

State of New Mexico Roy Municipal Schools



Annual Financial Statements

For the Fiscal Year Ended June 30, 2015

R. Kelly McFarland, CPA, PC

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

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**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Official Roster
June 30, 2015

BOARD OF EDUCATION

J. Blair Clavel
Matt Mitchell
Brandon Smith
Cody Hazen
Alfred Martinez

Board President
Board Vice President
Board Secretary
Board Member
Board Member

SCHOOL OFFICIALS

Bonnie Lightfoot
Sherrita Fluhman

Superintendent of Schools
Business Manager



R. Kelly McFarland

Certified Public Accountant
A Professional Corporation



America Counts on CPAs®

314 South 2nd Street • Post Office Box 1044 • Tucumcari, New Mexico 88401
Voice (575) 461-1195 • Fax (575) 461-1198 • Web: www.mcfarlandcpa.com

INDEPENDENT AUDITOR'S REPORT

Mr. Timothy Keller, New Mexico State Auditor and
Board Members of Roy Municipal Schools
Roy, New Mexico

Report on Financial Statements

I was engaged to audit the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Roy Municipal Schools, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. I was also engaged to audit the financial statements of each of the District's nonmajor governmental funds and the budgetary comparisons for the major capital project fund, debt service fund and all nonmajor funds presented as supplementary information as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on conducting my 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. Because of the matters described in the Basis of Disclaimer of Opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Because of the inadequacy of capital asset records, I was unable to obtain sufficient appropriate audit evidence regarding the amounts at which property and equipment, depreciation expense and accumulated depreciation are recorded in the accompanying Government Activities financial statements.

I was also unable to examine sufficient appropriate audit evidence as to the governmental funds, due to pervasive inadequacies in the accounting records including overstatement of bank balances in the amount of \$10,114, documentation of unearned income in the amount of \$16,412, funds and for educational programs with revenues of \$36,617, and assets of \$77,861 presented as activity funds rather than special revenue funds. Neither was I able to examine sufficient appropriate audit evidence to determine the resulting effect on revenues, expenditures, or budgetary comparisons for the year.

Disclaimer of Opinion

Because of the significance of the matters described in Basis for Disclaimer of Opinion paragraphs above, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial

INDEPENDENT AUDITOR'S REPORT, CONTINUED

statements of the Roy Municipal Schools as a whole. Accordingly, I do not express an opinion on the financial statements referred to above, including the respective budgetary comparisons for the general fund and major special revenue funds. I also do not express an opinion on the District's nonmajor governmental funds and the respective budgetary comparisons for the major capital projects fund, debt service fund and all nonmajor funds, presented as supplementary information for the year ended June 30, 2015, as listed in the table of contents.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that schedules of the Net Pension Liability for the Educational Retirement Plan on pages 40-41 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquires, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance and because of the significance of the matters discussed in the Basis for Disclaimer above, it is inappropriate to and I do not express an opinion on it.

Management has not presented the Management's Discussion and Analysis for the year ended June 30, 2015, that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financials statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financials statements in an appropriate operational, economic or historical context. My disclaimer of opinion on the financial statements as discussed above is not affected by the missing report.

Other Information

I was engaged for the purpose of forming opinions on the Roy Municipal Schools financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The additional schedules, required by Section 2.2.2 NMAC, listed as "other supplemental" information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such additional schedules required by Section 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 financials statements. Because of the significance of the matters discussed in the Basis for Disclaimer paragraph above, it is inappropriate to and I do not express an opinion on the fair presentation of the schedules required by Section 2.2.2 NMAC, in relation to the basic financial statements as a whole.

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

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 9, 2015, on my consideration of the Roy Municipal School's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of my 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 Roy Municipal School's reporting and compliance.



November 9, 2015

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF NET POSITION
June 30, 2015**

	Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 214,481
Taxes receivable	440
Other receivables	0
Due from other governments	34,469
Inventory	<u>0</u>
Total current assets	<u>249,390</u>
Non-current Assets:	
Land (non-depreciable)	16,200
Capital assets (depreciable)	4,784,321
Less: accumulated depreciation	<u>(2,674,481)</u>
Total non-current assets	<u>2,126,040</u>
Total Assets	<u>2,375,430</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Change of Assumption	37,731
Deferred Outflows - Contributions after measurement date	<u>12,368</u>
Total deferred outflows of resources	<u>50,099</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	6,990
Accrued salary payable	0
Accrued interest	1,755
Unearned revenue	16,412
Current portion of long-term obligations	<u>35,000</u>
Total current liabilities	<u>60,157</u>
Long-term Obligations:	
Non-current portion of long-term obligations	95,000
Net pension liability	<u>1,647,506</u>
Total long-term liabilities	<u>1,742,506</u>
Total liabilities	<u>1,802,663</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Actuarial Experience	23,076
Deferred Inflows - Investment Experience	<u>140,820</u>
Total deferred inflows of resources	<u>163,896</u>
NET POSITION	
Net invested in capital assets	1,994,285
Restricted for:	
Cafeteria fund (inventory)	0
Special revenue funds	4,034
Capital projects funds	28,352
Debt service	38,167
Unrestricted	<u>(1,605,868)</u>
Total Net Position	<u>\$ 458,970</u>

See accompanying notes to financial statements and independent auditor's report.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF ACTIVITIES
June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses:					
Governmental Activities:					
Direct instruction	\$ 849,310	\$ 8,160	\$ 114,801	\$ 0	\$ (726,349)
Support service - students	121,531	0	0	0	(121,531)
Support service - general administration	139,507	0	0	0	(139,507)
Central service	56,392	0	0	0	(56,392)
Operation and maintenance of plant	162,012	0	0	16,665	(145,347)
Medicaid expense	0	0	0	0	0
Food services	66,889	2,026	18,778	0	(46,085)
Student transportation	138,517	0	116,349	62,557	40,389
Depreciation and amortization - unallocated	33,303	0	0	0	(33,303)
Interest on long-term obligations	<u>5,423</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,423)</u>
Total Governmental Activities	<u>\$ 1,572,884</u>	<u>\$ 10,186</u>	<u>\$ 249,928</u>	<u>\$ 79,222</u>	<u>(1,233,548)</u>
General Revenues:					
Taxes:					
Property taxes, levied for general purposes					3,575
Property taxes, levied for capital projects					15,397
Property taxes, levied for debt service					40,131
Federal and state aid not restricted to specific purpose					1,320,803
Interest and investment earnings					916
Miscellaneous - insurance recovery for capital projects					<u>903</u>
Subtotal, General Revenues					<u>1,381,725</u>
Change in net position					148,177
Net position - beginning of year					2,062,527
Restatement (See Note 13)					<u>(1,751,734)</u>
Net position - beginning of year as restated					<u>310,793</u>
Net position - end of year					<u>\$ 458,970</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Title I 24101	Entitlement 24106	Teacher/Principal Training and Recruitment 24154
ASSETS				
Cash	\$ 122,087	\$ 0	\$ 0	\$ 0
Taxes receivable	28	0	0	0
Other receivables	0	0	0	0
Inventory	0	0	0	0
Due from other governments	0	11,238	6,138	1,408
Due from other funds	45,350	0	0	0
Due from agencies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 167,465</u>	<u>\$ 11,238</u>	<u>\$ 6,138</u>	<u>\$ 1,408</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 354	\$ 0	\$ 0	\$ 0
Due to other funds	0	11,238	10,107	7,153
Unearned revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>354</u>	<u>11,238</u>	<u>10,107</u>	<u>7,153</u>
Fund Balances:				
Nonspendable - inventory	0		0	0
Restricted, reported in:				
Special Revenue Fund	0	0	0	0
Capital Projects Fund	0		0	0
Debt Service Fund	0			0
Unassigned, reported in:				
General Fund	167,111	0	0	0
Special Revenue Fund	<u>0</u>	<u>0</u>	<u>(3,969)</u>	<u>(5,745)</u>
Total Fund Balances	<u>167,111</u>	<u>0</u>	<u>(3,969)</u>	<u>(5,745)</u>
Total Liabilities and Fund Balances	<u>\$ 167,465</u>	<u>\$ 11,238</u>	<u>\$ 6,138</u>	<u>\$ 1,408</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

	Reads to Lead 27114	Capital Improvements 31700	Debt Service 41000	Other Governmental Funds	Total
ASSETS					
Cash	\$ 0	\$ 29,736	\$ 37,873	\$ 24,785	\$ 214,481
Taxes receivable	0	118	294	0	440
Other receivables	0	0	0	0	0
Inventory	0	0	0	0	0
Due from other governments	13,376	0	0	2,309	34,469
Due from other funds	0	0	0	0	45,350
Due from agencies	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 13,376</u>	<u>\$ 29,854</u>	<u>\$ 38,167</u>	<u>\$ 27,094</u>	<u>\$ 294,740</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 0	\$ 6,636	\$ 0	\$ 0	\$ 6,990
Due to other funds	14,182	0	0	2,670	45,350
Unearned revenue	0	0	0	16,412	16,412
	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,412</u>	<u>16,412</u>
Total Liabilities	<u>14,182</u>	<u>6,636</u>	<u>0</u>	<u>19,082</u>	<u>68,752</u>
Fund Balances:					
Nonspendable - inventory	0	0	0	0	0
Restricted, reported in:					
Special Revenue Fund	0	0	0	4,034	4,034
Capital Projects Fund	0	23,218	0	5,134	28,352
Debt Service Fund	0	0	38,167	0	38,167
Unassigned, reported in:					
General Fund	0	0	0	0	167,111
Special Revenue Fund	(806)	0	0	(1,156)	(11,676)
	<u>(806)</u>	<u>23,218</u>	<u>38,167</u>	<u>8,012</u>	<u>225,988</u>
Total Fund Balances	<u>(806)</u>	<u>23,218</u>	<u>38,167</u>	<u>8,012</u>	<u>225,988</u>
Total Liabilities and Fund Balances	<u>\$ 13,376</u>	<u>\$ 29,854</u>	<u>\$ 38,167</u>	<u>\$ 27,094</u>	<u>\$ 294,740</u>

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
June 30, 2015**

Fund Balances - total government funds	\$ 225,988
Amounts reported for government activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,126,040
Some liabilities including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	(1,549,097)
Long-term liabilities, including net pension obligations and bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.	
Deferred outflows of resources related to employer contributions subsequent to the measurement date	12,368
Deferred outflows of resources related to changes in assumptions	37,731
Deferred inflows of resources related to changes in actuarial experience	(23,076)
Deferred inflows of resources related to differences in projected and actual investment earnings	(140,820)
Accrued interest	(1,755)
General obligation funds	<u>(130,000)</u>
Total net position - governmental funds	<u>\$ 557,379</u>

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
June 30, 2015**

	General Fund	Title I 24101	Entitlement 24106	Teacher/Principal Training and Recruitment 24154
REVENUES				
Taxes	\$ 3,575	\$ 0	\$ 0	\$ 0
Charges for services	4,906	0	0	0
State sources	1,428,019	0	0	0
Federal sources	0	11,238	26,392	1,977
Earnings from investments	916	0	0	0
Miscellaneous	9,133	0	0	0
	<u>1,446,549</u>	<u>11,238</u>	<u>26,392</u>	<u>1,977</u>
Total Revenues				
EXPENDITURES				
Current:				
Direct instruction	729,904	11,238	26,392	2,263
Support service - students	85,746	0	0	0
Support service - general administration	138,265	0	0	0
Central services	56,392	0	0	0
Operation and maintenance of plant	161,620	0	0	0
Medicaid	0	0	0	0
Food services	38,164	0	0	0
Student transportation	120,110	0	0	0
Capital outlay	0	0	0	0
Debt services:				
Bonds	0	0	0	0
Interest	0	0	0	0
	<u>1,330,201</u>	<u>11,238</u>	<u>26,392</u>	<u>2,263</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	<u>116,348</u>	<u>0</u>	<u>0</u>	<u>(286)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	0	0	0	0
Net change in fund balances	<u>116,348</u>	<u>0</u>	<u>0</u>	<u>(286)</u>
Fund balances - beginning of year	<u>50,763</u>	<u>0</u>	<u>(3,969)</u>	<u>(5,459)</u>
Fund balances - end of year	<u>\$ 167,111</u>	<u>\$ 0</u>	<u>\$ (3,969)</u>	<u>\$ (5,745)</u>

