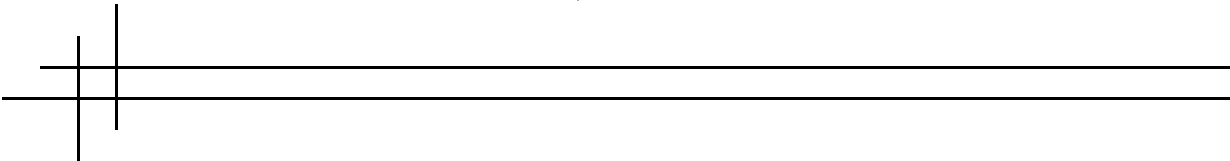


STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS

ANNUAL FINANCIAL REPORT
June 30, 2015

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



STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
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JAL PUBLIC SCHOOLS
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STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
Official Roster
June 30, 2015

BOARD OF EDUCATION

Jim Gross	President
Ricky Miller	Vice-President
Jamie Earp	Secretary
Jenny Edwards	Member
Kayla Lujan	Member

SCHOOL OFFICIALS

Brian Snider	Superintendent
Leticia Segovia	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Independent Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Jal Public Schools

Mr. Keller and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general funds and major special revenue funds of Jal Public Schools (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital projects 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance 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 the District as of June 30, 2015, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital projects funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the Schedules of Required Supplementary Information for the Pension Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule required by 2.2.2.NMAC are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule required by 2.2.2 NMAC is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule required by 2.2.2 NMAC is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 2, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

 De'Ann Willoughby CPA PC

Clovis, New Mexico
November 2, 2015

FINANCIAL SECTION

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
 Government-Wide Statement of Net Position
 June 30, 2015

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 11,618,516
Investments	1,410,361
Taxes Receivable	128,816
Due From Grantor	130,451
Inventory	5,902
Total Current Assets	<u>13,294,046</u>
Noncurrent Assets	
Capital Assets	25,007,420
Less: Accumulated Depreciation	<u>(19,203,469)</u>
Total Noncurrent Assets	<u>5,803,951</u>
Total Assets	<u>19,097,997</u>
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	<u>344,165</u>
Total Deferred Outflows of Resources	<u>344,165</u>
Liabilities	
Current Liabilities	
Accounts Payable	140,325
Compensated Absences	15,874
Total Current Liabilities	<u>156,199</u>
Long-Term Liabilities	
Bonds	9,500,000
Pension Liability	5,404,459
Total Long-Term Liabilities	<u>14,904,459</u>
Total Liabilities	<u>15,060,658</u>
Deferred Inflows of Resources	
Deferred Inflows Related to Pensions	<u>745,598</u>
Total Deferred Inflows of Resources	<u>745,598</u>
Net Position	
Net Investment in Capital Assets	5,803,951
Restricted for Capital Projects	12,315,497
Restricted for Debt Service	95,083
Unrestricted	<u>(14,578,625)</u>
Total Net Position	<u>\$ 3,635,906</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
 Government-Wide Statement of Activities
 For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 2,873,947	\$ 28,633	\$ 162,186	\$ 0	\$ (2,683,128)
Support Services					
Students	266,528	0	78,973	0	(187,555)
Instruction	93,091	0	0	0	(93,091)
General Administration	195,512	0	8,169	0	(187,343)
School Administration	310,945	0	0	0	(310,945)
Central Services	81,304	0	4,275	0	(77,029)
Operation & Maintenance of Plant	1,435,591	2,500	0	0	(1,433,091)
Student Transportation	160,301	0	182,611	0	22,310
Other	900	0	0	0	(900)
Food Services	199,908	23,364	123,202	0	(53,342)
Community Service	10,951	0	0	0	(10,951)
Total Governmental Activities	\$ 5,628,978	\$ 54,497	\$ 559,416	\$ 0	(5,015,065)
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					490,573
Property Taxes, Levied for Capital Projects					1,964,434
Federal and State aid not restricted to specific purpose					
General					3,676,301
Capital					15,165
Interest and investment earnings					1,456
Miscellaneous					221,567
Subtotal, General Revenues					<u>6,369,496</u>
Change in Net Position					
					<u>1,354,431</u>
Net Position - Beginning					
					8,117,709
Restatement					
					(5,836,234)
Restated Beginning Net Position					
					<u>2,281,475</u>
Net Position - Ending					
					<u>\$ 3,635,906</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2015

	General		
	Operational 11000	Teacherage 12000	Transportation 13000
Assets			
Cash and Cash Equivalents	\$ 472,416	\$ 2,500	\$ 37,267
Investments	0	0	0
Receivables			
Property Taxes	25,748	0	0
Due From Grantor	0	0	0
Interfund Balance	118,380	0	0
Inventory	0	0	0
Total Assets	<u>\$ 616,544</u>	<u>\$ 2,500</u>	<u>\$ 37,267</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 16,108	\$ 1,931	\$ 0
Interfund Balance	0	0	0
Total Liabilities	<u>16,108</u>	<u>1,931</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	600,436	569	37,267
Total Fund Balances	<u>600,436</u>	<u>569</u>	<u>37,267</u>
Total Liabilities and Fund Balances	<u>\$ 616,544</u>	<u>\$ 2,500</u>	<u>\$ 37,267</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2015

	General		Special Revenue	
	Instructional Material 14000		Title I 24101	IDEA B Entitlement 24106
Assets				
Cash and Cash Equivalents	\$ 38,622	\$	0	\$ 0
Investments	0		0	0
Receivables				
Property Taxes	0		0	0
Due From Grantor	0		13,749	47,225
Interfund Balance	0		0	0
Inventory	0		0	0
Total Assets	<u>\$ 38,622</u>	\$	<u>13,749</u>	<u>\$ 47,225</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 0	\$	0	\$ 0
Interfund Balance	0		13,749	47,225
Total Liabilities	<u>0</u>		<u>13,749</u>	<u>47,225</u>
Fund Balances				
Nonspendable-Inventory	0		0	0
Restricted for:				
Special Revenue	0		0	0
Capital Projects	0		0	0
Debt Service	0		0	0
Unassigned	38,622		0	0
Total Fund Balances	<u>38,622</u>		<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 38,622</u>	\$	<u>13,749</u>	<u>\$ 47,225</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2015

	Special Revenue		
	NM Reads to Lead 27114	Capital Projects	
		Bond Building 31100	Senate Bill Nine 31700
Assets			
Cash and Cash Equivalents	\$ 0	\$ 8,136,613	\$ 2,775,670
Investments	0	1,410,361	0
Receivables			
Property Taxes	0	0	103,068
Due From Grantor	47,513	0	12,071
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 47,513</u>	<u>\$ 9,546,974</u>	<u>\$ 2,890,809</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 122,286
Interfund Balance	47,513	0	0
Total Liabilities	<u>47,513</u>	<u>0</u>	<u>122,286</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	9,546,974	2,768,523
Debt Service	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>9,546,974</u>	<u>2,768,523</u>
Total Liabilities and Fund Balances	<u>\$ 47,513</u>	<u>\$ 9,546,974</u>	<u>\$ 2,890,809</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2015

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash and Cash Equivalents	\$ 155,428	\$ 11,618,516
Investments	0	1,410,361
Receivables		
Property Taxes	0	128,816
Due From Grantor	9,893	130,451
Interfund Balance	0	118,380
Inventory	5,902	5,902
Total Assets	<u>\$ 171,223</u>	<u>\$ 13,412,426</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ 0	\$ 140,325
Interfund Balance	9,893	118,380
Total Liabilities	<u>9,893</u>	<u>258,705</u>
Fund Balances		
Nonspendable-Inventory	5,902	5,902
Restricted for:		
Special Revenue	60,345	60,345
Capital Projects	0	12,315,497
Debt Service	95,083	95,083
Unassigned	0	676,894
Total Fund Balances	<u>161,330</u>	<u>13,153,721</u>
Total Liabilities and Fund Balances	<u>\$ 171,223</u>	<u>\$ 13,412,426</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2015

Total Fund Balance - Governmental Funds \$ 13,153,721

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

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

Capital Assets	\$ 25,007,420	
Accumulated Depreciation	<u>(19,203,469)</u>	5,803,951

Deferred Outflows and Inflows Related to Pensions are the results of differences in expected and actual experience

Deferred Outflows Related to Pensions	344,165	
Deferred Inflows Related to Pensions	<u>(745,598)</u>	(401,433)

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

Compensated Absences	(15,874)	
Bond Payable	(9,500,000)	
Pension Liability	<u>(5,404,459)</u>	<u>(14,920,333)</u>

Total Net Position - Governmental Activities		\$ <u><u>3,635,906</u></u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2015

