



State of
New Mexico
Roswell
Independent
School District
No.4

Annual Financial Report
For the Year Ended June 30, 2017



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INTRODUCTORY SECTION

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Annual Financial Report
June 30, 2017
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STATE OF NEW MEXICO
Roswell Independent School District No. 4
Official Roster
June 30, 2017

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Mona Kirk		Board President
Ruben Sanchez		Board Vice President
Alan Gedde		Secretary
James Edwards		Board Member
Dr. Kathleen Pittman		Board Member

Administrative Officials

Susan Sanchez	Superintendent
Chad Cole	Asst. Superintendent for Finance and Operations
Mike Notz	Director of Business Services

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Roswell Independent School District No. 4
Roswell, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue fund of Roswell Independent School District No. 4 (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Roswell Independent School District No. 4, as of June 30, 2017, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General Fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13 through 21 and Schedules I and II and the Notes to Required Supplementary Information on pages 78 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Supporting Schedules III through VI required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards and Supporting Schedules III through VI required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards and Supporting Schedules III through VI required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2017, 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.

RPC CPAs + Consultants LLP

RPC CPAs + Consultants, LLP
Albuquerque, NM
November 10, 2017

ROSWELL INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017 UNAUDITED

Introduction

The discussion and analysis of the Roswell Independent School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- ❖ Total assets of governmental wide activities decreased \$839 thousand or 0.4% from 2016, primarily due to the impact of resulting decreases to cash and cash equivalents from an unfavorable revenue to expense ratio.
- ❖ Total liabilities of governmental fund activities increased approximately \$8 million or 4.7% primarily due to an increase in pension liability that is required for reporting due to GASB 68.
- ❖ The District had \$107.7 million in expenses related to governmental activities: \$30.4 million of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily State Equalization Guarantee, property taxes, investments and miscellaneous income) of \$77 million were insufficient to provide for these programs, based on two separate decreases made to the District's distribution of its State Direct--State Equalization Guarantee, thereby necessitating the expenditure of existing cash balance within the General Fund.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Roswell Independent School District as a financial whole, or as an entire operating entity.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in a single column. For Roswell Independent School District, the General Fund is the most significant fund.

ROSWELL INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017 UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this report contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the School District's net position and changes in the net position. This change in net position is important because it identifies whether the financial position of the School District has improved or diminished for the School District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports only governmental activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Title I Special Revenue Fund, Bond Building Capital Projects Fund, Public Schools Capital Projects Fund and the Debt Service Fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal yearend for spending in future periods. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

ROSWELL INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017 UNAUDITED

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The Statement of Activities (shown as Exhibit A-2), for governmental activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by revenues from state entitlements.

The dependence upon revenues from the State of New Mexico for governmental activities is apparent. Approximately 70.7 percent of expenses are supported through general state revenues.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$107.2 million and expenditures of \$109 million. The net change in fund balance for the year was a decrease of approximately \$1.9 million. This overall decrease to fund balance is attributed to the resulting impact of two separate budget decreases made to the District's total distribution of State Equalization Guarantee (SEG) funds during the third and fourth quarters of 2017. SEG budget decreases were based on legislation from the 2017 Special Legislative Session of New Mexico (Senate Bill 114) and the NMPED's statewide reduction to its SEG formula's final yearend unit value. Both decreases to this revenue source can be attributed to the failure of actual State revenue receipts to meet their projected revenue appropriation amounts, which serves as the basis for the bulk of initially budgeted General Revenue within the Governmental Activities of both the District and its Component Unit Charter School.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Mexico law and State Department of Education Regulations and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2017, the School District amended its budget as needed according to and in compliance with state regulations.

ROSWELL INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017 UNAUDITED

The following table examines the summary budget performance of the major and combined non-major funds for the fiscal year ending June 30, 2017. Detailed budget performance is examined through the expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual for each fund (in thousands of dollars).

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$ 80,609	\$ 74,386	\$ 6,223
Title I Special Revenue Fund	3,457	3,066	391
Bond Building Capital Projects Fund	8,205	2,335	5,870
Public Schools Capital Outlay Fund	8,000	4,377	3,623
Debt Service Fund	11,535	5,739	5,796

The difference between budget and actual expenditures was due to the timing of construction projects funded with bond funds and the Public School Finance Authority matching funds; and planned budgetary savings throughout the budget.

For the General Fund, final budgeted expenditures and other financing uses are greater than actual expenditures by \$6.2 million.

Actual revenues to the general fund were \$72.2 million and revenues from state sources constitute 98.1% of this total. Actual expenditures surpassed revenues by approximately \$2.2 million.

The primary decrease to General Fund revenue, over that of the prior year, was due to an overall decrease in State Direct—State Equalization Guarantee Distribution payments of approximately \$2.5 million within the current year. These District revenues were decreased based on the decrease of State General fund revenues, as adjusted for actual versus projected revenue receipts made available via the State's annual appropriations act legislation for public school operations throughout the State of New Mexico.

Total revenues received for Federal Title I funding sources were \$3.4 million, while these programs' total expenditures were \$3.1 million. The differences between the programs' budgeted and actual revenues and expenditures are the result of the timing of the final awarded budget increase to the fund of \$243 thousand. This budget increase was made available and authorized by the NMPED during the fourth quarter of the current fiscal year, on May 2, 2017. By contrast, the District's last day of school was May 26, 2017.

All of the cash balance in the Bond Building fund was budgeted, however, not all of the anticipated projects were completed as of June 30, 2017. The Parkview Early Literacy Center construction project is scheduled for substantial completion during August of 2017. Twenty-eight percent of the total cost to complete the district's school facilities construction projects (Design & Construction) is funded by local voter approved General Obligation Building Bond funds, while the remaining 72% of the total cost for these projects is matched and competitively awarded to the benefit of the District by the State's Public Schools Capital Outlay Council (PSCOC), as administered and procured by the Public Schools Facilities Authority (PSFA). The matching expenditures of the PSFA are contributed on behalf of the total cost of the District's participating and awarded PSCOC projects, and the actual matching expenditures of the PSFA are reported to the school district, at yearend, in order to book the associated cost value of these assets to the district's inventory.

The Debt Service fund also budgets its entire cash balance, although, much of its balance is restricted for subsequent year's bond payments, and the rapid and efficient amortization of debt.

ROSWELL INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017 UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2017, the District had \$224 million invested in capitalized assets with associated accumulated depreciation and amortization of \$76.2 million (see Note 6). The value of District owned land and buildings was adjusted to correspond to historical cost or to appraise value (if historical cost was not available).

A district wide capital improvement plan addressing Health and Safety, Facility Renewal, ADA Requirements, Code Compliance and Emergency Issues was embarked on in 2003 with the passage of a fifteen million dollar general obligation bond. This bond was the first in a planned cycle of new bond elections every four years to accomplish the plan goals with no increase in property taxes over the 2003 base year. The District was successful in passing the next planned bond in February of 2007 in the amount of \$16 million dollars. The district sold \$9.9 million of these bonds in 2007 with the majority to be used as matching funds to the state's Public Schools Capital Outlay Council (PSCOC) awards for renovation of Sierra and Berrendo Middle Schools and to address emergency heating and cooling concerns at several schools. The remaining \$6.1 million in bonds were sold in December, 2008. The District's bond rating was upgraded to an underlying A1 by Moody's prior to the December bond sales. The rating was further enhanced to Aa2 based on the 2007 New Mexico School District Enhancement Program. The District was able to move the next planned bond election up by two years because of growth in the tax base in Chaves County, without increasing taxes. The Series 2010 Bonds for \$8 million represents that last series of the \$23 million authorized and approved by voters on September 1, 2009. The District posed two questions. One was a continuation of the plan begun in 2003 for \$8 million and did not raise taxes. The second question did raise taxes slightly and was to specifically build new science labs at the high schools and upgrade the heating and cooling system at Roswell High School for \$7 million. Both questions received voter support. \$15 million in new bonds were sold in August, 2009, with another \$8 million sold in September of 2010. On August 30, 2011, voters approved the sale of an additional \$16 million dollars of new bonds for the continuation of construction and remodeling with \$9.5 million sold on October 11, 2011. The funds allowed for the completed construction of the new Missouri Ave. Elementary school, as well as the complete renovation of East Grand Plains, Monterrey and Pecos Elementary schools. In January of 2012 the District adopted a resolution authorizing the issuance of \$3,955,000 General Obligation Refunding Bonds, sold February 15, 2012, to provide funds for the purposes of refunding the District's Series 2003 GO Bonds' optional redemption aggregate outstanding amount of \$3,955,000, in full, thereby taking advantage of favorable market conditions for the purpose of reducing the coupon rate of interest by refunding, refinancing, discharging and paying the Refunded Bonds on their optional redemption date, resulting in an overall savings and reduction of District debt service payments. Additional bonds of \$6.5 million were sold on July 16, 2013, in order to continue to leverage state PSCOC approved project funding awards for the construction of a new El Capitan Elementary School facility, as well as the complete renovation of Berrendo, Military Heights and Valley View Elementary schools, all of which were completed as of June 30, 2016.

On February 3, 2015, the voters of Chaves County passed and authorized an additional \$16 million dollars of new General Obligation Building Bonds, in order to continue local improvements, renovations and construction to the district's aging school facilities, while continuing to leverage historically favorable market conditions, the district's Aa2 Underlying and NM Aa1 Enhanced bond rating and the State's Public Schools Facility Authority's (PSFA) standards based program, which awards additional State matching Capital Outlay funds (recently increased to match at 73% of the

ROSWELL INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017 UNAUDITED

RISD's approved construction project cost to adequacy standard), based on competitive project applications and its statewide school facility condition rankings. In March of 2015, the school district adopted a resolution authorizing the issuance of an additional \$8 million from its most recently authorized voter General Obligation Bonds (Series 2015A Bonds) for PSFA project participation on the new construction of its Parkview Early Literacy Center, and, in anticipation of proposed future renovations and construction to its Del Norte Elementary, Mesa Middle, and Nancy Lopez Elementary schools facilities, each ranked, at the time, within the top sixteen listed schools in need of facility improvements, according to the PSFA's published weighted New Mexico Condition Index (NMCI) ranking. These three projects were presented to the voters of Chaves County just prior to the passage of the voter approved question concerning the 2015 General Obligation Bond authorization for the continuation of facility improvement and renovation projects throughout the District. An additional, \$5.705 million of General Obligation Refunding Bonds (Series 2015B Bonds) were also adopted for issuance, sale and delivery, in order to provide funds for the purposes of refunding the district's 2007 and 2009 Series GO Bonds' optional redemptions, thereby reducing the coupon rate of interest by refunding, refinancing, discharging and paying through escrow the refunded bonds on their optional redemption dates, resulting in an overall savings and reduction of district debt service payments. As a result of the increase to the 2016 Assessed Value of property within Chaves County, and the timing and structure of planned and authorized bond issuance, the district's projected County Debt Service levy rate requirement reflected a slight decrease, for the succeeding fiscal year. In 2017, there was also noticeable decline in the number of ongoing district construction projects as the PSFA's budgets suffered from the effects of sharp declines to the price and production of area oil and natural gas related revenue sources. The school district did however, apply for and receive PSCOC/PSFA funding awards for contingent engineering and geo-code analysis, as well as for the design of a new Del Norte Elementary School facility. The District plans to complete the remaining \$8 million of its 2015 voter authorized General Obligation Bonds by issuing \$4 million in 2018, and another \$4 million in 2019, as PSFA revenues and matching construction resources continue to show signs of improvement for the benefit of planned District construction project resources.

Debt

At June 30, 2017, the District had outstanding bonds payable of \$41 million and was bonded within practical capacity to 68% of the legal limit of \$62.1 million (i.e., not greater than the constitutional debt limitation of 6% of the Assessed Value of property located within Chaves County).

Pension Liability

In 2012, and in an effort to improve financial reporting, decision-useful information, assessments of accountability, and additional transparency, the Governmental Accounting Standards Board (GASB) set new standards for the accounting, recording and the financial reporting of state and local government pension plans, by issuing GASB statements No. 67 & 68.

Effective for financial statements for fiscal years beginning after June 15, 2013, or in this case, June 30, 2015 (i.e., the measurement date), the resulting changes made by the combined issued GASB statements to New Mexico's school districts require the presentation and note disclosure of previously unrepresented information, schedules and actuarial estimates of the State of New Mexico's Education Retirement Board (NMERB) measured employer pension liability, pertaining to defined employee benefit pension plan information (e.g., Deferred outflows of resources, Deferred inflows of resources and Fiduciary net position), within the local unit's (i.e., the school district's) statements of fiduciary net position and statement of changes in fiduciary net position of its audited annual financial statements. Education Retirement Association (ERA) employers (i.e., NM School Districts, and their Component Unit Charter schools) were required to implement the new pension reporting within their audited

ROSWELL INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017 UNAUDITED

financial statements for fiscal year 2016, using the NMERB's provided schedule of employer allocation and pension amounts, by district, based on the NMERB administered cost sharing multi-employer plan, which recognizes the employer's proportionate share of associated cost and liability from shared benefit costs, assets and obligations of the 213 different NM educational employers affected by these changes.

The plan's Net Pension Liability (NPL) presents the Total Pension Liability (TPL), representing the gross actuarial present value of projected benefit payments attributed to past employee service, less: NMERB's Fiduciary Net Position, while the Fiduciary Net Position states the fair market value of pension plan assets, minus liabilities. Deferred outflows of resources state the assets associated with revenues that are not yet available, and Deferred inflows reflect the resources from non-exchange transactions, received prior to the timing required for eligibility criterion, and are amortized over a five year period. Pension expense amounts are recognized from changes in the current service cost, interest on beginning TPL, recognition of flows, administrative expenses, member contributions, projected earnings on investments, and the impact of changes made to the benefit terms of the plan.

The school district's total ERB pension liability was rolled forward based on the information provided from the effective plan year's measurement date (June 30, 2015). For the year ended June 30, 2017, the combined presented district and its component unit Net Pension Liability is \$122.8 million. Combined Deferred outflows relating to pensions are \$17.6 million, and the combined surplus Total Net Position, after assets, liabilities, deferred outflows and deferred inflows (\$1.6 million related to combined pensions), is \$33.5 million, thanks in large part to the longer term community support and facility improvement strategy resulting in increased district asset values for associated school construction and renovated facility improvements made throughout the school district, over more than the past ten years' time.

As cited by the NMERB's, at its August of 2015 presentation of "GASB 68 Implementation In Fiscal Year 2015", and according to the March 24, 2015 statements of the Standard & Poors investment rating agency:

"While there will be a range of new information reported under the GASB 67/68 and year-over-year comparisons may be challenging, we don't expect significant credit differentiation based solely on the new reporting."

Also, and as cited from Moody's Investors Service, Global Credit Research, New York, on June 30, 2014:

"Moody's will continue to adjust reported liabilities in their entirety using a high-grade corporate bond index tied to the actuarial valuation date."

"Important changes in GASB 67/68 that will not change Moody's pension adjustments include the disclosure of local governments' shares of a multi-employee cost-sharing plans, and the appearance of net pension liabilities on local government balance sheets."

ROSWELL INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017 UNAUDITED

Economic Factors and Next Year's Budget

The Roswell Independent School District is located in Chaves County. Chaves County continues to build upon and maintain a balanced economy, as observed by the increases to the Assessed Value of real property located within Chaves County during 2016 and 2017. Unemployment in the area has increased slightly over the past year, but remains relatively stable. Existing residential and commercial real estate continues to turnover, and new and diverse retail, aviation and health care services businesses continue to locate and expand within Roswell and the surrounding Chaves County area.

As Chaves County's population has continued to increase, the Roswell Independent School District's enrollment has continued to increase as well. Over the past ten years, the district's has experienced a ten percent increase to its student enrollment population, with an average of about one percent enrollment growth per year, over the course of that same ten year period. The District anticipates a continued longer term trend of sustained student enrollment growth over the next several years' time. The local economy's primary drivers continue to be affordable housing, excellent climate, intersecting four lane highways, world-class airport runway facilities, with current direct flights to and from Dallas, TX, and Phoenix, AZ, and an unsaturated secondary retail market centrally located within the Southeast corner of the state, all of which continues to attract retirees, tourists and new businesses.

The Roswell Independent School District receives approximately 97% of its annual operating fund revenue from State Equalization Guarantee (SEG) formula funding. The SEG formula and State declared unit values are applied to the School District's Operational funding source. The objectives of the formula are (1) to equalize educational opportunity statewide (by crediting certain local and federal support and then distributing state support in an objective manner) and (2) to retain local autonomy in actual use of funds by allowing funds to be used in local districts at the discretion of local policy making bodies. The basis for the formula is in the number of students enrolled. Weighting factors are assigned to students that receive special services, i.e., special education and bilingual education services as well as other factors based on the training and experience of the teaching staff and the district's at-risk population.

The Roswell Independent School District expended \$1.9 million of its unrestricted fund balance during the 2016-2017 fiscal year budget period. This amount was used to absorb state level decreases to the District's portion of its annual State Equalization Guarantee (SEG) formula revenue, in order to provide the necessary resources for its correspondingly structured recurring costs.