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
June 30, 2015**

	Reads to Lead 27114	Capital Improvements 31700	Debt Service 41000	Other Governmental Funds	Total
REVENUES					
Taxes	\$ 0	\$ 15,397	\$ 40,131	\$ 0	\$ 59,103
Charges for services	0	0	0	5,280	10,186
State sources	49,054	0	0	83,282	1,560,355
Federal sources	0	0	0	40,858	80,465
Earnings from investments	0	0	0	0	916
Miscellaneous	0	903	0	0	10,036
	<u>0</u>	<u>903</u>	<u>0</u>	<u>0</u>	<u>10,036</u>
 Total Revenues	 <u>49,054</u>	 <u>16,300</u>	 <u>40,131</u>	 <u>129,420</u>	 <u>1,721,061</u>
EXPENDITURES					
Current:					
Direct instruction	49,861	0	0	28,279	847,937
Support service - students	0	19,528	0	300	105,574
Support service - general administration	0	136	1,106	0	139,507
Central services	0	0	0	0	56,392
Operation and maintenance of plant	0	26,190	0	392	188,202
Medicaid	0	0	0	0	0
Food services	0	0	0	28,703	66,867
Student transportation	0	0	0	0	120,110
Capital outlay	0	6,636	0	79,222	85,858
Debt services:					0
Bonds	0	0	35,000	0	35,000
Interest	0	0	5,925	0	5,925
	<u>0</u>	<u>0</u>	<u>5,925</u>	<u>0</u>	<u>5,925</u>
 Total Expenditures	 <u>49,861</u>	 <u>52,490</u>	 <u>42,031</u>	 <u>136,896</u>	 <u>1,651,372</u>
 Excess (deficiency) of revenues over expenditures	 <u>(807)</u>	 <u>(36,190)</u>	 <u>(1,900)</u>	 <u>(7,476)</u>	 <u>69,689</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	0	0	0	0	0
Total other financing sources (uses)	0	0	0	0	0
 Net change in fund balances	 <u>(807)</u>	 <u>(36,190)</u>	 <u>(1,900)</u>	 <u>(7,476)</u>	 <u>69,689</u>
 Fund balances - beginning of year	 <u>1</u>	 <u>59,408</u>	 <u>40,067</u>	 <u>15,488</u>	 <u>156,299</u>
 Fund balances - end of year	 <u>\$ (806)</u>	 <u>\$ 23,218</u>	 <u>\$ 38,167</u>	 <u>\$ 8,012</u>	 <u>\$ 225,988</u>

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
June 30, 2015**

Net Change in Fund Balances - total governmental funds	\$	69,689
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation expense exceeds capital outlays in the period.

Depreciation expense		(33,303)
Capital Outlay		85,858

Governmental funds report 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.

Pension contributions		110,777
Pension expense		(120,346)

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.

(Increase) Decrease in accrued interest		502
Principal payment of bond		35,000
		35,000

Change in net position of governmental activities	\$	148,177
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**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 3,526	\$ 3,526	\$ 3,657	\$ 131
Charges for services	1,700	1,700	4,589	2,889
State sources	1,320,191	1,428,070	1,428,019	(51)
Federal sources	0	0	0	0
Earnings from investments	1,000	1,000	916	(84)
Miscellaneous	<u>0</u>	<u>9,133</u>	<u>9,133</u>	<u>0</u>
 Total Revenues	 <u>1,326,417</u>	 <u>1,443,429</u>	 <u>1,446,314</u>	 <u>2,885</u>
EXPENDITURES				
Current:				
Direct instruction	764,021	771,898	731,153	40,745
Support service - students	80,746	85,746	85,746	0
Support service - general administration	141,756	146,256	138,490	7,766
Central services	89,760	88,010	56,042	31,968
Operation and maintenance of plant	221,408	238,895	161,639	77,256
Food services	35,756	34,548	38,164	(3,616)
Medicaid	3,949	3,949	0	3,949
Student transportation	<u>96,352</u>	<u>120,439</u>	<u>120,110</u>	<u>329</u>
 Total Expenditures	 <u>1,433,748</u>	 <u>1,489,741</u>	 <u>1,331,344</u>	 <u>158,397</u>
 Excess (deficiency) of revenues over expenditures	 (107,331)	 (46,312)	 114,970	 161,282
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Net change in fund balances	 (107,331)	 (46,312)	 114,970	 161,282
 Fund balances - beginning of year	 <u>50,763</u>	 <u>50,763</u>	 <u>50,763</u>	 <u>0</u>
 Fund balances - end of year	 <u>\$ (56,568)</u>	 <u>\$ 4,451</u>	 <u>\$ 165,733</u>	 <u>\$ 161,282</u>
 Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 114,970	
Net revenue accruals			(82)	
Net expenditure accruals			<u>1,460</u>	
Net changes in fund balance GAAP basis			<u>\$ 116,348</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**TITLE I IASA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 1,226	\$ 11,238	\$ 797	\$ (10,441)
Total Revenues	1,226	11,238	797	(10,441)
EXPENDITURES				
Current:				
Direct instruction	1,226	11,238	11,238	0
Support services - students	0	0	0	0
Total Expenditures	1,226	11,238	11,238	0
Excess (deficiency) of revenues over expenditures	0	0	(10,441)	(10,441)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	0	0	0	0
Total other financing sources (uses)	0	0	0	0
Net change in fund balances	0	0	(10,441)	(10,441)
Fund balances - beginning of year	0	0	0	0
Fund balances - end of year	\$ 0	\$ 0	\$ (10,441)	\$ (10,441)
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (10,441)	
Net revenue accruals			10,441	
Net expenditure accruals			0	
Net changes in fund balance GAAP basis			\$ 0	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

ENTITLEMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**

June 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 18,068	\$ 27,841	\$ 38,753	\$ 10,912
Total Revenues	<u>18,068</u>	<u>27,841</u>	<u>38,753</u>	<u>10,912</u>
EXPENDITURES				
Current:				
Direct instruction	<u>18,068</u>	<u>27,841</u>	<u>26,392</u>	<u>1,449</u>
Total Expenditures	<u>18,068</u>	<u>27,841</u>	<u>26,392</u>	<u>1,449</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>12,361</u>	<u>12,361</u>
Fund balance - beginning of year	<u>(22,468)</u>	<u>(22,468)</u>	<u>(22,468)</u>	<u>0</u>
Fund balance - end of year	<u>\$ (22,468)</u>	<u>\$ (22,468)</u>	<u>\$ (10,107)</u>	<u>\$ 12,361</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 12,361	
Net revenue accruals			(12,361)	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

TEACHER/PRINCIPAL TRAINING AND RECRUITING FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**

June 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 1,653	\$ 5,517	\$ 569	\$ (4,948)
Total Revenues	<u>1,653</u>	<u>5,517</u>	<u>569</u>	<u>(4,948)</u>
EXPENDITURES				
Current:				
Direct instruction	<u>1,653</u>	<u>5,517</u>	<u>2,263</u>	<u>3,254</u>
Total Expenditures	<u>1,653</u>	<u>5,517</u>	<u>2,263</u>	<u>3,254</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>(1,694)</u>	<u>(1,694)</u>
Fund balance - beginning of year	<u>(5,459)</u>	<u>(5,459)</u>	<u>(5,459)</u>	<u>0</u>
Fund balance - end of year	<u><u>\$ (5,459)</u></u>	<u><u>\$ (5,459)</u></u>	<u><u>\$ (7,153)</u></u>	<u><u>\$ (1,694)</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (1,694)	
Net revenue accruals			1,408	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u><u>\$ (286)</u></u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**READS TO LEAD SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 50,000	\$ 50,000	\$ 51,496	\$ 1,496
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>51,496</u>	<u>1,496</u>
EXPENDITURES				
Current:				
Direct instruction	<u>50,000</u>	<u>50,000</u>	<u>49,861</u>	<u>139</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>49,861</u>	<u>139</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>1,635</u>	<u>1,635</u>
Fund balance - beginning of year	<u>(15,817)</u>	<u>(15,817)</u>	<u>(15,817)</u>	<u>0</u>
Fund balance - end of year	<u>\$ (15,817)</u>	<u>\$ (15,817)</u>	<u>\$ (14,182)</u>	<u>\$ 1,635</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 1,635	
Net revenue accruals			(2,442)	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ (807)</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
June 30, 2015**

ASSETS

Current Assets:

Cash \$ 134,391

Total Assets \$ 134,391

LIABILITIES

Current Liabilities:

Deposits held in trust for others \$ 134,391

Total Liabilities \$ 134,391

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Roy Municipal School 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 in the City of Roy and surrounding area. 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.

The 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 Roy Municipal School District's management who is responsible for their integrity and objectivity. The financial statements of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. There are no component units.

The financial statements include all funds that are controlled by, or dependent on, the District and which are included in the District's reports to the Public Education Department.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

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 or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Charges to customers include fees for labs, meals and other fees for Roy Municipal Schools. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds. Program revenues directly benefit the students who use the programs. Indirect expenses, such as depreciation, are not allocated to function cost, as all functions benefit from the use of the assets.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions are recognized in accordance with GASB Codification Section N50. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectible amounts, in the year for which they are levied, even if not available. The amount of delinquent property taxes

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Measurement Focus, Basis of Accounting, Continued

was not available and thus not recorded as revenue in these financial statements. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are recognized when eligibility requirements are met. Revenue from nonexchange transactions received before certain time requirements are met, but after eligibility requirements are met, are reported as a deferred inflow of resources, until such time requirements are met. 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 and interest associated with the current fiscal period are all considered to be susceptible to accrual and would be recognized as revenues of the current fiscal period if this information is available. All other revenue items are considered to be measurable and available only when cash is received by the government. Grant revenues and deferrals are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met, subject to availability criterion.

The District reports the following major governmental funds:

General Fund – The general fund 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. The general fund is composed of the operational fund, the teacherage fund, the transportation fund, and the instructional materials fund. The Public Education Department provides funding specifically for teacher housing, student transportation to and from school, and instructional materials, which must be separately accounted for. Other general school functions not accounted for by other special funds are accounted for in the operational fund.

Title I Special Revenue Fund– The Title I project provides remedial instruction in language arts for educationally deprived students in low-income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Education Act of 1965, Title I, Chapter I, Part A, 20 U.S.C. 2701 et seq.

Entitlement Special Revenue Fund – To account for a federal grant restricted to the operation and maintenance of meeting the special education needs of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

Teacher/Principal Training & Recruiting Special Revenue Fund – To account for grant funds to increase student academic achievement through strategies such as improving teacher and principal quality. Financing and authority is Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

Reads to Lead Special Revenue Fund - Provides an aligned approach for districts and schools to ensure that children can read by the end of the third grade-giving those essential skills for future career and college success. Authority for the creation of this fund is New Mexico Code: Section 22-13-1.3 (2004).

Capital Improvements SB9 Capital Project Fund – To account for 2.0 mill levy restricted by board resolution for erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, improving school grounds and maintenance of school building and grounds, exclusive of salary expense of employees. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Measurement Focus, Basis of Accounting, Continued

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

D. Budgets

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

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

Student auxiliary activity funds are not budgeted.

Actual expenditures may not exceed the budget on a function level (i.e. each budgeted expenditure must be within budgeted amounts). Budgets may be amended in two ways. If a budget transfer is necessary, within a major category called a "series" this may be accomplished with only local Board of Education approval. If a transfer between "series" or a budget increase is required, approval must also be obtained from Public School Finance Division. New Mexico Administrative Code 6.20.2.9 prohibits a school district from exceeding budgetary control at the function level.

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

E. Assets, Liabilities and Net Position or Equity

Deposits and Investments – The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Assets, Liabilities and Net Position or Equity, Continued

The District is authorized under the provisions' of Chapter 6, Article 10, Paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States and the State Treasurer's Local Government Investment Pool.

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 school district. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

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

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

Accounts Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (e.g., the current portion of inter-fund loans) or "advances to/from other funds" (e.g., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The District's property taxes are levied each year on the assessed valuation of property located in the District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB – 9 Special Revenue Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

Inventory – Inventory in the Cafeteria Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets – Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life that exceeds a single reporting period. The District is capitalizing qualifying software and library books as required. 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Assets, Liabilities and Net Position or Equity, Continued

Capital Assets, Continued

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

ASSETS	Years
Buildings and building improvements	50
Furniture and equipment	10

GASB Statement 34 requires the recording and depreciation of infrastructure assets, which include roads, bridges, traffic signals, etc. The District did not own any infrastructure assets as of June 30, 2015.

The District does not capitalize computer software or software developed for internal use (if applicable) unless they exceed the \$5,000 threshold. Also, the District does not capitalize library books unless they exceed the \$5,000 threshold.

Unearned Revenues – Unearned revenues represent liabilities, generally resulting from grant revenues in which the District has received funds in advance of incurring expenditures. Generally, expenditures for the required purpose are required to meet eligibility requirements for reimbursement. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Deferred Inflows/Outflows of Resources - Deferred inflow of resources is the acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflow of resources is the consumption of net assets by the government that is applicable to a future reporting period.

Compensated Absences – It is the School District's policy to permit accumulation of up to 20 days of earned but unused vacation benefits for twelve-month employees, and up to 30 days for the Superintendent. There is no liability for unpaid accumulated sick leave.

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. Bonds payable are reported net of the applicable bond premium or discounts. Bond issue costs are reflected as a current period expense.

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 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.

