessed	-	-	-
Local sources			
Tuition	-	-	-
Investment income	86	90	-
Food services	48,588	-	-
District activities	-	131,227	-
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	-	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	181,330	-	108,540
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	<u>230,004</u>	<u>131,317</u>	<u>108,540</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	147,218	103,626
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	4,914
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	258,357	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>258,357</u>	<u>147,218</u>	<u>108,540</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(28,353)</u>	<u>(15,901)</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Transfers	-	(44)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(44)</u>	<u>-</u>
<i>Net changes in fund balances</i>	(28,353)	(15,945)	-
<i>Fund balances - beginning of year</i>	57,159	33,491	-
Restatement-reclassification of District Funds	-	31,333	-
<i>Fund balances-beginning of year, restated</i>	<u>57,159</u>	<u>64,824</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 28,806</u>	<u>\$ 48,879</u>	<u>\$ -</u>

IDEA-B Entitlement	IDEA-B Preschool	Teacher/Principal Training	Rural and Low Income Schools	Cafeteria Supplies
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
121,163	11,097	14,510	-	12,000
-	-	-	-	-
-	-	-	-	-
<u>121,163</u>	<u>11,097</u>	<u>14,510</u>	<u>-</u>	<u>12,000</u>
65,533	11,097	14,510	-	12,000
7,460	-	-	-	-
-	-	-	-	-
-	-	-	-	-
48,170	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>121,163</u>	<u>11,097</u>	<u>14,510</u>	<u>-</u>	<u>12,000</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	<u>Title XIX Medicaid</u>	<u>Dual Credit</u>	<u>GO Bonds Library</u>
<i>Revenues:</i>			
Taxes	\$	\$	\$
Taxes levied/assessed	-	-	-
Local sources			
Tuition	-	-	-
Investment income	-	-	-
Food services	-	-	-
District activities	-	-	-
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	2,434	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	-	-	-
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>2,434</u>	<u>-</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	2,533	-
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>2,533</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(99)</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Transfers	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>(99)</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	-	-	-
Restatement-reclassification of District Funds	-	-	-
<i>Fund balances-beginning of year, restated</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ (99)</u>	<u>\$ -</u>

<u>STEM Teacher Initiatives</u>	<u>Parent Advocacy Project</u>	<u>DWI Local Grant</u>	<u>CYFD & Adult Food Program</u>	<u>Private Direct Grants</u>	<u>Saturday School</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	176
-	-	-	-	-	-	48,588
-	-	-	-	-	-	131,227
-	-	-	-	401	3,810	4,211
-	-	-	-	-	-	-
6,075	3,996	1,000	10,308	-	-	23,813
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	448,640
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,075</u>	<u>3,996</u>	<u>1,000</u>	<u>10,308</u>	<u>401</u>	<u>3,810</u>	<u>656,655</u>
6,075	-	-	-	-	-	362,592
-	-	-	-	-	-	7,460
-	-	-	-	-	-	-
-	3,996	-	-	-	-	57,080
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	8,304	-	-	266,661
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,075</u>	<u>3,996</u>	<u>-</u>	<u>8,304</u>	<u>-</u>	<u>-</u>	<u>693,793</u>
-	-	1,000	2,004	401	3,810	(37,138)
-	-	-	-	5,000	-	4,956
-	-	-	-	5,000	-	4,956
-	-	1,000	2,004	5,401	3,810	(32,182)
-	-	-	-	-	-	90,650
-	-	-	-	-	-	31,333
-	-	-	-	-	-	121,983
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 2,004</u>	<u>\$ 5,401</u>	<u>\$ 3,810</u>	<u>\$ 89,801</u>

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
FOOD SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-3

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 31,462	\$ 31,462	\$ 48,588	\$ 17,126
State sources	-	-	-	-
Federal sources	182,522	182,522	166,493	(16,029)
Interest	-	-	86	86
<i>Total revenues</i>	<u>213,984</u>	<u>213,984</u>	<u>215,167</u>	<u>1,183</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	250,613	250,613	242,339	8,274
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>250,613</u>	<u>250,613</u>	<u>242,339</u>	<u>8,274</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(36,629)</u>	<u>(36,629)</u>	<u>(27,172)</u>	<u>9,457</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	36,629	36,629	-	(36,629)
<i>Total other financing sources (uses)</i>	<u>36,629</u>	<u>36,629</u>	<u>-</u>	<u>(36,629)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(27,172)</u>	<u>(27,172)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>51,097</u>	<u>51,097</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,925</u>	<u>\$ 23,925</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (27,172)	
Adjustment to revenue for accruals and other deferrals			(1,181)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ (28,353)</u>	

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
ATHLETICS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-4

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 54,100	\$ 54,100	\$ 131,227	\$ 77,127
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	90	90
<i>Total revenues</i>	<u>54,100</u>	<u>54,100</u>	<u>131,317</u>	<u>77,217</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	145,500	145,500	145,347	153
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>145,500</u>	<u>145,500</u>	<u>145,347</u>	<u>153</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>(91,400)</u>	<u>(91,400)</u>	<u>(14,030)</u>	<u>77,370</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	(44)	(44)
Proceeds from bonds	-	-	-	-
Designated Cash	91,400	91,400	-	(91,400)
<i>Total other financing sources (uses)</i>	<u>91,400</u>	<u>91,400</u>	<u>(44)</u>	<u>(91,444)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(14,074)</u>	<u>(14,074)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>64,824</u>	<u>64,824</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,750</u>	<u>\$ 50,750</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (14,074)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(1,871)	
Net change in fund balance (GAAP basis)			<u>\$ (15,945)</u>	