Contacting the School District's Financial Management

The financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

Chad A. Cole
Assistant Superintendent for Finance and Operations
Roswell Independent School District
300 N. Kentucky
Roswell, NM 88201

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ROSWELL INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017 UNAUDITED

Condensed Statement of Net Position (in thousands of dollars)

	June 30, 2017	June 30, 2016 (as reported)
	Governmental Activities	Governmental Activities
Current and other assets	\$ 35,240	\$ 43,162
Net capital assets	153,719	146,327
Total assets	188,960	189,489
Deferred Outflows related to pensions	17,465	11,075
Long-term debt outstanding	37,513	46,518
Pension liability	121,891	109,733
Other liabilities	12,014	6,994
Total liabilities	171,418	163,245
Total deferred inflows	1,549	3,022
Net position	\$ 33,458	\$ 34,297
Net invested in capital assets	\$ 111,506	\$ 108,918
Restricted	15,718	6,040
Unrestricted	(93,766)	(80,661)
Total net position	\$ 33,458	\$ 34,297

Changes in Net Position from Operating Results (in thousands of dollars)

Revenues:		
Program revenues		
Charges for services	\$ 645	\$ 677
Operating grants	23,165	21,636
Capital grants	6,572	3,623
General revenues		
Property taxes/Oil & Gas taxes	8,401	8,360
State aid	67,548	71,928
Other	540	381
Total revenue	106,871	106,605
Expenses:		
Instruction	60,140	56,602
Support services	24,652	32,730
Transportation	2,620	2,853
Food services	7,608	6,724
Debt Service	1,277	1,256
Facilities Acquisition & Construction	11,413	1,962
Total expenses	107,710	102,127
Change in net position	\$ (839)	\$ 4,478

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Statement of Net Position
June 30, 2017

	Primary Government Governmental Activities	Component Unit Charter School
Assets		
Current assets		
Cash and cash equivalents	\$ 29,076,508	\$ 360,652
Investments	2,625	-
Receivables:		
Property taxes	504,825	764
Due from other governments	4,780,761	-
Other	134,671	11
Inventory	382,578	-
Prepaid expense	358,439	-
	<u>35,240,407</u>	<u>361,427</u>
Total current assets		
Noncurrent assets		
Restricted assets:		
Cash and cash equivalents	6,050,937	-
Bond discounts, net of accumulated amortization of \$32,555	115,376	-
Capital assets	223,772,128	184,212
Less: accumulated depreciation	(76,218,956)	(123,061)
	<u>153,719,485</u>	<u>61,151</u>
Total noncurrent assets		
	<u>188,959,892</u>	<u>422,578</u>
<i>Total assets</i>		
	<u>188,959,892</u>	<u>422,578</u>
Deferred outflows of resources		
Net difference between projected and actual investment earnings		
on pension plan investments	7,275,880	52,536
Changes in proportion	270,485	37,478
Changes of assumption	2,481,213	17,916
Difference between expected and actual experience	528,809	3,818
Employer contributions subsequent to the measurement date	6,908,542	55,306
	<u>17,464,929</u>	<u>167,054</u>
<i>Total deferred outflows of resources</i>		
	<u>17,464,929</u>	<u>167,054</u>
<i>Total assets and deferred outflows of resources</i>		
	<u>\$ 206,424,821</u>	<u>\$ 589,632</u>

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

	Primary Government Governmental Activities	Component Unit Charter School
Liabilities		
Current liabilities		
Accounts payable	\$ 850,087	\$ 514
Accrued payroll	5,418,869	41,719
Unearned revenue	-	2,598
Accrued interest	592,588	-
Accrued compensated absences	455,860	-
Current portion of bonds payable	4,640,000	-
Total current liabilities	11,957,404	44,831
Noncurrent liabilities		
Accrued compensated absences	56,228	-
Bonds payable	36,310,000	-
Bond premium, net of accumulated amortization of \$611,644	1,203,324	-
Net pension liability	121,891,033	880,124
Total noncurrent liabilities	159,460,585	880,124
<i>Total liabilities</i>	<i>171,417,989</i>	<i>924,955</i>
Deferred inflows of resources		
Net gain on debt refunding	211,349	-
Changes in proportion	177,944	6,587
Difference between expected and actual experience	1,159,337	8,371
<i>Total deferred inflows of resources</i>	<i>1,548,630</i>	<i>14,958</i>
Net position		
Net investment in capital assets	111,506,460	61,151
Restricted for:		
Debt service	5,608,950	-
Capital projects	2,628,975	32,128
Special revenue	7,479,588	1,011
Unrestricted	(93,765,771)	(444,571)
<i>Total net position</i>	<i>33,458,202</i>	<i>(350,281)</i>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<i>\$ 206,424,821</i>	<i>\$ 589,632</i>

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Statement of Activities
For the Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental Activities:				
Instruction	\$ 60,140,111	\$ 198,650	\$ 9,042,381	\$ 4,108,086
Support services - students	11,759,743	38,844	1,768,139	803,291
Support services - instruction	1,605,292	5,302	241,364	109,655
Support services - general administration	2,084,993	6,887	313,490	142,423
Support services - school administration	5,766,390	19,047	867,007	393,894
Central services	3,425,671	11,315	515,068	234,003
Operation and maintenance of plant	11,413,406	37,700	1,716,066	779,634
Student transportation	2,620,070	-	2,272,787	-
Other support services	10,419	34	1,567	712
Food services operations	7,607,922	326,920	6,427,477	-
Interest and other charges	1,275,513	-	-	-
<i>Total governmental activities</i>	<u>107,709,530</u>	<u>644,699</u>	<u>23,165,346</u>	<u>6,571,698</u>
<i>Total primary government</i>	<u>\$ 107,709,530</u>	<u>\$ 644,699</u>	<u>\$ 23,165,346</u>	<u>\$ 6,571,698</u>
Component Unit:				
Sidney Gutierrez Charter School	<u>\$ 802,491</u>	<u>\$ -</u>	<u>\$ 46,136</u>	<u>\$ -</u>

General Revenues:

Taxes:

Property taxes, levied for operating programs

Property taxes, levied for debt services

Property taxes, levied for capital projects

Oil and gas taxes

State equalization guarantee

Investment income

Miscellaneous income

Total general revenues

Change in net position

Net position - beginning

Net position - ending

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

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Component Unit
\$ (46,790,994)	\$ -
(9,149,469)	-
(1,248,971)	-
(1,622,193)	-
(4,486,442)	-
(2,665,285)	-
(8,880,006)	-
(347,283)	-
(8,106)	-
(853,525)	-
(1,275,513)	-
(77,327,787)	-
(77,327,787)	-
	(756,355)
376,654	-
5,826,323	-
2,104,179	12,819
93,694	152
67,547,830	611,219
111,698	2,694
428,401	-
76,488,779	626,884
(839,008)	(129,471)
34,297,210	(220,810)
\$ 33,458,202	\$ (350,281)

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund 11000, 13000, 14000	Title I Special Revenue Fund 24101	Bond Building Capital Projects Fund 31100
<i>Assets</i>			
Cash and cash equivalents	\$ 5,528,079	\$ 1,437,742	\$ 5,991,236
Investments	1,067	-	85
Receivables:			
Property taxes	21,181	-	-
Due from other governments	-	1,106,231	1,210,541
Other	61,159	-	-
Inventory	196,136	-	-
Prepaid expense	108,305	188,306	-
Due from other funds	11,540,225	-	-
<i>Total assets</i>	<u>\$ 17,456,152</u>	<u>\$ 2,732,279</u>	<u>\$ 7,201,862</u>
<i>Liabilities</i>			
Accounts payable	\$ 295,284	\$ 1,560	\$ 226,615
Accrued payroll	4,651,166	194,046	-
Due to other funds	-	2,268,996	-
<i>Total liabilities</i>	<u>4,946,450</u>	<u>2,464,602</u>	<u>226,615</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue- property taxes	16,968	-	-
<i>Total deferred inflows of resources</i>	<u>16,968</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable			
Inventory	196,136	-	-
Prepaid expense	108,305	188,306	-
Spendable			
Restricted for:			
Transportation	362	-	-
Instructional materials	300,482	-	-
Food services	-	-	-
Extracurricular activities	-	-	-
Education	-	79,371	-
Capital acquisitions and improvements	-	-	6,975,247
Debt service	-	-	-
Committed for:			
Subsequent year's expenditures	5,322,501	-	-
Unassigned	6,564,948	-	-
<i>Total fund balances</i>	<u>12,492,734</u>	<u>267,677</u>	<u>6,975,247</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 17,456,152</u>	<u>\$ 2,732,279</u>	<u>\$ 7,201,862</u>

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

Public School Capital Outlay Capital Projects Fund 31200	Debt Service Fund 41000	Other Governmental Funds	Total
\$ 6,000,000	\$ 6,050,937	\$ 10,119,451	\$ 35,127,445
-	1,473	-	2,625
-	360,477	123,167	504,825
-	-	2,463,989	4,780,761
-	-	73,512	134,671
-	-	186,442	382,578
-	-	61,828	358,439
-	-	-	11,540,225
<u>\$ 6,000,000</u>	<u>\$ 6,412,887</u>	<u>\$ 13,028,389</u>	<u>\$ 52,831,569</u>
\$ -	\$ -	\$ 326,628	\$ 850,087
-	-	573,657	5,418,869
<u>6,000,000</u>	<u>-</u>	<u>3,271,229</u>	<u>11,540,225</u>
<u>6,000,000</u>	<u>-</u>	<u>4,171,514</u>	<u>17,809,181</u>
-	291,245	99,479	407,692
-	291,245	99,479	407,692
-	-	186,442	382,578
-	-	61,828	358,439
-	-	-	362
-	-	-	300,482
-	-	4,749,261	4,749,261
-	-	925,425	925,425
-	-	1,423,061	1,502,432
-	-	1,676,130	8,651,377
-	6,121,642	-	6,121,642
-	-	-	5,322,501
-	-	(264,751)	6,300,197
-	<u>6,121,642</u>	<u>8,757,396</u>	<u>34,614,696</u>
<u>\$ 6,000,000</u>	<u>\$ 6,412,887</u>	<u>\$ 13,028,389</u>	<u>\$ 52,831,569</u>

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

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STATE OF NEW MEXICO
 Roswell Independent School District No. 4
 Governmental Funds
 Reconciliation of the Balance Sheet to the Statement of Net Position
 June 30, 2017

Exhibit B-1
 Page 2 of 2

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

Fund balances - total governmental funds	\$ 34,614,696
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	147,553,172
Other noncurrent assets are not available to pay for current period expenditures and therefore, are deferred in the funds:	
Bond discounts	115,376
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	407,692
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in funds:	
Deferred outflows of resources related to net difference between projected and actual investments earnings on pension plan investments	7,275,880
Deferred outflows of resources related to changes in proportion	270,485
Deferred outflows of resources related to change in assumption	2,481,213
Deferred outflows of resources related to the difference between expected and actual experience	528,809
Deferred outflows of resources related to employer contributions subsequent to the measurement date	6,908,542
Deferred inflows of resources related to changes in proportion	(177,944)
Deferred inflows of resources related to the difference between expected and actual experience	(1,159,337)
Deferred gain on extinguishment of debt	(211,349)
Certain liabilities, including bonds payable, current and long-term portions of accrued compensated absences, and net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences not due and payable	(512,088)
Accrued interest payable	(592,588)
Bond premiums	(1,203,324)
Bonds payable	(40,950,000)
Net pension liability	<u>(121,891,033)</u>
<i>Total net position - governmental funds</i>	<u><u>\$ 33,458,202</u></u>

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund 11000, 13000, 14000	Title I Special Revenue Fund 24101	Bond Building Capital Projects Fund 31100
<i>Revenues</i>			
Property taxes	\$ 372,892	\$ -	\$ -
Oil and gas taxes	6,087	-	-
Intergovernmental revenues:			
Federal flowthrough	-	3,181,069	-
Federal direct	414,499	-	-
Local sources	6,209	-	1,446,262
State flowthrough	-	-	-
State direct	68,574,121	-	-
Transportation distribution	2,272,787	-	-
Charges for services	66,486	-	-
Investment income	60,246	-	18,287
Miscellaneous	428,401	-	-
<i>Total revenues</i>	<u>72,201,728</u>	<u>3,181,069</u>	<u>1,464,549</u>
<i>Expenditures</i>			
Current:			
Instruction	46,121,057	2,233,929	-
Support services - students	7,125,688	590,345	-
Support services - instruction	1,331,799	1,248	-
Support services - general administration	1,398,803	101,675	-
Support services - school administration	4,644,695	253,872	-
Central services	2,924,525	-	-
Operation and maintenance of plant	8,804,823	-	1,695,267
Student transportation	2,394,969	-	-
Other support services	9,369	-	-
Food services operations	-	-	-
Capital outlay	106,595	-	639,303
Debt service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>74,862,323</u>	<u>3,181,069</u>	<u>2,334,570</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,660,595)</u>	<u>-</u>	<u>(870,021)</u>
<i>Other financing sources (uses)</i>			
Proceeds from sale of capital assets	23,576	-	-
Transfers in	-	-	-
Transfers (out)	-	-	-
<i>Total other financing sources (uses)</i>	<u>23,576</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(2,637,019)	-	(870,021)
<i>Fund balances - beginning</i>	<u>15,129,753</u>	<u>267,677</u>	<u>7,845,268</u>
<i>Fund balances - end of year</i>	<u>\$ 12,492,734</u>	<u>\$ 267,677</u>	<u>\$ 6,975,247</u>

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

Public School Capital Outlay Capital Projects Fund 31200	Debt Service Fund 41000	Other Governmental Funds	Total
\$ -	\$ 5,750,492	\$ 2,004,700	\$ 8,128,084
-	63,410	24,197	93,694
-	-	3,478,657	6,659,726
-	-	8,523,664	8,938,163
-	-	1,895,941	3,348,412
4,377,399	-	3,515,297	7,892,696
-	-	68,260	68,642,381
-	-	-	2,272,787
-	-	578,213	644,699
-	9,796	23,369	111,698
-	-	-	428,401
<u>4,377,399</u>	<u>5,823,698</u>	<u>20,112,298</u>	<u>107,160,741</u>
-	-	4,807,575	53,162,561
-	-	2,726,122	10,442,155
-	-	107,973	1,441,020
-	57,895	332,708	1,891,081
-	-	177,776	5,076,343
-	-	7,535	2,932,060
-	-	887	10,500,977
-	-	22,945	2,417,914
-	-	-	9,369
-	-	6,877,432	6,877,432
4,377,399	-	3,493,670	8,616,967
-	4,305,000	-	4,305,000
-	1,375,663	-	1,375,663
<u>4,377,399</u>	<u>5,738,558</u>	<u>18,554,623</u>	<u>109,048,542</u>
-	85,140	1,557,675	(1,887,801)
-	-	-	23,576
-	-	1,808,425	1,808,425
-	-	(1,808,425)	(1,808,425)
-	-	-	23,576
-	85,140	1,557,675	(1,864,225)
-	6,036,502	7,199,721	36,478,921
<u>\$ -</u>	<u>\$ 6,121,642</u>	<u>\$ 8,757,396</u>	<u>\$ 34,614,696</u>

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

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STATE OF NEW MEXICO
 Roswell Independent School District No. 4
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$ (1,864,225)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Capital expenditures	8,616,967
Depreciation expense	(7,295,229)
Book value of disposed capital assets	(95,923)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:</p>	
Change in unavailable revenue related to property taxes receivable	179,071
Change in deferred inflow of resources related to grant receivables	(469,292)
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:</p>	
District pension contributions	6,908,542
Pension expense	(11,202,864)
<p>Expenses in the Statement of Activities that do not consume current financial resources are not reported as expenditures in the funds:</p>	
Increase in accrued compensated absences not due and payable	(21,205)
Decrease in accrued interest payable	23,072
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:</p>	
Amortization of bond premiums	77,078
Principal payments on bonds	4,305,000
<i>Change in net position of governmental activities</i>	<u>\$ (839,008)</u>

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
General Fund (11000, 13000, 14000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