Fund Balance of Fund Financial Statements

In the fund financial statements, governmental funds are classified as follows:

Non-spendable – fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Assets, Liabilities and Net Position or Equity, Continued

Fund Balance of Fund Financial Statements, Continued

Restricted – Fund balance should be reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.
- c. Enabling legislation, as the term is used in this Statement, authorizes the District to assess, levy, charge, or otherwise mandate payment of resource (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party—such as citizens, public interest groups, or the judiciary—to use resources created by enabling legislation only for the purposes specified by the legislation. No amounts were so restricted in the current year.

Committed - Amounts that are useable only for specific purposes by formal action of the District's highest level of decision-making authority, the Board of Education.

Assigned - Amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body (the Board of Education).

Unassigned – Fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Net Position – Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted sources (the total of committed, assigned, and unassigned fund balance) are available. In addition, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Salaries and Wages – The District pays all salaries and wages due to teachers on or before June 30th of each year.

Equity Classification – The government-wide financial statements utilize a net position presentation. Net positions are categorized as follows:

Net investment in capital assets – This category reflects the portion of net position that are associated with capital assets less outstanding capital asset related debt.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Assets, Liabilities and Net Position or Equity, Continued

Equity Classification, Continued

Restricted net position – This category reflects the portion of net position that has third party limitations on their use.

Unrestricted net position – This category reflects net position of the District, not restricted for any project or other purpose.

Revenues

State Equalization Guarantee - School districts in New Mexico receive a “state equalization guarantee distribution” for its program costs. The formula uses program units, which take into consideration: 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size of district. The funding formula provides additional consideration for program units to the District as it has fewer than 200 students. The District received \$1,311,670 in state equalization guarantee distributions for the year ended June 30, 2015.

Transportation – New Mexico school districts receive student transportation distributions, allocated to each school district in accordance with the formulas developed by the State Transportation Director and the Director of Public School Finance. Funds are only for the purpose of to-and-from school transportation costs of public school children in the District.

Property Tax Levies - The District’s property taxes are levied each year on the assessed valuation of property located in the District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund and SB-9 Capital Improvement Fund. Taxes are payable in two equal installments on November 10 and April 10 following the levy and become delinquent after 30 days. Taxes on real property are liens on the property on January 1 of the year for which the taxes are imposed.

Instructional Materials - The New Mexico State Department of Education (Department) received 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.

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

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

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

2. DEPOSIT AND INVESTMENTS

State statutes authorize 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, 2015.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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.

The collateral pledged is listed in the supplemental information of this report. The types of collateral allowed are limited to direct obligations of the United States Government or agency, districts or political subdivisions of the State of New Mexico.

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

A. Deposits:

Deposits and collateral requirements at June 30, 2015 are as follows:

	Farmers and Stockmens Bank Balance per Bank June 30, 2015	Farmers and Stockmens Bank Balance per Book June 30, 2015	Local Government Investment Pool June 30, 2015
Deposits, Interest Bearing checking	\$ 404,908		
Less: FDIC Coverage	<u>(250,000)</u>		
Total uninsured public funds	154,908		
Pledged Collateral held by pledging bank's agent in the bank's name	<u>228,030</u>		
Uninsured and uncollateralized (Excess Collateral)	<u>\$ (73,122)</u>		
50% Collateral Requirement as per Section 6-10-17, NMSA,1978)	\$ 77,454		
Total Pledged Collateral	<u>(228,030)</u>		
Pledged Collateral (over) under the requirement	<u>\$ (150,576)</u>		
Balance per book		\$ 348,288	\$ 84
Unreconciled Differences		<u>(10,113)</u>	<u>(33)</u>
Reconciled Balance		<u>\$ 338,175</u>	<u>\$ 51</u>

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

2. DEPOSIT AND INVESTMENTS, CONTINUED

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. The District only uses depository institutions that it believes are financially sound. As of June 30, 2015, \$154,908 of the District's bank balance of \$404,908 was subject to custodial credit risk. The amount of \$154,908 was uninsured but fully collateralized by collateral held in the name of the pledging bank, not in the District's name.

Credit and Interest Rate Risk - Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the District limits the District's investment portfolio to maturities of less than one year.

B Investments

Investments held by the New Mexico State Treasurer are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. The 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 6-10-10.1 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 local government investment pool is voluntary.

The State Treasurer monitors pledged collateral related to most state agency bank accounts. Pledged collateral information specific to the District is not available because the bank commingles pledged collateral for all state funds it holds.

LGIP does not have unit shares. Per Section 6-10-10.1 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 this pool is voluntary. The independent auditors' report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditor's report on compliance and internal controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

At June 30, 2015, the District's investment with the State Treasurer is \$51.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

3. ACCOUNTS RECEIVABLE

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

	Due From Other <u>Governments</u>	<u>Property Taxes</u>	<u>Total</u>
Major Funds			
General		\$ 28	\$ 28
Title I - IASA	\$ 11,238		11,238
Entitlement	6,138		6,138
Teacher/Principal Training and Recruitment	1,408		1,408
Reads to Lead	13,376		13,376
Capital Improvements		118	118
Debt Service	<u>0</u>	<u>294</u>	<u>294</u>
Total Major Funds	<u>32,160</u>	<u>440</u>	<u>32,600</u>
Non-Major Funds			
Parent Advocacy Project	1,998		1,998
Sun Safety	300		300
2009 Dual Credit Instructional	<u>11</u>	<u>0</u>	<u>11</u>
Total Non-Major Funds	<u>2,309</u>	<u>0</u>	<u>2,309</u>
Total	<u>\$ 34,469</u>	<u>\$ 440</u>	<u>\$ 34,909</u>

The amount shown as due from other governments is represented by amount due for federal and state grants. Most federal, state or local projects earn revenue as expenditures are incurred and are, subsequently, reimbursed by the grantor.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

4. INTER-FUND RECEIVABLES AND PAYABLES

Receivables and payables from inter-fund transactions as of June 30, 2015 are listed below. All inter-fund receivables and payables represent short-term loans and are expected to be repaid within one year or liquidated by permanent transfers from the general fund.

Governmental Activities:	Interfund Receivable	Interfund Payable
Major Funds		
General Fund	\$ 45,350	
Title 1		\$ 11,238
Entitlement		10,107
Teacher/Principal Training and Recruitment		7,153
Reads to Lead		14,182
Non-major Funds		
Medicaid		672
Parent Advocacy Project		1,998
	\$ 45,350	\$ 45,350

Inter-fund transactions result from advances from the general fund to special revenue funds for fund expenditures for reimbursable type grants. Inter-fund receivables and payables are eliminated in the Statement of Net Position.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

5. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2015, is as follows:

	Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2015</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 16,200	\$ 0	\$ 0	\$ 16,200
Capital assets being depreciated:				
Buildings and building improvements	3,891,182	0	0	3,891,182
Furniture & equipment	<u>807,281</u>	<u>85,858</u>	<u>0</u>	<u>893,139</u>
Total capital assets being depreciated	<u>4,698,463</u>	<u>85,858</u>	<u>0</u>	<u>4,784,321</u>
Less accumulated depreciation for:				
Buildings and building improvements	1,836,270	0	0	1,836,270
Furniture & equipment	<u>804,908</u>	<u>33,303</u>	<u>0</u>	<u>838,211</u>
Total accumulated depreciation	<u>2,641,178</u>	<u>33,303</u>	<u>0</u>	<u>2,674,481</u>
Total capital assets being depreciated, net	<u>2,057,285</u>	<u>52,555</u>	<u>0</u>	<u>2,109,840</u>
Governmental activities capital assets, net	<u>\$ 2,073,485</u>	<u>\$ 52,555</u>	<u>\$ 0</u>	<u>\$ 2,126,040</u>

Depreciation expense for the year was \$30,303. Depreciation has not been allocated to functions in the statement of activities.

6. LONG TERM OBLIGATIONS

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

The District has two issues of general obligation bonds as follows:

Issue	<u>Original Issue Date</u>	<u>Original Borrowing</u>	<u>Maturity Fiscal Year</u>	<u>Interest Rate</u>
Series 2005	July 15, 2005	\$ 160,000	2018	4-4.25%
Series 2006	October 1, 2006	<u>\$ 175,000</u>	2020	4%
Total		<u>\$ 335,000</u>		

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

6. LONG TERM OBLIGATIONS, CONTINUED

Changes in the District's long-term liabilities for the year ended June 30, 2015, are as follows:

<u>Issue</u>	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Series 2005	\$ 80,000	\$ 0	\$ 20,000	\$ 60,000	\$ 20,000
Series 2006	85,000	0	15,000	70,000	15,000
Total Debt	165,000	0	35,000	130,000	35,000
Compensated Absences	5,943	\$ 4,375	3,481	6,837	6,837
	<u>\$ 170,943</u>	<u>\$ 4,375</u>	<u>\$ 38,481</u>	<u>\$ 136,837</u>	<u>\$ 41,837</u>

The general obligation bonds will be paid from taxes against property owners living within the School District boundaries. The annual requirements to retire general obligation bonds as of June 30, 2015 are as follows:

Years Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 35,000	\$ 4,500	\$ 39,500
2017	35,000	3,100	38,100
2018	35,000	1,700	36,700
2019	15,000	700	15,700
2020	10,000	200	10,200
Total	<u>\$ 130,000</u>	<u>\$ 10,200</u>	<u>\$ 140,200</u>

Payments on the general obligation bonds are made by the debt service funds. Interest expense is not allocated to functional expenses.

7. CONTINGENT LIABILITIES

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

8. COMPENSATED ABSENCES

The District pays 12 month employees at time of termination of employment for accrued vacation time not taken in the past 12 months. Total amount due for compensated absences at June 30, 2015, was \$6,837. Full-time employees accrue 12 days annual leave per year and the Superintendent accrues 15 days per year. Full time employees may accrue up to 20 days of leave per year and the Superintendent may accrue no more than 30 days. Changes in compensated absences are reflected in Note 6.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985, under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico.

The District participates in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except when a waiver is granted. The District pays an annual premium to the pool for its general insurance. Premiums for workers' compensation and casualty coverage is based on the District's experience. Premiums for health insurance are based on experience of the total pool. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retention by line of coverage and procures insurance of reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2015.

Claims are subject to the Tort Claims Act, which generally limits the liability of the District. Coverages are broad and include substantially all of the District's property to include buildings, equipment, vehicles, general liability, auto liability, workers' compensation insurance and employee dishonesty.

As of June 30, 2015, there have no claims that exceeded insurance coverage.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURE

Generally accepted accounting principles require disclosures as part of the Combined Statement of certain information concerning individual funds including:

A. Deficit fund balance of individual funds - The following funds reported a deficit fund balance at June 30, 2015:

Major Funds	
Entitlement	\$ 3,969
Teacher/Principal Training and Recruitment	5,745
Reads to Lead	<u>806</u>
Total Major Funds	<u>10,520</u>
Non-Major Funds	
Medicaid	672
REAP	<u>484</u>
Total Non -Major Funds	1,156
Total Governmental Funds	<u>\$ 11,676</u>

B. Excess of expenditures over appropriations - The following funds exceeded budgeted appropriations:

Deficit Budget Balances	
Non-Major Fund	
Athletics	\$ 162
Capital Improvements SB-9	\$ 5,838
Debt Service Fund	823

11. EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN

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:

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

11. EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN, CONTINUED

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

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

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

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

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.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

11. EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN, CONTINUED

Contributions. The contribution requirements of defined benefit plan members and the Roy Municipal Schools are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014, employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015, employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the Roy Municipal Schools were \$110,777 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the Roy Municipal Schools reported a liability of \$1,549,099 for its proportionate share of the net pension liability. The Roy Municipal School's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the Roy Municipal Schools proportion was .02715 percent, which was an increase of .00081 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Roy Municipal Schools recognized pension expense of \$120,347 (Statement of Activities). At June 30, 2015, the Roy Municipal Schools reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ (23,076)
Changes of assumptions	\$ 37,731	
Net difference between projected and actual earnings on pension plan investments		(140,820)
Changes in proportion and differences between Roy Municipal Schools contributions and proportionate share of contributions	-	-
Roy Municipal Schools contributions subsequent to the measurement date	12,368	
Total	<u>\$ 50,099</u>	<u>\$ (163,896)</u>

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

11. EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN, CONTINUED

There were \$12,368 reported as deferred outflows of resources related to pensions resulting from Roy Municipal Schools contributions subsequent to the measurement date June 30, 2015, to be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (30,116)
2017	\$ (30,116)
2018	\$ (30,727)
2019	\$ (35,204)
2020 and thereafter	Amounts not available

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

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

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

11. EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN, 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 contribution rates included in the measurement are as follows:

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

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

11. EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN, CONTINUED

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

Asset Class	2014 Long-Term Expected Real Rate of Return	2013 Long-Term Expected Real Rate of Return
Cash	1.50%	0.75%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

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

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

11. EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN, CONTINUED

Sensitivity of the Roy Municipal Schools' proportionate share of the net pension liability to changes in the discount rate. The following table presents the Roy Municipal's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Roy Municipal School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Roy Municipal School's proportionate share of the net pension liability	<u>\$2,107,727</u>	<u>\$1,549,099</u>	<u>\$1,082,491</u>

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

12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description - Roy Municipal Schools contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provided health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouse, 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 employers 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 serve at least four years.