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
TITLE I SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-5

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	122,580	128,086	128,351	265
Interest	-	-	-	-
<i>Total revenues</i>	<u>122,580</u>	<u>128,086</u>	<u>128,351</u>	<u>265</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	121,334	123,156	103,626	19,530
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	1,246	4,930	4,914	16
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>122,580</u>	<u>128,086</u>	<u>108,540</u>	<u>19,546</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>19,811</u>	<u>19,811</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>19,811</u>	<u>19,811</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(50,681)</u>	<u>(50,681)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,870)</u>	<u>\$ (30,870)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 19,811	
Adjustment to revenue for accruals and other deferrals			(19,811)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
IDEA B ENTITLEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-6

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	128,404	182,565	140,211	(42,354)
Interest	-	-	-	-
<i>Total revenues</i>	<u>128,404</u>	<u>182,565</u>	<u>140,211</u>	<u>(42,354)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	74,407	108,323	65,533	42,790
Support Services				
Students	5,980	12,470	7,460	5,010
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	48,017	61,772	48,170	13,602
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>128,404</u>	<u>182,565</u>	<u>121,163</u>	<u>61,402</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>19,048</u>	<u>19,048</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>19,048</u>	<u>19,048</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(48,028)</u>	<u>(48,028)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,980)</u>	<u>\$ (28,980)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 19,048	
Adjustment to revenue for accruals and other deferrals			(19,048)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
IDEA B PRESCHOOL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-7

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	10,071	11,498	13,558	2,060
Interest	-	-	-	-
<i>Total revenues</i>	<u>10,071</u>	<u>11,498</u>	<u>13,558</u>	<u>2,060</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	10,071	11,498	11,097	401
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>10,071</u>	<u>11,498</u>	<u>11,097</u>	<u>401</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>2,461</u>	<u>2,461</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>2,461</u>	<u>2,461</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(6,019)</u>	<u>(6,019)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,558)</u>	<u>\$ (3,558)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 2,461	
Adjustment to revenue for accruals and other deferrals			(2,461)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 TEACHER/PRINCIPAL TRAINING SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

Statement A-8

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	19,743	54,749	20,302	(34,447)
Interest	-	-	-	-
<i>Total revenues</i>	<u>19,743</u>	<u>54,749</u>	<u>20,302</u>	<u>(34,447)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	16,031	36,037	14,510	21,527
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	3,712	18,712	-	18,712
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>19,743</u>	<u>54,749</u>	<u>14,510</u>	<u>40,239</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>5,792</u>	<u>5,792</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>5,792</u>	<u>5,792</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(9,413)</u>	<u>(9,413)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,621)</u>	<u>\$ (3,621)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 5,792	
Adjustment to revenue for accruals and other deferrals			(5,792)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 RURAL & LOW INCOME SCHOOLS SPECIAL REVENUE PROGRAM
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

Statement A-9

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	9,862	9,862	450	(9,412)
Interest	-	-	-	-
<i>Total revenues</i>	<u>9,862</u>	<u>9,862</u>	<u>450</u>	<u>(9,412)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	9,862	9,862	-	9,862
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,862</u>	<u>9,862</u>	<u>-</u>	<u>9,862</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>450</u>	<u>450</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>450</u>	<u>450</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(450)</u>	<u>(450)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 450	
Adjustment to revenue for accruals and other deferrals			(450)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
CAFETERIA SUPPLIES SPECIAL REVENUE PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-10

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	12,000	12,000	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	12,000	12,000	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
TITLE XIX MEDICAID SPECIAL REVENUE PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-11

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	37,708	37,708	22,775	(14,933)
Interest	-	-	-	-
<i>Total revenues</i>	<u>37,708</u>	<u>37,708</u>	<u>22,775</u>	<u>(14,933)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	37,708	37,708	-	37,708
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>37,708</u>	<u>37,708</u>	<u>-</u>	<u>37,708</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>22,775</u>	<u>22,775</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>22,775</u>	<u>22,775</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(22,775)</u>	<u>(22,775)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 22,775	
Adjustment to revenue for accruals and other deferrals			(22,775)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 DUAL CREDIT SPECIAL REVENUE PROGRAM
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

Statement A-12

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	4,177	2,434	(1,743)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>4,177</u>	<u>2,434</u>	<u>(1,743)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	4,177	2,533	1,644
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>4,177</u>	<u>2,533</u>	<u>1,644</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(99)</u>	<u>(99)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(99)</u>	<u>(99)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (99)</u>	<u>\$ (99)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (99)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ (99)</u>	

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 GO BONDS LIBRARY SPECIAL REVENUE PROGRAM
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