Exhibit C-1

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable
				(Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ 358,633	\$ 358,633	\$ 369,569	\$ 10,936
Oil and gas taxes	14,904	14,904	5,627	(9,277)
Intergovernmental revenues:				
Federal flowthrough	-	-	-	-
Federal direct	203,356	203,356	414,499	211,143
Local sources	-	-	6,209	6,209
State flowthrough	-	-	-	-
State direct	70,798,020	68,168,880	68,530,009	361,129
Transportation distribution	2,441,611	2,272,787	2,272,787	-
Charges for services	30,000	30,000	65,486	35,486
Investment income	16,500	16,500	60,246	43,746
Miscellaneous	200,000	200,000	427,651	227,651
<i>Total revenues</i>	<u>74,063,024</u>	<u>71,265,060</u>	<u>72,152,083</u>	<u>887,023</u>
<i>Expenditures</i>				
Current:				
Instruction	46,389,405	48,400,484	45,791,383	2,609,101
Support services - students	6,756,619	7,363,462	7,126,421	237,041
Support services - instruction	1,444,632	1,448,060	1,315,761	132,299
Support services - general administration	1,351,322	1,561,275	1,402,129	159,146
Support services - school administration	4,640,291	4,787,010	4,633,486	153,524
Central services	2,929,249	3,092,945	2,948,177	144,768
Operation and maintenance of plant	9,780,398	10,652,320	8,682,655	1,969,665
Student transportation	2,301,999	2,406,805	2,394,832	11,973
Other support services	75,000	129,746	9,369	120,377
Capital outlay	4,000,000	766,530	82,156	684,374
<i>Total expenditures</i>	<u>79,668,915</u>	<u>80,608,637</u>	<u>74,386,369</u>	<u>6,222,268</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,605,891)</u>	<u>(9,343,577)</u>	<u>(2,234,286)</u>	<u>7,109,291</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	5,605,891	9,343,577	-	(9,343,577)
Proceeds from sale of capital assets	-	-	23,234	23,234
<i>Total other financing sources (uses)</i>	<u>5,605,891</u>	<u>9,343,577</u>	<u>23,234</u>	<u>(9,320,343)</u>
<i>Net change in fund balances</i>	-	-	(2,211,052)	(2,211,052)
<i>Fund balances - beginning of year</i>	-	-	14,629,257	14,629,257
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,418,205</u>	<u>\$ 12,418,205</u>
<i>Net change in fund balances (Non-GAAP Budgetary Basis)</i>				\$ (2,211,052)
Adjustments to revenues for changes in state revenues and property taxes				49,987
Adjustments to expenditures for materials, other charges, transportation expenditures				(475,954)
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (2,637,019)</u>

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Title I Special Revenue Fund (24101)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

Exhibit C-2

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable
				(Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	3,213,971	3,457,032	3,380,637	(76,395)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	3,213,971	3,457,032	3,380,637	(76,395)
<i>Expenditures</i>				
Current:				
Instruction	2,130,247	2,404,198	2,119,173	285,025
Support services - students	673,448	609,896	589,718	20,178
Support services - instruction	-	2,000	1,248	752
Support services - general administration	107,534	118,144	101,675	16,469
Support services - school administration	272,092	322,794	253,872	68,922
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Total expenditures	3,183,321	3,457,032	3,065,686	391,346
<i>Excess (deficiency) of revenues over expenditures</i>	30,650	-	314,951	314,951
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(30,650)	-	-	-
Total other financing sources (uses)	(30,650)	-	-	-
<i>Net change in fund balance</i>	-	-	314,951	314,951
<i>Fund balance - beginning of year</i>	-	-	(1,340,251)	(1,340,251)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (1,025,300)	\$ (1,025,300)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 314,951
Adjustments to revenues for federal grants				(199,568)
Adjustments to expenditures for instruction and students				(115,383)
<i>Net change in fund balance (GAAP Basis)</i>				\$ -

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

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STATE OF NEW MEXICO
 Roswell Independent School District No. 4
 Statement of Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2017

Exhibit D-1

	Primary Government	Component Unit
Current Assets		
Cash and cash equivalents	\$ 958,474	\$ 6,653
Investments	46,306	-
Receivables	3,958	-
Prepays	1,736	-
<i>Total assets</i>	\$ 1,010,474	\$ 6,653
 Current Liabilities		
Accounts payable	\$ 11,215	\$ -
Deposits held in trust for others	999,259	6,653
<i>Total liabilities</i>	\$ 1,010,474	\$ 6,653

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies

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

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

During the year ended June 30, 2017, the District adopted GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (partial), No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, No. 77, *Tax Abatement Disclosures*, No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, and No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. These six Statements are required to be implemented as of June 30, 2017, if applicable.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement was effective and was implemented for the June 30, 2016 year end, and a portion is effective for June 30, 2017 year end. Effective for June 30, 2017 are the provisions of the statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. This does not have a material effect on the financial statements of the District, as its pension plan is within the scope of Statement 68.

The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement does not affect the District's financial statements directly; however, the effects on the District's OPEB plan, administered through the New Mexico Retiree Health Care Authority, will be seen in future periods.

GASB Statement No. 77 is intended to improve the usefulness of financial statements prepared by state and local governments – which are intended, among other things, to assist users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources came from and how it uses them, and (4) a government's financial position and economic condition and how they have changed after time – by including information about certain limitations on a government's ability to raise resources.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens – such as the encouragement of economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

These tax abatements may affect the financial position of the government and its results of operations, including its ability to raise resources in the future. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
- The gross dollar amount of taxes abated during the period;
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

For tax abatement agreements entered into by other governments, the following should be disclosed:

- The names of the governments that entered into the agreements;
- The specific taxes being abated; and
- The gross dollar amount of taxes abated during the period.

The objective of GASB Statement No. 78 is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude certain pensions provided to employees of state or local governmental employers. The District's pension plan does not meet the criteria for exclusion.

The objective of GASB Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 82 clarified and adjusted several items from GASB Statement Nos. 67 and 68, including the definition of covered payroll, the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements.

A. Financial Reporting Entity

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 amended by GASB Statements No. 39, No. 61 and No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion in the reporting entity. Based upon the application of these criteria, the District has one component unit and is not a component unit of another government agency.

The District's Board of Education approved the Sidney Gutierrez Charter School for operations in accordance with the criteria listed above. The charter school is deemed to be fiscally dependent upon the District and has been deemed to be a separate legal entity based on state statute and is presented as a discrete component unit. The discretely presented component unit does not have separately issued financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

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

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

B. Government-wide and fund financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – Net investment in capital assets, restricted net position; and unrestricted net position.

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion.

All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General Fund (11000)* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by the District's school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the school except for those items included in other funds. The General Fund includes the *Pupil Transportation Fund*, which is used to account for transportation distribution received from the New Mexico Public Education Department, which is used to pay for the costs associated with transporting school age children. It also includes the *Instructional Materials Fund*, which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *Title I Special Revenue Fund (24101)* is used to provide supplemental educational opportunities for academically disadvantaged children in the area where they reside. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identifies a campus; education need determines the students to be served. Federal revenues accounted for in the fund are allocated to the District through the New Mexico Public Education Department. Authority for the creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

The *Bond Building Capital Projects Fund (31100)* is used to account for the erection of, remodeling of, additions to, and furnishings of school buildings.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The *Public School Capital Outlay Fund (31200)* is used to account for the Public Schools Capital Outlay Council's (PSCOC) revenues and expenditures related to the donation of capital assets.

The *Debt Service Fund (41000)* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Funding authority is the New Mexico Public Education Department.

Additionally, the District reports the following agency fund:

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

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

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

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity

Deposits and Investments: The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Restricted Assets: The Debt Service Fund is used to report resources set aside for the payment of long-term debt principal and interest. The Capital Outlay funds are used to report resources set aside for special capital outlay projects.

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity

The District receives monthly income from a tax levy in Chaves County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2017 is considered “measurable and available” and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2017. Period of availability is deemed to be sixty days subsequent to year end.

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

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

Inventory: The District’s method of accounting for inventory is the consumption method. Inventory in the General Fund consists of expendable supplies held for consumption.

Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources”: even though they are a component of net current assets. No unearned revenue was recorded for unused commodity inventory as of June 30, 2017.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Library books are not capitalized because they are considered to have a useful life of less than one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction projects paid for by the Public School Capital Outlay Council are included in the District’s capital assets. No interest was included as part of the cost of capital assets under construction.

STATE OF NEW MEXICO
 Roswell Independent School District No. 4
 Notes to Financial Statements
 June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity

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

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	20-50
Furniture, fixtures and equipment	5-20
Intangibles	20

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has one type of item, which arises under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, unavailable revenue - property taxes and unavailable revenue - grants, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$407,692 related to property taxes considered to be "unavailable." In addition, the District has three types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability and one for a gain on debt refunding. Accordingly, the items, net gain on debt refunding \$211,349, difference between expected and actual experience \$1,159,337 and change in proportion \$177,944, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

Accordingly, the employer contributions subsequent to the measurement date \$6,908,542, differences between expected and actual experience \$528,809, net difference between projected and actual investment earnings on pension plan investments \$7,275,880, change in assumption \$2,481,213 and change in proportion \$270,485. These amounts are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in future periods.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity

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.

Compensated Absences: The District permits administrative employees to accumulate a limited amount of earned but unused vacation, which will be paid if not used, upon termination from the District. Accumulated sick leave benefits vest with each employee in accordance with the District's policy. All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide financial statements. A liability for these accounts is reported in the governmental funds only if they have matured. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service by employee.

The liability for compensated absences increased \$21,205 for a total of \$512,088 as of June 30, 2017.

Accrued Payroll: In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents checks that were held at year end in relation to employee's summer payroll.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is minimal.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance Classification Policies and Procedures: The District has implemented GASB Statement No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is a resolution of the Board of Education.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed.

This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At June 30, 2017, the nonspendable fund balance in the general fund is made up of \$196,136 for inventory and \$108,305 for prepaid expenses. Nonspendable fund balance in the Title I Special Revenue Fund is \$188,306 for prepaid expenses.

Nonspendable fund balance in the Food Services Fund is \$186,442 for inventory and \$1,225 for prepaid expenses. Nonspendable fund balance in the Entitlement IDEA-B Fund is \$6,249 for prepaid expenses. Nonspendable nonmajor funds is \$186,442 for food services and \$61,828 for prepaid expenses.

Nonspendable fund balance in the Title III-A Fund is \$375 for prepaid expenses. Nonspendable fund balance in the Teacher/Principal Training & Recruiting Fund is \$473 for prepaid expenses. Nonspendable fund balance in the Immigrant Funding Title III Fund is \$53,506 for prepaid expenses.

Restricted and Committed Fund Balance: At June 30, 2017, the restricted fund balance on the governmental funds balance sheet is made up of \$362 restricted for transportation, \$7,477,600 restricted for instructional materials, food services, extracurricular activities and education to the students of the District, \$8,651,377 restricted for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes, and \$6,121,642 restricted for the payment of principal and interest of the future debt service requirements. The District also has committed funds of \$5,322,501 in the general fund rebudgeted for the subsequent year's expenditures. The District has no minimum fund balance policy. Residual amounts are reported as unassigned in the General Fund.

Net Position: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The District includes unspent bond proceeds in the amount of \$5,991,236 in the calculation of the net investment in capital assets.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

- D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity*
- b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, capital projects, and debt service" are described on pages 44-45, 49-50 and 52-53.
 - c. Unrestricted Net Position: Net position that does not meet the definition of "Restricted" or "Net Investment in Capital Assets."

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the District are management's estimate of depreciation on assets over their estimated useful lives, net pension liability and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program costs." A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District and the component unit received \$67,547,830 and \$611,219 respectively, in state equalization guarantee distributions during the year ended June 30, 2017.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District and Component Unit recognized \$7,840,366 and \$12,819 in tax revenues respectively, in the government-wide financial statements during the year ended June 30, 2017. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district. The District received \$2,272,787 in transportation distributions during the year ended June 30, 2017.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity

Instructional Materials: The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2017 totaled \$555,292.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act.

The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District and the Component Unit received \$1,214,827 and \$6,409, respectively, in state SB-9 matching during the year ended June 30, 2017.

Public School Capital Outlay: The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

The District and the Component Unit received \$4,377,399 and \$32,094 respectively, in Public School Capital Outlay matching during the year ended June 30, 2017.

Federal Grants: The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operates under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the local School Board and the New Mexico Public Education Department.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, with payroll and held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the District's accrued payroll which is presented on the accrual basis. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as restricted fund balance.

Actual expenditures may not exceed the budget at the function (or "series") level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a "series" this may be accomplished with only local Board of Education approval. If a transfer between "series" or a budget increase is required, approval must also be obtained from Public School Finance Division.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

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

The appropriated budget for the year ended June 30, 2017, was properly amended by the District's Board of Education throughout the year. The amendments resulted in the following changes:

	Excess (deficiency) of	
	revenues over expenditures	
	Original	Final
	Budget	Budget
Budgeted Funds:		
General Fund	\$ (5,605,891)	\$ (9,343,577)
Title I Special Revenue Fund	30,650	(1)
Bond Building Capital Projects Fund	(5,098,011)	(8,203,153)
Public School Capital Outlay Capital Projects Fund	(7,500,000)	(8,000,000)
Debt Service Fund	(66,626)	(6,327,726)
Other Governmental Funds	(2,709,540)	(766,772)

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

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

NOTE 3. Deposits and Investments

Section 22-8-40, NMSA 1978 authorizes the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2017.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments (continued)

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance. The collateral pledged is listed on Schedule V in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, District or political subdivision of the State of New Mexico.

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

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

All of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$37,196,352 of the District's bank balances of \$37,701,352 was exposed to custodial credit risk. \$37,196,352 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$0 was uninsured and uncollateralized.

	<u>Pioneer Bank</u>	<u>Total</u>
Amount of deposits	\$ 37,701,352	\$ 37,701,352
FDIC coverage	(505,000)	(505,000)
Total uninsured public funds	<u>37,196,352</u>	<u>37,196,352</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>37,196,352</u>	<u>37,196,352</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ 18,598,176	\$ 18,598,176
Pledged securities	45,372,117	45,372,117
Over (under) collateralized	<u>\$ 26,773,941</u>	<u>\$ 26,773,941</u>

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the District's statement of net position as follows:

Primary Government

Reconciliation to the Statement of Net Position

Cash and cash equivalents per Exhibit A-1	\$	29,076,508
Restricted cash per Exhibit A-1		6,050,937
Investments per Exhibit A-1		2,625
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit E-1		958,474
Investments - Statement of Fiduciary Assets and Liabilities per Exhibit E-1		46,306
		46,306
Total cash, cash equivalents, and investments		36,134,850
Add: outstanding checks		1,570,669
Less: LGIP		(3,677)
Less: petty cash		(490)
		37,701,352
Bank balance of deposits	\$	37,701,352

Component Unit

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Component Unit's deposits may not be returned to it. The Component Unit does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$369,626 of the Component Unit's bank balances of \$374,626 was exposed to custodial credit risk. \$369,626 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$0 was uninsured and uncollateralized.

	Pioneer Bank	Total
Amount of deposits	\$ 374,626	\$ 374,626
FDIC coverage	(5,000)	(5,000)
Total uninsured public funds	369,626	369,626
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	369,626	369,626
Uninsured and uncollateralized	\$ -	\$ -
Collateral requirement (50%)	\$ 184,813	\$ 184,813
Pledged securities	374,626	374,626
Over (under) collateralized	\$ 189,813	\$ 189,813

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments (continued)

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

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the District's statement of net position as follows:

Component Unit

Reconciliation to the Statement of Net Position

Cash and cash equivalents per Exhibit A-1	\$	360,652	
Cash in agency funds		6,653	
		367,305	
Total cash, cash equivalents, and investments		367,305	
Add: outstanding checks		7,321	
		374,626	
Bank balance of deposits	\$	374,626	

Investments

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

As of June 30, 2017, the District had the following investments and maturities:

	106 day- WAM (F) and		
New MexiGROW LGIP	58 day-WAM (R)	\$ 3,677	AAAm **
Investments per Exhibit A-1		\$ 3,677	

* Based on Moody's Rating

** Based on Standard & Poor's rating

The investments are listed on Schedule IV of this report. The types of investment, interest rate, maturity date and fair value per security are included in the schedule.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments (continued)

Interest Rate Risk – Investments. The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Concentration Credit Risk – Investments. For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. Since the District only purchases investment with high credit ratings, the additional concentration is not viewed to be an additional risk by the District. The District’s policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

NOTE 4. Accounts Receivable

Primary Government

Accounts receivable as of June 30, 2017, are as follows:

	<u>General Fund</u>	<u>Title I</u>	<u>Bond Building</u>
Taxes receivable:			
Property taxes	\$ 21,181	\$ -	\$ -
Due from other governments:			
State	-	-	1,210,541
Federal	-	1,051,476	-
Other receivables:			
Oil and gas taxes	460	-	-
Reimbursements	60,699	-	-
Totals by fund	<u>\$ 82,340</u>	<u>\$ 1,051,476</u>	<u>\$ 1,210,541</u>

	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>	<u>Agency Funds</u>
Taxes receivable:				
Property taxes	\$ 360,477	\$ 123,167	\$ 504,825	\$ -
Due from other governments:				
State	-	1,348,657	2,559,198	-
Federal	-	1,170,087	2,221,563	-
Other receivables:				
Oil and gas taxes	-	1,830	2,290	-
Reimbursements	-	71,682	132,381	3,958
Totals by fund	<u>\$ 360,477</u>	<u>\$ 2,715,423</u>	<u>\$ 5,420,257</u>	<u>\$ 3,958</u>

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$407,692 that was not collected within the period of availability has been reclassified as deferred inflows for unavailable revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 4. Accounts Receivable (continued)

Component Unit

Accounts receivable as of June 30, 2017, are as follows:

	Other Governmental Funds	Total
Taxes receivable:		
Property taxes	\$ 764	\$ 764
Oil and gas taxes	-	-
Due from other governments:		
State	-	-
Federal	-	-
Other receivables:		
Reimbursements	11	11
Totals by fund	\$ 775	\$ 775

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$649 that was not collected within the period of availability has been reclassified as deferred inflows for unavailable revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 5. Interfund Receivables, Payables, and Transfers

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of interfund balances during the year ended June 30, 2017 is as follows:

<u>Governmental Activities</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 11,540,225	\$ -
Special Revenue Fund		
Title I IASA	-	2,268,996
Capital Project Fund		
Public School Capital Outlay	-	6,000,000
Nonmajor Funds		
Migrant Children Education	-	25,000
Entitlement Idea B	-	1,233,837
Preschool IDEA B	-	40,000
IDEA-B Private Schools Share	-	14,025
Title III - English Language Acquisition	-	95,494
Teacher/Principal Training & Recruiting	-	173,538
Title I School Improvement	-	30,000
Immigrant Funding - Title III	-	94,910
Carl D Perkins Secondary Current	-	82,018
Carl D Perkins Secondary Redistribution	-	16,000
Carl D Perkins HSTW Current	-	97,000
Dual Credit Instructional Materials -FY 14-15	-	12,000
2012 GOB Public Library Award	-	15,000
PreK Initiative	-	416,650
Schools in Need of Improvement Grant	-	30,757
Kindergarten Three Plus	-	720,000
Capital Improvements SB9	-	175,000
	<u>\$ 11,540,225</u>	<u>\$ 11,540,225</u>
Total		

All interfund balances are intended to be repaid within one year.