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

Funding Policy - The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorized 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

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Notes to the Financial Statements
June 30, 2015

12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN, CONTINUED

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 for the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary, each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the Legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

Roy Municipal School's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013, were \$15,937, \$14,919 and \$21,390, respectively, which equal the required contributions each year.

13. IMPLEMENTATION OF GASB 68 - ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS

In fiscal year 2015, Roy Municipal Schools adopted GASB 68 to conform with the Governmental Accounting Standards Board Statement.

GASB 68, Accounting and Financial Reporting for Pensions, provides for greater transparency in disclosures in the financial reporting of pensions as reflected in Note 11 to the financial statements. Additionally, GASB 68 requires the recognition of the District's proportionate share of the net pension liability in the State's multi-employer cost-sharing pension plan and the resulting actuarial effects of deferred outflows and inflows of resources. The impact on the District's financial statements is to decrease the beginning balance of net position as follows:

	Statement of Activities
Net position - beginning of year	\$ 2,062,527
Restatement (See Note 13)	<u>(1,751,734)</u>
Net position - beginning of year	<u>\$ 310,793</u>

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS
June 30, 2015**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Educational Retirement Board (ERB) Plan Last 10 Fiscal Years
June 30, 2015**

Roy Municipal Schools' proportion of the net pension liability (asset)	<u>2015</u>
Roy Municipal Schools' proportionate share of the net pension liability (asset)	\$1,549,097
Roy Municipal Schools' covered-employee payroll	\$ 748,350
Roy Municipal Schools' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	48.31%
Plan fiduciary net position as a percentage of the total pension liability	.02715%

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

SCHEDULE OF ROY MUNICIPAL SCHOOLS' CONTRIBUTIONS Educational Retirement Board (ERB) Pension Plan Last 10 Fiscal Years*

	2015
	<hr/>
Contractually required contribution	\$110,777
Contributions in relation to the contractually required contribution	\$110,777
Contribution deficiency (excess)	\$ 0
Roy Municipal Schools' covered-employee payroll	\$748,350
Contributions as a percentage of covered-employee payroll	14.80%

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

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS
June 30, 2015**

Notes to Required Supplementary Information For the Year Ended June 30, 2015

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

Changes of assumptions.

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

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:

- a. Lower wage inflation from 4.75% to 4.25%
 - b. Lower payroll growth from 3.75% to 3.50%
 - c. Minor changes to demographic assumptions
 - d. Population growth per year from 0.75% to 0.50%
2. Assumptions that were not changed:

- a. Investment return will remain at 7.75%
- b. Inflation will remain at 3.00%

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

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015**

	Special Revenue	Capital Projects	Total
ASSETS			
Cash	\$ 19,651	\$ 5,134	\$ 24,785
Taxes receivable	0	0	0
Other receivables	0	0	0
Inventory, at cost	0	0	0
Due from other governments	2,309	0	2,309
Due from other funds	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 21,960</u>	<u>\$ 5,134</u>	<u>\$ 27,094</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 0	\$ 0	\$ 0
Due to other funds	2,670	0	2,670
Unearned revenue	<u>16,412</u>	<u>0</u>	<u>16,412</u>
Total Liabilities	<u>19,082</u>	<u>0</u>	<u>19,082</u>
Fund Balances:			
Nonspendable - inventory	0	0	0
Restricted, reported in:			
Special Revenue Fund	4,034	0	4,034
Capital Projects Fund	0	5,134	5,134
Debt Service Fund	0	0	0
Unassigned, reported in:			
General fund	0	0	0
Special Revenue Fund	<u>(1,156)</u>	<u>0</u>	<u>(1,156)</u>
Total Fund Balances	<u>2,878</u>	<u>5,134</u>	<u>8,012</u>
Total Liabilities and Fund Balances	<u>\$ 21,960</u>	<u>\$ 5,134</u>	<u>\$ 27,094</u>

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR
GOVERNMENTAL FUNDS
June 30, 2015**

	Special Revenue	Capital Projects	Total
REVENUES			
Taxes	\$ 0	\$ 0	\$ 0
Charges for services	5,280	0	5,280
State sources	83,282	0	83,282
Federal sources	40,858	0	40,858
Earnings from investments	0	0	0
Miscellaneous	0	0	0
	<hr/>	<hr/>	<hr/>
Total Revenues	129,420	0	129,420
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Direct instruction	28,279	0	28,279
Support service - students	300	0	300
Support service - general administration	0	0	0
Central services	0	0	0
Operation and maintenance of plant	392	0	392
Medicaid	0	0	0
Food services	28,703	0	28,703
Student transportation	0	0	0
Capital outlay	79,222	0	79,222
Debt services:			
Bonds	0	0	0
Interest	0	0	0
	<hr/>	<hr/>	<hr/>
Total Expenditures	136,896	0	136,896
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(7,476)	0	(7,476)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	0	0	0
Total other financing sources (uses)	0	0	0
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(7,476)	0	(7,476)
	<hr/>	<hr/>	<hr/>
Fund balances - beginning of year	10,354	5,134	15,488
	<hr/>	<hr/>	<hr/>
Fund balances - end of year	\$ 2,878	\$ 5,134	\$ 8,012
	<hr/>	<hr/>	<hr/>

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**DESCRIPTION OF NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015**

NONMAJOR 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 education tasks. Grants accounted for in the Special Revenue Funds include:

FOOD SERVICES (21000) – This program provides financing for school hot lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 Stat. 889, as amended; 84 Stat.270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 Stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 Stat. 3341; Public Law 100-71, 101 Stat. 430. Also State Law 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.

DISCRETIONARY IDEA – B (24107) – P.L. 94-142, individuals with Disabilities Education Act – To account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

PRESCHOOL IDEA – B (24109), (24209 FEDERAL STIMULUS) – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

TITLE IV-A SAFE & DRUG FREE SCHOOL & COMMUNITY (24157) – To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources. Elementary and Secondary Education Act, Title IV, Part A, Subpart 1, as amended. 20 USC 7111-7118.

MEDICAID (25153) – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children.

RURAL EDUCATIONAL ACHIEVEMENT PROGRAM (REAP) (25233) – To account for monies received to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning. Financing and authority for this program is contained in Title VI, Part B of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by Public Law 107-110.

DUAL CREDIT IM/HB2 (27103) – To account for monies received to purchase course materials for dual credit college classes.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**DESCRIPTION OF NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015**

NONMAJOR SPECIAL REVENUE FUNDS, Continued

2012 GO BOND (27107), LIBRARIES – To account for monies received from Laws of 2012 to be used to improve the library, acquire library books or library resources that support the library program.

TECHNOLOGY FOR EDUCATION – PED (27117) – To account for State funding which is to be used by the District to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination, and collaboration activities. Financing and Authority is provided by NMSA 22-15A-1.

PHYSICAL EDUCATION CLASSES – PED (27121) – To account for funds provided by the New Mexico Public Education Department used to provide quality physical education classes in the state's public schools for elementary grade students by providing programs in areas where no classes exist or increasing the amount of time students receive physical education in schools that currently have elementary physical education classes.

INCENTIVES FOR SCHOOL IMPROVEMENT ACT (27138) – To account for monies received to be used as determined by the school principal and teachers in cooperation with other school employees and the community. It shall not be used for salaries, salary increases or bonuses. Financing and authority is provided by NMSA 22-13A-5.

SCHOOL BUS (27178) – To account for funds provided by the New Mexico Public Education Department to provide bus transportation in the state's public schools.

PARENT ADVOCACY PROJECT (27193) - To account for funds provided by the New Mexico Public Education Department to establish a parent advocacy project to enhance parent support of failing students in public schools.

SCHOOL LIBRARY MATERIAL (27549) – To account for funds received from the New Mexico Public Education Department for purchasing library books. Fund and Authority is provided by Senate Bill 471, Laws of 2008.

NEW MEXICO HIGHWAY DEPARTMENT (28120) – To account for revenues received from the New Mexico Highway Department to prolong the life of the parking lot.

COORDINATED APPROACH TO CHILD HEALTH (28140) – To account for revenues received to coordinate child health improvements. The authority for the creation of this fund is the State Grant Provision and Hagerman Board of Education.

DWI NM LOCAL GRANT (28145) – To account for funds administered through the New Mexico DWI Coordinators to educate and prevent alcohol abuse and drinking and driving among students.

SUN SAFETY (28146) – To account for funds administered through the NM Department of Health to promote sun safety education to reduce the risk of developing skin cancer.

ENERGY EFFICIENCY MEASURES – NMENMR – ARRA (28187) – To account for funds received from the state to improve energy efficiency. The fund was created by a state grant provision.

SCHOOL BASED HEALTH CENTER (29130) – To account for funds administered by the Department of Health and the County of Harding in support of providing Primary Care and Mental Health Service on school campus.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	Food Services 21000	Athletics 22000	Discretionary IDEA-B 24107	Preschool IDEA-B 24109 and 24209	Title IV-A Safe and Drug Free School and Community 24157	Medicaid 25153	REAP 25233
ASSETS							
Cash	482	\$ 58	\$ 467	\$ 596	\$ 201	\$ 0	\$ 1,554
Other receivables	0	0	0	0	0	0	0
Inventory, at cost	0	0	0	0	0	0	0
Due from other governments	0	0	0	0	0	0	0
Due from other funds	0	0	0	0	0	0	0
Total Assets	\$ 482	\$ 58	\$ 467	\$ 596	\$ 201	\$ 0	\$ 1,554
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	0	0	0	0	0	0	0
Due to other funds	0	0	0	0	0	672	0
Unearned revenue	0	0	467	218	0	0	2,038
Total Liabilities	0	0	467	218	0	672	2,038
Fund Balances:							
Nonspendable - inventory							
Restricted, reported in:							
Special Revenue Fund	482	58	0	378	201	0	0
Unassigned, reported in:							
Special Revenue Fund	0	0	0	0	0	(672)	(484)
Total Fund Balances	482	58	0	378	201	(672)	(484)
Total Liabilities and Fund Balances	\$ 482	\$ 58	\$ 467	\$ 596	\$ 201	\$ 0	\$ 1,554

See accompanying notes to financial statements and independent auditor's report.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015

		Dual Credit Inst May/HB2 27103	2012 GO BOND Student Library 27107	Technology for Education - PED 27117	Physical Education Classes - PED 27121	Incentives for School Improvement Act 27138	School Bus 27178	Parent Advocacy Project 27193	School Library Material 27549
ASSETS									
Cash	\$	1,234	\$ 0	\$ 365	\$ 3	\$ 4,918	\$ 0	\$ 0	\$ 176
Other receivables		0	0	0	0	0	0	0	0
Inventory, at cost		0	0	0	0	0	0	0	0
Due from other governments		11	0	0	0	0	0	1,998	0
Due from other funds		0	0	0	0	0	0	0	0
Total Assets	\$	1,245	\$ 0	\$ 365	\$ 3	\$ 4,918	\$ 0	\$ 1,998	\$ 176
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	0	0	0	0	0	0	0	0
Due to other funds		0	0	0	0	0	0	1,998	0
Unearned revenue		1,245	0	365	3	4,918	0	0	176
Total Liabilities		1,245	0	365	3	4,918	0	1,998	176
Fund Balances:									
Nonspendable - inventory									
Restricted, reported in:									
Special Revenue Fund		0	0	0	0	0	0	0	0
Unassigned, reported in:									
Special Revenue Fund		0	0	0	0	0	0	0	0
Total Fund Balances		0	0	0	0	0	0	0	0
Total Liabilities and Fund Balances	\$	1,245	\$ 0	\$ 365	\$ 3	\$ 4,918	\$ 0	\$ 1,998	\$ 176

See accompanying notes to financial statements and independent auditor's report.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	New Mexico Highway Department 28120	Coordinated Approach to Child Health 28140	DWI New Mexico Local Grant 28145	Sun Safety 28146	NMENMR - ARRA 28187	School Based Health Center 29130	Total
ASSETS							
Cash	\$ 0	\$ 2,791	\$ 88	\$ 651	\$ 2,108	\$ 3,959	\$ 19,651
Other receivables	0	0	0	0	0	0	0
Inventory, at cost	0	0	0	0	0	0	0
Due from other governments	0	0	0	300	0	0	2,309
Due from other funds	0	0	0	0	0	0	0
Total Assets	\$ 0	\$ 2,791	\$ 88	\$ 951	\$ 2,108	\$ 3,959	\$ 21,960
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 0	0	0	0	0	0	0
Due to other funds	0	0	0	0	0	0	2,670
Unearned revenue	0	2,031	88	904	0	3,959	16,412
Total Liabilities	0	2,031	88	904	0	3,959	19,082
Fund balances:							
Nonspendable - inventory							
Restricted, reported in:							
Special Revenue Fund	0	760	0	47	2,108	0	4,034
Unassigned, reported in:							
Special Revenue Fund	0	0	0	0	0	0	(1,156)
Total Fund Balances	0	760	0	47	2,108	0	2,878
Total Liabilities and Fund Balances	\$ 0	\$ 2,791	\$ 88	\$ 951	\$ 2,108	\$ 3,959	\$ 21,960