	General		
	Operational 11000	Teachergage 12000	Transportation 13000
Revenues			
Property Taxes	\$ 490,931	\$ 0	\$ 0
Investment Income	81	0	0
Fees	3,609	2,500	0
State and Local Grants	3,676,301	0	182,611
Federal Grants	0	0	0
Miscellaneous	53,122	0	0
Total Revenues	<u>4,224,044</u>	<u>2,500</u>	<u>182,611</u>
Expenditures			
Current			
Instruction	2,372,301	0	0
Support Services			
Students	186,284	0	0
Instruction	93,091	0	0
General Administration	183,464	0	0
School Administration	312,679	0	0
Central Services	75,260	0	0
Operation of Plant	771,820	1,931	0
Student Transportation	1,738	0	159,412
Other	900	0	0
Food Service	53,878	0	0
Community Services	10,951	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>4,062,366</u>	<u>1,931</u>	<u>159,412</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>161,678</u>	<u>569</u>	<u>23,199</u>
Other Financing Sources (Uses)			
Bond Proceeds	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	161,678	569	23,199
Fund Balances at Beginning of Year	<u>438,758</u>	<u>0</u>	<u>14,068</u>
Fund Balances End of Year	<u>\$ 600,436</u>	<u>\$ 569</u>	<u>\$ 37,267</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue		
	General	Title I	IDEA B
	Instructional Material 14000	24101	Entitlement 24106
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State and Local Grants	32,656	0	0
Federal Grants	0	56,219	128,403
Miscellaneous	0	0	0
Total Revenues	<u>32,656</u>	<u>56,219</u>	<u>128,403</u>
Expenditures			
Current			
Instruction	7,178	56,219	56,051
Support Services			
Students	0	0	68,077
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Central Services	0	0	4,275
Operation of Plant	0	0	0
Student Transportation	0	0	0
Other	0	0	0
Food Service	0	0	0
Community Services	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>7,178</u>	<u>56,219</u>	<u>128,403</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>25,478</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Bond Proceeds	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	25,478	0	0
Fund Balances at Beginning of Year	<u>13,144</u>	<u>0</u>	<u>0</u>
Fund Balances End of Year	<u>\$ 38,622</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue		
	NM Reads to Lead 27114	Capital Projects	
		Bond Building 31100	Senate Bill Nine 31700
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 1,966,067
Investment Income	0	0	1,375
Fees	0	0	0
State and Local Grants	47,513	0	15,165
Federal Grants	0	0	0
Miscellaneous	0	62,000	11,362
Total Revenues	<u>47,513</u>	<u>62,000</u>	<u>1,993,969</u>
Expenditures			
Current			
Instruction	47,513	0	36,490
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	1,661
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	663,663
Student Transportation	0	0	0
Other	0	0	0
Food Service	0	0	0
Community Services	0	0	0
Capital Outlay	0	15,026	904,655
Total Expenditures	<u>47,513</u>	<u>15,026</u>	<u>1,606,469</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>46,974</u>	<u>387,500</u>
Other Financing Sources (Uses)			
Bond Proceeds	0	9,500,000	0
Total Other Sources (Uses)	<u>0</u>	<u>9,500,000</u>	<u>0</u>
Net Change in Fund Balance	0	9,546,974	387,500
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>2,381,023</u>
Fund Balances End of Year	<u>\$ 0</u>	<u>\$ 9,546,974</u>	<u>\$ 2,768,523</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2015

	Other Governmental Funds	Total Governmental Funds
Revenues		
Property Taxes	\$ 0	\$ 2,456,998
Investment Income	0	1,456
Fees	48,388	54,497
State and Local Grants	1,858	3,956,104
Federal Grants	157,669	342,291
Miscellaneous	95,083	221,567
Total Revenues	<u>302,998</u>	<u>7,032,913</u>
Expenditures		
Current		
Instruction	56,931	2,632,683
Support Services		
Students	10,896	265,257
Instruction	0	93,091
General Administration	8,169	193,294
School Administration	0	312,679
Central Services	0	79,535
Operation of Plant	0	1,437,414
Student Transportation	0	161,150
Other	0	900
Food Service	146,779	200,657
Community Services	0	10,951
Capital Outlay	0	919,681
Total Expenditures	<u>222,775</u>	<u>6,307,292</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>80,223</u>	<u>725,621</u>
Other Financing Sources (Uses)		
Bond Proceeds	0	9,500,000
Total Other Sources (Uses)	<u>0</u>	<u>9,500,000</u>
Net Change in Fund Balance	80,223	10,225,621
Fund Balances at Beginning of Year	<u>81,107</u>	<u>2,928,100</u>
Fund Balances End of Year	<u>\$ 161,330</u>	<u>\$ 13,153,721</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2015

Net Change in Fund Balance \$ 10,225,621

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

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

Property Taxes Receivable, June 30, 2014	\$ (1,991)	
Property Taxes Receivable, June 30, 2015	<u>0</u>	(1,991)

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

Depreciation expense	(310,432)	
Capital Outlays	<u>919,681</u>	609,249

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position. (9,500,000)

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

Compensated Absences, June 30, 2014	7,084	
Compensated Absences, June 30, 2015	<u>(15,874)</u>	(8,790)

Pension contributions are reported as expenses in the government funds but are deferred outflows in the Statement of Net Position. Pension Expense is reported in the Statement of Activities but not in the governmental funds.

Pension Contributions	344,165	
Pension Expense	<u>(313,823)</u>	<u>30,342</u>

Change in Net Position \$ 1,354,431

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Property Taxes	\$ 242,458	\$ 242,458	\$ 465,459	\$ 223,001
Investment Income	0	0	81	81
Fees	0	0	3,609	3,609
State Grant	3,588,375	3,588,375	3,676,301	87,926
Miscellaneous	0	0	53,122	53,122
Total Revenues	<u>3,830,833</u>	<u>3,830,833</u>	<u>4,198,572</u>	<u>367,739</u>
Expenditures				
Instruction				
Personnel Services	1,716,533	1,630,516	1,612,124	18,392
Employee Benefits	606,026	571,183	546,239	24,944
Professional & Tech Services	8,450	27,021	22,190	4,831
Purchased Property Services	0	650	647	3
Other Purchased Services	33,085	60,240	57,482	2,758
Supplies	93,600	142,771	133,432	9,339
Supply Assets	1,100	5,500	3,624	1,876
Total Instruction	<u>2,458,794</u>	<u>2,437,881</u>	<u>2,375,738</u>	<u>62,143</u>
Support Services				
Students				
Personnel Services	67,464	100,902	99,342	1,560
Employee Benefits	31,931	29,803	28,595	1,208
Professional & Tech Services	64,875	50,360	50,326	34
Purchased Property Services	300	300	188	112
Other Purchased Services	200	2,200	1,080	1,120
Supplies	5,400	6,839	6,753	86
Total Students	<u>170,170</u>	<u>190,404</u>	<u>186,284</u>	<u>4,120</u>
Instruction				
Personnel Services	33,038	44,268	44,195	73
Employee Benefits	11,021	20,965	20,866	99
Professional & Tech Services	200	0	0	0
Other Purchased Services	0	2,570	2,562	8
Supplies	11,500	24,460	24,458	2
Supply Assets	0	1,009	1,009	0
Total Instruction	<u>55,759</u>	<u>93,272</u>	<u>93,090</u>	<u>182</u>
General Administration				
Personnel Services	124,985	43,036	43,028	8
Employee Benefits	41,915	10,533	10,299	234
Professional & Tech Services	2,742	28,718	26,659	2,059
Other Purchased Services	1,200	85,765	85,758	7
Supplies	13,300	17,665	17,050	615
Total General Administration	<u>\$ 184,142</u>	<u>\$ 185,717</u>	<u>\$ 182,794</u>	<u>\$ 2,923</u>

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
School Administration				
Personnel Services	\$ 203,388	\$ 222,091	\$ 221,497	\$ 594
Employee Benefits	119,561	80,616	80,321	295
Professional & Tech Services	7,500	5,915	7,337	(1,422)
Supplies	2,300	3,600	3,269	331
Total School Administration	<u>332,749</u>	<u>312,222</u>	<u>312,424</u>	<u>(202)</u>
Central Services				
Personnel Services	76,989	51,413	51,137	276
Employee Benefits	20,326	15,426	12,216	3,210
Professional & Tech Services	5,350	7,770	7,054	716
Other Purchased Services	1,200	1,700	1,220	480
Supplies	18,000	3,600	3,595	5
Supply Assets	1,000	0	0	0
Total Central Services	<u>122,865</u>	<u>79,909</u>	<u>75,222</u>	<u>4,687</u>
Operation of Plant				
Personnel Services	315,701	303,906	302,336	1,570
Employee Benefits	181,243	105,829	104,970	859
Professional & Tech Services	0	650	400	250
Purchased Property Services	19,757	179,018	176,656	2,362
Other Purchased Services	109,589	181,108	179,713	1,395
Supplies	41,968	20,700	7,034	13,666
Supply Assets	2,200	2,200	580	1,620
Total Operation of Plant	<u>670,458</u>	<u>793,411</u>	<u>771,689</u>	<u>21,722</u>
Transportation				
Personnel Services	900	1,025	611	414
Employee Benefits	212	212	139	73
Purchased Property Services	2,000	2,000	988	1,012
Total Transportation	<u>3,112</u>	<u>3,237</u>	<u>1,738</u>	<u>1,499</u>
Other				
Other Purchased Services	<u>21,652</u>	<u>21,652</u>	<u>901</u>	<u>20,751</u>
Total Other	<u>21,652</u>	<u>21,652</u>	<u>901</u>	<u>20,751</u>
Total Support Services	<u>1,560,907</u>	<u>1,679,824</u>	<u>1,624,142</u>	<u>55,682</u>
Food Service				
Personnel Services	27,938	28,198	28,188	10
Employee Benefits	22,961	25,741	25,662	79
Other Purchased Services	0	30	28	2
Supplies	0	7,500	0	7,500
Total Food Service	<u>\$ 50,899</u>	<u>\$ 61,469</u>	<u>\$ 53,878</u>	<u>\$ 7,591</u>