Statement A-13

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	12,474	12,474
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>12,474</u>	<u>12,474</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>12,474</u>	<u>12,474</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>12,474</u>	<u>12,474</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(12,474)</u>	<u>(12,474)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 12,474	
Adjustment to revenue for accruals and other deferrals			(12,474)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 STEM TEACHER INITIATIVES SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

Statement A-14

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	(6,075)	6,075	12,150
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>(6,075)</u>	<u>6,075</u>	<u>12,150</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	6,075	6,075	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>6,075</u>	<u>6,075</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(12,150)</u>	<u>-</u>	<u>12,150</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	12,150	-	(12,150)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>12,150</u>	<u>-</u>	<u>(12,150)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 PARENT ADVOCACY PROJECT SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

Statement A-15

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	3,996	3,996	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>3,996</u>	<u>3,996</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(3,996)</u>	<u>(3,996)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	3,996	-	(3,996)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>3,996</u>	<u>-</u>	<u>(3,996)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(3,996)</u>	<u>(3,996)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,996)</u>	<u>\$ (3,996)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (3,996)	
Adjustment to revenue for accruals and other deferrals			3,996	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
DWI LOCAL GRANT PROGRAM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-16

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	1,000	1,000
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 1,000	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 1,000</u>	

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
CYFD & ADULT FOOD PROGRAM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-17

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	11,150	4,494	(6,656)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>11,150</u>	<u>4,494</u>	<u>(6,656)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	11,150	8,304	2,846
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>11,150</u>	<u>8,304</u>	<u>2,846</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,810)</u>	<u>(3,810)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(3,810)</u>	<u>(3,810)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>5,814</u>	<u>5,814</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,004</u>	<u>\$ 2,004</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (3,810)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			5,814	
Net change in fund balance (GAAP basis)			<u>\$ 2,004</u>	

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
PRIVATE DIRECT GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	5,000	5,000
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	5,000	5,000
<i>Net change in fund balances</i>	-	-	5,000	5,000
<i>Cash balances - beginning of year</i>	-	-	401	401
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ 5,401	\$ 5,401
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 5,000	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			401	
Net change in fund balance (GAAP basis)			\$ 5,401	

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
SATURDAY SCHOOL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	2,011	2,011	-	2,011
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	1,800	1,800	-	1,800
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,811</u>	<u>3,811</u>	<u>-</u>	<u>3,811</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(3,811)</u>	<u>(3,811)</u>	<u>-</u>	<u>3,811</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	3,811	3,811	-	(3,811)
<i>Total other financing sources (uses)</i>	<u>3,811</u>	<u>3,811</u>	<u>-</u>	<u>(3,811)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,810</u>	<u>3,810</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,810</u>	<u>\$ 3,810</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			3,810	
Net change in fund balance (GAAP basis)			<u>\$ 3,810</u>	

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
CAPITAL IMPROVEMENTS HB-33 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 1,980	\$ 1,980	\$ -	\$ (1,980)
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	2,091	2,091
<i>Total revenues</i>	<u>1,980</u>	<u>1,980</u>	<u>2,091</u>	<u>111</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	715,955	715,955	-	715,955
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>715,955</u>	<u>715,955</u>	<u>-</u>	<u>715,955</u>
<i>Excess (deficiency) of revenues</i> <i>over (under) expenditures</i>	<u>(713,975)</u>	<u>(713,975)</u>	<u>2,091</u>	<u>716,066</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	713,975	713,975	-	(713,975)
<i>Total other financing sources (uses)</i>	<u>713,975</u>	<u>713,975</u>	<u>-</u>	<u>(713,975)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>2,091</u>	<u>2,091</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>713,708</u>	<u>713,708</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,799</u>	<u>\$ 715,799</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 2,091	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 2,091</u>	

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-21

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 337,814	\$ 337,814	\$ 273,473	\$ (64,341)
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	2,717	2,717
<i>Total revenues</i>	<u>337,814</u>	<u>337,814</u>	<u>276,190</u>	<u>(61,624)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	3,100	3,100	1,851	1,249
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	1,398,363	1,398,363	783,351	615,012
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,401,463</u>	<u>1,401,463</u>	<u>785,202</u>	<u>616,261</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1,063,649)</u>	<u>(1,063,649)</u>	<u>(509,012)</u>	<u>554,637</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	1,063,649	1,063,649	-	(1,063,649)
<i>Total other financing sources (uses)</i>	<u>1,063,649</u>	<u>1,063,649</u>	<u>-</u>	<u>(1,063,649)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(509,012)</u>	<u>(509,012)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,193,684</u>	<u>1,193,684</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684,672</u>	<u>\$ 684,672</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (509,012)	
Adjustment to revenue for accruals and other deferrals			483	
Adjustment to expenditures for payables, prepaids and other accruals			(1,414)	
Net change in fund balance (GAAP basis)			<u>\$ (509,943)</u>	

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
DEBT SERVICE FUND

Statement A-22

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash balances - beginning of year</i>	-	-	-	-
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

FIDUCIARY FUNDS

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
Agency Funds

Agency Funds – 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.

Clayton Municipal Schools has the following funds classified as Agency Funds:

Activity – To account for assets held by the District until distributed to various organizations at the schools.