See accompanying notes to financial statements and independent auditor's report.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	Food Services 21000	Athletics 22000	Discretionary IDEA-B 24107	Preschool IDEA-B 24109 and 24209	Title IV-A Safe and Drug Free School and Community 24157	Medicaid 25153	REAP 25233
REVENUES							
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for services	2,026	3,254	0	0	0	0	0
State sources	0	0	0	0	0	0	0
Federal sources	18,778	0	0	0	0	1,344	20,736
Earnings from investments	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0
Total Revenues	<u>20,804</u>	<u>3,254</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,344</u>	<u>20,736</u>
EXPENDITURES							
Current:							
Direct instruction	0	4,123	0	0	0	1,343	20,793
Support service - students	0	0	0	0	0	0	0
Support service - general administration	0	0	0	0	0	0	0
Central services	0	0	0	0	0	0	0
Operation and maintenance of plant	0	0	0	0	0	0	0
Food services	28,703	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0	0
Total Expenditures	<u>28,703</u>	<u>4,123</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,343</u>	<u>20,793</u>
Excess (deficiency) of revenues over expenditures	<u>(7,899)</u>	<u>(869)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>(57)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in (out)	0	0	0	0	0	0	0
Total other financing sources (uses)	0	0	0	0	0	0	0
Net change in fund balances	<u>(7,899)</u>	<u>(869)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>(57)</u>
Fund balances - beginning of year	<u>8,381</u>	<u>927</u>	<u>0</u>	<u>378</u>	<u>201</u>	<u>(673)</u>	<u>(427)</u>
Fund balances - end of year	<u>\$ 482</u>	<u>\$ 58</u>	<u>\$ 0</u>	<u>\$ 378</u>	<u>\$ 201</u>	<u>\$ (672)</u>	<u>\$ (484)</u>

See accompanying notes to financial statements and independent auditor's report.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	Dual Credit Inst Mat/HB2 27103	2012 GO BOND Student Library 27107	Technology for Education - PED 27117	Physical Education Classes - PED 27121	Incentives for School Improvement Act 27138	School Bus 27178	Parent Advocacy Project 27193	School Library Material 27549
REVENUES								
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for services	0	0	0	0	0	0	0	0
State sources	22	0	0	0	0	62,557	1,998	0
Federal sources	0	0	0	0	0	0	0	0
Earnings from investments	0	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0	0
Total Revenues	<u>22</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>62,557</u>	<u>1,998</u>	<u>0</u>
EXPENDITURES								
Current:								
Direct instruction	22	0	0	0	0	0	1,998	0
Support service - students	0	0	0	0	0	0	0	0
Support service - general administration	0	0	0	0	0	0	0	0
Central services	0	0	0	0	0	0	0	0
Operation and maintenance of plant	0	0	0	0	0	0	0	0
Food services	0	0	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	62,557	0	0
Total Expenditures	<u>22</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>62,557</u>	<u>1,998</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)								
Transfers in (out)	0	0	0	0	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances - beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances - end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements and independent auditor's report.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	New Mexico Highway Department 28120	Coordinated Approach to Child Health 28140	DWI New Mexico Local Grant 28145	Sun Safety 28146	Energy Efficiency Measures NIMENMR - ARRA 28187	School Based Health Center 29130	Total
REVENUES							
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for services	0	0	0	0	0	0	5,280
State sources	16,665	0	0	2,040	0	0	83,282
Federal sources	0	0	0	0	0	0	40,858
Earnings from investments	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0
Total Revenues	<u>16,665</u>	<u>0</u>	<u>0</u>	<u>2,040</u>	<u>0</u>	<u>0</u>	<u>129,420</u>
EXPENDITURES							
Current:							
Direct instruction	0	0	0	0	0	0	28,279
Support service - students	0	0	0	300	0	0	300
Support service - general administration	0	0	0	0	0	0	0
Central services	0	0	0	0	0	0	0
Operation and maintenance of plant	0	0	0	0	392	0	392
Food services	0	0	0	0	0	0	28,703
Capital outlay	<u>16,665</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>79,222</u>
Total Expenditures	<u>16,665</u>	<u>0</u>	<u>0</u>	<u>300</u>	<u>392</u>	<u>0</u>	<u>136,896</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,740</u>	<u>(392)</u>	<u>0</u>	<u>(7,476)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in (out)	0	0	0	0	0	0	0
Total other financing sources (uses)	0	0	0	0	0	0	0
Net change in fund balances	0	0	0	1,740	(392)	0	(7,476)
Fund balances - beginning of year	0	760	0	(1,693)	2,500	0	10,354
Fund balances - end of year	<u>\$ 0</u>	<u>\$ 760</u>	<u>\$ 0</u>	<u>\$ 47</u>	<u>\$ 2,108</u>	<u>\$ 0</u>	<u>\$ 2,878</u>

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**FOOD SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Charge for services	\$ 7,200	\$ 7,200	\$ 2,084	\$ (5,116)
Federal sources	16,642	16,642	18,778	2,136
Earnings from investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>23,842</u>	<u>23,842</u>	<u>20,862</u>	<u>(2,980)</u>
EXPENDITURES				
Current:				
Food service	<u>32,056</u>	<u>32,018</u>	<u>28,249</u>	<u>3,769</u>
Total Expenditures	<u>32,056</u>	<u>32,018</u>	<u>28,249</u>	<u>3,769</u>
Net change in fund balance	(8,214)	(8,176)	(7,387)	789
Fund balance - beginning of year	<u>7,869</u>	<u>7,869</u>	<u>7,869</u>	<u>0</u>
Fund balance - end of year	<u><u>\$ (345)</u></u>	<u><u>\$ (307)</u></u>	<u><u>\$ 482</u></u>	<u><u>\$ 789</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (7,387)	
Net revenue accruals			(512)	
Net inventory accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u><u>\$ (7,899)</u></u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

ATHLETICS SPECIAL REVENUE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**

June 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Charge for services	\$ 3,120	\$ 3,120	\$ 3,254	\$ 134
Earnings from investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>3,120</u>	<u>3,120</u>	<u>3,254</u>	<u>134</u>
EXPENDITURES				
Current:				
Direct instruction	<u>3,961</u>	<u>3,961</u>	<u>4,123</u>	<u>(162)</u>
Total Expenditures	<u>3,961</u>	<u>3,961</u>	<u>4,123</u>	<u>(162)</u>
Net change in fund balance	(841)	(841)	(869)	(28)
Fund balance - beginning of year	<u>927</u>	<u>927</u>	<u>927</u>	<u>0</u>
Fund balance - end of year	<u><u>\$ 86</u></u>	<u><u>\$ 86</u></u>	<u><u>\$ 58</u></u>	<u><u>\$ (28)</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (869)	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u><u>\$ (869)</u></u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**DISCRETIONARY IDEA-B SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Federal Sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Direct instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>467</u>	<u>467</u>	<u>467</u>	<u>0</u>
Fund balance - end of year	<u>\$ 467</u>	<u>\$ 467</u>	<u>\$ 467</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**PRESCHOOL IDEA-B SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Federal Sources	\$ 3	\$ 3	\$ 0	\$ (3)
Total Revenues	<u>3</u>	<u>3</u>	<u>0</u>	<u>(3)</u>
EXPENDITURES				
Current:				
Direct instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>3</u>	<u>3</u>	<u>0</u>	<u>(3)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	3	3	0	(3)
Fund balances - beginning of year	<u>596</u>	<u>596</u>	<u>596</u>	<u>0</u>
Fund balances - end of year	<u>\$ 599</u>	<u>\$ 599</u>	<u>\$ 596</u>	<u>\$ (3)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**TITLE IV-A SAFE AND DRUG FREE SCHOOL AND COMMUNITY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Direct instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>201</u>	<u>201</u>	<u>201</u>	<u>0</u>
Fund balance - end of year	<u>\$ 201</u>	<u>\$ 201</u>	<u>\$ 201</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

MEDICAID SPECIAL REVENUE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**

June 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 12,000	\$ 12,000	\$ 6,319	\$ (5,681)
Total Revenues	12,000	12,000	6,319	(5,681)
EXPENDITURES				
Current:				
Direct instruction	2,671	2,671	1,343	1,328
Support services - students	9,329	9,329	0	9,329
Food service	0	0	0	0
Total Expenditures	12,000	12,000	1,343	10,657
Net change in fund balance	0	0	4,976	4,976
Fund balance - beginning of year	5,648	5,648	5,648	0
Fund balance - end of year	\$ 5,648	\$ 5,648	\$ 10,624	\$ 4,976
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 4,976	
Net revenue accruals			(4,975)	
Net due from other funds			0	
Net changes in fund balance GAAP basis			\$ 1	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

REAP SPECIAL REVENUE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**

June 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 6,235	\$ 22,590	\$ 20,736	\$ (1,854)
Total Revenues	<u>6,235</u>	<u>22,590</u>	<u>20,736</u>	<u>(1,854)</u>
EXPENDITURES				
Current:				
Direct instruction	<u>7,323</u>	<u>23,678</u>	<u>20,793</u>	<u>2,885</u>
Total Expenditures	<u>7,323</u>	<u>23,678</u>	<u>20,793</u>	<u>2,885</u>
Net change in fund balance	<u>(1,088)</u>	<u>(1,088)</u>	<u>(57)</u>	<u>1,031</u>
Fund balance - beginning of year	<u>1,611</u>	<u>1,611</u>	<u>1,611</u>	<u>0</u>
Fund balance - end of year	<u>\$ 523</u>	<u>\$ 523</u>	<u>\$ 1,554</u>	<u>\$ 1,031</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (57)	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ (57)</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**DUAL CREDIT IM/HB2 SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 22	\$ 22	\$ 11	\$ (11)
Total Revenues	22	22	11	(11)
EXPENDITURES				
Current:				
Support services - students	0	0	0	0
Total Expenditures	0	0	0	0
Net change in fund balance	22	22	11	(11)
Fund balance - beginning of year	1,245	1,245	1,245	0
Fund balance - end of year	\$ 1,267	\$ 1,267	\$ 1,256	\$ (11)
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 11	
Net revenue accruals			(11)	
Net expenditure accruals			0	
Net changes in fund balance GAAP basis			\$ 0	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**2012 GO BOND LIBRARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 0	\$ 0	\$ 6,047	\$ 6,047
Total Revenues	<u>0</u>	<u>0</u>	<u>6,047</u>	<u>6,047</u>
EXPENDITURES				
Current:				
Direct instruction	0	0	0	0
Support services - students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>6,047</u>	<u>6,047</u>
Fund balance - beginning of year	<u>(6,047)</u>	<u>(6,047)</u>	<u>(6,047)</u>	<u>0</u>
Fund balance - end of year	<u>\$ (6,047)</u>	<u>\$ (6,047)</u>	<u>\$ 0</u>	<u>\$ 6,047</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 6,047	
Net revenue accruals			(6,047)	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**TECHNOLOGY FOR EDUCATION - PED SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Support services - students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>365</u>	<u>365</u>	<u>365</u>	<u>0</u>
Fund balance - end of year	<u>\$ 365</u>	<u>\$ 365</u>	<u>\$ 365</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**PHYSICAL EDUCATION CLASSES - PED SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Support services - students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>3</u>	<u>3</u>	<u>3</u>	<u>0</u>
Fund balance - end of year	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**INCENTIVES FOR SCHOOL IMPROVEMENT ACT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Support services - students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>4,918</u>	<u>4,918</u>	<u>4,918</u>	<u>0</u>
Fund balance - end of year	<u>\$ 4,918</u>	<u>\$ 4,918</u>	<u>\$ 4,918</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**SCHOOL BUS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 62,557	\$ 62,557	\$ 62,557	\$ 0
Total Revenues	<u>62,557</u>	<u>62,557</u>	<u>62,557</u>	<u>0</u>
EXPENDITURES				
Current:				
Capital Outlay	<u>0</u>	<u>62,557</u>	<u>62,557</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>62,557</u>	<u>62,557</u>	<u>0</u>
Net change in fund balance	<u>62,557</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - end of year	<u>\$ 62,557</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**PARENT ADVOCACY PROJECT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 1,998	\$ 1,998	\$ 0	\$ (1,998)
Total Revenues	<u>1,998</u>	<u>1,998</u>	<u>0</u>	<u>(1,998)</u>
EXPENDITURES				
Current:				
Direct instruction	<u>0</u>	<u>1,998</u>	<u>1,998</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>1,998</u>	<u>1,998</u>	<u>0</u>
Net change in fund balance	<u>1,998</u>	<u>0</u>	<u>(1,998)</u>	<u>(1,998)</u>
Fund balance - beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - end of year	<u>\$ 1,998</u>	<u>\$ 0</u>	<u>\$ (1,998)</u>	<u>\$ (1,998)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (1,998)	
Net revenue accruals			1,998	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**SCHOOL LIBRARY MATERIAL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Support services - students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>176</u>	<u>176</u>	<u>176</u>	<u>0</u>
Fund balance - end of year	<u>\$ 176</u>	<u>\$ 176</u>	<u>\$ 176</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**NEW MEXICO HIGHWAY DEPARTMENT RESOURCES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 0	\$ 16,665	\$ 16,665	\$ 0
Total Revenues	<u>0</u>	<u>16,665</u>	<u>16,665</u>	<u>0</u>
EXPENDITURES				
Capital outlay	<u>0</u>	<u>16,665</u>	<u>16,665</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>16,665</u>	<u>16,665</u>	<u>0</u>
Net change in fund balance	0	0	0	0
Fund balance - beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**COORDINATED APPROACH TO CHILD HEALTH SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Support services - students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>2,791</u>	<u>2,791</u>	<u>2,791</u>	<u>0</u>
Fund balance - end of year	<u>\$ 2,791</u>	<u>\$ 2,791</u>	<u>\$ 2,791</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**DWI LOCAL GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Support services - students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>88</u>	<u>88</u>	<u>88</u>	<u>0</u>
Fund balance - end of year	<u>\$ 88</u>	<u>\$ 88</u>	<u>\$ 88</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