At June 30, 2017, net operating transfers, made to close out funds were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Capital improvements SB9	Capital improvements SB9 Local	\$ 1,808,425
		<u>\$ 1,808,425</u>

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 6. Capital Assets

Primary Government

A summary of capital assets and changes occurring during the year ended June 30, 2017, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Capital assets, net of accumulated depreciation, at June 30, 2017 appear in the Statement of Net Position as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,477,313	\$ -	\$ -	\$ 2,477,313
Construction in progress	3,576,301	6,689,400		10,265,701
	<u>6,053,614</u>	<u>6,689,400</u>	<u>-</u>	<u>12,743,014</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Land improvements	16,662,167	726,856	-	17,389,023
Buildings and improvements	183,084,747	287,797	(339,730)	183,032,814
Furniture, fixtures and equipment	9,540,621	912,914	(297,656)	10,155,879
Intangibles	451,398	-	-	451,398
	<u>209,738,933</u>	<u>1,927,567</u>	<u>(637,386)</u>	<u>211,029,114</u>
Total capital assets being depreciated				
Less accumulated depreciation:				
Land improvements	9,721,460	645,057	-	10,366,517
Buildings and improvements	52,679,158	6,148,834	(298,715)	58,529,277
Furniture, fixtures and equipment	6,819,528	501,338	(242,749)	7,078,117
Intangibles	245,045	-	-	245,045
	<u>69,465,191</u>	<u>7,295,229</u>	<u>(541,464)</u>	<u>76,218,956</u>
Total accumulated depreciation				
Total capital assets, net of depreciation	<u>\$ 146,327,356</u>	<u>\$ 1,321,738</u>	<u>\$ (95,922)</u>	<u>\$ 147,553,172</u>

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2017 was charged to the following functions:

Instruction	\$ 4,038,769
Support services - students	790,311
Support services - instruction	104,491
Support services - general admin	125,775
Support services - school admin	385,719
Central services	356,711
Operation and maintenance of plant	659,329
Student transportation	202,156
Other support services	1,050
Food service operations	<u>630,918</u>
Total	<u><u>\$ 7,295,229</u></u>

Component Unit

	Balance <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</u>
Governmental activities:				
Capital assets being depreciated:				
Land improvements	\$ 68,126	\$ -	\$ -	\$ 68,126
Furniture, fixtures and equipment	<u>116,086</u>	<u>-</u>	<u>-</u>	<u>116,086</u>
Total capital assets being depreciated	<u>184,212</u>	<u>-</u>	<u>-</u>	<u>184,212</u>
Less accumulated depreciation:				
Land improvements	4,441	3,365	-	7,806
Furniture, fixtures and equipment	<u>114,173</u>	<u>1,082</u>	<u>-</u>	<u>115,255</u>
Total accumulated depreciation	<u>118,614</u>	<u>4,447</u>	<u>-</u>	<u>123,061</u>
Total capital assets, net of depreciation	<u><u>\$ 65,598</u></u>	<u><u>\$ (4,447)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 61,151</u></u>

Depreciation expense in the amount of \$4,447 was charged to Instruction in the Statement of Activities.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 7. Long-term Debt

General obligation bonds are secured by and payable solely from the Debt Service Fund.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2017 are for governmental activities.

Bonds outstanding at June 30, 2017 are comprised of the following:

	<u>Series 2009A</u>	<u>Series 2010</u>	<u>Series 2011</u>
Original Issue	\$ 15,000,000	\$ 8,000,000	\$ 9,500,000
Principal	1-Aug	1-Aug	1-Aug
Interest	1-Feb 1-Aug	1-Feb 1-Aug	1-Feb 1-Aug
Interest Rates	3.00% - 4.25%	2.00% - 3.00%	2.00% - 3.00%
Maturity Date:	8/1/2022	8/1/2023	8/1/2024
	<u>Series 2013</u>	<u>Series 2015 A</u>	<u>Series 2015 B</u>
Original Issue	\$ 6,500,000	\$ 8,000,000	\$ 5,675,000
Principal	1-Aug	1-Aug	1-Aug
Interest	1-Feb 1-Aug	1-Feb 1-Aug	1-Feb 1-Aug
Interest Rates	2.00% - 3.50%	2.00% - 4.00%	4.00%
Maturity Date:	8/1/2029	8/1/1930	8/1/2021

During the year ended June 30, 2017, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Gross Receipts Revenue Bonds	\$ 45,255,000	\$ -	\$ 4,305,000	\$ 40,950,000	\$ 4,640,000
Compensated Absences	490,883	477,065	455,860	512,088	455,860
Total long-term debt	<u>\$ 7,248,287</u>	<u>\$ 477,065</u>	<u>\$ 4,760,860</u>	<u>\$ 41,462,088</u>	<u>\$ 5,095,860</u>

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 7. Long-term Debt (continued)

The annual requirement to amortize the District's bonds outstanding as of June 30, 2017, including interest payments, is as follows:

GO Bond Series 2009A

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 1,410,000	\$ 231,962	\$ 1,641,962
2019	1,490,000	186,600	1,676,600
2020	1,500,000	136,138	1,636,138
2021	1,490,000	82,882	1,572,882
2022	1,490,000	27,938	1,517,938
	<u>\$ 7,380,000</u>	<u>\$ 665,520</u>	<u>\$ 8,045,520</u>

GO Bond Series 2010

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 800,000	\$ 184,000	\$ 984,000
2019	1,000,000	162,750	1,162,750
2020	1,200,000	138,000	1,338,000
2021	1,300,000	105,000	1,405,000
2022	1,400,000	64,500	1,464,500
2023	1,450,000	21,750	1,471,750
	<u>\$ 7,150,000</u>	<u>\$ 676,000</u>	<u>\$ 7,826,000</u>

STATE OF NEW MEXICO
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NOTE 7. Long-term Debt (continued)

GO Bond Series 2011

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 625,000	\$ 242,050	\$ 867,050
2019	735,000	224,775	959,775
2020	625,000	204,375	829,375
2021	1,500,000	172,500	1,672,500
2022	1,500,000	127,500	1,627,500
2023-2024	3,500,000	108,800	3,608,800
	<u>\$ 8,485,000</u>	<u>\$ 1,080,000</u>	<u>\$ 9,565,000</u>

GO Bond Series 2013

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 100,000	\$ 173,250	\$ 273,250
2019	-	172,250	172,250
2020	-	172,250	172,250
2021	-	172,250	172,250
2022	575,000	163,625	738,625
2023-2027	3,300,000	529,500	3,829,500
2028-2029	1,400,000	49,000	1,449,000
	<u>\$ 5,375,000</u>	<u>\$ 1,432,125</u>	<u>\$ 6,807,125</u>

STATE OF NEW MEXICO
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NOTE 7. Long-term Debt (continued)

GO Bond Series 2015A

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 250,000	\$ 248,000	\$ 498,000
2019	200,000	243,000	443,000
2020	225,000	239,000	464,000
2021	200,000	234,500	434,500
2022	200,000	230,500	430,500
2023-2027	3,975,000	855,500	4,830,500
2028-2030	2,700,000	162,000	2,862,000
	<u>\$ 7,750,000</u>	<u>\$ 2,212,500</u>	<u>\$ 9,962,500</u>

GO Bond Series 2015B

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 1,455,000	\$ 192,400	\$ 1,647,400
2019	1,205,000	134,200	1,339,200
2020	1,400,000	86,000	1,486,000
2021	750,000	30,000	780,000
	<u>\$ 4,810,000</u>	<u>\$ 442,600</u>	<u>\$ 5,252,600</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2017, compensated absences increased \$21,205 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

NOTE 8. Risk Management

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
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NOTE 8. Risk Management (continued)

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2017, there have been no claims that have exceeded insurance coverage.

NOTE 9. Pension Plan – Educational Retirement Board

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.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board (continued)

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.

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

Contributions. The contribution requirements of 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, 2016 employers contributed 13.90% 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 10.70% of their gross annual salary. For fiscal year ended June 30, 2017 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 \$6,908,542 for the year ended June 30, 2017.

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, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016. At June 30, 2017, the District and the Component Unit reported a liability of \$121,891,033 and \$880,124 respectively, for their 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, 2016. The contribution amounts were defined by Section 22-11-21, NMSA 1978.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
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June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board (continued)

At June 30, 2017, the District’s proportion was 0.34933 percent, which was a decrease of 0.01426 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the District and the Component Unit recognized pension expense of \$11,202,865 and \$98,285 respectively. At the June 30, 2017, the District and Component Unit reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Primary Government

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 528,809	\$ 1,159,337
Net difference between projected and actual earnings on pension plan investments	7,275,880	-
Changes in proportion and differences between District contributions and proportionate share of contribution	270,485	177,944
Changes in assumptions	2,481,213	-
District's contributions subsequent to the measurement date	<u>6,908,542</u>	<u>-</u>
Total	<u>\$ 17,464,929</u>	<u>\$ 1,337,281</u>

Component Unit

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 3,818	\$ 8,371
Net difference between projected and actual earnings on pension plan investments	52,536	-
Changes in proportion and differences between District contributions and proportionate share of contribution	37,478	6,587
Changes in assumptions	17,916	-
District's contributions subsequent to the measurement date	<u>55,306</u>	<u>-</u>
Total	<u>\$ 167,054</u>	<u>\$ 14,958</u>

\$6,908,542 and \$55,306 reported as deferred outflows of resources related to pensions resulting from District and Component Unit’s contributions subsequent to the measurement date of June 30, 2015 respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Primary Government:

Year ended June 30:	
2018	\$ (1,950,878)
2019	(2,053,581)
2020	(3,440,350)
2021	(1,774,297)
2022	-
Thereafter	-

Component Unit:

Year ended June 30:	
2018	\$ (31,374)
2019	(29,490)
2020	(23,044)
2021	(12,882)
2022	-
Thereafter	-

Actuarial assumptions. The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2015. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013 and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and 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 the Board on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

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Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board (continued)

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 contributions 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	Healthy males: RP-2000 Combined Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table’s base year of 2012

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. ERB’s investment allocation policy was reviewed and amended by the Board of Trustees on August 26, 2016. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the current asset allocation policy adopted August 26, 2016 as well as the prior allocation policy targets.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
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June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board (continued)

Comparative Schedule of Target Investment Allocation

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>After 8/26/2016</u>	<u>Prior to 8/26/2016</u>
Equities		
<i>Domestic Equities</i>		
Large cap equities	16%	18%
Small- mid cap equities	3%	2%
<i>Total domestic</i>	<u>19%</u>	<u>20%</u>
<i>International Equities</i>		
Developed	5%	5%
Emerging markets	9%	10%
<i>Total international</i>	<u>14%</u>	<u>15%</u>
Total equities	<u>33%</u>	<u>35%</u>
Fixed Income		
Opportunistic credit	18%	20%
Core bonds	6%	6%
Emerging market debt	2%	2%
Total fixed income	<u>26%</u>	<u>28%</u>
Alternatives		
Real estate - REITS	7%	7%
Real assets	8%	8%
Private equity	13%	11%
Global asset allocation	4%	5%
Risk parity	3%	5%
Other	5%	0%
Total alternatives	<u>40%</u>	<u>36%</u>
Cash	<u>1%</u>	<u>1%</u>
Total	<u><u>100%</u></u>	<u><u>100%</u></u>

STATE OF NEW MEXICO
 Roswell Independent School District No. 4
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 June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board (continued)

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2016 and June 30, 2015. 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 District’s 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 2016. In particular, the table presents the (employer’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.

Primary Government

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 161,441,842	\$ 121,891,033	\$ 89,075,035

Component Unit

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Charter's proportionate share of the net pension liability	\$ 1,165,704	\$ 880,124	\$ 643,173

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2016 which are publicly available at www.nmerb.org.

Payables to the pension plan. Roswell Independent School District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2016 the District and Component Unit owed the ERB \$1,331,657 and \$9,760 respectively, for the contributions withheld in the month of June 2017.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
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NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description. The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (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 not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; 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 contribution to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$994,161, \$963,474, and \$936,100, respectively, which equal the required contributions for each year.

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Roswell Independent School District No. 4
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NOTE 11. Contingent Liabilities

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

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

NOTE 12. Tax Abatements

The District has not negotiated any tax abatement agreements. The District is affected by tax abatements entered into by other entities, as follows:

Agency number for Agency making the disclosure (Disclosing Agency)	5003	5003
Disclosing Agency Name	Chaves County	Chaves County
Disclosing Agency Type	County Government	County Government
Tax Abatement Agreement Name	Industrial Revenue Bond Project Agreement Series 2015A	Industrial Revenue Bond Project Agreement Series 2000
Name of agency affected by abatement agreement (Affected Agency)	Roswell Independent School District	Roswell Independent School District
Agency number of Affected Agency	7072	7072
Agency type of Affected Agency	Public Schools	Public Schools
Tax Abatement Agreement Name	Roswell Solar Series 2015A	AC Nutrition Series 2000
Recipient(s) of tax abatement	Roswell Solar LLC	AC Nutrition
Tax abatement program (name and brief description)	Industrial Revenue Bonds	Industrial Revenue Bonds
Specific Tax Being Abated	Property Tax	Property Tax
Authority under which abated tax is paid to Affected Agency	Industrial Revenue Bond Act, Section 4-59- 1 to 4-59-16 NMSA 1978	Industrial Revenue Bond Act, Section 4-59- 1 to 4-59-16 NMSA 1978
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$702,639	\$3,847
If the Disclosing Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A	N/A

STATE OF NEW MEXICO
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NOTE 13. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds. The District had six funds that maintained a deficit fund balance at June 30, 2017.

Nonmajor Funds	
IDEA-B Entitlement	\$ (2,617)
Title III-A	(9,849)
Immigrant Funding	(23,510)
Carl Perkins Secondary	(7,243)
Schools in Need of Improvement	(30,757)
Capital Improvements SB-9 State	<u>(130,645)</u>
Total Governmental Funds	<u>\$ (204,621)</u>

- B. Excess of expenditures over appropriations. The District had no funds with excess of expenditures over appropriations for the year ended June 30, 2017.
- C. Designated cash appropriations in excess of available balance. The District had no designated cash appropriations in excess of available balances for the year ended June 30, 2017.

NOTE 14. Concentrations

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

NOTE 15. Commitments

The District had a construction project ongoing as of the year ended June 30, 2017 that is to continue into the following fiscal year. The balance to complete the project is \$2,277,979.

NOTE 16. Restricted Net Position

The government-wide statement of net position reports \$15,780,355 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue, debt service and capital projects, see pages 44-45, 49-50 and 52-53.

NOTE 17. Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is November 10, 2017, which is the date on which the financial statements were issued.

STATE OF NEW MEXICO
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NOTE 18. Subsequent Pronouncements

In June 2015, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The District expects this pronouncement to have a material effect on the financial statements.

In March 2016, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In March 2017, GASB Statement No. 85, *Omnibus 2017*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The District is still evaluating how this pronouncement will affect the financial statements.

In May 2017, GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to in-substance defeasance of debt using only existing resources. The District does not expect the pronouncement to have a material effect on the financial statements.

In June 2017, GASB Statement No. 87, *Leases*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

Schedule I

Roswell Independent School District No. 4
 Schedule of Proportionate Share of the Net Pension Liability
 Educational Retirement Board (ERB) Pension Plan
 Last 10 Fiscal Years*

	2017	2016	2015
	Measurement	Measurement	Measurement
	Date (As of and	Date (As of and	Date (As of and
	for the Year	for the Year	for the Year
	Ended June 30,	Ended June 30,	Ended June 30,
	2016)	2015)	2014)
Primary Government			
Roswell Independent School District No. 4's proportion of the net pension liability (asset)	1.69377%	1.69413%	1.69934%
Roswell Independent School District No. 4's proportionate share of the net pension liability (asset)	\$ 121,891,033	\$ 109,733,312	\$ 96,959,771
Roswell Independent School District No. 4's covered payroll	46,255,176	48,088,200	46,835,547
Roswell Independent School District No. 4's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	264%	228%	207%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	63.97%	66.54%
	2017	2016	2015
	Measurement	Measurement	Measurement
	Date (As of and	Date (As of and	Date (As of and
	for the Year	for the Year	for the Year
	Ended June 30,	Ended June 30,	Ended June 30,
	2016)	2015)	2014)
Component Unit			
Charter School - Sidney Gutierrez's proportion of the net pension liability (asset)	0.01223%	0.01237%	0.01126%
Charter School - Sidney Gutierrez's proportionate share of the net pension liability (asset)	\$ 880,124	\$ 801,238	\$ 642,457
Charter School - Sidney Gutierrez's covered payroll	337,741	351,514	310,302
Charter School - Sidney Gutierrez's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	261%	228%	207%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	63.97%	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, Roswell Independent School District No. 4 and Charter School Sidney Gutierrez will present information for those years for which information is available.