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2015

Statement B

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Junior High	\$ 453	\$ 306	\$ 50	\$ 709
High School	7,338	80,261	82,016	5,583
Total Assets	<u>\$ 7,791</u>	<u>\$ 80,567</u>	<u>\$ 82,066</u>	<u>\$ 6,292</u>
 LIABILITIES				
Deposits held for others	<u>7,791</u>	<u>80,567</u>	<u>82,066</u>	<u>6,292</u>
Total Liabilities	<u>\$ 7,791</u>	<u>\$ 80,567</u>	<u>\$ 82,066</u>	<u>\$ 6,292</u>

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PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
 Required Supplementary Information
 June 30, 2015

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Educational Retirement Board (ERB) Plan
 Last 10 fiscal years*

	2015
District's proportion of net pension liability (asset)	0.11415%
District's proportionate share of the net pension liability (asset)	\$ 6,513,085
District's covered-employee payroll	\$ 3,146,454
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	207.00%
Plan fiduciary net position as a percentage of total pension liability	66.54%

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

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
 Required Supplementary Information
 June 30, 2015

SCHEDULE OF CONTRIBUTIONS
 EDUCATIONAL RETIREMENT BOARD (ERB) Pension PLAN
 LAST 10 FISCAL YEARS*

	2015
Contractually required contribution	\$ 424,136
Contributions in relation to the contractually required contribution	\$ 424,136
Contribution deficiency (excess)	\$ -
District's Covered-employee payroll	\$ 3,051,968
Contributions as a percentage of covered-employee payroll	13.90%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Note: The employee contribution is not included in this schedule.

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
Required Supplementary Information
For the Year Ended June 30, 2015

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

Changes of benefit terms. The COLA and retirement eligibility benefits changes in recent years are described in the ***Benefits Provided*** subsection of the financial statement note disclosure ***General Information on the Pension Plan***.

Changes of assumptions.

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on April 26, 2013, ERB implemented the following changes in assumptions for fiscal years 2014 and 2013.

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.75% to 4.25%
 - b. Lower payroll growth from 3.75% to 3.50%
 - c. Minor changes to demographic assumptions
 - d. Population growth per year from 0.75% to 0.50%

2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%

See also the **Actuarial Assumptions** subsection of the financial statement note disclosure **General Information on the Pension Plan**.

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SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
June 30, 2015

Schedule I

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2015	Name and Location of Safekeeper
First National Bank	Hobbs NM Schools 433866ET3 2.25% 7/15/19	\$ 250,000	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA Fixed Rate Note 31403DMA4 2.32% 11/1/2035	26,025	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA Fixed Rate Note 31403DMA4 2.32% 11/1/2035	234,226	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA Fixed Rate Note 3138AA6S5 2.25% 4/1/26	428,151	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA Fixed Rate Note 3138EKPF6 4.0% 12/1/38	249,189	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	SBA Pool 83165AHP2 2.0% 9/25/23	183,733	Federal Home Loan Bank of Dallas Irving, TX
Farmers & Stockmans Bank	Springer NM, Mun ZSch Dist No 24 850395CAJ1, 4.0 %, 6/15/16	129,013	Vining Sparks Bank of Dallas Irving, TX
Farmers & Stockmans Bank	Hatch VY NM Scho Dist No 11 418839CH7, 3.5%, 8/1/17	90,288	Vining Sparks Bank of Dallas Irving, TX
Farmers & Stockmans Bank	Sthrn Sandoval Arroyo NM Flood 843789GC6, 2.75%, 8/1/23	181,338	Vining Sparks Bank of Dallas Irving, TX
Farmers & Stockmans Bank	Los Lunas NM SCD #1 545562RK8, 2.125%, 10/19/14	127,392	Vining Sparks Bank of Dallas Irving, TX
	Total Collateral Pledged	<u>\$ 1,899,357</u>	

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2015

Schedule II

Deposit or Investment Account Type	Farmers & Stockmans Bank	First National Bank	Total
Operational Interest Bearing Checking	\$ 2,084,259	\$ -	\$ 2,084,259
Activities Interest Bearing Checking	29,035	-	29,035
Now Interest Bearing Checking	-	149,050	149,050
Student Activity Interest Bearing Checking	-	102,696	102,696
Certificate of Deposit	<u>700,000</u>	<u>-</u>	<u>700,000</u>
Total On Deposit	2,813,294	251,746	3,065,040
Reconciling Items	<u>(561,512)</u>	<u>(18,847)</u>	<u>(580,359)</u>
Reconciled Balance June 30, 2015	<u>\$ 2,251,783</u>	<u>\$ 232,899</u>	<u>\$ 2,484,682</u>

Reconciliation to financial statements:

Cash and cash equivalents:

Total cash and cash equivalents per Statement of Position	\$ 2,478,390
Total cash and cash equivalents per Fiduciary Statement of Assets and Liabilities	<u>6,292</u>
	<u>\$ 2,484,682</u>

STATE OF NEW MEXICO
 Clayton Municipal Schools
 Cash Reconciliation
 June 30, 2015