SUN SAFE SPECIAL REVENUE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**

June 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 1,800	\$ 1,800	\$ 1,740	\$ (60)
Total Revenues	<u>1,800</u>	<u>1,800</u>	<u>1,740</u>	<u>(60)</u>
EXPENDITURES				
Current:				
Support services - students	<u>0</u>	<u>1,800</u>	<u>300</u>	<u>1,500</u>
Total Expenditures	<u>0</u>	<u>1,800</u>	<u>300</u>	<u>1,500</u>
Net change in fund balance	<u>1,800</u>	<u>0</u>	<u>1,440</u>	<u>1,440</u>
Fund balance - beginning of year	<u>(789)</u>	<u>(789)</u>	<u>(789)</u>	<u>0</u>
Fund balance - end of year	<u>\$ 1,011</u>	<u>\$ (789)</u>	<u>\$ 651</u>	<u>\$ 1,440</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 1,440	
Net revenue accruals			300	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 1,740</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**ENERGY EFFICIENCY MEASURES - NMENMR - ARRA SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Direct instruction	0	0	0	0
Operation and maintenance of plant	<u>2,500</u>	<u>2,500</u>	<u>392</u>	<u>2,108</u>
Total Expenditures	<u>2,500</u>	<u>2,500</u>	<u>392</u>	<u>2,108</u>
Net change in fund balance	<u>(2,500)</u>	<u>(2,500)</u>	<u>(392)</u>	<u>2,108</u>
Fund balance - beginning of year	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
Fund balance - end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,108</u>	<u>\$ 2,108</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (392)	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ (392)</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**SCHOOL BASED HEALTH CENTER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Support services - students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>88</u>	<u>88</u>	<u>88</u>	<u>0</u>
Fund balance - end of year	<u>\$ 88</u>	<u>\$ 88</u>	<u>\$ 88</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 15,658	\$ 15,658	\$ 15,769	\$ 111
State sources	60,413	60,413	0	(60,413)
Miscellaneous	<u>0</u>	<u>0</u>	<u>903</u>	<u>903</u>
Total Revenues	<u>76,071</u>	<u>76,071</u>	<u>16,672</u>	<u>(59,399)</u>
EXPENDITURES				
Current:				
Support services - general administration	0	0	136	(136)
Operation and maintenance of plant	0	0	0	0
Capital outlay	<u>40,016</u>	<u>40,016</u>	<u>45,718</u>	<u>(5,702)</u>
Total Expenditures	<u>40,016</u>	<u>40,016</u>	<u>45,854</u>	<u>(5,838)</u>
Net change in fund balance	<u>36,055</u>	<u>36,055</u>	<u>(29,182)</u>	<u>(65,237)</u>
Fund balance - beginning of year	<u>58,918</u>	<u>58,918</u>	<u>58,918</u>	<u>0</u>
Fund balance - end of year	<u>\$ 94,973</u>	<u>\$ 94,973</u>	<u>\$ 29,736</u>	<u>\$ (65,237)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (29,182)	
Net revenue accruals			(372)	
Net expenditure accruals			<u>(6,636)</u>	
Net changes in fund balance GAAP basis			<u>\$ (36,190)</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

DEBT SERVICE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**

June 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 40,925	\$ 40,925	\$ 41,158	\$ 233
Total Revenues	<u>40,925</u>	<u>40,925</u>	<u>41,158</u>	<u>233</u>
EXPENDITURES				
Current:				
Support service - general administration	283	283	1,106	(823)
Debt service:				
Reserve	39,075	39,075	0	39,075
Bond	37,500	37,500	35,000	2,500
Interest	<u>5,925</u>	<u>5,925</u>	<u>5,925</u>	<u>0</u>
Total Expenditures	<u>82,783</u>	<u>82,783</u>	<u>42,031</u>	<u>40,752</u>
Net change in fund balance	(41,858)	(41,858)	(873)	40,985
Fund balance - beginning of year	<u>38,746</u>	<u>38,746</u>	<u>38,746</u>	<u>0</u>
Fund balance - end of year	<u>\$ (3,112)</u>	<u>\$ (3,112)</u>	<u>\$ 37,873</u>	<u>\$ 40,985</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (873)	
Net revenue accruals			(1,027)	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ (1,900)</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**DESCRIPTION OF CAPITAL PROJECTS FUNDS
June 30, 2015**

PUBLIC SCHOOL CAPITAL OUTLAY (31200) The Fund is used to account for capital projects funded from awards made by the Public School Capital Outlay Council.

PUBLIC SCHOOL CAPITAL OUTLAY 20% (32100) – To account for monies to be set aside out of Impact Aid, Forest Revenue, and local taxes for capital improvements in public schools. Authority for the creation of this fund is Section 22-8-5 NMSA 7978.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2015

	Capital Projects Fund			Total
	Public School Capital Outlay 31200	Public School Capital Outlay 20% 32100		
ASSETS				
Cash	\$ 5,107	\$ 27		\$ 5,134
Taxes receivable	0	0		0
Inventory, at cost	0	0		0
Total Assets	\$ 5,107	\$ 27		\$ 5,134
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 0	\$ 0		\$ 0
Due to other funds	0	0		0
Unearned revenue	0	0		0
Total Liabilities	0	0		0
Fund Balances:				
Unassigned, reported in:				
Capital Projects Fund	5,107	27		5,134
Total Fund Balances	5,107	27		5,134
Total Liabilities and Fund Balances	\$ 5,107	\$ 27		\$ 5,134

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Capital Projects Fund		Total
	Public School Capital Outlay 31200	Public School Capital Outlay 20% 32100	
REVENUES			
Taxes	\$ 0	\$ 0	\$ 0
Charges for services	0	0	0
State sources	0	0	0
Federal sources	0	0	0
Earnings from investments	0	0	0
Miscellaneous	0	0	0
	0	0	0
Total Revenues	0	0	0
EXPENDITURES			
Current:			
Direct instruction	0	0	0
Support service - students	0	0	0
Support service - general administration	0	0	0
Central services	0	0	0
Operation and maintenance of plant	0	0	0
Medicaid	0	0	0
Food services	0	0	0
Student transportation	0	0	0
	0	0	0
Total Expenditures	0	0	0
Net changes in fund balances	0	0	0
Fund balances - beginning of year	5,107	27	5,134
Fund balances - end of year	\$ 5,107	\$ 27	\$ 5,134

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**PUBLIC SCHOOL OUTLAY CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Operation and maintenance of plant	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>5,107</u>	<u>5,107</u>	<u>5,107</u>	<u>0</u>
Fund balance - end of year	<u>\$ 5,107</u>	<u>\$ 5,107</u>	<u>\$ 5,107</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**PUBLIC SCHOOL OUTLAY 20% CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Current:				
Operation and maintenance of plant	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - beginning of year	<u>27</u>	<u>27</u>	<u>27</u>	<u>0</u>
Fund balance - end of year	<u>\$ 27</u>	<u>\$ 27</u>	<u>\$ 27</u>	<u>\$ 0</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 0	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u>\$ 0</u>	

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET - GENERAL FUND
June 30, 2015

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Material 14000	Total
ASSETS					
Cash	\$ 100,913	\$ 10,587	\$ 3,760	\$ 6,827	\$ 122,087
Taxes receivable	28	0	0	0	28
Other receivable	0	0	0	0	0
Inventory, at cost	0	0	0	0	0
Due from other funds	<u>45,350</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>45,350</u>
Total Assets	<u>\$ 146,291</u>	<u>\$ 10,587</u>	<u>\$ 3,760</u>	<u>\$ 6,827</u>	<u>\$ 167,465</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 355	\$ 0	\$ 0	\$ 0	\$ 355
Due to other funds	0	0	0	0	0
Unearned revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>355</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>355</u>
Fund Balances:					
Unassigned, reported in:					
General fund	<u>145,937</u>	<u>10,587</u>	<u>3,760</u>	<u>6,827</u>	<u>167,111</u>
Total Fund Balances	<u>145,937</u>	<u>10,587</u>	<u>3,760</u>	<u>6,827</u>	<u>167,111</u>
Total Liabilities and Fund Balances	<u>\$ 146,292</u>	<u>\$ 10,587</u>	<u>\$ 3,760</u>	<u>\$ 6,827</u>	<u>\$ 167,466</u>

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUNDS
June 30, 2015**

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Material 14000	Total
REVENUES					
Taxes	\$ 3,575	\$ 0	\$ 0	\$ 0	\$ 3,575
Charges for services	768	10	0	4,128	4,906
State sources	1,311,670	0	116,349	0	1,428,019
Federal sources	0	0	0	0	0
Earnings from investments	916	0	0	0	916
Miscellaneous	9,133	0	0	0	9,133
	<u>1,326,062</u>	<u>10</u>	<u>116,349</u>	<u>4,128</u>	<u>1,446,549</u>
EXPENDITURES					
Current:					
Direct instruction	729,904	0	0	0	729,904
Support service - students	85,746	0	0	0	85,746
Support service - general administration	138,265	0	0	0	138,265
Central services	56,392	0	0	0	56,392
Operation and maintenance of plant	161,527	93	0	0	161,620
Medicaid	0	0	0	0	0
Food services	38,164	0	0	0	38,164
Student transportation	0	0	120,110	0	120,110
	<u>1,209,998</u>	<u>93</u>	<u>120,110</u>	<u>0</u>	<u>1,330,201</u>
Excess (deficiency) of revenues over expenditures	<u>116,064</u>	<u>(83)</u>	<u>(3,761)</u>	<u>4,128</u>	<u>116,348</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>116,064</u>	<u>(83)</u>	<u>(3,761)</u>	<u>4,128</u>	<u>116,348</u>
Fund balances - beginning of year	<u>29,873</u>	<u>10,670</u>	<u>7,521</u>	<u>2,699</u>	<u>50,763</u>
Fund balances - end of year	<u>\$ 145,937</u>	<u>\$ 10,587</u>	<u>\$ 3,760</u>	<u>\$ 6,827</u>	<u>\$ 167,111</u>

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**OPERATIONAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 3,526	\$ 3,526	\$ 3,657	\$ 131
Charges for services	600	600	768	168
State sources	1,224,169	1,311,721	1,311,670	(51)
Federal sources	0	0	0	0
Earnings from investments	1,000	1,000	916	(84)
Miscellaneous	0	9,133	9,133	0
	<u>1,229,295</u>	<u>1,325,980</u>	<u>1,326,144</u>	<u>164</u>
Total Revenues				
EXPENDITURES				
Current:				
Direct instruction	764,021	771,898	731,153	40,745
Support service - students	80,746	85,746	85,746	0
Support service - general administration	141,756	146,256	138,490	7,766
Central services	89,760	88,010	56,042	31,968
Operation and maintenance of plant	209,324	226,811	161,546	65,265
Medicaid	3,949	3,949	0	3,949
Food services	35,756	34,548	38,164	(3,616)
Student transportation	330	330	0	330
	<u>1,325,642</u>	<u>1,357,548</u>	<u>1,211,141</u>	<u>146,407</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	(96,347)	(31,568)	115,003	146,571
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	0	0	0	0
Net change in fund balances	(96,347)	(31,568)	115,003	146,571
Fund balance - beginning of year	<u>27,182</u>	<u>27,182</u>	<u>27,182</u>	<u>0</u>
Fund balance - end of year	<u>\$ (69,165)</u>	<u>\$ (4,386)</u>	<u>\$ 142,185</u>	<u>\$ 146,571</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 115,003	
Net revenue accruals			(82)	
Net expenditure accruals			1,143	
Net changes in fund balance GAAP basis			<u>\$ 116,064</u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