See independent auditors' report.
 See notes to required supplementary information.

STATE OF NEW MEXICO
 Roswell Independent School District No. 4
 Schedule of Contributions
 Educational Retirement Board (ERB) Pension Plan
 Last 10 Fiscal Years*

Schedule II

	As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contribution	\$ 6,908,542	\$ 6,429,469	\$ 6,694,689
Contributions in relation to the contractually required contribution	<u>6,908,542</u>	<u>6,429,469</u>	<u>6,694,689</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Roswell Independent School District No. 4 covered payroll	49,706,365	46,255,176	48,088,200
Contribution as a percentage of covered payroll	13.90%	13.90%	13.92%
	As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contribution	\$ 55,306	\$ 46,946	\$ 48,861
Contributions in relation to the contractually required contribution	<u>55,306</u>	<u>46,946</u>	<u>48,861</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School - Sydney Gutierrez covered payroll	397,882	337,741	351,514
Contribution as a percentage of covered-employee payroll	13.90%	13.90%	13.90%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Roswell Independent School District No. 4 and Charter School Sydney Gutierrez will present information for those years for which information is available.

See independent auditors' report.
 See notes to required supplementary information.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Notes to Required Supplementary Information
June 30, 2017

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 Pension Plan – Educational Retirement Board, General Information on the Pension Plan.

Changes of assumptions.

The Board of Trustees approved the following economic and demographic assumptions used in the fiscal year 2015 actuarial calculation of the total pension liability on June 12, 2015:

- 1) Lower wage inflation from 4.25% to 3.75%
- 2) Update the mortality tables to incorporate generational improvements
- 3) Update demographic assumptions to use currently published tables, which may result in minor calculation changes
- 4) Maintain in current 3.00% inflation assumption
- 5) Retain net 4.75% real return assumption
- 6) Retain 7.75% nominal return assumption
- 7) No change to COLA assumption of 2.00% per year
- 8) Maintain current payroll growth assumption of 3.50%
- 9) Maintain experience-based rates for members who joined NMERB by June 30, 2010
- 10) Remove population growth assumption for projections
- 11) Lower population growth from .50% to zero (no impact on valuation results)

Assumption changes increased the Education Retirement Board's total pension liability by \$299,084,856 for fiscal year ending June 30, 2015 as a result of the changes of assumptions described above.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO
Roswell Independent School District No. 4
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds

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

Food Services (21000) – This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Cafeteria Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13.

Athletics (22000) – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

Title I Migrant Children Education (24103) – To account for a program used to provide supplemental instruction and/or support services to MEP students to increase access to education programs. Authority for creation of this fund is Title I, Part C of the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the No Child Left Behind Act of 2001 (NCLB) (Pub. L. NO. 107-110).

Entitlement IDEA-B (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 Individuals with Disabilities Education Act, Part B, Section 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.

Preschool IDEA-B (24109) – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from age three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

Private Schools Share IDEA-B (24115) - Under 34 CFR § 300.132-300.133, an LEA must spend a proportionate amount of their IDEA-B Basic Entitlement and, if applicable, Preschool sub-grant funds for special education and related services (“equitable participation services”) to students with disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district served by the LEA. The private schools must be nonprofit institutions. Children aged three through five are considered to be parentally-placed private school children with disabilities, only if they are enrolled in a private school that meets the definition of elementary school in 34 CFR §300.13. New Mexico State law defines an elementary school as “a public school providing instruction for grades kindergarten through eight, unless there is a junior high school program approved by the state board [department], in which case it means a public school providing instruction for grades kindergarten through six” 22-1-3(A) NMSA 1978.

“Risk Pool” IDEA-B (24120) - Entitlement funds that are set aside each year for the Puente para los Ninos high cost child program. Authority for creation of this fund is the Individuals with Disabilities Education Act (IDEA), Part B, Section 611(e) and 613 (a)(4)(A)(iii).

Title III-A (24153) – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. Authority for creation of this fund is the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

Teacher/Principal Training & Recruiting (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is the Rehabilitation Act of 1973, as amended, Title III, Section 303(b)-(d). 20 U.S.C. 777a and 797a.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

Title I School Improvement (24162) – To improve student achievement in Title I Schools with a status of Prior or Focus for 2015-2016. Sunset Elementary will utilize reform efforts/actions to help close the achievement gap in reading and math. Authority for creation of this fund is the New Mexico Public Education Department.

Immigrant Funding Title III (24163) – To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same challenging state academic content and student academic achievement standards as all children and youth are expected to meet; and provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan Native Children with certain modifications relative to unique status of Native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The authority for the creation of this fund is the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

Carl D Perkins Cluster (24174 - Carl Perkins Secondary) (24176 - Carl Perkins Secondary - Redistribution) (24180 - Carl Perkins HSTW) (24181 - Carl Perkins HSTW - PY Unliq. Obligations) – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Public Education Department. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

Title XIX Medicaid 3/21 years (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. Authority for the creation of this fund is the Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56; 42 U.S.C. 1396 et seq., as amended; Public Law 92-223; Public Law 92-603; Public Law 93-66; Public Law 93-233; Public Law 96-499; Public Law 97-35; Public Law 97-248; Public Law 98-369; Public Law 99-272; Public Law 99-509; Public Law 100-93; Public Law 100-202; Public Law 100-203; Public Law 100-360; Public Law 100-436; Public Law 100-485; Public Law 100-647; Public Law 101-166; Public Law 101-234; Public Law 101-239; Public Law 101-508; Public Law 101-517; Public Law 102-234; Public Law 102-170; Public Law 102-394; Public Law 103-66; Public Law 103-112; Public Law 103-333; Public Law 104-91; Public Law 104-191; Public Law 104-193; Public Law 104-208, 104-134; Balanced Budget Act of 1997, Public Law 105-33; Public Law 106-113; Public Law 106-554; Public Law 108-27; Public Law 108-173; Public Law 109-91; Public Law 109-171; Public Law 109-432; Public Law 110-28.

PNM Foundation, Inc. (26123) – To account for fund to provide competitive funds applied for by teachers for their classes. This grant will be expended for the state purpose of the project only, in compliance with the policies and guidelines of PNM Foundation. The authority for creation of this fund is the New Mexico Public Education Department.

A+ for Energy (26179) – To account for funding based on winning proposals/applications submitted by classroom teachers in order to provide innovative and motivating experiences to deepen children’s knowledge about energy conservation. The authority for creation of this fund is the authorization of the District’s Board of Education and the New Mexico Public Education Department.

Dual Credit Instructional Materials HB2 (27103) - SB943 (2007) and SB31 (2008) create a dual credit program that allows public high school students in school districts, charter schools and state-supported schools in the state to earn both high school and college credit for qualifying dual credit courses. The authority for creation of this fund is the New Mexico Public Education Department.

2012 GO Bond Student Library (27107) – To account for funds provided for the purpose of acquiring library books, equipment, and library resources for public school and state-supported school libraries statewide. Authority for the creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

New Mexico Reads to Lead K-3 Reading Initiative (27114) – This fund is to account for funds received to provide children to acquire a firm foundation in literacy and are not only prepared for future academic success, but will possess a lifelong love of reading. New Mexico's early reading initiative, New Mexico Reads to Lead, provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. The New Mexico Reads to Lead! Initiative funds a reading K–3 Formative Assessment System provided to districts at no cost. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators. In addition, this fund highlights literacy resources for parents, teachers, administrators, and other stakeholders. Authority for the creation of this fund is the New Mexico Public Education Department.

Truancy Initiative PED (27141) – To account for grant that is divided into two sections: School Based Law Enforcement and School-Based Family Center. Surveillance cameras were purchased and installed at the high school and Phoenix Program. The purpose was to provide staff training in truancy prevention and strategies to deal with students to improve school attendance. Resources were also available to assist families in developing strategies to improve their children's school attendance. Funding was provided by the School Health Unit of the State of New Mexico. Authority for the creation of this fund is the New Mexico Public Education Department.

Pre-K Initiative (27149) – To account for monies received from the State of New Mexico to be used to provide direct services to children in Pre-Kindergarten programs. Authority for the creation of this fund is the New Mexico Public Education Department.

Breakfast for Elementary Students (27155) – To account for Legislative Appropriation to implement Breakfast in the Classroom for elementary schools in need of improvement based on AYP designation. Authority for the creation of this fund is the New Mexico Public Education Department.

Schools in Need of Improvement (27163) – The purpose of this program is to provide additional math or reading class instruction for students who are not proficient on the New Mexico Standards Based Assessment. Authority for creation of this fund is the authority of the New Mexico Public Education Department.

Kindergarten-Three Plus (27166) – Funds allow for an extended school year for Kindergarten through third grade students. The program focuses on acclimating young students to the structure of a classroom environment and spending additional time to prepare them for the next grade. Authority for the creation of this fund is the New Mexico Public Education Department.

2013 Pre-K Classrooms (27177) – The purpose of this fund is to account for a program, funded by the Public Education Department, to renovate and upgrade Pre-Kindergarten classrooms to meet the current kindergarten adequacy standards. Authority for the creation of this fund is the Laws of 2013, SB-60 Chapter 226, Section 53.

New Mexico Grown FFV (27183) – These funds are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students. Authority for creation of this fund is House Bill 2, General Appropriations as of 2013.

Leader Incentive Pay (27188) – The purpose of this individual based incentive program is to recognize and reward New Mexico's high-performing teachers and principals based on attendance during the year. The authority for creation of this fund is the authority of the New Mexico Public Education Department.

Teacher and School Leader Incentive Pay – GROUP - The purpose of this individual based incentive program is to recognize and reward New Mexico's high-performing teachers and principals based on school grades during the year. The authority for creation of this fund is the authority of the New Mexico Public Education Department.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

Teacher “Hard to Staff” Stipend (27195) – To account for the grant awarded to a school district as additional compensation for hard to staff positions of teachers. Funding authority for this fund is the New Mexico Public Education Department.

Early Intervention CYFD (28108) – The purpose of this program is to provide funds to daycare for high school students with children. The fund was created by state grant provisions.

ASSIST Tobacco DOH (28122) – To account for monies received from the State of New Mexico to be used for the implementation of prevention and intervention programs for student use of tobacco, including professional development for teachers. Funding was provided by the New Mexico State Department of Health. Authority for creation of this fund is in the New Mexico Public Education Department’s School District Policies and Procedures Manual.

Coordinated Approach to Child Health (28140) – The purpose of this grant is to fund a research-based physical activity and nutrition diabetes prevention program for elementary school children in the Roswell Independent Public Schools. Authority for creation of this fund is Federal Law Section 204 of the Child Nutrition and WIC Reauthorization Act of 2004.

Medicaid HSD (28144) – The purpose of this fund is to account for funding originating from insurance claim receipts that are generated from the services provided by the District’s School Based Health Care (SBHC) program and facilitates and are then used to provide additional operational, administrative and facilities support to the District’s SBHC program. Authority for creation of this fund is Medicaid Title XIX of the Social Security Act, as amended, (42 USC 1396, et seq.) and the authorization of the New Mexico Public Education Department.

GRADS Child Care (28189) – The purpose of this program is to provide federal funds to be used exclusively for salary and fringes for the GRADS Teacher. The GRADS Teachers are teaching in the University High School Graduation Reality and Dual Role Skills Program. They are to teach no more than one related health or family and consumer sciences course in addition to the GRADS classes. Authority for creation of this fund is in the Child Abuse Prevention and Treatment Act, 42 USC 5116 et seq., as amended, Public Law 108-36.

GRADS - Instruction (28190) – To assist in the cost for caps and gowns for students who are graduating. Authority for the creation of this fund is the New Mexico Public Education Department.

Grad Plus (28203) – To account for a program as an instructional component for teenage parents to be used for summer case management and GRADS case management period. Special Revenue fund established by the local school board.

Private Direct Grants (29102) – To provide additional classroom time at Roswell High Schools for seniors to meet graduation requirements. Funding authority is the New Mexico Public Education Department.

School Based Health Center (29130) – The purpose of this fund is to account for a grant awarded to the district by the NM Department of Health, Office of School Health, based on contractual agreement to provide student support health services to the students of the District. The grant is considered for award based on a submitted formal proposal indicating the scope of the work to be performed. Authority for creation of this fund is authorization of New Mexico Department of Health and the New Mexico Public Education Department.

Industrial Revenue Bonds Payment In Lieu of Taxes (29135) – Funds received from two energy companies a Solar Facility located in the District. Funds are for text book and construction services. Authority for creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Nonmajor Governmental Fund Descriptions
June 30, 2017

Capital Projects Funds

Capital projects funds are used to account for acquisition and construction of major facilities other than those financed by proprietary funds and trust funds.

Capital Improvements SB-9 State (31700) – To account for resources received through Senate Bill 9 obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

Capital Improvements SB-9 Local (31701) – To account for resources received through local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Food Services 21000	Athletics 22000	Title I Migrant Children Education 24103	Entitlement IDEA-B 24106
Assets				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 4,733,376	\$ 926,362	\$ 24,997	\$ 664,242
Receivables:				
Property taxes	-	-	-	-
Due from other governments	237,430	-	3	746,317
Other	-	-	-	-
Inventory	186,442	-	-	-
Prepaid expense	1,225	-	-	6,249
<i>Total assets</i>	\$ 5,158,473	\$ 926,362	\$ 25,000	\$ 1,416,808
Liabilities, deferred inflows of resources, and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ 2,159	\$ 450	\$ -	\$ 68,540
Accrued payroll	219,386	487	-	117,048
Due to other funds	-	-	25,000	1,233,837
<i>Total liabilities</i>	221,545	937	25,000	1,419,425
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-	-
<i>Fund balances</i>				
<i>Nonspendable</i>				
Inventory	186,442	-	-	-
Prepaid expense	1,225	-	-	6,249
<i>Spendable</i>				
<i>Restricted for:</i>				
Food services	4,749,261	-	-	-
Extracurricular activities	-	925,425	-	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	(8,866)
<i>Total fund balances</i>	4,936,928	925,425	-	(2,617)
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 5,158,473	\$ 926,362	\$ 25,000	\$ 1,416,808

See independent auditor's report.

Special Revenue

Preschool IDEA-B 24109	Private Schools Share IDEA-B 24115	Title III-A 24153	Teacher/ Principal Training & Recruiting 24154	Title I School Improvement 24162
\$ 37,613	\$ 11,705	\$ 56,059	\$ 129,788	\$ 26,220
-	-	-	-	-
16,325	2,320	29,211	66,404	3,780
-	-	-	-	-
-	-	-	-	-
-	-	375	473	-
<u>\$ 53,938</u>	<u>\$ 14,025</u>	<u>\$ 85,645</u>	<u>\$ 196,665</u>	<u>\$ 30,000</u>
\$ 9,664	\$ -	\$ -	\$ -	\$ -
4,274	-	-	22,581	-
40,000	14,025	95,494	173,538	30,000
<u>53,938</u>	<u>14,025</u>	<u>95,494</u>	<u>196,119</u>	<u>30,000</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	375	473	-
-	-	-	-	-
-	-	-	-	-
-	-	-	73	-
-	-	-	-	-
-	-	(10,224)	-	-
-	-	(9,849)	546	-
<u>\$ 53,938</u>	<u>\$ 14,025</u>	<u>\$ 85,645</u>	<u>\$ 196,665</u>	<u>\$ 30,000</u>

See independent auditor's report.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Immigrant Funding Title III 24163	Carl Perkins Secondary 24174	Carl Perkins Secondary - Redistribution 24176	Carl Perkins HSTW 24180
Assets				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 20,243	\$ 44,579	\$ 7,935	\$ 53,407
Receivables:				
Property taxes	-	-	-	-
Due from other governments	52,009	30,196	8,607	43,773
Other	-	-	-	-
Inventory	-	-	-	-
Prepaid expense	53,506	-	-	-
	<u>\$ 125,758</u>	<u>\$ 74,775</u>	<u>\$ 16,542</u>	<u>\$ 97,180</u>
<i>Total assets</i>	<u>\$ 125,758</u>	<u>\$ 74,775</u>	<u>\$ 16,542</u>	<u>\$ 97,180</u>
Liabilities, deferred inflows of resources, and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ 53,506	\$ -	\$ 542	\$ -
Accrued payroll	852	-	-	180
Due to other funds	94,910	82,018	16,000	97,000
	<u>149,268</u>	<u>82,018</u>	<u>16,542</u>	<u>97,180</u>
<i>Total liabilities</i>	<u>149,268</u>	<u>82,018</u>	<u>16,542</u>	<u>97,180</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
<i>Nonspendable</i>				
Inventory	-	-	-	-
Prepaid expense	53,506	-	-	-
<i>Spendable</i>				
<i>Restricted for:</i>				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	(77,016)	(7,243)	-	-
	<u>(23,510)</u>	<u>(7,243)</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>(23,510)</u>	<u>(7,243)</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 125,758</u>	<u>\$ 74,775</u>	<u>\$ 16,542</u>	<u>\$ 97,180</u>

See independent auditor's report.