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Community Service				
Personnel Services	\$ 5,300	\$ 9,630	\$ 9,630	\$ 0
Employee Benefits	<u>1,339</u>	<u>1,435</u>	<u>1,322</u>	<u>113</u>
Total Community Service	<u>6,639</u>	<u>11,065</u>	<u>10,952</u>	<u>113</u>
Total Expenditures	<u>4,077,239</u>	<u>4,190,239</u>	<u>4,064,710</u>	<u>125,529</u>
Excess (Deficiency) of Revenues Over Expenditures	(246,406)	(359,406)	133,862	493,268
Cash Balance Beginning of Year	<u>456,934</u>	<u>456,934</u>	<u>456,934</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 210,528</u>	<u>\$ 97,528</u>	<u>\$ 590,796</u>	<u>\$ 493,268</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 133,862	
Net Change in Taxes Receivable			25,114	
Net Change in Payables			<u>2,702</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 161,678</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
GENERAL FUND-TEACHERAGE-12000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Rents	\$ 0	\$ 0	\$ 2,500	\$ 2,500
Total Revenues	<u>0</u>	<u>0</u>	<u>2,500</u>	<u>2,500</u>
Expenditures				
Support Services				
Operation of Plant				
Purchased Property Services	0	0	0	0
Other Purchased Services	0	0	0	0
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Operation of Plant	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	2,500	2,500
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,500	
Net Change in Payables			<u>(1,931)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 569</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
GENERAL FUND-TRANSPORTATION-13000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grants	\$ 163,332	\$ 163,332	\$ 182,611	\$ 19,279
Total Revenues	<u>163,332</u>	<u>163,332</u>	<u>182,611</u>	<u>19,279</u>
Expenditures				
Support Services				
Student Transportation				
Personnel Services	63,456	64,972	62,980	1,992
Employee Benefits	51,868	47,038	35,140	11,898
Professional & Tech Services	833	5,833	5,455	378
Other Purchased Services	11,691	23,460	23,014	446
Supplies	71,484	27,683	27,169	514
Other	0	0	5,654	(5,654)
Total Student Transportation	<u>199,332</u>	<u>168,986</u>	<u>159,412</u>	<u>9,574</u>
Total Support Services	<u>199,332</u>	<u>168,986</u>	<u>159,412</u>	<u>9,574</u>
Total Expenditures	<u>199,332</u>	<u>168,986</u>	<u>159,412</u>	<u>9,574</u>
Excess (Deficiency) of Revenues Over Expenditures	(36,000)	(5,654)	23,199	28,853
Cash Balance Beginning of Year	<u>14,068</u>	<u>14,068</u>	<u>14,068</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (21,932)</u>	<u>\$ 8,414</u>	<u>\$ 37,267</u>	<u>\$ 28,853</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 23,199	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 23,199</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
GENERAL FUND-INSTRUCTIONAL MATERIAL-14000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grants	\$ 11,402	\$ 11,402	\$ 32,656	\$ 21,254
Total Revenues	<u>11,402</u>	<u>11,402</u>	<u>32,656</u>	<u>21,254</u>
Expenditures				
Instruction				
Supplies	11,402	32,656	7,178	25,478
Total Instruction	<u>11,402</u>	<u>32,656</u>	<u>7,178</u>	<u>25,478</u>
Total Expenditures	<u>11,402</u>	<u>32,656</u>	<u>7,178</u>	<u>25,478</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(21,254)	25,478	46,732
Cash Balance Beginning of Year	<u>13,144</u>	<u>13,144</u>	<u>13,144</u>	<u>0</u>
Cash Balance End of Year	\$ <u>13,144</u>	\$ <u>(8,110)</u>	\$ <u>38,622</u>	\$ <u>46,732</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>25,478</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>25,478</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
SPECIAL REVENUE FUND-TITLE I-24101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 97,854	\$ 104,994	\$ 62,608	\$ (42,386)
Total Revenues	<u>97,854</u>	<u>104,994</u>	<u>62,608</u>	<u>(42,386)</u>
Expenditures				
Instruction				
Personnel Services	48,655	44,437	31,665	12,772
Employee Benefits	26,781	20,799	7,625	13,174
Supplies	<u>2,280</u>	<u>19,620</u>	<u>16,929</u>	<u>2,691</u>
Total Instruction	<u>77,716</u>	<u>84,856</u>	<u>56,219</u>	<u>28,637</u>
Total Expenditures	<u>77,716</u>	<u>84,856</u>	<u>56,219</u>	<u>28,637</u>
Excess (Deficiency) of Revenues Over Expenditures	20,138	20,138	6,389	(13,749)
Cash Balance Beginning of Year	<u>(20,138)</u>	<u>(20,138)</u>	<u>(20,138)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (13,749)</u>	<u>\$ (13,749)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 6,389	
Net Change in Due from Grantor			<u>(6,389)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
SPECIAL REVENUE FUND-IDEA B ENTITLEMENT-24106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 151,840	\$ 193,123	\$ 122,498	\$ (70,625)
Total Revenues	<u>151,840</u>	<u>193,123</u>	<u>122,498</u>	<u>(70,625)</u>
Expenditures				
Instruction				
Personnel Services	33,114	34,034	33,984	50
Employee Benefits	22,831	22,171	22,067	104
Other Purchased Services	<u>876</u>	<u>616</u>	<u>0</u>	<u>616</u>
Total Instruction	<u>56,821</u>	<u>56,821</u>	<u>56,051</u>	<u>770</u>
Support Services				
Students				
Personnel Services	3,155	3,155	3,090	65
Employee Benefits	665	1,050	643	407
Other Purchased Services	<u>43,589</u>	<u>48,389</u>	<u>64,345</u>	<u>(15,956)</u>
Total Students	<u>47,409</u>	<u>52,594</u>	<u>68,078</u>	<u>(15,484)</u>
General Administration				
Other Purchased Services	<u>0</u>	<u>36,483</u>	<u>0</u>	<u>36,483</u>
Total General Administration	<u>0</u>	<u>36,483</u>	<u>0</u>	<u>36,483</u>
Central Services				
Personnel Services	5,127	3,780	3,463	317
Employee Benefits	<u>1,164</u>	<u>2,126</u>	<u>812</u>	<u>1,314</u>
Total Central Services	<u>6,291</u>	<u>5,906</u>	<u>4,275</u>	<u>1,631</u>
Total Support Services	<u>53,700</u>	<u>94,983</u>	<u>72,353</u>	<u>22,630</u>
Total Expenditures	<u>110,521</u>	<u>151,804</u>	<u>128,404</u>	<u>23,400</u>
Excess (Deficiency) of Revenues Over Expenditures	41,319	41,319	(5,906)	(47,225)
Cash Balance Beginning of Year	<u>(41,319)</u>	<u>(41,319)</u>	<u>(41,319)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (47,225)</u>	<u>\$ (47,225)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (5,906)	
Net Change in Due from Grantor			<u>5,906</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
SPECIAL REVENUE FUND-NM READS TO LEAD-27114
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 50,000	\$ 0	\$ (50,000)
Total Revenues	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>(50,000)</u>
Expenditures				
Instruction				
Professional & Tech Services	22,500	2,500	443	2,057
Supplies	<u>27,500</u>	<u>47,500</u>	<u>47,070</u>	<u>430</u>
Total Instruction	<u>50,000</u>	<u>50,000</u>	<u>47,513</u>	<u>2,487</u>
Total Expenditures	<u>0</u>	<u>50,000</u>	<u>47,513</u>	<u>2,487</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(47,513)	(47,513)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (47,513)</u>	<u>\$ (47,513)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (47,513)	
Net Change in Due From Grantor			<u>47,513</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
Statement of Fiduciary Net Position - Agency Funds
June 30, 2015

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 177,905
Total Assets	<u>\$ 177,905</u>
Liabilities	
Deposits Held for Others	\$ 177,905
Total Liabilities	<u>\$ 177,905</u>

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

Summary of Significant Accounting Policies

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

Financial Reporting Entity

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

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

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

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

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

Governmental Funds

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

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

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

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

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

Fiduciary Fund Type

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

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

Major Funds

The District reports the following major governmental funds:

General Fund (11000)(12000)(13000)(14000). The General Fund consist of four sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The second is the Teacherage fund of the District and accounts for rental properties that are rented to teachers and administrators that work at the school. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

Major Special Revenue Funds

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

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

NM Reads to Lead (27114). To account for revenue and expenditures received from a state grant for the purpose of improving skills of young students in the area of reading. The fund was created by the authority of state grant provisions.

Major Capital Projects Funds

Bond Building (31100). The revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

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

Program Revenues

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

Fund Financial Statements (FFS)

Governmental Funds

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

Revenues

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

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

Revenue Recognition for Grants.