TEACHERAGE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**

June 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 1,100	\$ 1,100	\$ 10	\$ (1,090)
Total Revenues	1,100	1,100	10	(1,090)
EXPENDITURES				
Current:				
Operation and maintenance of plant	12,084	12,084	93	11,991
Total Expenditures	12,084	12,084	93	11,991
Net change in fund balance	(10,984)	(10,984)	(83)	10,901
Fund balance - beginning of year	10,670	10,670	10,670	0
Fund balance - end of year	\$ (314)	\$ (314)	\$ 10,587	\$ 10,901
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (83)	
Net revenue accruals			0	
Net expenditure accruals			0	
Net changes in fund balance GAAP basis			\$ (83)	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
June 30, 2015**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State sources	\$ 96,022	\$ 116,349	\$ 116,349	\$ 0
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>96,022</u>	<u>116,349</u>	<u>116,349</u>	<u>0</u>
EXPENDITURES				
Current:				
Student transportation	<u>96,022</u>	<u>120,110</u>	<u>120,110</u>	<u>0</u>
Total Expenditures	<u>96,022</u>	<u>120,110</u>	<u>120,110</u>	<u>0</u>
Net change in fund balance	0	(3,761)	(3,761)	0
Fund balance - beginning of year	<u>7,521</u>	<u>7,521</u>	<u>7,521</u>	<u>0</u>
Fund balance - end of year	<u><u>\$ 7,521</u></u>	<u><u>\$ 3,760</u></u>	<u><u>\$ 3,760</u></u>	<u><u>\$ 0</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (3,761)	
Net revenue accruals			0	
Net expenditure accruals			<u>0</u>	
Net changes in fund balance GAAP basis			<u><u>\$ (3,761)</u></u>	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

INSTRUCTIONAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**

June 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 0	\$ 0	\$ 3,811	\$ 3,811
Total Revenues	0	0	3,811	3,811
EXPENDITURES				
Current:				
Direct instruction	0	0	0	0
Total Expenditures	0	0	0	0
Net change in fund balance	0	0	3,811	3,811
Fund balance - beginning of year	3,016	3,016	3,016	0
Fund balance - end of year	\$ 3,016	\$ 3,016	\$ 6,827	\$ 3,811
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 3,811	
Net revenue accruals			0	
Net expenditure accruals			317	
Net changes in fund balance GAAP basis			\$ 4,128	

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Assets				
Cash	\$ 102,799	\$ 99,502	\$ 67,910	\$ 134,391
Total Assets	<u>\$ 102,799</u>	<u>\$ 99,502</u>	<u>\$ 67,910</u>	<u>\$ 134,391</u>
Liabilities				
Deposits held for others	\$ 102,799	\$ 99,502	\$ 67,910	\$ 134,391
Total Liabilities	<u>\$ 102,799</u>	<u>\$ 99,502</u>	<u>\$ 67,910</u>	<u>\$ 134,391</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2015

Farmers and Stockmens Bank

Description of Pledge Collateral	Cusip	CPN	Maturity	Market Value
FHLMC Pool	3128P7Q63	4.50%	6/1/2031	\$ 123,030
Carlsbad, NM	142735DH9	2.00%	8/1/2017	50,000
Dulce, NM	264430KB4	4.00%	9/1/2018	<u>55,000</u>

Total \$ 228,030

Securities are held at Federal Home Loan Bank of Dallas.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS
June 30, 2015

Bank Account Type/Name	Total
Farmers and Stockmens Bank	\$ <u>404,908</u>
Total on Demand	404,908
Reconciling Items	<u>(66,733)</u>
Reconciled Balance June 30, 2015	338,175
Plus: Unreconciled Differences	10,113
Plus: LGIP	51
Plus: Unreconciled Difference - LGIP	33
Less: Fiduciary Funds Cash in Bank	<u>(133,891)</u>
Balance Sheet Total June 30, 2015	<u>\$ 214,481</u>
Fiduciary Cash in Bank	\$ 133,891
Fiduciary Cash on Hand	<u>500</u>
Total Fiduciary Cash	<u>\$ 134,391</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

CASH RECONCILIATION
June 30, 2015

	Operational 11000	Teacherage 12000	Student Transportation 13000	Instructional Materials 14000	Food Services 21000	Athletics 22000	Federal Passthrough 24000	Federal Direct 25000	State Flowthrough 27000
Cash, June 30, 2014	\$ 31,262	\$ 10,670	\$ 7,520	\$ 3,016	\$ 7,869	\$ 927	\$ (27,460)	\$ (4,036)	\$ (15,158)
Cash receipts 2014-2015	1,326,144	10	116,349	3,811	20,862	3,254	40,119	27,055	120,111
Cash Disbursements, 2014-2015	(1,211,141)	(93)	(120,110)	0	(28,249)	(4,123)	(39,893)	(22,136)	(114,438)
Cash Balance June 30, 2015	146,265	10,587	3,759	6,827	482	58	(27,234)	883	(9,485)
Auditor's Adjustments	-								
Unreconciled Differences	-								
Cash Per Books June 30, 2015	\$ 146,265	\$ 10,587	\$ 3,759	\$ 6,827	\$ 482	\$ 58	\$ (27,234)	\$ 883	\$ (9,485)

	State Direct 28000	Local/State 29000	Bond Building 31100	Public School Capital Outlay 31200	Cap Improve. SB9 31700	Public School Cap. Outlay 20% 32100	Debt Service 41000	Total Governmental Funds	Student Activities 23000	Total Cash
Cash, June 30, 2014	\$ 4,590	\$ 3,959	\$ (0)	\$ 5,108	\$ 58,917	\$ 27	\$ 38,746	\$ 125,957	\$ 102,799	\$ 228,756
Cash receipts 2014-2015	18,405	0	0	16,672	16,672	0	41,158	1,733,950	99,502	1,833,452
Cash Disbursements, 2014-2015	(17,357)	0	0	(45,855)	(45,855)	0	(42,031)	(1,645,426)	(67,910)	(1,713,336)
Cash Balance June 30, 2015	5,638	3,959	(0)	5,108	29,734	27	37,873	214,481	134,391	348,872
Auditor's Adjustments	0	0	0	0	0	0	0	0	0	0
Unreconciled differences	\$ 5,638	\$ 3,959	\$ (0)	\$ 5,108	\$ 29,734	\$ 27	\$ 37,873	\$ 214,481	\$ 134,391	\$ 348,872

Reconciliation to Bank

Cash on hand	(500)
Investments	(84)
Book Balance of Cash in Bank	\$ 348,288
Bank Balance	\$ 404,908
Less Reconciling Items	(66,733)
Reconciled Bank Balance	\$ 338,175
Unreconciled Difference	\$ 10,113

State of New Mexico
 Roy Municipal Schools

SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015

Prepared by Agency Staff Name: Sherrita Fuhlman Title: Business Manager Date: November 4, 2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of- State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in- state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
NA	CES procure	CES	\$62,557	\$62,557	CES 4216 Balloon Park Rd ABQ NM 87109	In-State	NA	24 passenger School Bus



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

INDEPENDENT AUDITOR'S REPORT

Mr. Timothy Keller
New Mexico State Auditor and
Board Members of Roy Municipal Schools
Roy, New Mexico

I was engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of the Roy Municipal Schools, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Roy Municipal Schools' basic financial statements, and the combining and individual funds and related budgetary comparisons of the Roy Municipal Schools, presented as supplemental information, and have issued my report, thereon, dated November 9, 2015. My report disclaims an opinion on such financial statements because of inadequacies in capital asset and accounting records.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Roy Municipal Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, and the combining and individual funds and related budgetary comparisons of the Roy Municipal Schools but not for the purpose of expressing an opinion on the effectiveness of Roy Municipal Schools' internal control. Accordingly, I do not express an opinion on the effectiveness of Roy Municipal School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned 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. I consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. (2005-004, 2014-003, 2015-002, 2014-001).

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. I consider the

deficiencies described in the accompany schedule of findings and responses to be significant deficiencies. (2013-001, 2013-004, 2015-001)

Compliance and Other Matters

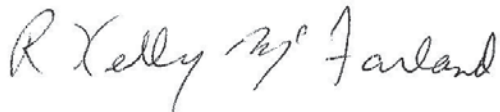
As part of obtaining reasonable assurance about whether Roy Municipal Schools' financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items (2005-004 and 2014-002).

Roy Municipal Schools' Response to Findings

Roy Municipal Schools' response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Roy Municipal Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



November 9, 2015

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Schedule of Findings and Response
June 30, 2015

Prior Year Findings

Finding 2013-001 (A significant deficiency)

Accounting Policies and Procedures for Student Activities

Condition: - I noted in my review of Student Activity Funds that no controls are in place for student fund raising activities. I reviewed a TV raffle, concession stand, basketball game, candy sales and an auction. No written procedures of the District address establishing initial control over cash collections of the activity. Of the activities examined, only the basketball game receipts were controlled with pre-numbered tickets. I found no evidence of any initial control of receipts for the other activities. Total cash collected was deposited by the sponsor in accordance with the student handbook.

In the prior year, the District partially addressed this finding by including written procedures in the student handbook, which provides broad guidance for handling of deposits and disbursements. The student handbook, however, does not address procedures for actually conducting the activity or establishing initial controls over receipts. The District made no progress in addressing written specific guidance for authorization for fund raising, fixing responsibility or addressing procedures for establishing initial controls over cash collections.

Criteria - Section 6-10-2-NMSA provides that public officials have a duty to maintain detail records of receipt of money received. The most critical control over recording the receipt of money is establishing initial control. Written policies outlining methods of establishing controls over the collection of money establish a uniform District wide procedure for safeguarding student assets and communicating the requirement to students, parents and District staff sponsors.

Effect – The District is at risk for possible misappropriation of student activity funds, because without initial controls over cash receipts, the amount collected cannot be documented to ensure that all cash receipts are actually deposited for the benefit of the students.

Cause – The District was not aware of control measures that can be implemented to establish initial control over cash receipts or the necessity of such controls.

Recommendation - I recommend that the District adopt written procedures for establishing initial controls over student fund raising activities. These procedures can include the use of prenumbered tickets, inventory of products for sale and comparing with actual sales, or signing sheets.

Management's Response - Management will implement a two person counting system to verify that deposits are correct and tie to the proceeds raised. Due to the nature and size of our classes, organizations, and clubs, pre-numbered tickets and inventory of products for sale and comparing to actual sales or signing tickets is not feasible. Management knows that the funds being raised are being done by the students and have adult supervision.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Schedule of Findings and Response
June 30, 2015

Prior Year Findings, Continued

Finding 2013-004 (A significant deficiency)

Segregation of Duties

Condition - The District's administrative staff, consisting of only one full-time person and one part-time person, makes proper segregation of duties necessary for effective internal controls difficult to achieve. While the District has developed procedures to achieve segregation of duties, these are not written procedures approved by the Board of Education. Moreover, as one person works only ½ of the school day, and as the administrative staff is on the same four day work week as for student instruction, segregation of duties is difficult to achieve for activities occurring when only one person is present.

The District made no progress in addressing written internal control policies approved by the Board of Education.

Criteria - Section 6.20.2.11 NMAC requires school districts to develop, establish and maintain a structure of internal accounting controls and written procedures to provide for a segregation of duties. The objective of the segregation of duties is to ensure that the authorization to execute a transaction, record the transaction and asset custody are not performed by the same persons.

Effect – The District is not in compliance with the directive from the Public Education Department to maintain written internal control procedures. Additionally, even with written procedures, it will be difficult for the District to maintain proper segregation of duties, as there is only two people in the office for ½ day.

Cause – As noted above, the District has a very limited administrative staff. Additionally, the Superintendent retired at the end of fiscal year 2015. Because of the limited administrative staff, it was not possible to prepare the written policies during the current year.

Recommendation - I recommend the District prepare written internal control policies, approved and overseen by the Board of Education, detailing the unwritten procedures in place to achieve segregation of duties necessary for effective internal control. I also recommend that the Board of Education consider funding a full-time position for the administrative staff to affect a plan of segregation of duties for the entire school day.

Management's Response - Management is in the process of funding a full time administrative assistant position for the front office. Management will also prepare written internal control procedural manual to detail the unwritten procedures that are currently in place. The manual will be presented to the Board of Education for oversight.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Schedule of Findings and Response
June 30, 2015

Prior Year Findings, Continued

Finding 2005-004 (A material weakness and material noncompliance)

Capital Assets

Condition – The capital asset records of the District have not been accurately maintained and do not agree with the control account as reflected in the Government Wide Statement of Net Position.