	<u>Operational Account</u>	<u>Transportation Account</u>	<u>Instructional Materials Account</u>	<u>Food Services Account</u>	<u>Athletics Account</u>
Cash per June 30, 2014	\$ 1,046,987	\$ 62,805	\$ 4,927	\$ 51,097	\$ 33,491
Add:					
2014-15 revenues	4,942,668	802,470	34,364	215,167	131,227
Adjustments	<u>(72,483)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,366</u>
Total cash available	5,917,172	865,275	39,291	266,264	173,084
Less:					
2014-15 expenditures	(5,023,671)	(832,392)	(24,190)	(242,339)	(145,347)
Transfers	<u>(102,419)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash June 30, 2015	<u>\$ 791,082</u>	<u>\$ 32,883</u>	<u>\$ 15,101</u>	<u>\$ 23,925</u>	<u>\$ 27,737</u>
Bank balance end of year	\$ 1,352,594	\$ 32,883	\$ 15,101	\$ 23,925	\$ 27,737
Outstanding checks	(561,512)	-	-	-	-
Cash June 30, 2015	<u>\$ 791,082</u>	<u>\$ 32,883</u>	<u>\$ 15,101</u>	<u>\$ 23,925</u>	<u>\$ 27,737</u>

<u>Fiduciary Account</u>	<u>Federal Flowthrough</u>	<u>State Flowthrough</u>	<u>Local Flowthrough</u>	<u>State Direct</u>
\$ 96,700	\$ (137,366)	\$ (19,000)	\$ 4,211	\$ 5,814
232,115	534,230	67,679	-	5,494
<u>(14,887)</u>	<u>116,976</u>	<u>11,901</u>	<u>-</u>	<u>-</u>
313,928	513,840	60,580	4,211	11,308
(230,079)	(513,840)	(60,580)	-	(8,304)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 83,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,211</u>	<u>\$ 3,004</u>
\$ 102,696	\$ -	\$ -	\$ 4,211	\$ 3,004
(18,847)	-	-	-	-
<u>\$ 83,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,211</u>	<u>\$ 3,004</u>

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STATE OF NEW MEXICO
 Clayton Municipal Schools
 Cash Reconciliation
 June 30, 2015

Schedule III
 (Page 2 of 2)

	Capital Impr HB33	Capital Impr SB9	Debt Service	Total
Cash per June 30, 2014	\$ 713,708	\$ 1,193,684	\$ -	\$ 3,057,058
Add:				
2014-15 revenues	2,091	276,190	-	7,243,695
Adjustments	-	-	-	49,873
Total cash available	715,799	1,469,874	-	10,350,626
Less:				
2014-15 expenditures	-	(785,202)	-	(7,865,944)
Transfers	-	-	102,419	-
Cash June 30, 2015	<u>\$ 715,799</u>	<u>\$ 684,672</u>	<u>\$ 102,419</u>	<u>\$ 2,484,682</u>
Bank balance end of year	\$ 715,799	\$ 684,672	\$ 102,419	\$ 3,065,041
Outstanding checks	-	-	-	(580,359)
Cash June 30, 2015	<u>\$ 715,799</u>	<u>\$ 684,672</u>	<u>\$ 102,419</u>	<u>\$ 2,484,682</u>

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Clayton Municipal Schools
Schedule of Vendor Information for purchases exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2015

RFP# RFB#/RFP# / State-Wide Price Agreement	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of ALL Vendors that responded	In-State/ Out-of- State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor instate and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
N/A	RFP for Cost Reimbursement Contract	O & O Inc.	\$ 478,561.63	\$ 502,055.25	301 Pine St. Clayton, NM 88415	Y	N	Bus Service Contract
N/A	RFP for Cost Reimbursement Contract	Plan B Network ¹	\$ 138,910.00	N/A	1120 Industrial Park Rd. Suite 101, Espanola 87532	Y	N	Information Technology Services
N/A	RFP for Cost Reimbursement Contract	High Plains Regional Educational Cooperative	\$ 375,939.64	\$ 381,864.60	101 North Second Street, Raton, New Mexico 87740	Y	N	A. Assess students to determine eligibility for services. If eligible, work with IEP team to develop an individualized program to meet the student's unique needs. B. Provide therapeutic intervention/therapy to eliminate or reduce problems/impairments that interfere with student's ability to derive full benefit from educational programs. C. Collaborate with educators, parents, and other professionals to assist children and youth who are on the therapist's caseload to succeed academically, socially, and emotionally.

¹The amount paid for this service occurred over several purchase arrangements throughout the year.

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COMPLIANCE SECTION

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

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Clayton Municipal Schools
Clayton, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the General fund and Special Revenue funds, of the Clayton Municipal Schools as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Clayton Municipal Schools' basic financial statements, and the combining and individual and related budgetary comparisons of Clayton Municipal Schools, presented as supplemental information, and have issued our report thereon dated September 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clayton Municipal Schools' internal control over financial reporting to determine the auditing 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 Clayton Municipal Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Clayton Municipal Schools' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

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 function, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. The material weaknesses are described as 2014-004 and 2015-007.

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A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. The significant deficiencies are described as 2015-002, 2015-003, 2015-004, 2015-005, and 2015-006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clayton Municipal Schools' 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 instances 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 responses as items 2014-009 and 2015-001.