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

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

4. Contingencies. The providers offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

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

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6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

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

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

Investments

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

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

Receivables and Payables

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

Property Taxes

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Food Services Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

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

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

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

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

Capital Leases

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

Short -Term Debt

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

Long-Term Liabilities

Long-Term Liabilities include bonds, pension liabilities and compensated absences that are paid for over several years. Long-Term Liabilities are included in the government wide financial statements but not in the fund financial statements. Only the current portion due within 30 days is included in the fund financial statements.

Restricted Net Position

For the Government-Wide Statement of Net Position, net positions are reported as restricted when constraints placed on net positions use are either:

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

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

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

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

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

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

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

Interfund Transfers

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

Deferred Inflow of Resources

The District reports unearned or unavailable revenues on its Statement of Net Position and Fund Balance Sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

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Compensated Absences

Administrative Personnel will receive two weeks of vacation time per year. After five years of experience, the vacation time will increase to three weeks, and after ten years, four weeks a year will be given. Employees who have been working in other positions in the school system will be given credit for this experience. Vacation time not used will be credited to the next year up to a maximum of 50 days. Employees retiring from the district may be compensated for up to 240 hours of unused vacation time. This limit is set by the Education Retirement Board.

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

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

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

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

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

Estimates

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

A. Deposits and Investments

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

<u>Name of Account</u>	Balance Per Bank 6/30/15	Reconciled Balance	<u>Type</u>	
Operational	\$ 11,799,800	\$ 11,591,066	Checking	Non-Interest
Payroll Clearing Account	208,964	27,450	Checking	Non-Interest
Activity Account	178,790	177,905	Checking	Non-Interest
TOTAL Deposited	<u>12,187,554</u>	<u>\$ 11,796,421</u>		
Less: FDIC Coverage	(250,000)			
Uninsured Amount	<u>11,937,554</u>			
50% collateral requirement	5,968,777			
Pledged securities	<u>7,197,251</u>			
Over (Under) requirement	<u>\$ 1,228,474</u>			

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

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The following securities are pledged at **Wells Fargo**:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FMAC	31294MJJ1	\$ 6,137	9/1/2026	Mellon Bank, NY
FNMA	3138A2BQ1	152,062	12/1/2040	Mellon Bank, NY
FNMA	3138AFEG1	1,560,249	5/1/2041	Mellon Bank, NY
FNMA	3138M0YQ7	274,881	7/1/2042	Mellon Bank, NY
FNMA	3138W4Z61	10,578	3/1/2043	Mellon Bank, NY
FNMA	3138WQAY8	4,814,413	5/1/2043	Mellon Bank, NY
FNMA	3138X1HU3	331,092	7/1/2043	Mellon Bank, NY
FNMA	31410LDQ2	30,290	3/1/2041	Mellon Bank, NY
FNMA	31419CZD8	3,940	9/1/2040	Mellon Bank, NY
FNMA	31419FC38	13,609	9/1/2040	Mellon Bank, NY
		<u>\$ 7,197,251</u>		

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in	
District's name	7,197,251
Uninsured and uncollateralized	4,740,303
Total Deposits	<u>\$ 12,187,554</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2015 \$4,740,303 of the District's bank balance of \$12,187,554, was exposed to custodial credit risk.

New Mexico State Treasurer

<u>Name of Account</u>	<u>Balance Per Bank 6/30/15</u>	<u>Reconciled Balance</u>	<u>Type</u>
Jal LGIP Fund	\$ 1,410,361	\$ 1,410,361	Savings
TOTAL Deposited	<u>\$ 1,410,361</u>	<u>\$ 1,410,361</u>	

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, relates to how deposits and investments are reported in the annual financial statements of governmental entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk. The State Treasurer's Office provides the following information regarding the LGIP:

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our portfolio is posted on the State Treasurer's website www.stonm.org and available for review by participants at any time.

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3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at www.nmsto.org. As of June 30, 2015, the LGIP WAM(R) is 54.6 days and WAM(F) is 77.7 days.

4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

B. Receivables

Following is a schedule of property taxes receivable as of June 30, 2015:

	General 11000	Title I 24101	IDEA B Entitlement 24106	NM Reads to Lead 27114
Property Taxes Receivable:				
Available	\$ 25,748	\$ 0	\$ 0	\$ 0
Due from Grantors				
State	0	0	0	47,513
Federal	0	13,749	47,225	0
Total Receivables	<u>\$ 25,748</u>	<u>\$ 13,749</u>	<u>\$ 47,225</u>	<u>\$ 47,513</u>
		SB9 31700	Other Governmental Funds	Total
Property Taxes Receivable:				
Available		\$ 103,068	\$ 0	\$ 128,816
Due from Grantors				
State		12,071	0	59,584
Federal		0	9,893	70,867
Total Receivables		<u>\$ 115,139</u>	<u>\$ 9,893</u>	<u>\$ 259,267</u>

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Funds			
	Title I 24101	IDEA B Entitlement 24106	NM Reads to Lead 27114	Other Governmental Funds
General Fund	\$ 13,749	\$ 47,225	\$ 47,513	\$ 9,893
Totals	<u>\$ 13,749</u>	<u>\$ 47,225</u>	<u>\$ 47,513</u>	<u>\$ 9,893</u>

The above interfund balances resulted from reimbursement grants. The shortfalls were covered by the General Fund. All transactions will be repaid within one year.

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D. Capital Assets

Capital Assets Balances and Activity for the Year Ended June 30, 2015, is as follows:

	Balance 6/30/14	Increases	Decreases	Balance 6/30/15
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 529,477	\$ 0	\$ 0	\$ 529,477
Total Capital Assets, not being Depreciated	<u>529,477</u>	<u>0</u>	<u>0</u>	<u>529,477</u>
Capital Assets, being Depreciated				
Buildings & Improvements	21,522,462	848,120	0	22,370,582
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>2,035,801</u>	<u>71,560</u>	<u>0</u>	<u>2,107,361</u>
Total Capital Assets, being Depreciated	<u>23,558,263</u>	<u>919,680</u>	<u>0</u>	<u>24,477,943</u>
Total Capital Assets	<u>24,087,740</u>	<u>919,680</u>	<u>0</u>	<u>25,007,420</u>
Less Accumulated Depreciation				
Buildings & Improvements	17,498,555	267,999	0	17,766,554
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,394,482</u>	<u>42,433</u>	<u>0</u>	<u>1,436,915</u>
Total Accumulated Depreciation	<u>18,893,037</u>	<u>310,432</u>	<u>0</u>	<u>19,203,469</u>
Capital Assets, net	<u>\$ 5,194,702</u>	<u>\$ 609,248</u>	<u>\$ 0</u>	<u>\$ 5,803,951</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 310,432
Total depreciation expenses	<u>\$ 310,432</u>

E. Long-Term Debt and Other Liabilities

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

	Balance 6/30/14	Additions	Reductions	Balance 6/30/15	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 0	\$ 9,500,000	\$ 0	\$ 9,500,000	\$ 0
Total Bonds	<u>0</u>	<u>9,500,000</u>	<u>0</u>	<u>9,500,000</u>	<u>0</u>
Other Liabilities					
Compensated					
Absences	\$ 7,084	\$ 30,007	\$ 21,217	\$ 15,874	\$ 15,874
Total Other Liabilities	<u>\$ 7,084</u>	<u>\$ 30,007</u>	<u>\$ 21,217</u>	<u>\$ 15,874</u>	<u>\$ 15,874</u>

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

General Obligation Bonds.

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

<u>Series</u>	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance</u>
2015	4/1/15	9,500,000	3%	\$ 9,500,000
				\$ 9,500,000

The annual requirements to amortize the General Obligation Bonds Issue as of June 30, 2015, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 0	\$ 196,144	\$ 196,144
2017	1,400,000	240,000	1,640,000
2018	300,000	223,000	523,000
2019	200,000	218,000	418,000
2020	100,000	214,500	314,500
2021-2025	1,500,000	954,000	2,454,000
2026-2030	4,600,000	650,000	5,250,000
2031	1,400,000	21,000	1,421,000
Total	\$ 9,500,000	\$ 2,716,644	\$ 2,777,144

F. Commitments

The District issued a bond for \$9,500,000 for several large construction projects.

G. Retirement Plan

Summary of Significant Accounting Policies

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.

General Information about the Pension Plan

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 financial 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
JAL PUBLIC SCHOOLS
Notes to the Financial Statements
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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.

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 \$344,165 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 \$5,404,459 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 proportion was .09472 percent, which was an decrease of .00373 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$313,823. 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
Differences between expected and actual experience	\$ 0	\$ (80,509)
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	(491,296)
Changes in proportion and differences between the District's contributions and proportionate share of contributions		(173,793)
District's contributions subsequent to the measurement date	344,165	0
Total	<u>\$ 344,165</u>	<u>\$ (745,598)</u>

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JAL PUBLIC SCHOOLS
Notes to the Financial Statements
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\$344,165 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date June 30, 2014 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	\$	(211,122)
2017		(211,122)
2018		(200,526)
2019		(122,828)
Total	\$	<u>(745,598)</u>

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 30, 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 projected to 2014 using Scale AA (one year setback for females)

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JAL PUBLIC SCHOOLS
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June 30, 2015

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%	75.00%
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	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	75.00%
Global Bonds (Hedged)	1.38%	93.00%
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. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the Districts proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2014. In particular, the table presents the District's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The District's proportionate share of the net pension liability	\$ 7,353,392	\$ 5,404,459	\$ 3,776,619

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.