Special Revenue

Carl Perkins HSTW - PY Unliq. Obligations 24181	Title XIX Medicaid 3/21 Years 25153	PNM Fondation, Inc. 26123	A+ for Energy 26179	Dual Credit Instructional Materials HB2 27103	2012 GO Bond Student Library 27107
\$ -	\$ 938,877	\$ 505	\$ 2,176	\$ 795	\$ 14,850
-	-	-	-	-	-
-	116,143	-	-	11,205	150
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ 1,055,020	\$ 505	\$ 2,176	\$ 12,000	\$ 15,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	38,311	-	-	-	-
-	-	-	-	12,000	15,000
-	38,311	-	-	12,000	15,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,016,709	505	2,176	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,016,709	505	2,176	-	-
\$ -	\$ 1,055,020	\$ 505	\$ 2,176	\$ 12,000	\$ 15,000

See independent auditor's report.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Truancy Initiative PED 27141	Pre-K Initiative 27149	Breakfast for Elementary Students 27155	Schools in Need of Improvement 27163
Assets				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 961	\$ 3,252	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Due from other governments	-	449,687	-	-
Other	-	-	-	-
Inventory	-	-	-	-
Prepaid expense	-	-	-	-
	<u>\$ 961</u>	<u>\$ 452,939</u>	<u>\$ -</u>	<u>\$ -</u>
Total assets	\$ 961	\$ 452,939	\$ -	\$ -
Liabilities, deferred inflows of resources, and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	36,289	-	-
Due to other funds	-	416,650	-	30,757
	<u>-</u>	<u>452,939</u>	<u>-</u>	<u>30,757</u>
Total liabilities	-	452,939	-	30,757
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	-	-	-	-
<i>Fund balances</i>				
<i>Nonspendable</i>				
Inventory	-	-	-	-
Prepaid expense	-	-	-	-
<i>Spendable</i>				
<i>Restricted for:</i>				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	961	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	(30,757)
	<u>961</u>	<u>-</u>	<u>-</u>	<u>(30,757)</u>
Total fund balances	961	-	-	(30,757)
Total liabilities, deferred inflows of resources, and fund balances	\$ 961	\$ 452,939	\$ -	\$ -

See independent auditor's report.

Special Revenue

Kindergarten- Three Plus 27166	2013 Pre-K Classrooms 27177	NM Grown FFV 27183	Teacher and School Leader Incentive Pay 27188	Teacher and School Leader Incentive Pay - GROUP 27190	Teachers "Hard to Staff" Stipend 27195
\$ 200,348	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
650,429	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 850,777	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
130,777	-	-	-	-	-
720,000	-	-	-	-	-
850,777	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 850,777	\$ -	\$ -	\$ -	\$ -	\$ -

See independent auditor's report.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Early Intervention CYFD 28108	ASSIST Tobacco DOH 28122	Coordinated Approach to Child Health 28140	Medicaid HSD 28144
Assets				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 6,601	\$ 578	\$ 1,536	\$ 26,667
Receivables:				
Property taxes	-	-	-	-
Due from other governments	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
Prepaid expense	-	-	-	-
	<u>\$ 6,601</u>	<u>\$ 578</u>	<u>\$ 1,536</u>	<u>\$ 26,667</u>
<i>Total assets</i>	<u>\$ 6,601</u>	<u>\$ 578</u>	<u>\$ 1,536</u>	<u>\$ 26,667</u>
Liabilities, deferred inflows of resources, and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	3,472	-	-	-
Due to other funds	-	-	-	-
	<u>3,472</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>3,472</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Prepaid expense	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	3,129	578	1,536	26,667
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
	<u>3,129</u>	<u>578</u>	<u>1,536</u>	<u>26,667</u>
<i>Total fund balances</i>	<u>3,129</u>	<u>578</u>	<u>1,536</u>	<u>26,667</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 6,601</u>	<u>\$ 578</u>	<u>\$ 1,536</u>	<u>\$ 26,667</u>

See independent auditor's report.

Special Revenue

GRADS Childcare 28189	GRADS - Instruction 28190	Grad Plus 28203	Private Direct Grants 29102	School Based Health Center 29130	Industrial Revenue Bonds Payment In Lieu of Taxes 29135
\$ -	\$ -	\$ -	\$ 4,044	\$ 64,194	\$ 301,953
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	536	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,580</u>	<u>\$ 64,194</u>	<u>\$ 301,953</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,580	64,194	301,953
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,580	64,194	301,953
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,580</u>	<u>\$ 64,194</u>	<u>\$ 301,953</u>

See independent auditor's report.

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STATE OF NEW MEXICO
 Roswell Independent School District No. 4
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

	Capital Projects		
	Capital Improvements SB-9 State 31700	Capital Improvements SB-9 Local 31701	Total Nonmajor Governmental Funds
Assets			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 46,947	\$ 1,768,641	\$ 10,119,451
Receivables:			
Property taxes	123,167	-	123,167
Due from other governments	-	-	2,463,989
Other	40,628	32,348	73,512
Inventory	-	-	186,442
Prepaid expense	-	-	61,828
	<u>\$ 210,742</u>	<u>\$ 1,800,989</u>	<u>\$ 13,028,389</u>
<i>Total assets</i>	<u>\$ 210,742</u>	<u>\$ 1,800,989</u>	<u>\$ 13,028,389</u>
Liabilities, deferred inflows of resources, and fund balances			
<i>Liabilities</i>			
Accounts payable	\$ 66,908	\$ 124,859	\$ 326,628
Accrued payroll	-	-	573,657
Due to other funds	175,000	-	3,271,229
	<u>241,908</u>	<u>124,859</u>	<u>4,171,514</u>
<i>Total liabilities</i>	<u>241,908</u>	<u>124,859</u>	<u>4,171,514</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	99,479	-	99,479
	<u>99,479</u>	<u>-</u>	<u>99,479</u>
<i>Total deferred inflows of resources</i>	<u>99,479</u>	<u>-</u>	<u>99,479</u>
<i>Fund balances</i>			
<i>Nonspendable</i>			
Inventory	-	-	186,442
Prepaid expense	-	-	61,828
<i>Spendable</i>			
<i>Restricted for:</i>			
Food services	-	-	4,749,261
Extracurricular activities	-	-	925,425
Education	-	-	1,423,061
Capital acquisitions and improvements	-	1,676,130	1,676,130
Unassigned	(130,645)	-	(264,751)
	<u>(130,645)</u>	<u>1,676,130</u>	<u>8,757,396</u>
<i>Total fund balances</i>	<u>(130,645)</u>	<u>1,676,130</u>	<u>8,757,396</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 210,742</u>	<u>\$ 1,800,989</u>	<u>\$ 13,028,389</u>

See independent auditor's report.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	Food Services 21000	Athletics 22000	Title I Migrant Children Education 24103	Entitlement IDEA-B 24106
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	35,900	2,417,804
Federal direct	6,847,135	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	326,920	251,293	-	-
Investment income	12,151	2,729	-	-
Total revenues	7,186,206	254,022	35,900	2,417,804
<i>Expenditures</i>				
Current:				
Instruction	-	75,104	14,819	805,622
Support services - students	-	-	18,206	1,522,703
Support services - instruction	-	-	-	-
Support services - general administration	204,182	-	1,191	79,670
Support services - school administration	-	-	1,263	1,845
Central services	-	-	421	7,077
Operation and maintenance of plant	-	-	-	887
Student transportation	-	-	-	-
Food services operations	6,733,613	-	-	-
Capital outlay	-	-	-	-
Total expenditures	6,937,795	75,104	35,900	2,417,804
<i>Excess (deficiency) of revenues over expenditures</i>	248,411	178,918	-	-
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balances</i>	248,411	178,918	-	-
<i>Fund balances - beginning</i>	4,688,517	746,507	-	(2,617)
<i>Fund balances - ending</i>	\$ 4,936,928	\$ 925,425	\$ -	\$ (2,617)

See independent auditors' report.

Special Revenue

Preschool IDEA-B 24109	Private Schools Share IDEA-B 24115	Title III-A 24153	Teacher/ Principal Training & Recruiting 24154	Title I School Improvement 24162
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
92,068	16,160	83,218	427,296	44,714
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>92,068</u>	<u>16,160</u>	<u>83,218</u>	<u>427,296</u>	<u>44,714</u>
76,988	-	81,509	406,180	43,231
12,347	16,160	77	6,558	-
-	-	-	-	-
2,733	-	1,632	14,170	1,483
-	-	-	388	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>92,068</u>	<u>16,160</u>	<u>83,218</u>	<u>427,296</u>	<u>44,714</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(9,849)	546	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,849)</u>	<u>\$ 546</u>	<u>\$ -</u>

See independent auditors' report.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	Immigrant Funding Title III 24163	Carl Perkins Secondary 24174	Carl Perkins Secondary - Redistribution 24176	Carl Perkins HSTW 24180
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	143,163	122,947	12,001	83,123
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Total revenues	143,163	122,947	12,001	83,123
<i>Expenditures</i>				
Current:				
Instruction	140,356	119,124	6,797	75,803
Support services - students	-	1	3,535	442
Support services - instruction	-	-	-	-
Support services - general administration	2,807	3,397	490	1,212
Support services - school administration	-	388	1,179	5,666
Central services	-	37	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	143,163	122,947	12,001	83,123
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	(23,510)	(7,243)	-	-
Fund balances - ending	\$ (23,510)	\$ (7,243)	\$ -	\$ -

See independent auditors' report.

Special Revenue

Carl Perkins HSTW - PY Unliq. Obligations 24181	Title XIX Medicaid 3/21 Years 25153	PNM Fondation, Inc. 26123	A+ for Energy 26179	Dual Credit Instructional Materials HB2 27103	2012 GO Bond Student Library 27107
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
263	-	-	-	-	-
-	1,676,529	-	-	-	-
-	-	-	-	-	87,646
-	-	-	-	39,234	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,003	-	-	-	-
<u>263</u>	<u>1,679,532</u>	<u>-</u>	<u>-</u>	<u>39,234</u>	<u>87,646</u>
214	17,585	-	-	39,234	-
-	1,089,313	-	-	-	-
-	-	-	-	-	87,646
-	-	-	-	-	-
49	36,685	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>263</u>	<u>1,143,583</u>	<u>-</u>	<u>-</u>	<u>39,234</u>	<u>87,646</u>
-	535,949	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	535,949	-	-	-	-
-	480,760	505	2,176	-	-
<u>\$ -</u>	<u>\$ 1,016,709</u>	<u>\$ 505</u>	<u>\$ 2,176</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	Truancy Initiative PED 27141	Pre-K Initiative 27149	Breakfast for Elementary Students 27155	Schools in Need of Improvement 27163
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	1,003,911	128,819	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Total revenues	-	1,003,911	128,819	-
<i>Expenditures</i>				
Current:				
Instruction	-	669,161	-	-
Support services - students	-	606	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	2,693	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	22,945	-	-
Food services operations	-	-	128,819	-
Capital outlay	-	308,506	-	-
Total expenditures	-	1,003,911	128,819	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	961	-	-	(30,757)
<i>Fund balances - ending</i>	\$ 961	\$ -	\$ -	\$ (30,757)

See independent auditors' report.

Special Revenue

Kindergarten- Three Plus 27166	2013 Pre-K Classrooms 27177	NM Grown FFV 27183	Teacher and School Leader Incentive Pay 27188	Teacher and School Leader Incentive Pay - GROUP 27190	Teachers "Hard to Staff" Stipend 27195
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	286,250	-	-	-	-
1,763,375	-	15,000	286,790	262,724	15,444
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,763,375</u>	<u>286,250</u>	<u>15,000</u>	<u>286,790</u>	<u>262,724</u>	<u>15,444</u>
1,597,154	-	-	286,790	262,724	15,444
18,274	-	-	-	-	-
20,327	-	-	-	-	-
-	-	-	-	-	-
127,620	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	15,000	-	-	-
-	286,250	-	-	-	-
<u>1,763,375</u>	<u>286,250</u>	<u>15,000</u>	<u>286,790</u>	<u>262,724</u>	<u>15,444</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	Early Intervention CYFD 28108	ASSIST Tobacco DOH 28122	Coordinated Approach to Child Health 28140	Medicaid HSD 28144
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	38,760	-	-	-
Charges for services	-	-	-	-
Investment income	25	-	-	112
Total revenues	38,785	-	-	112
<i>Expenditures</i>				
Current:				
Instruction	37,469	-	-	-
Support services - students	-	-	-	27,145
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	37,469	-	-	27,145
<i>Excess (deficiency) of revenues over expenditures</i>	1,316	-	-	(27,033)
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balances</i>	1,316	-	-	(27,033)
<i>Fund balances - beginning</i>	1,813	578	1,536	53,700
<i>Fund balances - ending</i>	\$ 3,129	\$ 578	\$ 1,536	\$ 26,667

See independent auditors' report.

Special Revenue

GRADS Childcare 28189	GRADS - Instruction 28190	Grad Plus 28203	Private Direct Grants 29102	School Based Health Center 29130	Industrial Revenue Bonds Payment In Lieu of Taxes 29135
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	30,789	-	276,429
4,000	9,500	16,000	-	-	-
-	-	-	-	-	-
-	-	-	52	194	660
<u>4,000</u>	<u>9,500</u>	<u>16,000</u>	<u>30,841</u>	<u>194</u>	<u>277,089</u>
4,000	9,500	5,245	17,522	-	-
-	-	10,755	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	18,753	-	-
<u>4,000</u>	<u>9,500</u>	<u>16,000</u>	<u>36,275</u>	<u>-</u>	<u>-</u>
-	-	-	(5,434)	194	277,089
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(5,434)	194	277,089
-	-	-	10,014	64,000	24,864
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,580</u>	<u>\$ 64,194</u>	<u>\$ 301,953</u>

See independent auditors' report.

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STATE OF NEW MEXICO
Roswell Independent School District No. 4
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Capital Projects		
	Capital Improvements SB-9 State 31700	Capital Improvements SB-9 Local 31701	Total Nonmajor Governmental Funds
<i>Revenues</i>			
Property taxes	\$ 73	\$ 2,004,627	\$ 2,004,700
Oil and gas taxes	-	24,197	24,197
Intergovernmental revenue:			
Federal flowthrough	-	-	3,478,657
Federal direct	-	-	8,523,664
Local sources	1,214,827	-	1,895,941
State flowthrough	-	-	3,515,297
State direct	-	-	68,260
Charges for services	-	-	578,213
Investment income	-	4,443	23,369
<i>Total revenues</i>	1,214,900	2,033,267	20,112,298
<i>Expenditures</i>			
Current:			
Instruction	-	-	4,807,575
Support services - students	-	-	2,726,122
Support services - instruction	-	-	107,973
Support services - general administration	-	19,741	332,708
Support services - school administration	-	-	177,776
Central services	-	-	7,535
Operation and maintenance of plant	-	-	887
Student transportation	-	-	22,945
Food services operations	-	-	6,877,432
Capital outlay	734,340	2,145,821	3,493,670
<i>Total expenditures</i>	734,340	2,165,562	18,554,623
<i>Excess (deficiency) of revenues over expenditures</i>	480,560	(132,295)	1,557,675
<i>Other financing sources (uses)</i>			
Transfers in	-	1,808,425	1,808,425
Transfers (out)	(1,808,425)	-	(1,808,425)
<i>Total other financing sources (uses)</i>	(1,808,425)	1,808,425	-
<i>Net change in fund balances</i>	(1,327,865)	1,676,130	1,557,675
<i>Fund balances - beginning</i>	1,197,220	-	7,199,721
<i>Fund balances - ending</i>	\$ (130,645)	\$ 1,676,130	\$ 8,757,396

See independent auditors' report.