Clayton Municipal Schools' Response to Findings

Clayton Municipal Schools' responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Clayton Municipal Schools' responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Precision Accounting LLC

Precision Accounting LLC
Albuquerque, New Mexico
September 17, 2015

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

A. FINDINGS AND RESPONSES-FINANCIAL STATEMENT AUDIT

2014-004 Incomplete Capital Asset Schedule (Material Weakness)-repeated and revised

CONDITION: The District did not maintain a capital asset listing and related depreciation schedule for District assets. The lack of progress towards implementing a corrective action plan for this repeated finding was due to the District's interim superintendent not addressing the finding. Since July 1, 2015, the current superintendent will be addressing this issue and anticipate completion by June 30, 2016.

CRITERIA: A capital asset listing and the related depreciation schedule is required by Generally Accepted Accounting Principles, GASB 34.177a and NMAC 2.20.1.12. In addition, control over the District's capital assets is exercised through the maintenance of a detail capital asset schedule.

CAUSE: The District experienced changes in key management and did not have other staff cross trained on the maintenance of a capital asset schedule with depreciation. During these transitions, the upkeep of the schedule did not occur.

EFFECT: The financial statements of the District do not reflect accurate capital asset costs, the related accumulated depreciation or depreciation expense for the year.

RECOMMENDATION: We recommend that the District obtain assistance in compiling an accurate capital asset listing and that the depreciation schedules are updated.

CLIENT RESPONSE: The Superintendent and Business Administrator will utilize the Visions Module and find assistance to create an accurate capital assets listing and ensure that depreciation schedules are up to date.

2014-009 Deficit Activity Fund Balances (Control Deficiency, Other Matter)-Repeated and Revised

CONDITION: In the Activity Funds test work, the Activity Fund, Future Farmers of America, had a negative balance of \$(121) as of June 30, 2015. Note that the lack of progress towards implementing a corrective action plan for this repeated finding was due to the District's interim superintendent not addressing the finding. Since July 1, 2015, the current superintendent has addressed this issue.

CRITERIA: PSAB 18 Student Activity and Athletics Manual of Procedures, section 6-10-2. NMSA 1978 states that "no activity fund account shall ever be permitted to incur a deficit. Financial records of student activity funds must be in accordance with general accepted accounting principles and an adequate internal control structure established and maintained, as well as audit trails, in the same manner as the school district's regular funds."

CAUSE: The internal controls required by PSAB 18 are not being followed which may have been attributed to changes to key staff personnel within the monitoring process of Activity Funds.

EFFECT: The District does not appear to be in compliance with PSAB 18. Additionally, inadequate controls in cash management of the Activity Funds could result in over spent accounts and in a violation of the Anti-donation laws.

RECOMMENDATION: The District should evaluate and ensure that internal controls on activities fund accounts are in accordance with PSAB 18. All personnel and staff involved in the Activity Funds should be re-trained to understand their roles and responsibilities under PSAB 18.

CLIENT RESPONSE: In compliance with PSAB 18 the Superintendent and Business Administrator will ensure that no funds will be overspent and no account will be able to run with a deficit, effective immediately.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

2015-001 Activity Funds Receipts and Disbursements (Control Deficiency)

CONDITION: In the activity funds testwork, we noted control deficiencies for both cash disbursements and for cash receipts. We noted four (4) instances of purchases that were made before an approved purchase requisition was in place and two (2) instances of inadequate supporting documents for payments such as missing itemized meal receipt and lodging confirmation receipt. This resulted in six (6) errors or a 15% error rate found in the samples tested. When the error rate is projected to the population of 643 activity funds disbursements, it results in 96 potential errors. We found one (1) instance of a missing supporting document and eleven (11) instances of inadequate documentation of dual signatures of receipted monies. The result of our receipt testwork indicated twelve (12) errors or a 33% error rate found. When the error rate is projected to the population of 744 activity funds receipts, it results in 242 potential errors.

CRITERIA: PSAB 18 Student Activities; and NMAC 6.20.2.11 C-Internal Control structure standards: “An internal control structure is required to demonstrate the school district’s ability to record, process, summarize and report financial data consistent with the following financial statement assertions: 1) rights and ownership, 2) existence and occurrence, 3) valuation and allocations, 4) completeness, and 5) presentation and disclosure,” and/or NMAC 6.20.2.14.C. Cash Control Standards.

CAUSE: The internal controls required by PSAB 18 were not being properly followed. During the testwork of activity funds, we noted that majority of the errors found occurred during a change in key management position in administration and that later improvements of controls was observed.

EFFECT: The District is not in compliance with PSAB 18 and inadequate controls in cash management of the activity funds could result in over spent accounts.

RECOMMENDATION: The District should evaluate and ensure that internal controls on activities fund accounts are in accordance with PSAB 18. All personnel and staff involved in the Activity Funds should be trained on the procedures and the district’s responsibilities under PSAB 18.