H. Retiree Health Care

Plan Description. The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (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 RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the 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 RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the 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 plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes 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, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, 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 \$49,526, \$52,217 and \$53,365 respectively, which equal the required contributions for each year.

I. Reconciliation of Budgetary Basis to GAAP Basis Statements

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

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

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

J. Risk Management

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

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

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

K. Joint Powers Agreements

Jal Public School is part of a joint powers agreement with the Lea Regional Education Cooperation # 7 (REC). The REC administers the following programs listed below for the District. The financial statements for these funds have been prepared separately and are available at the REC.

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

The REC is responsible for their audit. The information is available at the Lea Regional Education Cooperation, 315 East Clinton, Hobbs, New Mexico 88240.

Jal Public School is a member of the Lea County Distance Education Consortium. Other members include all school districts in Lea County, Eastern New Mexico University and New Mexico Junior College. The purpose of the Consortium is to purchase and maintain a two-way interactive television network to provide educational services between each of the members. The District contributed \$15,875 this fiscal year.

This agreement shall continue as mutually agreeable by all parties.

The New Mexico Junior College is responsible for their audit. The information is available at the New Mexico Junior College, 5317 N Lovington Hwy, Hobbs, New Mexico 88240.

L. Subsequent Events

Subsequent events were evaluated through November 2, 2015 which is the date the financial statements were available to be issued.

M. Budget Violations

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

The following funds had budget violations as of June 30, 2015.

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<u>Major Fund</u>				
Bond Buildings-Capital Outlay	\$ 0	\$ 0	\$ 15,026	\$ (15,026)
<u>Nonmajor Fund</u>				
Athletics-Instruction	\$ 29,729	\$ 29,729	\$ 40,950	\$ (11,221)

N. Restatement

Net Position was restated \$(5,836,234) for the pension liability.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
 CAPITAL PROJECTS FUND-BOND BUILDING-31100
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Premium	\$ 0	\$ 0	\$ 62,000	\$ 62,000
Total Revenues	<u>0</u>	<u>0</u>	<u>62,000</u>	<u>62,000</u>
Expenditures				
Capital Outlay				
Professional & Tech Services	0	0	15,026	(15,026)
Total Capital Outlay	<u>0</u>	<u>0</u>	<u>15,026</u>	<u>(15,026)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>15,026</u>	<u>(15,026)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>46,974</u>	<u>46,974</u>
Other Financing Sources (Uses)				
Bond Proceeds	0	0	9,500,000	9,500,000
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>9,500,000</u>	<u>9,500,000</u>
Net Change in Fund Balance	0	0	9,546,974	9,546,974
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,546,974</u>	<u>\$ 9,546,974</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 9,546,974	
Net Change in Fund Balance			<u>\$ 9,546,974</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
 CAPITAL PROJECTS FUND-SENATE BILL NINE-31700
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Property Taxes	\$ 1,027,269	\$ 1,039,340	\$ 1,864,221	\$ 824,881
Investment Income	0	0	1,375	1,375
State Grant	0	0	11,362	11,362
Other	0	0	3,094	3,094
Total Revenues	<u>1,027,269</u>	<u>1,039,340</u>	<u>1,880,052</u>	<u>840,712</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	<u>3,000</u>	<u>3,000</u>	<u>1,661</u>	<u>1,339</u>
Total General Administration	<u>3,000</u>	<u>3,000</u>	<u>1,661</u>	<u>1,339</u>
Total Support Services	<u>3,000</u>	<u>3,000</u>	<u>1,661</u>	<u>1,339</u>
Capital Outlay				
Maintenance & Repairs	276,104	1,472,854	417,362	1,055,492
Construction Services	0	0	305,679	(305,679)
Supplies	150,515	181,657	168,716	12,941
Software	0	0	36,490	(36,490)
Building Purchase	0	0	205,996	(205,996)
Fixed Assets	597,650	1,784,833	319,138	1,465,695
Supply Assets	0	0	40,273	(40,273)
Total Capital Outlay	<u>1,024,269</u>	<u>3,439,344</u>	<u>1,493,654</u>	<u>1,945,690</u>
Total Expenditures	<u>1,027,269</u>	<u>3,442,344</u>	<u>1,495,315</u>	<u>1,947,029</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(2,403,004)	384,737	2,787,741
Cash Balance Beginning of Year	<u>2,390,933</u>	<u>2,390,933</u>	<u>2,390,933</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,390,933</u>	<u>\$ (12,071)</u>	<u>\$ 2,775,670</u>	<u>\$ 2,787,741</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 384,737	
Net Change in Taxes Receivable			100,213	
Net Change in Due from Grantor			12,071	
Net Change in Accounts Payable			(109,521)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 387,500</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

Nonmajor Special Revenue Funds

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

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

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

IDEA B Risk Pool (24120). To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

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

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

Rural Education Achievement Program (REAP) (25233). To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

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

2010 GO Library Books (27106). To account for revenues and expenditures from a state grant to provide for public school libraries. Funding provided by a bond issue at the state level. The fund was created by the authority of state grant provisions.

2012 GO Library Books (27107). To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

Nonmajor Special Revenue Funds

NM STEM Teacher Initiative (27181). To account for a state grant used to equipment a science classroom. The fund was created by the authority of state grant provisions.

Next Generation Assessments (27185). To account for a state grant used to purchase computer equipment for the science classroom. The fund was created by the authority of state grant provisions.

Nonmajor Debt Service Fund

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2015

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
Assets			
Cash and Cash Equivalents	\$ 59,191	\$ 1,154	\$ 0
Receivables			
Due From Grantor	0	0	5,490
Inventory	5,902	0	0
Total Assets	<u>\$ 65,093</u>	<u>\$ 1,154</u>	<u>\$ 5,490</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	5,490
Total Liabilities	<u>0</u>	<u>0</u>	<u>5,490</u>
Fund Balance			
Nonspendable-Inventory	5,902	0	0
Restricted for:			
Special Revenue Funds	59,191	1,154	0
Debt Service	0	0	0
Total Fund Balance	<u>65,093</u>	<u>1,154</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 65,093</u>	<u>\$ 1,154</u>	<u>\$ 5,490</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2015

	Special Revenue		
	IDEA B Risk Pool 24120	Improving Teacher Quality 24154	Medicaid 25153
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	91	4,312	0
Inventory	0	0	0
Total Assets	<u>\$ 91</u>	<u>\$ 4,312</u>	<u>\$ 0</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	91	4,312	0
Total Liabilities	<u>91</u>	<u>4,312</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 91</u>	<u>\$ 4,312</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2015

	Special Revenue		
	REAP 25233	Duel Credits Instructional Materials 27103	2010 GO Student Library 27106
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2015

	Special Revenue		
	2012 GO Student Library 27107	NM STEM Teacher Initiative 27181	Next Generation Assessments 27185
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2015

	Debt Service 41000	Total
Assets		
Cash and Cash Equivalents	\$ 95,083	\$ 155,428
Receivables		
Due From Grantor	0	9,893
Inventory	0	5,902
Total Assets	<u>\$ 95,083</u>	<u>\$ 171,223</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ 0	\$ 0
Interfund Balance	0	9,893
Total Liabilities	<u>0</u>	<u>9,893</u>
Fund Balance		
Nonspendable-Inventory	0	5,902
Restricted for:		
Special Revenue Funds	0	60,345
Debt Service	95,083	95,083
Total Fund Balance	<u>95,083</u>	<u>161,330</u>
Total Liabilities and Fund Balance	<u>\$ 95,083</u>	<u>\$ 171,223</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
Revenues			
Fees	23,364	25,024	\$ 0
State and Local Grants	0	0	0
Federal Grants	123,202	0	14,013
Miscellaneous	0	0	0
Total Revenues	<u>146,566</u>	<u>25,024</u>	<u>14,013</u>
Expenditures			
Current			
Instruction	0	39,671	0
Support Services			
Students	0	0	5,844
General Administration	0	0	8,169
Food Service	146,779	0	0
Total Expenditures	<u>146,779</u>	<u>39,671</u>	<u>14,013</u>
Excess (Deficiency) of Revenues Over Expenditures	(213)	(14,647)	0
Fund Balances at Beginning of Year	<u>65,306</u>	<u>15,801</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 65,093</u>	<u>\$ 1,154</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue		
	IDEA B Risk Pool 24120	Improving Teacher Quality 24154	Medicaid 25153
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State and Local Grants	0	0	0
Federal Grants	91	5,543	0
Miscellaneous	0	0	0
Total Revenues	<u>91</u>	<u>5,543</u>	<u>0</u>
Expenditures			
Current			
Instruction	91	491	0
Support Services			
Students	0	5,052	0
General Administration	0	0	0
Food Service	0	0	0
Total Expenditures	<u>91</u>	<u>5,543</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue		
	REAP 25233	Duel Credits Instructional Materials 27103	2010 GO Student Library 27106
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State and Local Grants	0	1,858	0
Federal Grants	14,820	0	0
Miscellaneous	0	0	0
Total Revenues	<u>14,820</u>	<u>1,858</u>	<u>0</u>
Expenditures			
Current			
Instruction	14,820	1,858	0
Support Services			
Students	0	0	0
General Administration	0	0	0
Food Service	0	0	0
Total Expenditures	<u>14,820</u>	<u>1,858</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue		
	2012 GO Student Library 27107	NM STEM Teacher Initiative 27181	Next Generation Assessments 27185
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State and Local Grants	0	0	0
Federal Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures			
Current			
Instruction	0	0	0
Support Services			
Students	0	0	0
General Administration	0	0	0
Food Service	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2015