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GENERAL FUND

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Combining Balance Sheet
General Fund
June 30, 2017

Statement B-1

	Operational 11000	Transportation 13000	Instructional Materials 14000	Total
Assets				
<i>Current assets</i>				
Cash and cash equivalents	\$ 5,222,520	\$ 499	\$ 305,060	\$ 5,528,079
Investments	1,067	-	-	1,067
Receivables:				
Property taxes	21,181	-	-	21,181
Other	61,159	-	-	61,159
Inventory	196,136	-	-	196,136
Prepaid expenses	108,305	-	-	108,305
Due from other funds	11,540,225	-	-	11,540,225
<i>Total assets</i>	<u>\$ 17,150,593</u>	<u>\$ 499</u>	<u>\$ 305,060</u>	<u>\$ 17,456,152</u>
Liabilities, deferred inflows of resources, and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ 290,569	\$ 137	\$ 4,578	\$ 295,284
Accrued payroll	4,651,166	-	-	4,651,166
<i>Total liabilities</i>	<u>4,941,735</u>	<u>137</u>	<u>4,578</u>	<u>4,946,450</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	16,968	-	-	16,968
<i>Total deferred inflows of resources</i>	<u>16,968</u>	<u>-</u>	<u>-</u>	<u>16,968</u>
<i>Fund balances</i>				
Nonspendable:				
Inventory	196,136	-	-	196,136
Prepaid expense	108,305	-	-	108,305
Spendable:				
Restricted for:				
Transportation	-	362	-	362
Instructional materials	-	-	300,482	300,482
Committed for:				
Subsequent year's expenditures	5,322,501	-	-	5,322,501
Unassigned	6,564,948	-	-	6,564,948
<i>Total fund balances</i>	<u>12,191,890</u>	<u>362</u>	<u>300,482</u>	<u>12,492,734</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 17,150,593</u>	<u>\$ 499</u>	<u>\$ 305,060</u>	<u>\$ 17,456,152</u>

See independent auditors' report.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2017

Statement B-2

	Operational 11000	Transportation 13000	Instructional Materials 14000	Total
<i>Revenues</i>				
Property taxes	\$ 372,892	\$ -	\$ -	\$ 372,892
Oil and gas taxes	6,087	-	-	6,087
Intergovernmental revenues:				
Federal direct	414,499	-	-	414,499
Local sources	6,209	-	-	6,209
State direct	68,018,829	-	555,292	68,574,121
Transportation distribution	-	2,272,787	-	2,272,787
Charges for services	66,486	-	-	66,486
Investment income	57,981	560	1,705	60,246
Miscellaneous	428,401	-	-	428,401
Total revenues	69,371,384	2,273,347	556,997	72,201,728
<i>Expenditures</i>				
Current:				
Instruction	45,376,379	-	744,678	46,121,057
Support services - students	7,125,688	-	-	7,125,688
Support services - instruction	1,331,799	-	-	1,331,799
Support services - general administration	1,398,803	-	-	1,398,803
Support services - school administration	4,644,695	-	-	4,644,695
Central services	2,924,525	-	-	2,924,525
Operation and maintenance of plant	8,804,823	-	-	8,804,823
Student transportation	122,045	2,272,924	-	2,394,969
Other support services	9,369	-	-	9,369
Capital outlay	106,595	-	-	106,595
Total expenditures	71,844,721	2,272,924	744,678	74,862,323
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,473,337)</u>	<u>423</u>	<u>(187,681)</u>	<u>(2,660,595)</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	23,576	-	-	23,576
Total other financing sources (uses)	23,576	-	-	23,576
Net change in fund balances	(2,449,761)	423	(187,681)	(2,637,019)
Fund balances - beginning	14,641,651	(61)	488,163	15,129,753
Fund balances - ending of year	\$ 12,191,890	\$ 362	\$ 300,482	\$ 12,492,734

See independent auditors' report.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Operational Fund (11000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

Statement B-3

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ 358,633	\$ 358,633	\$ 369,569	10,936
Oil and gas taxes	14,904	14,904	5,627	(9,277)
Intergovernmental revenues:				
Federal direct	203,356	203,356	414,499	211,143
Local sources	-	-	6,209	6,209
State direct	70,239,428	67,769,188	67,974,717	205,529
Charges for services	30,000	30,000	65,486	35,486
Investment income	16,500	16,500	57,981	41,481
Miscellaneous	200,000	200,000	427,651	227,651
Total revenues	71,062,821	68,592,581	69,321,739	729,158
<i>Expenditures</i>				
Current:				
Instruction	45,678,842	47,512,629	45,051,283	2,461,346
Support services - students	6,756,619	7,363,462	7,126,421	237,041
Support services - instruction	1,444,632	1,448,060	1,315,761	132,299
Support services - general administration	1,351,322	1,561,275	1,402,129	159,146
Support services - school administration	4,640,291	4,787,010	4,633,486	153,524
Central services	2,929,249	3,092,945	2,948,177	144,768
Operation and maintenance of plant	9,780,398	10,652,320	8,682,655	1,969,665
Student transportation	-	134,018	122,045	11,973
Other support services	75,000	129,746	9,369	120,377
Capital outlay	4,000,000	766,530	82,156	684,374
Total expenditures	76,656,353	77,447,995	71,373,482	6,074,513
<i>Excess (deficiency) of revenues over expenditures</i>	(5,593,532)	(8,855,414)	(2,051,743)	6,803,671
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	5,593,532	8,855,414	-	(8,855,414)
Proceeds from sale of capital assets	-	-	23,234	23,234
Total other financing sources (uses)	5,593,532	8,855,414	23,234	(8,832,180)
<i>Net change in fund balances</i>	-	-	(2,028,509)	(2,028,509)
<i>Fund balances - beginning of year</i>	-	-	14,141,155	14,141,155
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 12,112,646	\$ 12,112,646
<i>Net change in fund balances (Non-GAAP Budgetary Basis)</i>				\$ (2,028,509)
Adjustments to revenues for changes in instructional support revenues and property taxes				49,987
Adjustments to expenditures for supplies, maintenance, rentals, and accrued payroll				(471,239)
<i>Net change in fund balances (GAAP Basis)</i>				\$ (2,449,761)

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Transportation Fund (13000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

Statement B-4

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	-
Oil and gas taxes	-	-	-	-
Intergovernmental revenues:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	2,441,611	2,272,787	2,272,787	-
Charges for services	-	-	-	-
Investment income	-	-	560	560
Miscellaneous	-	-	-	-
Total revenues	2,441,611	2,272,787	2,273,347	560
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Student transportation	2,301,999	2,272,787	2,272,787	-
Other support services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	2,301,999	2,272,787	2,272,787	-
<i>Excess (deficiency) of revenues over expenditures</i>	139,612	-	560	560
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(139,612)	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	(139,612)	-	-	-
<i>Net change in fund balances</i>	-	-	560	560
<i>Fund balances - beginning of year</i>	-	-	(61)	(61)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 499	\$ 499
<i>Net change in fund balances (Non-GAAP Budgetary Basis)</i>				\$ 560
No adjustments to revenues				-
Adjustments to expenditures for transportation expenses				(137)
<i>Net change in fund balances (GAAP Basis)</i>				\$ 423

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Instructional Materials Fund (14000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

Statement B-5

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	-
Oil and gas taxes	-	-	-	-
Intergovernmental revenues:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	558,592	399,692	555,292	155,600
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	1,705	1,705
Miscellaneous	-	-	-	-
Total revenues	558,592	399,692	556,997	157,305
<i>Expenditures</i>				
Current:				
Instruction	710,563	887,855	740,100	147,755
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Student transportation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	710,563	887,855	740,100	147,755
<i>Excess (deficiency) of revenues over expenditures</i>	(151,971)	(488,163)	(183,103)	305,060
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	151,971	488,163	-	(488,163)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	151,971	488,163	-	(488,163)
<i>Net change in fund balances</i>	-	-	(183,103)	(183,103)
<i>Fund balances - beginning of year</i>	-	-	488,163	488,163
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 305,060	\$ 305,060
<i>Net change in fund balances (Non-GAAP Budgetary Basis)</i>				\$ (183,103)
No adjustments to revenues				-
Adjustments to expenditures for instructional materials expenses				(4,578)
<i>Net change in fund balances (GAAP Basis)</i>				\$ (187,681)

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

SIDNEY GUTIERREZ CHARTER SCHOOL

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Sidney Gutierrez Charter School
Combining Balance Sheet
Governmental Funds
June 30, 2017

	<u>General</u>		<u>Special Revenue</u>	
	<u>Operational 11000</u>	<u>Instructional Materials 14000</u>	<u>Challenge Foundation 26138</u>	<u>Walter Family Foundation 26148</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 314,349	\$ 10,655	\$ 2,702	\$ 724
Receivables:				
Property taxes	-	-	-	-
Other	-	-	-	-
<i>Total assets</i>	<u>\$ 314,349</u>	<u>\$ 10,655</u>	<u>\$ 2,702</u>	<u>\$ 724</u>
<i>Liabilities</i>				
Accounts payable	\$ 514	\$ -	\$ -	\$ -
Accrued payroll	41,033	-	104	-
Unearned revenue	-	-	2,598	-
<i>Total liabilities</i>	<u>41,547</u>	<u>-</u>	<u>2,702</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable:				
Restricted for:				
Education	-	10,655	-	724
Capital acquisitions and improvements	-	-	-	-
Committed for:				
Subsequent years' expenditures	157,734	-	-	-
Unassigned	115,068	-	-	-
<i>Total fund balances</i>	<u>272,802</u>	<u>10,655</u>	<u>-</u>	<u>724</u>
<i>Total liabilities and fund balances</i>	<u>\$ 314,349</u>	<u>\$ 10,655</u>	<u>\$ 2,702</u>	<u>\$ 724</u>

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

2014 GOB Public Library Award 27107	Special Revenue			Capital Projects
	Beginning Teacher Mentoring 27171	School Library Material FY08 27549	Private Direct Grants 29102	Public Schools Capital Outlay 31200
\$ -	\$ -	\$ 11	\$ 858	\$ -
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 858</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	582	-
-	-	-	-	-
-	-	-	582	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	11	276	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	11	276	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 858</u>	<u>\$ -</u>

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

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STATE OF NEW MEXICO
Roswell Independent School District No. 4
Sidney Gutierrez Charter School
Combining Balance Sheet
Governmental Funds
June 30, 2017

	Capital Projects		
	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701	Total
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ 31,353	\$ 360,652
Receivables:			
Property taxes	-	764	764
Other	-	11	11
<i>Total assets</i>	\$ -	\$ 32,128	\$ 361,427
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ 514
Accrued payroll	-	-	41,719
Unearned revenue	-	-	2,598
<i>Total liabilities</i>	-	-	44,831
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	-	649	649
<i>Total deferred inflows of resources</i>	-	649	649
<i>Fund balances</i>			
Spendable:			
Restricted for:			
Education	-	-	11,666
Capital acquisitions and improvements	-	31,479	31,479
Committed for:			
Subsequent years' expenditures	-	-	157,734
Unassigned	-	-	115,068
<i>Total fund balances</i>	-	31,479	315,947
<i>Total liabilities and fund balances</i>	\$ -	\$ 32,128	\$ 361,427

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

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STATE OF NEW MEXICO
Roswell Independent School District No. 4
Sidney Gutierrez Charter School
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2017

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

Fund balances - total governmental funds	\$	315,947
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds		61,151
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities		649
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:		
Deferred outflows of resources related to changes in proportion		37,478
Deferred outflows of resources related to changes of assumption		17,916
Deferred outflows of resources related to the difference between expected and actual experience		3,818
Deferred outflows of resources related to the net difference between projected and actual investment earnings on pension plan investments		52,536
Deferred outflows of resources related to employer contribution subsequent to measurement date		55,306
Deferred inflows of resources related to changes in proportion		(6,587)
Deferred inflows of resources related to the difference between expected and actual experience		(8,371)
Certain liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds		<u>(880,124)</u>
<i>Total net pension - government funds</i>	<u>\$</u>	<u>(350,281)</u>

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Sidney Gutierrez Charter School
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General</u>		<u>Special Revenue</u>	
	<u>Operational 11000</u>	<u>Instructional Materials 14000</u>	<u>Challenge Foundation 26138</u>	<u>Walter Family Foundation 26148</u>
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
State flowthrough	610,773	4,091	-	-
Local sources	229	-	-	-
Investment income	1,063	29	1,516	-
<i>Total revenues</i>	<u>612,065</u>	<u>4,120</u>	<u>1,516</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	442,115	692	1,516	-
Support services-students	42,707	-	-	-
Support services-instruction	622	-	-	-
Support services-general administration	12,280	-	-	130
Support services-school administration	139,726	-	-	-
Operation and maintenance of plant	64,459	-	-	-
<i>Total expenditures</i>	<u>701,909</u>	<u>692</u>	<u>1,516</u>	<u>130</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(89,844)</u>	<u>3,428</u>	<u>-</u>	<u>(130)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(89,844)	3,428	-	(130)
<i>Fund balances - beginning of year</i>	<u>362,646</u>	<u>7,227</u>	<u>-</u>	<u>854</u>
<i>Fund balances - ending of year</i>	<u>\$ 272,802</u>	<u>\$ 10,655</u>	<u>\$ -</u>	<u>\$ 724</u>

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

2014 GOB Public Library Award 27107	Special Revenue			Capital Projects
	Beginning Teacher Mentoring 27171	School Library Material FY08 27549	Private Direct Grants 29102	Public Schools Capital Outlay 31200
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	32,094
3,173	586	-	-	-
-	-	-	8	-
<u>3,173</u>	<u>586</u>	<u>-</u>	<u>8</u>	<u>32,094</u>
-	-	-	6,346	-
-	-	-	-	-
3,173	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	32,094
<u>3,173</u>	<u>-</u>	<u>-</u>	<u>6,346</u>	<u>32,094</u>
-	586	-	(6,338)	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	586	-	(6,338)	-
-	(586)	11	6,614	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 276</u>	<u>\$ -</u>

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

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STATE OF NEW MEXICO
Roswell Independent School District No. 4
Sidney Gutierrez Charter School
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Capital Projects		Total
	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701	
<i>Revenues:</i>			
Property taxes	\$ -	\$ 12,616	\$ 12,616
Oil and gas taxes	-	152	152
<i>Intergovernmental revenue:</i>			
State flowthrough	6,409	-	653,367
Local sources	-	-	3,988
Investment income	-	78	2,694
<i>Total revenues</i>	<u>6,409</u>	<u>12,846</u>	<u>672,817</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	-	-	450,669
Support services-students	-	-	42,707
Support services-instruction	-	-	3,795
Support services-general administration	-	125	12,535
Support services-school administration	-	-	139,726
Operation and maintenance of plant	6,639	2,441	105,633
<i>Total expenditures</i>	<u>6,639</u>	<u>2,566</u>	<u>755,065</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(230)</u>	<u>10,280</u>	<u>(82,248)</u>
<i>Other financing sources (uses)</i>			
Transfers in	-	21,199	21,199
Transfers (out)	(21,199)	-	(21,199)
<i>Total other financing sources (uses)</i>	<u>(21,199)</u>	<u>21,199</u>	<u>-</u>
<i>Net change in fund balances</i>	(21,429)	31,479	(82,248)
<i>Fund balances - beginning of year</i>	<u>21,429</u>	<u>-</u>	<u>398,195</u>
<i>Fund balances - ending of year</i>	<u>\$ -</u>	<u>\$ 31,479</u>	<u>\$ 315,947</u>

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

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STATE OF NEW MEXICO
 Roswell Independent School District No. 4
 Sidney Gutierrez Charter School
 Governmental Funds

Reconciliation of the Combining Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$	(82,248)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Depreciation expense		(4,447)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:		
Change in unavailable revenue related to property taxes receivable		203
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:		
Charter pension contribution		55,306
Pension expense		<u>(98,285)</u>
<i>Change in net position of governmental activities</i>	<u>\$</u>	<u>(129,471)</u>

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Sidney Gutierrez Charter School
Operational Fund (11000)
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

Statement C-3

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
State flowthrough	633,276	610,771	610,773	2
Local sources	-	-	229	229
Investment income	200	200	1,063	863
<i>Total revenues</i>	<u>633,476</u>	<u>610,971</u>	<u>612,065</u>	<u>1,094</u>
<i>Expenditures</i>				
Current:				
Instruction	528,148	638,761	444,796	193,965
Support services-students	6,557	48,518	42,707	5,811
Support services-instruction	2,621	1,656	622	1,034
Support services-general administration	18,410	18,410	12,280	6,130
Support services-school administration	154,288	150,714	139,726	10,988
Operation and maintenance of plant	106,654	99,219	64,096	35,123
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>816,678</u>	<u>957,278</u>	<u>704,227</u>	<u>253,051</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(183,202)</u>	<u>(346,307)</u>	<u>(92,162)</u>	<u>254,145</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	183,202	346,307	-	(346,307)
<i>Total other financing sources (uses)</i>	<u>183,202</u>	<u>346,307</u>	<u>-</u>	<u>(346,307)</u>
<i>Net change in fund balances</i>	-	-	(92,162)	(92,162)
<i>Fund balance - beginning of year</i>	-	-	365,478	365,478
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,316</u>	<u>\$ 273,316</u>
<i>Net change in fund balances (Non-GAAP Budgetary Basis)</i>				\$ (92,162)
No adjustments to revenue				-
Adjustments to expenditures for payroll and operational expenses				<u>2,318</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (89,844)</u>

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

STATE OF NEW MEXICO

Statement C-4

Roswell Independent School District No. 4
Sidney Gutierrez Charter School
Instructional Materials Fund (14000)
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
State flowthrough	3,594	3,078	4,091	1,013
Local sources	-	-	-	-
Investment income	-	-	29	29
<i>Total revenues</i>	<u>3,594</u>	<u>3,078</u>	<u>4,120</u>	<u>1,042</u>
<i>Expenditures</i>				
Current:				
Instruction	6,569	10,305	692	9,613
Support services-students	-	-	-	-
Support services-instruction	-	-	-	-
Support services-general administration	-	-	-	-
Support services-school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>6,569</u>	<u>10,305</u>	<u>692</u>	<u>9,613</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,975)</u>	<u>(7,227)</u>	<u>3,428</u>	<u>10,655</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	2,975	7,227	-	(7,227)
<i>Total other financing sources (uses)</i>	<u>2,975</u>	<u>7,227</u>	<u>-</u>	<u>(7,227)</u>
<i>Net change in fund balances</i>	-	-	3,428	3,428
<i>Fund balance - beginning of year</i>	-	-	7,227	7,227
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,655</u>	<u>\$ 10,655</u>
<i>Net change in fund balances (Non-GAAP Budgetary Basis)</i>				\$ 3,428
No adjustments to revenue				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 3,428</u>