CLIENT RESPONSE: All fund raising sponsors have agreed to comply with the district newly adopted fundraising manual in order to build awareness of internal controls and the proper procedures of expending funds. All monies being deposited will be counted by the sponsor and another adult prior to being submitted to the site secretary within 24 hours of collection. This was implemented as of September 2015 and the Superintendent and Business Administrator will ensure that the corrective action plan be carried out.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

2015-002 [2014-011, 2014-012] Tax Authority Agency correspondence with District (Significant Deficiency)-repeated and revised

CONDITION: The District received late penalty notices from the Internal Revenue Service regarding 941 payroll taxes and from the Department of Workforce Solutions regarding Workers Compensation fees. The late penalties total \$6,505 as of August 22, 2015 and \$3,395, respectively. The penalties from the Workers Compensation fees have been resolved during the year, however; the matter regarding the 941 payroll taxes remains outstanding as of June 30, 2015.

CRITERIA: NMAC 6.20.2.11 C-Internal Control structure standards: “An internal control structure is required to demonstrate the school district’s ability to record, process, summarize and report financial data consistent with the following financial statement assertions: 1) rights and ownership, 2) existence and occurrence, 3) valuation and allocations, 4) completeness, and 5) presentation and disclosure,” and/or NMAC 6.20.2.14.C. Cash Control Standards.

CAUSE: The late payments with the taxing agencies may have been attributed to changes to key staff personnel within business administration. Currently, Management is diligently working on the resolving the issue with the Internal Revenue Service.

EFFECT: The District is not in compliance with timely deposits of payroll taxes submitted to the appropriate taxing agencies, which resulted in penalties that did not appear to be a good use of public monies.

RECOMMENDATION: The District should ensure timely deposits of payroll taxes are submitted to the IRS and the other agencies to avoid future penalties.

CLIENT RESPONSE: The Superintendent and Business Administrator will ensure that timely deposits are being submitted to the IRS and other agencies to avoid any future penalties, effective immediately.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

2015-003 Noncompliance with Payroll (Significant Deficiency)

CONDITION: During our testwork of forty (40) payroll employees, we noted one (1) paycheck where wages were calculated incorrectly resulting in a variance of \$399. The calculated error rate is 2.5%, and when projected to the population of 70 employees could have resulted in two (2) errors. After a review of the other employees, it was noted that this appeared to be the only error.

CRITERIA: NMAC 6.20.2.11 C-Internal Control structure standards: “An internal control structure is required to demonstrate the school district’s ability to record, process, summarize and report financial data consistent with the following financial statement assertions: 1) rights and ownership, 2) existence and occurrence, 3) valuation and allocations, 4) completeness, and 5) presentation and disclosure,” and NMAC 6.20.2.14.C. Cash Control Standards.

CAUSE: The cause was likely due to an oversight in management's review during payroll processing.

EFFECT: Without proper review and agreement of employee contracts to data reported in Visions, the District is at risk of making inaccurate payroll disbursements. This could potentially understate tax and other benefit liabilities/expenditures causing future problems with budget and tax reporting reconciliation.

RECOMMENDATION: The District is encouraged to have staff perform a review and agreement of employee contracts against processed payroll prior to processing and issuing payroll checks to ensure accuracy of wage payments. There should be a secondary management review to ensure accuracy of processed payroll.

CLIENT RESPONSE: The Superintendent and Business Administrator has put into place a spreadsheet that will balance with Visions to ensure accuracy of wage payments, effective immediately.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

2015-004 Noncompliance with Travel & Per Diem (Significant Deficiency)

CONDITION: During our test work of travel and per diem, we noted twenty-five (25) vouchers out of forty (40) vouchers tested where employee travel reimbursements were not properly authorized. The purchase order and/or the purchase requisition forms were signed by management after the travel event(s) had been taken place and expenses were reimbursed. Additionally within the samples tested, we noted three (3) instances where the meal reimbursements exceeded the \$30.00 per day limit. The projected error is 62.5% or 202 potential errors over a population of 324 travel & per diem transactions.

CRITERIA: DFA Rule 95-1 requires that 1) All travel expenses must be properly authorized prior to the execution of travel and the request for reimbursements and 2) Meal reimbursements cannot exceed \$30.00 per day.

CAUSE: The cause may be related to an lack of knowledge regarding DFA95-1 for travel and per diem and a lack of management's review and approval of travel and per diem reimbursements.

EFFECT: This appears to be a violation of the DFA Rule 95-1. Additionally, management override of procedures relating to proper authorization for the travel reimbursements could result in excess expenditures over budget.

RECOMMENDATION: The District is encouraged to have all district personnel trained on the requirements of DFA 95-1 and the importance of compliance and timeliness of reimbursement requests. Those in charge of reviewing and approving travel reimbursements should deny payment on unauthorized or improperly documented requests until proper procedures have been followed.

CLIENT RESPONSE: The Superintendent and Business Administrator will have employees turn in travel and per diem vouchers for the Superintendent's approval prior to travel, effective immediately.

2015-005 Noncompliance with Service Contract Bids (Significant Deficiency)

CONDITION: During our testwork of bids, we noted two (2) service contracts were not conducted through the appropriate procurement process. The expenditures for these service contracts exceeded \$60,000 for the fiscal year 2014-2015 and required the District to make a selection from sealed proposals for these services. The District did not obtain sealed proposals for these service contracts.

CRITERIA: The New Mexico Procurement Code 13-8-01 states that a government agency purchasing contract services greater than \$60,000 must be accompanied with sealed bid proposals.