	Debt Service 41000	Total
Revenues		
Fees	\$ 0	\$ 48,388
State and Local Grants	0	1,858
Federal Grants	0	157,669
Miscellaneous	95,083	95,083
Total Revenues	<u>95,083</u>	<u>302,998</u>
Expenditures		
Current		
Instruction	0	56,931
Support Services		
Students	0	10,896
General Administration	0	8,169
Food Service	0	146,779
Total Expenditures	<u>0</u>	<u>222,775</u>
Excess (Deficiency) of Revenues Over Expenditures	95,083	80,223
Fund Balances at Beginning of Year	<u>0</u>	<u>81,107</u>
Fund Balance End of Year	<u>\$ 95,083</u>	<u>\$ 161,330</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
SPECIAL REVENUE FUND-FOOD SERVICE-21000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees	\$ 0	\$ 0	\$ 23,364	\$ 23,364
Federal Grant	163,332	163,332	123,202	(40,130)
Total Revenues	<u>163,332</u>	<u>163,332</u>	<u>146,566</u>	<u>(16,766)</u>
Expenditures				
Food Service				
Personnel Services	44,950	50,755	49,509	1,246
Employee Benefits	4,107	3,569	3,276	293
Professional & Tech Services	500	400	301	99
Other Purchased Services	1,700	1,465	1,459	6
Supplies	143,397	138,465	91,290	47,175
Total Food Service	<u>194,654</u>	<u>194,654</u>	<u>145,835</u>	<u>48,819</u>
Total Expenditures	<u>194,654</u>	<u>194,654</u>	<u>145,835</u>	<u>48,819</u>
Excess (Deficiency) of Revenues Over Expenditures	(31,322)	(31,322)	731	32,053
Cash Balance Beginning of Year	<u>58,460</u>	<u>58,460</u>	<u>58,460</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 27,138</u>	<u>\$ 27,138</u>	<u>\$ 59,191</u>	<u>\$ 32,053</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 731	
Net Change in Inventory			(978)	
Net Change in Accounts Payable			34	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (213)</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
SPECIAL REVENUE FUND-ATHLETICS-22000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees	\$ 14,760	\$ 14,760	\$ 25,024	\$ 10,264
Total Revenues	<u>14,760</u>	<u>14,760</u>	<u>25,024</u>	<u>10,264</u>
Expenditures				
Instruction				
Personnel Services	0	50	6,161	(6,111)
Employee Benefits	0	12	1,349	(1,337)
Professional & Tech Services	2,500	2,350	1,900	450
Other Purchased Services	24,782	17,369	19,706	(2,337)
Supplies	2,447	8,948	10,912	(1,964)
Supply Assets	0	1,000	922	78
Total Instruction	<u>29,729</u>	<u>29,729</u>	<u>40,950</u>	<u>(11,221)</u>
Total Expenditures	<u>29,729</u>	<u>29,729</u>	<u>40,950</u>	<u>(11,221)</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,969)	(14,969)	(15,926)	(957)
Cash Balance Beginning of Year	<u>17,080</u>	<u>17,080</u>	<u>17,080</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,111</u>	<u>\$ 2,111</u>	<u>\$ 1,154</u>	<u>\$ (957)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (15,926)	
Net Change in Accounts Payable			<u>1,279</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (14,647)</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
SPECIAL REVENUE FUND-IDEA PRESCHOOL-24109
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 11,835	\$ 17,068	\$ 9,447	\$ (7,621)
Total Revenues	<u>11,835</u>	<u>17,068</u>	<u>9,447</u>	<u>(7,621)</u>
Expenditures				
Support Services				
Students				
Other Purchased Services	0	4,000	5,845	(1,845)
Total Students	<u>0</u>	<u>4,000</u>	<u>5,845</u>	<u>(1,845)</u>
General Administration				
Personnel Services	6,275	6,507	6,506	1
Employee Benefits	1,795	1,563	1,522	41
Other Purchased Services	2,841	4,074	140	3,934
Total General Administration	<u>10,911</u>	<u>12,144</u>	<u>8,168</u>	<u>3,976</u>
Total Support Services	<u>10,911</u>	<u>16,144</u>	<u>14,013</u>	<u>2,131</u>
Total Expenditures	<u>10,911</u>	<u>16,144</u>	<u>14,013</u>	<u>2,131</u>
Excess (Deficiency) of Revenues Over Expenditures	924	924	(4,566)	(5,490)
Cash Balance Beginning of Year	<u>(924)</u>	<u>(924)</u>	<u>(924)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (5,490)</u>	<u>\$ (5,490)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,566)	
Net Change in Due from Grantor			<u>4,566</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
SPECIAL REVENUE FUND-IDEA B RISK POOL-24120
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 693	\$ 784	\$ 693	\$ (91)
Total Revenues	<u>693</u>	<u>784</u>	<u>693</u>	<u>(91)</u>
Expenditures				
Instruction				
Other Purchased Services	<u>0</u>	<u>91</u>	<u>91</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>91</u>	<u>91</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>91</u>	<u>91</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	693	693	602	(91)
Cash Balance Beginning of Year	<u>(693)</u>	<u>(693)</u>	<u>(693)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (91)</u>	<u>\$ (91)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 602	
Net Change in Due From Grantor			<u>(602)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
SPECIAL REVENUE FUND-IMPROVING TEACHER QUALITY-24154
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 12,148	\$ 74,964	\$ 2,415	\$ (72,549)
Total Revenues	<u>12,148</u>	<u>74,964</u>	<u>2,415</u>	<u>(72,549)</u>
Expenditures				
Instruction				
Personnel Services	2,700	25,367	400	24,967
Employee Benefits	<u>658</u>	<u>1,071</u>	<u>91</u>	<u>980</u>
Total Instruction	<u>3,358</u>	<u>26,438</u>	<u>491</u>	<u>25,947</u>
Support Services				
Students				
Other Purchased Services	<u>7,606</u>	<u>47,342</u>	<u>5,052</u>	<u>42,290</u>
Total Students	<u>7,606</u>	<u>47,342</u>	<u>5,052</u>	<u>42,290</u>
Total Support Services	<u>7,606</u>	<u>47,342</u>	<u>5,052</u>	<u>42,290</u>
Total Expenditures	<u>10,964</u>	<u>73,780</u>	<u>5,543</u>	<u>68,237</u>
Excess (Deficiency) of Revenues Over Expenditures	1,184	1,184	(3,128)	(4,312)
Cash Balance Beginning of Year	<u>(1,184)</u>	<u>(1,184)</u>	<u>(1,184)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,312)</u>	<u>\$ (4,312)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (3,128)	
Net Change in Due From Grantor			<u>3,128</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
SPECIAL REVENUE FUND-MEDICAID-25153
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees	\$ 11,788	\$ 11,788	\$ 11,788	\$ 0
Total Revenues	<u>11,788</u>	<u>11,788</u>	<u>11,788</u>	<u>0</u>
Expenditures				
Support Services				
Students				
Personnel Services	0	0	0	0
Employee Benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	11,788	11,788	11,788	0
Cash Balance Beginning of Year	<u>(11,788)</u>	<u>(11,788)</u>	<u>(11,788)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 11,788	
Net Change in Due from Grantor			<u>(11,788)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO

JAL PUBLIC SCHOOLS

SPECIAL REVENUE FUND-RURAL EDUCATION ACHIEVEMENT PROGRAM-25233

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 15,805	\$ 14,820	\$ (985)
Total Revenues	<u>0</u>	<u>15,805</u>	<u>14,820</u>	<u>(985)</u>
Expenditures				
Instruction				
Personnel Services	0	11,636	11,486	150
Employee Benefits	0	3,652	3,334	318
Other Purchased Services	<u>0</u>	<u>517</u>	<u>0</u>	<u>517</u>
Total Instruction	<u>0</u>	<u>15,805</u>	<u>14,820</u>	<u>985</u>
Total Expenditures	<u>0</u>	<u>15,805</u>	<u>14,820</u>	<u>985</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
SPECIAL REVENUE FUND-DUEL CREDIT INSTRUCTIONAL MATERIALS-27103
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 2,906	\$ 5,497	\$ 4,764	\$ (733)
Total Revenues	<u>2,906</u>	<u>5,497</u>	<u>4,764</u>	<u>(733)</u>
Expenditures				
Instruction				
Supplies	0	2,591	1,858	733
Total Instruction	<u>0</u>	<u>2,591</u>	<u>1,858</u>	<u>733</u>
Total Expenditures	<u>0</u>	<u>2,591</u>	<u>1,858</u>	<u>733</u>
Excess (Deficiency) of Revenues Over Expenditures	2,906	2,906	2,906	0
Cash Balance Beginning of Year	<u>(2,906)</u>	<u>(2,906)</u>	<u>(2,906)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,906	
Net Change in Due from Grantor			<u>(2,906)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
SPECIAL REVENUE FUND-2010 GO LIBRARY BOOKS-27106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grants	\$ 2,286	\$ 2,286	\$ 2,286	\$ 0
Total Revenues	<u>2,286</u>	<u>2,286</u>	<u>2,286</u>	<u>0</u>
Expenditures				
Support Services				
Instruction				
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	2,286	2,286	2,286	0
Cash Balance Beginning of Year	<u>(2,286)</u>	<u>(2,286)</u>	<u>(2,286)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,286	
Net Change in Due From Grantor			<u>(2,286)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
SPECIAL REVENUE FUND-2012 GO LIBRARY BOOKS-27107
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grants	\$ 9,454	\$ 9,454	\$ 2,908	\$ (6,546)
Total Revenues	<u>9,454</u>	<u>9,454</u>	<u>2,908</u>	<u>(6,546)</u>
Expenditures				
Support Services				
Instruction				
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	9,454	9,454	2,908	(6,546)
Cash Balance Beginning of Year	<u>(2,908)</u>	<u>(2,908)</u>	<u>(2,908)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 6,546</u>	<u>\$ 6,546</u>	<u>\$ 0</u>	<u>\$ (6,546)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,908	
Net Change in Due From Grantor			<u>(2,908)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
SPECIAL REVENUE FUND-NM STEM TEACHER INITIATIVE-27181
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 14,992	\$ 14,992	\$ 14,992	\$ 0
Total Revenues	<u>14,992</u>	<u>14,992</u>	<u>14,992</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	0	0	0	0
Employee Benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	14,992	14,992	14,992	0
Cash Balance Beginning of Year	<u>(14,992)</u>	<u>(14,992)</u>	<u>(14,992)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 14,992	
Net Change in Due From Grantor			<u>(14,992)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
SPECIAL REVENUE FUND-NEXT GENERATION ASSESSMENT-27185
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grants	\$ 3,336	\$ 3,336	\$ 3,336	\$ 0
Total Revenues	<u>3,336</u>	<u>3,336</u>	<u>3,336</u>	<u>0</u>
Expenditures				
Support Services				
Instruction				
Supply Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	3,336	3,336	3,336	0
Cash Balance Beginning of Year	<u>(3,336)</u>	<u>(3,336)</u>	<u>(3,336)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,336	
Net Change in Due From Grantor			<u>(3,336)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO

JAL PUBLIC SCHOOLS

DEBT SERVICE-41000

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

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Other	\$ 0	\$ 0	\$ 95,083	\$ 95,083
Total Revenues	<u>0</u>	<u>0</u>	<u>95,083</u>	<u>95,083</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total General Administration	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Debt Service				
Principal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	95,083	95,083
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 95,083</u>	<u>\$ 95,083</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 95,083</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 95,083</u>	

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

REQUIRED SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
 Schedules of Required Supplementary Information for the Pension Plan

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

Last 10 Fiscal Years*

	<u>2015</u>
District's proportion of the net pension liability	0.09472%
District's proportionate share of the net pension liability	\$ 5,404,459
District's covered-employee payroll	\$ 2,476,004
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	218.27%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

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

Schedule of District's Contributions

Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contribution	\$ 344,165
Contributions in relation to the contractually required contribution	\$ 344,165
Contribution deficiency (excess)	0
District's covered-employee payroll	\$ 2,476,004
Contributions as a percentage of covered-employee payroll	13.18%

* These schedules are 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.

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

STATE OF NEW MEXICO

JAL PUBLIC SCHOOLS

Notes to Required Supplementary Information for the Pension Plan

For the Year Ended June 30, 2015

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.

OTHER SUPPLEMENTAL INFORMATION

FIDUCIARY FUND

Activity Trust Fund

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
 AGENCY FUNDS
 Statement of Fiduciary Assets and Liabilities-Agency Funds
 June 30, 2015

	Beginning Balance 6/30/14	Additions	Deductions	Ending Balance 6/30/15
ASSETS				
Activity Trust Fund	\$ 171,011	\$ 160,467	\$ 153,573	\$ 177,905
Total Assets	<u>\$ 171,011</u>	<u>\$ 160,467</u>	<u>\$ 153,573</u>	<u>\$ 177,905</u>
LIABILITIES				
Due to Student Groups	\$ 171,011	\$ 160,467	\$ 153,573	\$ 177,905
Total Liabilities	<u>\$ 171,011</u>	<u>\$ 160,467</u>	<u>\$ 153,573</u>	<u>\$ 177,905</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
 AGENCY FUNDS - ACTIVITY
 Schedule of Fiduciary Assets and Liabilities-Agency Funds
 June 30, 2015

	Balance 6/30/14	Additions	Deductions	Balance 6/30/15
Assets				
Elementary				
Educational Enhancement	\$ 18,892	\$ 18,181	\$ 15,236	\$ 21,837
Annuals	0	160	0	160
Administration	0	1,789	0	1,789
Total Elementary	<u>18,892</u>	<u>20,130</u>	<u>15,236</u>	<u>23,786</u>
Junior and Senior High School				
Annual	1,192	1,020	1,924	288
Athletic Concessions	0	1,601	1,601	0
Character Counts	233	0	233	0
Cheerleaders	2,277	12,130	10,909	3,498
Concession Supplies	0	8,781	8,781	0
Educational Enhancement	5,700	8,920	12,079	2,541
Football Clearing Account	0	1,000	1,000	0
Gas Capital Relays	555	1,835	1,851	539
Junior Class	2,319	11,483	12,202	1,600
National Honor Society	621	1,419	1,729	311
Pool	18,454	15,000	21,109	12,345
Senior Bash	0	22,832	22,832	0
Senior Class	33	2,554	2,554	33
Shop	923	0	0	923
Sports Booster	2,541	13,269	13,119	2,691
Sports Misc.	1,312	21,758	19,815	3,255
Student Council	1,333	1,062	1,448	947
Technology Fund	903	2,148	3,051	0
Culinary	0	152	0	152
Jr. High Athletics	0	1,033	0	1,033
Jr. Student Council	0	0	0	0
Total Jr. & Sr. High	<u>38,396</u>	<u>127,997</u>	<u>136,237</u>	<u>30,156</u>
Administrative				
Administrative Activity	(12,184)	12,184	0	0
Total Administrative	<u>(12,184)</u>	<u>12,184</u>	<u>0</u>	<u>0</u>
Scholarships				
Woolworth Scholarship	13,743	15	0	13,758
Short Scholarship	28,348	43	1,000	27,391
Owen Scholarship	2,215	3	500	1,718
New Mexico Junior College	81,601	95	600	81,096
Total Scholarships	<u>125,907</u>	<u>156</u>	<u>2,100</u>	<u>123,963</u>
Total Assets	<u>\$ 171,011</u>	<u>\$ 160,467</u>	<u>\$ 153,573</u>	<u>\$ 177,905</u>
Liabilities				
Deposits Held for Others	\$ 171,011	\$ 160,467	\$ 153,573	\$ 177,905
Total Liabilities	<u>\$ 171,011</u>	<u>\$ 160,467</u>	<u>\$ 153,573</u>	<u>\$ 177,905</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
Cash Reconciliations - All Funds
June 30, 2015

		Beginning Cash Balance 6/30/14	Revenue	Expenditures	Ending Cash Balance 6/30/15
Operational	11000	\$ 456,935	\$ 4,198,572	\$ 4,064,710	\$ 590,796
Teacherage	12000	0	2,500	0.00	2,500
Transportation	13000	14,068	182,611	159,413	37,267
Instructional Materials	14000	13,144	32,656	7,178	38,622
Food Services	21000	58,460	146,566	145,835	59,191
Athletics	22000	17,080	25,024	40,950	1,154
Federal Flowthrough	24000	(64,257)	197,661	204,269	(70,866)
Federal Direct	25000	(11,788)	26,608	14,820	0
State Flowthrough	27000	(26,428)	28,286	49,371	(47,513)
Bond Building	31100	0	9,562,000	15,026	9,546,974
SB9	31700	2,390,933	1,880,052	1,495,315	2,775,670
Debt Service	41000	0	95,083	0	95,083
Agency Funds		171,011	160,467	153,573	177,905
Total		<u>\$ 3,019,156</u>	<u>\$ 16,538,085</u>	<u>\$ 6,350,459</u>	<u>\$ 13,206,782</u>

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

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
Vendor Schedule
June 30, 2015

There were no vendors that met the reporting criteria for this entity for the Fiscal year ending June 30, 2015.