An inventory of capital assets was not conducted for the year ended June 30, 2015.

The District made no progress in maintaining its capital asset records.

Criteria – NMAC 6.2.22 C requires school districts to establish a property control system that complies with generally accepted accounting principles.

Section 12-6-10A NMSA 1978, requires all NM Governments to conduct an annual inventory list at the end of each fiscal year, certified as correct.

Effect - The District is unable to account for all of its capital assets and is therefore, unable to exercise proper stewardship over the District's property. Additionally, the Districts' financial statements may be misstated.

Cause – The District has a very small administrative staff and the Superintendent retired at the end of the current fiscal year. The District was, therefore, unable to allocate personnel resources to conduct the inventory and adjust the District's accounting records.

Recommendation – I recommend the District conduct an inventory of all property, noting the condition or if it is obsolete. The official inventory should be compared to any capital asset records the District may have and adjusted to reflect the fiscal inventory. I also recommend the Board adopt a policy to conduct an annual inventory and allocate the necessary personnel resources for this task.

Management's response - The addition of an additional staff member will allow management to properly account for and conduct inventory of all property. A schedule will be produced on the condition of all capital assets and any obsolete items will be presented to the Board and Office of the State Auditor for disposal.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Schedule of Findings and Response
June 30, 2015

Prior Year Findings, Continued

Finding 2014-001 (A material weakness)

Bank Reconciliation Procedures and Cash Reconciliation Report

Condition - During fiscal year 2015, bank reconciliations continued to not be in agreement with the books of account on a monthly basis. At June 30, 2015, the general ledger bank balance was \$10,114 in excess of the reconciled cash balance.

The Cash Reconciliation Report to the Public Education Department, at June 30, 2015, overstated the combined cash balance reflected in the books of account by \$2,093. In addition, the total cash per general ledger was overstated by \$10,113.

During fiscal year 2015, the Business Manager did receive training on the *Visions* software as recommended in the prior year.

The District was able to find all but \$496 of the reconciliation errors, after the completion, but before the release of the audit.

Criteria – The bank reconciliation is one of the most critical processes in controlling cash transactions in a cash basis accounting system to preclude misstatement of the financial statements. Section 12-6-5 NMSA 1978 requires agencies to implement “good accounting practices”. Section 6-10-2 NMSA requires every public official to balance cash daily to show the balance of public money on hand at the close of each day’s business. Section 6.20.2.14 NMAC requires school districts to establish and maintain a cash management program to safeguard assets and provide prompt and accurate reporting.

Effect – The District is at risk of material misstatement of the financial statements and regulatory reports as well as possible violation of budgetary expenditures without proper reconciliation procedures.

Cause – The District uses the cash basis, complex software, *Visions*, designed for much larger school districts. Most of the difference (\$5,108 and \$3,760) results from reversions of cash balances to the PED. The transaction was recorded as a debit to cash (rather than an expense account) and a credit to accounts payable. When accounts payable was paid, cash was credited, resulting in a net zero effect on cash, even though these amounts were actually disbursed to the PED reducing that bank balance, but leaving the general ledger balance of cash unchanged. Another difference of \$750 for administrative fees also occurred because the cash account was debited, rather than an expense account.

Additionally, the District is sometimes directed to transfer cash from one fund to another. Transfers of cash between funds are complex transactions to record on the cash basis system because the chart of accounts does not include an account for transfers. While cash transfers may be an explanation of the accounting errors for the balance of the bank reconciliation difference (\$496), remaining differences are unknown.

Recommendation - I recommend that the District consider engaging a consultant, knowledgeable in the use of *Visions* software and the bank reconciliation process to work with the District in gaining a better understanding of the bank reconciliation process. I also recommend the District adopt additional

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Schedule of Findings and Response
June 30, 2015

Prior Year Findings, Continued

Finding 2014-001 (A material weakness), Continued

Bank Reconciliation Procedures and Cash Reconciliation Report, Continued

accounts for “Transfers in and Transfers out” into its chart of accounts. The PED *Uniform Chart of Accounts* definitions provides for such accounts. GASB 34 para. 112 provides for these accounts to account for flows of resources between funds that are permanent in nature and not expected to be repaid.

I also recommend the District work with the PED to adopt account numbers into its chart of accounts for reversions of certain cash balances to the PED. Clarification of the accounting for reversions to the PED and the use of proper account numbers to charge, as well as appropriate budget adjustments should assist in the bank reconciliation process, by insuring all disbursements are properly accounted for in more transparent reporting of reversions.

Accounts for making permanent transfers among funds using accounts for “transfer in and transfers out” will assist the District with cash transfers that may be a part of the problem with reconciling the bank account to the general ledger and will also provide more transparent financial reporting.

Finally, I recommend that the process for disbursing funds include a review of the account classification charged to ensure recording in the proper account and that bank reconciliation differences be resolved in the month the difference occurs.

Management’s response - Management has implemented new reconciliation procedures and forms as well as obtaining additional training on the proper procedures on bank/cash reconciliations and reports. The Business Manager has received formal training on the use of *Visions* software that will enable her to best perform her job.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Schedule of Findings and Response
June 30, 2015

Prior Year Findings, continued

Finding 2014-002 (A nonmaterial noncompliance)

Expenditures in Excess of Budget

Condition – The following funds had expenditures in excess of the authorized and approved final budget:

Athletics Special Revenue Fund	\$ 162
Capital Improvements SB 9 Capital Project Fund	\$ 5,838
Debt Service Fund	\$ 823

Small expenditures in excess of budget continued to occur in fiscal year in 2015.

Criteria – Section 6-6-6 NMSA 1978 provides that no governing authority or official shall allow or approve expenditures in excess of the legally adopted budget.

Effect - The District is not in compliance with the budget mandate.

Cause – Budget adjustments were not prepared for these expenditures in excess of budget.

Recommendation – I recommend that both the Superintendent and the Business Manager devote sufficient time to review the final budget reports to identify any funds with expenditures in excess of budget. A budget resolution should be prepared for excess expenditures.

Management's response - Management has implemented steps to ensure Budget Adjustment Requests will be done to avoid over expenditure of budget.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Schedule of Findings and Response
June 30, 2015

Prior Year Findings, Continued

Finding 2014-003 (A material weakness)

Unearned Revenue

Condition - For a number of years the District has reflected "Unearned Revenue" on the books of account of \$16,412; however, the District has no record of the unearned revenue. During fiscal year 2015, the District contacted the Public Education Department (PED) to see if they had any record of the unearned income. While the PED had no record of some of the unearned income, they were concerned the amounts might actually represent a liability and should be remitted to PED for some Funds. The issue remains unresolved.

Criteria - Although the District uses the cash basis of accounting as required by the Public Education Department, the District is also required to report its financial statements in accordance with generally accepted accounting principles, pursuant to State Audit Rule Section 2.2.2.8 O. (2). The District must, therefore, maintain records necessary for converting the cash basis accounting system to modified accrual.

A subsidiary ledger or other appropriate record should be maintained with appropriate documentation for accruals such as receivables from other governments, accounts payable, unearned income and long-term debt.

Effect – The District is at risk of misstatement of the financial statements. Additionally, without records to establish the nature of unearned income, the District may be required to repay the unearned income to the Public Education Department.

Cause – The District does not maintain a subsidiary ledger or documentation of unearned income to support the amounts reflected in the financial statements or to adjust these amounts.

Recommendation - I recommend the District resolve with the Public Education Department if the District must repay unearned income reflected on the financial statements and make appropriate adjustments to the financial statements to reflect the proper balances.

I also recommend that the District begin maintaining subsidiary ledgers and appropriate documentation of accruals necessary to convert the cash basis books of account to modified accrual for financial statement presentation.

Management's response - Management will contact PED to determine the status of the unearned income. Upon final determination the appropriate adjustments will be made. Subsidiary ledgers and appropriate documentation has been implemented to ensure the District does not receive any unearned income.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Schedule of Findings and Response
June 30, 2015

Current Year Findings

Finding 2015-001 (A significant deficiency)

Accounting for Grant Revenues

Condition - I noted the expenditures of several reimbursable type grants were not matched to expenditures. Fund 27114, Reads to Lead, Fund 24154, Teachers/Principal Training and Recruitment and Fund 25233, REAP, expended \$807, \$286 and \$57 more, respectively, than was received in revenues in the current year, resulting in a deficit fund balance. Cumulative deficit fund balances, occurring as a result of expenditures in excess of revenues in prior years include: Entitlement Fund 24106, \$3,969; Teachers/Principals Training and Recruitment Fund 24154, \$5,745; Medicaid Fund 25153, \$672; REAP Fund 25233, \$484. Deficit fund balances in the special revenue funds also result in inter-fund loans payable to the general fund from the special revenue fund, which may not have the resources to repay the inter-fund loan.

Criteria – *Public School Manual of Procedures, Supplement 7, Cash Controls*, provides guidance for repayment of temporary loans made to reimbursement type programs accounted for in the special revenue funds. Permanent inter-fund transfers, which require Board and PED approval, are noted in *Supplement 7*. GASB 34 also provides guidance for recording interfund transfers. GASB 38 requires disclosure of interfund loans not expected to be repaid in one year.

Effect – Interfund loans payable from special revenue funds with no resources overstate the fund balance of the general fund, because permanent transfers have not been made from the general fund to cover repayment to the inter-fund loans.

Cause – Reimbursement of reimbursable type special revenue funds is sometimes denied by the PED as an unallowable expense chargeable to the grant, resulting in a deficit. Those funds, for which a permanent transfer is not made, result in cumulating deficits.

Recommendation – I recommend that interfund loans be repaid as soon as resources are available for repayment. For special revenue funds, with no resources, particularly those funds in which reimbursements have been denied, I recommend a permanent transfer be made from the general fund.

Management's response - Management is in the process of creating a permanent cash transfer. Additionally, timely dates are being implemented to ensure that purchasing will be cut off so funds are not overspent and to allow time for re-classification of expenses should reimbursements be disallowed.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Schedule of Findings and Response
June 30, 2015

Current Year Findings, continued

Finding 2015-002 (A material weakness)

Accounting for Private Grants

Condition – The District receives privately funded grants for its preschool program and for an accelerated reading program which are accounted for as activity funds. The funds have assets of \$75,083 and revenues for the year of \$36,617.

Criteria – GASB 34 provides that agency funds be used to report resources held by the government in a purely custodial capacity. Agency funds typically involve only the receipt and remittance of fiduciary resources for others. While agency funds may be used to account for pass through grants, the government can have no administrative involvement or direct involvement with the grant program. Similarly, private-purpose trusts may not be used to account for programs in which the government is directly involved. GASB Codification 1300.105 provides that special revenue funds may be used to account for the proceeds of specific revenue sources established for a specific purpose.

Effect – Since agency funds only report receipts and disbursements, the programs funded by the private grants are not reported transparently in accordance with generally accepted accounting principles, misstating the financial statements.

Cause – The Uniform Chart of Accounts mandated by the Public Education Department, *Manual of Procedures*, provides an account number for private grants identified as “local grants”; however, it does not provide an account number for the specific private grants received by the District. A PED budget analyst told the District to report the grants as agency funds.

Recommendation – I recommend the District specifically request a local grant account number to report its private grants.

Management’s response - Management has contacted PED and is in the process of obtaining permission to do a permanent cash transfer to move the grant monies into the appropriate fund(s) that best fit the private grant funds.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Summary of Findings and Responses
June 30, 2015

Status of Prior Year's Findings

Finding 2013-001 [2013-01] - Accounting Policies and Procedures for Student Activity

Repeated and modified in the current year.

Finding 2013-004 [2013-04] – Segregation of Duties

Repeated and modified in the current year.

Finding 2010-002 [2010-02] – Budgeted Expenses Exceed Budgeted Revenue and Fund Balance

Resolved.

Finding 2005-004 [2005-04] – Capital Assets

Repeated in the current year.

Finding 2014-001 – Bank Reconciliation Procedures

Repeated in the current year.

Finding 2014-002 – Expenditures in Excess of Budget

Repeated in the current year.

Finding 2014-003 - Grants Received in Advance (Unearned Income) and Grants Receivable

Partially resolved and repeated in the current year. The District recorded receivables for reimbursable type grants. Documenting unearned income and maintaining a subsidiary receivables ledger has yet to be accomplished.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Financial Statement Preparation
June 30, 2015

The financial statements of Roy Municipal Schools as of, and for the year ended June 30, 2015, were prepared by R. Kelly McFarland, CPA, PC, with the aid of responsible District personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

Exit Conference
June 30, 2015

An exit conference was conducted on November 9, 2015, in a meeting at Roy Municipal Schools pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Roy Municipal Schools

Blair Clavel
Matt Mitchell

Board President
Board Vice President

Bonnie Lightfoot
Sherrita Fluhman

Superintendent
Business Manager

R. Kelly McFarland, CPA, PC

R. Kelly McFarland

Auditor