CAUSE: Unknown

EFFECT: By not requesting sealed proposals for services exceeding \$60,000, the District is in violation of the New Mexico Procurement Code.

RECOMMENDATION: The District is encouraged to have all personnel in charge of reviewing and approving purchases to perform a review of the New Mexico Procurement Code. It was noted that the new Superintendent has been certified as the procurement officer.

CLIENT RESPONSE: In the district the school now has a procurement officer in place that knows the procurement procedures and the Superintendent will comply with all NM procurement codes, effective immediately.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

2015-006 General Ledger Posting (Significant Deficiency)

CONDITION: There is a total amount authorized (minus freight & taxes) that identifies the limit of approved funds that can be withdrawn from a particular account under this PO. During our test work of cash disbursements, we noted twenty-one (21) out of the 334 tested invoices where invoices were paid more than the amount shown on the approved purchase. The projected error rate is 6.3% or 48 errors over a disbursement population of 762 invoices. Within this samples tested, we also noted that two (2) invoices had no purchase orders and five (5) instances of disbursements from the professional development funds were incorrectly used to pay for travel/per diem expenses.

CRITERIA: NMAC 6.2.20 requires that all purchases be properly documented and authorized prior to the making the purchase.

CAUSE: The cause of these errors may be related to an oversight in management's review of procurement procedures over purchases.

EFFECT: Improperly coding and preparation of purchase requests may cause over-budget issues and violates current procurement regulations.

RECOMMENDATION: The District is encouraged to have all personnel in charge of preparing, reviewing, and approving disbursements perform a review of all supporting documents to ensure accuracy in order to meet compliance required by NMAC 6.2.20.

CLIENT RESPONSE: The Superintendent and Business Administrator will ensure that receipts and supporting documentation will be submitted accurately to meet compliance violations with NMAC 2.2.20, effective immediately. Based on directive from PED the professional development was meant to be coded to that specific line item.

2015-007 Trial Balance did not tie to prior year's audit report or cash (Material Weakness)

CONDITION: The cash per the trial balance did not agree to the prior year's audit report. The cash report was not prepared timely for review during the current year audit. Cash per the trial balance was overstated by \$166,476.

CRITERIA: NMAC 6.20.2 requires that the Districts records and documents be accurate and reflective of the financial transactions of the entity.

CAUSE: The prior year audit adjustments were not reviewed prior to their recording to ensure that they were correct and necessary adjustments to the books. As such, some of the journal entries made affected the revenue, expenses and net position of the financials. The cash per the trial balance appears to include the interfund balances recorded backwards.

EFFECT: The District's trial balance was not accurate and had to be adjusted in order to complete the audit report.

RECOMMENDATION: We recommend that the District provide additional training and cross training to staff in the area of finance in order to maintain consistent and accurate financial information.

CLIENT RESPONSE: The Business Office is receiving training and cross training to staff in area of finance to maintain consistent and accurate financial information. The Superintendent will ensure and implementation and monitoring of the corrective action plan, effective immediately.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

B. PRIOR YEAR AUDIT FINDINGS

2013-006 [13-06] Bus Contracts Overpaid (Significant Deficiency)-Cleared
2014-001 Late Audit Report (Other Matter)-Cleared
2014-002 Auction Sales Incorrectly Posted to the Instructional Materials fund (Other Matter)-Cleared
2014-003 Requests for reimbursement (Significant Deficiency)-Cleared
2014-004 Capital Asset Listing/Depreciation Schedule (Significant Deficiency)-Repeated and Revised
2014-005 Action Transactions Netted in Financial Statements (Other Matter)-Cleared
2014-006 New Hire Reporting (Other Matter)-Cleared
2014-007 Board Minutes Not Approved in Open Meeting (Other Matter)-Cleared
2014-008 Incorrect ERA Reports (Other Matter)-Cleared
2014-009 Deficit Activity Fund Balances (Other Matter)-Repeated and Revised
2014-010 Budget Overruns (Other Matter)-Cleared
2014-011 Workers Compensation Reports Not Filed (Other Matter)-Repeated and Revised as finding 2015-003
2014-012 Penalty on Late 941 Reports (Other Matter)-Repeated and Revised as finding 2015-003
2014-013 School District Vehicle Usage not recorded on the Superintendents W-2 (Other Matter)-Cleared

Note: For traceability purposes, the audit finding reference numbers reported in prior year audit reports are presented in brackets, and where applicable, have been renumbered to comply with reporting standards.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Management is responsible for the content of the report and financial statements. It would be preferred and desirable for the District to prepare its own GAAP-basis financial statements; although the District is capable, with guidance, of preparing, reviewing and approving the financial statements, it is felt that the District's personnel do not have the time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

B. EXIT CONFERENCE

The contents of this report were discussed on September 17, 2015. The following individuals were in attendance:

Clayton Municipal Schools
Rebecca Hatch, Secretary
April Geary, Board Member
Stacy Diller, Superintendent
Sondra Miera, Administrative Bookkeeper
Alyssa Tippit, Parent/Staff

Precision Accounting LLC
Melissa R. Santistevan, CPA, CFE, CGMA, CICA