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

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

Independent Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Jal Public Schools

Mr. Keller and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Jal Public Schools (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated November 2, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 2013-001, 2013-002, 2013-006, 2013-008, 2015-002, 2015-003, 2015-004

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses; 2013-001, 2013-002, 2013-006, 2013-008, 2015-001, 2015-002, 2015-003, 2015-004

District's Responses to Findings

The District's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Responses. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

 De'Ann Willoughby, CPA PC

Clovis, New Mexico

November 2, 2015

STATE OF NEW MEXICO
JAL PUBLIC SCHOOLS
 Schedule of Findings and Responses
 For the Year Ended June 30, 2015

Prior Year Audit Findings	<u>Status</u>
2013-001 Bank Reconciliations	Repeated & Modified
2013-002 PED Cash Reports	Repeated
2013-003 Stale Dated Transactions	Resolved
2013-005 Section 218 Agreement	Resolved
2013-006 Payroll	Repeated & Modified
2013-007 NMPSIA	Resolved
2013-008 Cash Appropriations in Excess of Available Cash Balances	Repeated & Modified
2013-2010 Credit Card	Resolved
2013-013 Bank Deposits	Resolved
2013-014 Receipts	Resolved
2013-015 Negative Activity Accounts	Resolved
2013-016 Internal Controls at Athletic Events	Resolved
2014-001 Activity Fund	Resolved
2014-002 Incorrect Coding of Expenditures	Resolved
2014-003 1099's	Resolved

Current Year Audit Findings

2013-001 Bank Reconciliations - Compliance and Internal Control-Significant Deficiency Condition

As of June 30, 2015 the Bank Reconciliations for all three accounts show variances. Variances were as follows: Operational Account (\$1,517,967.90), Payroll Clearing (\$35,675.22), and Activity (\$9,650,481.11). The Activity Account also had an outstanding Deposit of \$15,000.00 that cleared 6/10/15.

Management has not made progress in this area.

Criteria

NMAC 2.2.5.8 (4) Bank reconciliations are to be performed timely and agreed to the general ledger.

Cause

It was discovered during the audit that the software was not set up correctly tying the bank accounts to the correct general ledger accounts.

Effect

When bank statements are not reconciled to the general ledger there is an opportunity for misappropriation of cash assets and incorrect financial reporting. Management decisions may be skewed by the incorrect financials.

Recommendation

We recommend the District hire a consultant to reconcile the bank accounts to the general ledger and assist management until the process occurs correctly and timely.

Response

The management, being new to this process, has contacted other business managers about the variance problem. Management has also contacted Visions about the problem. It was suggested that management would do one of two options: 1) consult with a business manager in New Mexico who is familiar with Visions and with the school finance operations in the state of New Mexico; or 2) consult with Visions support about research into resolving the variance issue.

These options were discussed with the auditor during her visit on August 20, 2015. The auditor suggested realigning the software and our bank accounts by eliminating the payroll bank and account and changing the object codes that were possibly causing the problems with the variance. Those recommendations were followed.

Management attempted to hire a consultant in September, 2015. The first consultant contacted would not accept the task. The second consultant that was recommended would not take the task because she had retired from her consulting business. That person in turn recommended a third consultant. He was contacted and agreed to help. After a couple of weeks with no response, we learned that he also would not accept the task. When we heard of his refusal, management was attending the NMASBO boot camp and the retire consultant has agreed to look into the situation and see if she could help solve the problem with the variance. She is at this time reviewing documentation that management has sent her at her request. She has also been given access to our software system so she can research the problem as thoroughly as possible. We are currently in the midst of this task.

We have "explored our options": 1) sought the help of consultants, 2) followed the recommendations of our auditor, 3) working with a retired consultant who is trying to help us solve the matter.

The Business Manager is responsible for bank reconciliations and expects this finding to be resolved by the end of the fiscal year.

2013-002 PED Cash Reports -Compliance and Internal Control-Significant Deficiency

Condition

The audited cash balances did not agree to the cash balances on the final cash report submitted to PED. The audited balance difference was \$229,830.22 more than reported to PED.

Management has not made progress in this area

Criteria

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

Cause

The failure of the bank reconciliation process prevents the amounts from agreeing.

Effect

The District is not in compliance with NMAC 6.20.2.11 (b) (6) and Regulation SBE-6. Noncompliance may result in impaired decision making by the District's governing board.

Recommendation

The PED cash reports must agree with a reconciled general ledger.

Response

Solving bank reconciliation problem should resolve this finding as well. The business manager hopes to have this issue resolved before the fiscal year end.

2013-006 Payroll-Compliance and Internal Control-Significant Deficiency

Condition

(A)-The 941 Social Security and Medicare wages did not agree with each other and should have. The District has under reported Social Security wages by \$116,972.51 and under paid social security tax by \$7,252.30.

(B)-One W-4 could not be located, one I-9 could not be located, and twelve I-9's were incomplete from a sample size of fifteen.

(C)-We could not determine if four of fifteen employees were pay correctly and if overtime for non-exempt employees was paid, due to the following circumstances:

(a)-The District does not assign an hourly rate. They agree to a salary divided by number of days and hours contracted.

(b)-The employees hand write their in and out times on their own timecards. There are no supervisors signing off on them. The times written are always exactly the same.

(c)-An employee's contract was for \$43,622.00 including a special increment of \$2,852.00 totaling \$46,474.00. The amount paid was \$49,326. The increment was paid twice.

(d)-An employee was hired as a bus driver and then was added additional duties of a custodian. No contract could be found for the additional duties. The employee was underpaid by five hours. The employee caught the underpayment and the District added it to the next pay check.

(e)-Employees contract factors were Level 2 with 38 additional hours and 19 years of experience. The contract was \$0.00 contract amount with a special increment of \$70.00.

Management has not made progress in this area

Criteria

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

Cause

There is a lack of training, supervision and review in the payroll process.

Effect

The District is subject to penalties from the Internal Revenue Service for underpaying payroll taxes. Employees may not be paid what they should have be paid. It is unclear if employees were over or under paid. Penalties can include \$250 to \$3,000 for improper completion of the I-9 form. Improper completion, retention or making it available for inspection fines range from \$100 to \$1,100 for each I-9. Knowingly hiring or continuing to employ unauthorized workers fines range from \$250 up to \$11,000 per violation.

Recommendation

Training and supervision is necessary to avoid all of the above issues.

Response

We will attend training and have a secondary review of all payroll reports, software settings and general ledger reports. The payroll clerk hopes to have this issue resolved before the fiscal year end.

The Business Manager is responsible and expects this finding to be resolved by the end of the fiscal year.

2013-008 Cash Appropriations in Excess of Available Cash Balances-Compliance and Internal Control-Significant Deficiency

Condition

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

Instructional Materials	14000	\$	(8,110)
SB-9	31700		(12,701)

Management has not made progress in this area

Criteria

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

Cause

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

Effect

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

Recommendation

BARS should be issued shortly after audited cash balances are confirmed if estimated cash balances are more and cash was used to balance the budget.

Response

The District will correct cash balances as directed to ensure accuracy and build reports to compare budget to cash balance for administration and the board of directors to increase control on expenditures to prevent deficits. The business manager hopes to have this issue resolved before the fiscal year end.

The Business Manager is responsible and expects this finding to be resolved by the end of the fiscal year.

2015-001 Expenditures-Compliance-Significant Deficiency

Condition

Out of 172 samples we noted the following:

- 1 had no invoice or documentation attached for \$100.00
- 4 had after fact PO's totaling 1,892.33
- 1 had an expired PO totaling 5,726.26

A check for \$400.00 was issued to a individual for other contract services/maintenance services. However the documentation provided for payment was on a timesheet.

Criteria

In accordance with 6.20.2.17 Purchasing each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq, NMSA 1978.

Cause

Processes and procedures are in place but are not followed in all instances.

Effect

Without proper documentation and following the procurement act, there are not adequate controls over expenditures. Results could be over spending.

Recommendation

Staff meeting need to be held with training on the procurement process. The Superintendent needs to enforce the process and write up those who violate it. There should be consequences to violations.

Response

We will have staff meetings and stress the importance of following the procurement act.

2015-002 Budget Violation-Compliance and Internal Control-Significant Deficiency Condition

The District has maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the following funds:

	Amount
Bond Buildings-Capital Outlay	\$ <u>(15,206)</u>
Athletics-Instruction	(11,221)

Criteria

Sound financial management and state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978, require that budgets not be exceeded at the legal level of control. For school district's, the expenditure function is the legal level of control.

Cause

The District did not make the appropriate budgetary adjustments requests which would alleviate over-expenditure within the functions prior to the year end.

Effect

As a result, the District is in noncompliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over-expenditures.

Recommendation

The District must establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

Response

We will amend out budgets timely to avoid budget violations.

2015-003 Payroll Clearing-Compliance and Internal Control-Significant Deficiency Condition

Condition

Payroll clearing account not reconciling to zero or a consistent amount.

Criteria

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

Cause

Personnel are unable to reconcile the clearing bank account.

Effect

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

Recommendation

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

Response

We will combine the clearing accounts with the operating account.

2015-004 Certification of Inventory-Compliance and Internal Control-Significant Deficiency

Condition

The District did not certify the inventory for the fiscal year ended June 30, 2015.

Criteria

Section 12-6-10(A) NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors.

Effect

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

Cause

Management was not aware inventory had to be certified.

Recommendation

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

Response

We do conduct an annual inventory but have not certified it. We will certify the inventory in the future.

Financial Statement Preparation

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

Exit Conference

An exit conference was held on November 2, 2015 Brian Snider-Superintendent ,Jaime Earp-Board Member, Jenny Edwards-Board Member, Barbie Melancon-Audit Committee Member, Carolyn Swain-Audit Committee Member, Leticia Segovia-Business Manager, Ron Verschueren-administrative associate, and De'Aun Willoughby CPA.