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

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2017

Schedule III

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2017</u>
Pioneer Bank				
	FFCB	7/13/2023	3130A8PC1	\$ 5,483,474
	FFCB	7/12/2023	3133EGLK9	4,904,075
	FFCB	7/25/2025	3130A8RV7	11,001,928
	FFCB	1/11/2024	3133EGKS3	9,795,849
	FFCB	2/16/2024	3133EFA23	9,681,396
	FFCB	7/12/2023	3133EGLK9	4,880,021
	<i>Total Pioneer Bank</i>			<u>45,746,743</u>
	Less: collateral allocated to component unit			<u>(374,626)</u>
	<i>Total</i>			<u>\$ 45,372,117</u>

Name and location of safekeeper for above pledged collateral:
Federal Home Loan Bank of Dallas, Dallas, TX

See independent auditors' report.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Schedule of Deposit and Investment Accounts
June 30, 2017

Schedule IV

<u>Bank Account Type/Name</u>	New Mexico		Total	Component
	LGIP	Pioneer Bank		Unit
				Pioneer Bank
New MexiGROW - LGIP	\$ 3,674	\$ -	\$ 3,674	\$ -
Payroll Account - checking	-	-	-	-
Operating Account - checking	-	37,646,561	37,646,561	374,626
Sweep Account	-	-	-	-
Athletic Change Fund Account - checking	-	5,100	5,100	-
CD (Class of 30-35) 1 year	-	6,319	6,319	-
CD (Bruce Cox Scholarship) 1 year	-	4,883	4,883	-
CD (Worthy Scholarship)	-	34,055	-	-
Total	3,674	37,701,352	37,705,026	374,626
Reconciling items	-	(1,570,176)	(1,570,176)	(7,321)
<i>Reconciled balance</i>	<u>\$ 3,674</u>	<u>\$ 36,131,176</u>	<u>36,134,850</u>	<u>367,305</u>
Deposits and investments per financial statements:				
Cash and cash equivalents - Exhibit A-1			29,076,508	360,652
Restricted cash and cash equivalents - Exhibit A-1			6,050,937	-
Investments - Exhibit A-1			2,625	-
Cash and cash equivalents - Agency Funds - Exhibit D-1			958,474	6,653
Investments - Agency Funds - Exhibit D-1			46,306	-
<i>Total deposits and investments</i>			<u>\$ 36,134,850</u>	<u>\$ 367,305</u>

See independent auditors' report.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Cash Reconciliation
June 30, 2017

	Operational Fund 11000	Transporation Fund 13000	Instructional Materials Fund 14000	Food Services Fund 21000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
PED Cash, June 30, 2016	\$ 14,206,949	\$ (61)	\$ 488,163	\$ 4,337,644
Add:				
2016-2017 receipts	<u>69,344,973</u>	<u>2,273,347</u>	<u>556,998</u>	<u>7,200,715</u>
Total cash available	83,551,922	2,273,286	1,045,161	11,538,359
Less:				
2016-2017 expenditures	(71,365,477)	(2,272,787)	(740,101)	(6,934,038)
Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
PED Cash, June 30, 2017	<u>\$ 12,186,445</u>	<u>\$ 499</u>	<u>\$ 305,060</u>	<u>\$ 4,604,321</u>
Add / Less:				
Negative cash loans from (to)	(11,540,225)	-	-	-
Held checks	<u>4,577,367</u>	<u>-</u>	<u>-</u>	<u>129,055</u>
<i>Cash and investments per financial statements</i>	<u>\$ 5,223,587</u>	<u>\$ 499</u>	<u>\$ 305,060</u>	<u>\$ 4,733,376</u>

See independent auditors' report.

Athletics Fund 22000	Federal Flowthrough Fund 24000	Federal Direct Fund 25000	Local Grants Fund 26000	State Flowthrough Fund 27000	State Direct Fund 28000
\$ 746,507	\$ (2,737,260)	\$ 367,594	\$ 2,681	\$ (1,345,588)	\$ 57,627
254,023	7,231,938	1,663,745	-	4,105,295	68,397
1,000,530	4,494,678	2,031,339	2,681	2,759,707	126,024
(74,655) 487	(6,491,153) -	(1,130,773) -	- -	(3,889,192) (11,781)	(94,114) -
<u>\$ 926,362</u>	<u>\$ (1,996,475)</u>	<u>\$ 900,566</u>	<u>\$ 2,681</u>	<u>\$ (1,141,266)</u>	<u>\$ 31,910</u>
-	4,170,818	-	-	1,194,407	-
-	340,187	38,311	-	167,065	3,472
<u>\$ 926,362</u>	<u>\$ 2,514,530</u>	<u>\$ 938,877</u>	<u>\$ 2,681</u>	<u>\$ 220,206</u>	<u>\$ 35,382</u>

See independent auditors' report.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Cash Reconciliation
June 30, 2017

	Local/State 29000	Bond Building Fund 31100	Public School Capital Outlay Fund 31200	Cap. Improve. SB-9 Fund 31700
PED Cash, June 30, 2016	\$ 98,879	\$ 8,203,153	\$ -	\$ 1,234,515
Add:				
2016-2017 receipts	307,587	254,008	4,377,399	1,174,199
Total cash available	406,466	8,457,161	4,377,399	2,408,714
Less:				
2016-2017 expenditures	(36,275)	(2,465,840)	(4,377,399)	(728,342)
Adjustments	-	-	-	(1,808,425)
PED Cash, June 30, 2017	\$ 370,191	\$ 5,991,321	\$ -	\$ (128,053)
Add / Less:				
Negative cash loans from (to)	-	-	6,000,000	175,000
Held checks	-	-	-	-
<i>Cash and investments per financial statements</i>	\$ 370,191	\$ 5,991,321	\$ 6,000,000	\$ 46,947

See independent auditors' report.

Cap. Improve. SB-9 Local 31701	Debt Service Fund 41000	Total
\$ -	\$ 5,928,274	\$ 31,589,077
<u>2,000,919</u>	<u>5,862,694</u>	<u>106,676,237</u>
2,000,919	11,790,968	138,265,314
(2,040,703)	(5,738,558)	(108,379,407)
<u>1,808,425</u>	<u>-</u>	<u>(11,294)</u>
<u>\$ 1,768,641</u>	<u>\$ 6,052,410</u>	<u>\$ 29,874,613</u>
-	-	-
<u>-</u>	<u>-</u>	<u>5,255,457</u>
<u>\$ 1,768,641</u>	<u>\$ 6,052,410</u>	<u>\$ 35,130,070</u>

See independent auditors' report.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Cash Reconciliation
June 30, 2017

Component Unit

	Operational Fund 11000	Instructional Materials Fund 14000	Local Grants Fund 26000	State Flowthrough Fund 27000
PED Cash, June 30, 2016	\$ 346,307	\$ 7,227	\$ 4,961	\$ 11
Add:				
2016-2017 receipts	<u>612,065</u>	<u>4,120</u>	<u>6</u>	<u>3,173</u>
Total cash available	958,372	11,347	4,967	3,184
Less:				
2016-2017 expenditures	(685,056)	(692)	(1,515)	(3,173)
Adjustments	<u>-</u>	<u>-</u>	<u>(26)</u>	<u>-</u>
PED Cash, June 30, 2017	<u><u>\$ 273,316</u></u>	<u><u>\$ 10,655</u></u>	<u><u>\$ 3,426</u></u>	<u><u>\$ 11</u></u>
Add / Less:				
Audit adjustment	-	-	-	-
Negative cash loans from (to)	-	-	-	-
Held checks	<u>41,033</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash and investments per financial statements</i>	<u><u>\$ 314,349</u></u>	<u><u>\$ 10,655</u></u>	<u><u>\$ 3,426</u></u>	<u><u>\$ 11</u></u>

See independent auditors' report.

<u>Local/State 29000</u>	<u>Public School Capital Outlay Fund 31200</u>	<u>Cap. Improve. SB-9 Fund 31700</u>	<u>Cap. Improve. SB-9 Local 31701</u>	<u>Total</u>
\$ 6,614	\$ (7,368)	\$ 21,199	\$ -	\$ 378,951
<u>8</u>	<u>39,462</u>	<u>5,963</u>	<u>12,720</u>	<u>677,517</u>
6,622	32,094	27,162	12,720	1,056,468
(6,345)	(32,094)	(5,963)	(2,566)	(737,404)
<u>581</u>	<u>-</u>	<u>(21,199)</u>	<u>21,199</u>	<u>555</u>
<u>\$ 858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,353</u>	<u>\$ 319,619</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	41,033
<u>\$ 858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,353</u>	<u>\$ 360,652</u>

See independent auditors' report.

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Administration	\$ 258,652	\$ 21,401	\$ (31,038)	\$ 249,015
Goddard High	240,116	330,113	(346,630)	223,599
Roswell High	173,151	195,788	(178,756)	190,183
University High	14,712	14,325	(11,170)	17,867
Early College High School	-	11,581	(10,288)	1,293
Berrendo Middle	49,799	109,498	(81,069)	78,228
Mesa Middle	19,246	38,905	(39,539)	18,612
Mountain View Middle	20,615	26,591	(32,843)	14,363
Sierra Middle	53,217	79,473	(77,783)	54,907
Berrendo Elementary	4,938	14,963	(15,919)	3,982
Del Norte	13,698	24,258	(24,137)	13,819
East Grand Plains	9,555	32,128	(32,184)	9,499
El Capitan	5,452	11,901	(12,047)	5,306
Military Heights	5,857	12,958	(14,567)	4,248
Missouri Avenue	3,554	12,431	(9,626)	6,359
Monterrey	7,187	26,399	(25,489)	8,097
Nancy Lopez	2,983	13,120	(12,026)	4,077
Parkview	9,302	4,321	(6,688)	6,935
Pecos	8,622	31,103	(29,970)	9,755
Sunset	21,744	14,028	(15,394)	20,378
Valley View	5,704	42,287	(28,453)	19,538
Washington Avenue	21,933	26,187	(28,450)	19,670
Maintenance	25	-	-	25
Driver's Ed	673	-	-	673
Planetarium	560	-	-	560
Vocational Ed	51	-	-	51
Arts Fund	478	-	(319)	159
ESC Building	4,867	-	-	4,867
Material Center	696	52	(456)	292
Special Ed	2,544	3,157	(2,912)	2,789
Teacher Center	14,716	14,980	(20,583)	9,113
Key Club	1,000	-	-	1,000
Other Reserved	847	-	(847)	-
Deposits Held in Trust	976,494	1,111,948	(1,089,183)	999,259
Less: Accounts Receivable	(472)	(3,958)	472	(3,958)
Less: Prepaids	(55)	(1,736)	55	(1,736)
Plus: Accounts Payable	5,973	11,215	(5,973)	11,215
<i>Total cash and investments</i>	<u>\$ 981,940</u>	<u>\$ 1,117,469</u>	<u>\$ (1,094,629)</u>	<u>\$ 1,004,780</u>

See independent auditors' report.

Component unit	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Interest	\$ 1,282	\$ 20	\$ -	\$ 1,302
Student Council	195	-	-	195
Year Books	660	-	-	660
Other Fundraisers	801	111	(554)	358
Other Donations	997	-	-	997
Roswell Sertoma	1,982	-	-	1,982
Latimer	16	-	-	16
Mathematica	868	-	-	868
Book Replacement Funds	255	20	-	275
Total due to organizations	<u>\$ 7,056</u>	<u>\$ 151</u>	<u>\$ (554)</u>	<u>\$ 6,653</u>

See independent auditors' report.

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COMPLIANCE SECTION



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

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Roswell Independent School District No. 4
Roswell, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and the major special revenue fund of Roswell Independent School District No. 4 (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2017.

Internal Control over Financial Reporting

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

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

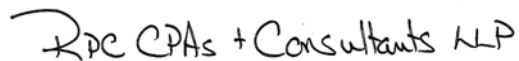
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "RPC CPAs + Consultants LLP". The signature is written in a cursive, slightly slanted style.

RPC CPAs + Consultants, LLP
Albuquerque, NM
November 10, 2017

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FEDERAL FINANCIAL ASSISTANCE



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

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Roswell Independent School District No. 4
Roswell, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Roswell Independent School District No. 4's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

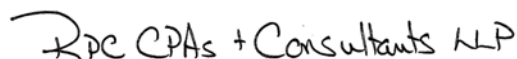
Report on Internal Control Over Compliance

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

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

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

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



RPC CPAs + Consultants, LLP
Albuquerque, NM
November 10, 2017

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Thru Number</u>	<u>Federal C.F.D.A. Number</u>	<u>Expenditures</u>	<u>Funds Provided to Subrecipients</u>	<u>Noncash Assistance</u>
U.S. Department of Health and Human Services					
<i>Direct United States Department of Health and Human Services</i>					
Community-Based Child Abuse Prevention	28189	93.590	\$ 4,000	\$ -	\$ -
Temporary Assistance for Needy Families	28190	93.558	9,500	-	-
Total U.S. Department of Energy			<u>13,500</u>	<u>-</u>	<u>-</u>
U.S. Department of Education					
<i>Passthrough - State of NM Public Education Department</i>					
Title I Grants to Local Educational Agencies	24162	84.010A	44,715	-	-
English Language Acquisition - Immigrant Funding	24163	84.365	89,657	-	-
Title I Grants to Local Educational Agencies - Improving America's Schools	24101	84.010	3,181,069	-	-
Special Ed-Grants to States (IDEA, Part B) - Entitlement (a)	* 24106	84.027	2,349,657	-	-
Special Ed-Preschool Grants (IDEA Preschool) (a)	* 24109	84.173	82,404	-	-
Special Ed-Grants to States (IDEA, Part B) - Private School Share (a)	* 24115	84.173	16,160	-	-
Migrant Education State Grant Program	24103	84.011A	35,900	-	-
English Language Acquisition State Grants	24153	84.365A	96,343	-	-
Supporting Effective Instruction State Grant	* 24154	84.367A	427,349	-	-
Career and Tech Ed-Basic Grants to States - Secondary- Current	24174	84.0480	122,946	-	-
Career and Tech Ed-Basic Grants to States - Secondary- PY Obligations	24176	84.0482	12,543	-	-
Career and Tech Ed-Basic Grants to States - Secondary- PY Obligations	24180	84.048	82,123	-	-
Career and Tech Ed-Basic Grants to States - Secondary- PY Obligations	24181	84.0481	263	-	-
Total U.S. Department of Education Passthrough			<u>6,541,129</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture					
<i>Passthrough - State of NM Public Education Department</i>					
School Breakfast Program	21000	10.553	3,068,777	-	-
National School Lunch Program (b)	21000	10.555	3,869,018	-	-
Total U.S. Department of Agriculture Passthrough			<u>6,937,795</u>	<u>-</u>	<u>-</u>
<i>Total Federal Financial Assistance</i>			<u>\$ 13,492,424</u>	<u>\$ -</u>	<u>\$ -</u>

* Major program

() Denotes cluster

(a) Special Education Cluster (IDEA)

(b) Child Nutrition Cluster

See Independent Auditors' Report.
See accompanying notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Roswell Independent School District No. 4 (The District) and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Loans

The District did not expend federal awards related to loans or loan guarantees during the year.

10% de minimus Indirect Cost Rate

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

Federally Funded Insurance

The District has no federally funded insurance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 13,492,424
Total expenditures funded by other sources	<u>96,762,483</u>
<i>Total expenditures</i>	<u><u>\$ 109,048,542</u></u>

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Schedule of Findings and Questioned Costs
June 30, 2017

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

- | | |
|---|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | None noted |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
Special Education Cluster	
84.027	Special Education-Grants to States (IDEA-B)-Entitlement
84.173	Special Education-Preschool Grants (IDEA Preschool)
84.173	Special Education- Grants to States (IDEA-B)- Private School Share
84.367A	Supporting Effective Instruction

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

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Schedule of Findings and Questioned Costs
June 30, 2017

B. FINDINGS-FINANCIAL STATEMENT AUDIT

No financial statement findings noted

C. FINDINGS-SECTION 12-6-5 NMSA 1978 FINDINGS

No section 12-6-5 NMSA 1978 findings noted

D. FEDERAL AWARD FINDINGS

No federal award findings noted

E. PRIOR YEAR AUDIT FINDINGS

No prior year findings noted

STATE OF NEW MEXICO
Roswell Independent School District No. 4
Other Disclosures
June 30, 2017

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 10, 2017. In attendance were the following:

Representing Roswell Independent School District No. 4:

Mona Kirk, School Board President,
Susan Sanchez, Interim Superintendent of School
Chad Cole, Assistant Superintendent for Finance and Operations
Mike Notz, Director of Business Services
Joe Andreis, Charter School Principal
Linda Purcella, SGMS Business Manager

Representing RPC CPAs + Consultants, LLP

Alan Bowers, CPA, Partner

Auditor Prepared Financial Statements

RPC CPAs + Consultants, LLP prepared the GAAP-basis financial statements and footnotes of Roswell Independent School District from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.