

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016  
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2016  
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STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
OFFICIAL ROSTER

**BOARD OF EDUCATION**

Blair Clavel  
Matt Mitchell  
Brandon Smith  
Cody Hazen  
Alfred Martinez

President  
Vice President  
Secretary  
Member  
Member

**SCHOOL OFFICIALS**

Bonnie Lightfoot  
Sherrita Fluhman

Superintendent  
Business Manager



# Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner  
Christine Wright, CPA, Partner  
Beth Fant, EA, Partner  
Brad Beasley, CPA, Partner

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund, major special revenue funds and major capital project funds of Roy Municipal Schools (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds 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, 2016, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion**

We were not able to verify beginning balances due to inadequate accounting records relating to the District's capital assets, and accumulated depreciation accounts as of and for the year ended June 30, 2016. We were unable to determine these amounts through the use of alternative procedures and, as such, are unable to express an opinion on the beginning balance of capital assets as of June 30, 2016. The effect on assets, net position, and expenses of the governmental activities is not readily determinable.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, major capital project funds and the aggregate remaining fund information of the District's as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2016, and the respective changes in financial position, thereof and the respective budgetary comparisons for all nonmajor governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis which is required to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 73 - 99 and GASB 68 10 year schedules on pages 56 - 57 be presented to supplement the basic financial statements.



Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements the combining and individual fund financial statements, and the budgetary comparisons that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2016 on our consideration of Roy Municipal Schools internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing in 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 Roy Municipal Schools internal control over financial reporting and compliance.

  
Beasley, Mitchell & Co., LLP  
Las Cruces, New Mexico  
November 14, 2016

## **BASIC FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2016

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>       |                                    |
| Current assets                            |                                    |
| Cash and cash equivalents                 | \$ 249,401                         |
| Property taxes receivable                 | 2,374                              |
| Due from other governments                | <u>20,764</u>                      |
| Total current assets                      | 272,539                            |
| Non-current assets                        |                                    |
| Capital assets                            | 4,227,316                          |
| Less accumulated depreciation             | <u>(2,659,360)</u>                 |
| Total non-current assets                  | <u>1,567,956</u>                   |
| Total assets                              | 1,840,495                          |
| Deferred outflows                         |                                    |
| Contributions - subsequent contributions  | 116,050                            |
| Deferred outflows                         | <u>127,816</u>                     |
| Total deferred outflows                   | <u>243,866</u>                     |
| <b>Total assets and deferred outflows</b> | <b><u>\$ 2,084,361</u></b>         |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2016

|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <b>LIABILITIES AND DEFERRED INFLOWS</b>                      |                                    |
| Current liabilities  |                                    |
| Accrued interest   | \$ 3,064                           |
| Unearned revenue   | 12,882                             |
| Accrued compensated absences                                 | 11,772                             |
| Current portion of notes payable                             | <u>35,000</u>                      |
| Total current liabilities                                    | 62,718                             |
| Long-term obligations  |                                    |
| Net pension liability  | 1,815,578                          |
| Notes payable, net of current                                | <u>60,000</u>                      |
| Total long-term liabilities                                  | <u>1,875,578</u>                   |
| Total liabilities  | 1,938,296                          |
| Deferred inflows   |                                    |
| Deferred inflows (note 9)                                    | <u>41,831</u>                      |
| Total deferred inflows                                       | <u>41,831</u>                      |
| Total liabilities and deferred inflows                       | 1,980,127                          |
| <b>NET POSITION</b>  |                                    |
| Net investment in capital assets                             | 1,469,892                          |
| Restricted for   |                                    |
| Special revenue  | 73,442                             |
| Debt service   | 37,426                             |
| Unrestricted   | <u>(1,476,526)</u>                 |
| Total net position   | <u>104,234</u>                     |
| <b>Total liabilities, deferred inflows, and net position</b> | <u>\$ 2,084,361</u>                |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

| FUNCTIONS/PROGRAMS                                    | Expenses            | Program Revenues       |                                       | Net (Expenses)<br>Revenue and<br>Changes Net Assets |  |
|---|---------------------|------------------------|---------------------------------------|---|--|
|   |                     | Charges for<br>Service | Operating Grants<br>and Contributions |   | Capital<br>Grants and<br>Contributions |
| Expenses - Governmental Activities:                   |                     |                        |                                       |   |  |
| Instruction   | \$ 755,610          | \$ 4,790               | \$ 177,864                            | \$ 14,507   | \$ (558,449)                           |
| Support services                                      | 220,043             | -                      | 6,335                                 | -   | (213,708)                              |
| Central services                                      | 86,801              | -                      | 1,849                                 | -   | (84,952)                               |
| Operation and maintenance of plant                    | 175,530             | 5,057                  | -                                     | 15,015  | (155,458)                              |
| Student transportation                                | 82,700              | -                      | 83,064                                | -   | 364                                    |
| Food services   | 73,930              | 2,154                  | 16,101                                | -   | (55,675)                               |
| Interest on long-term debt                            | 4,500               | -                      | -                                     | -   | (4,500)                                |
| Depreciation  | 143,119             | -                      | -                                     | -   | (143,119)                              |
| Total governmental activities                         | <u>\$ 1,542,233</u> | <u>\$ 12,001</u>       | <u>\$ 285,213</u>                     | <u>\$ 29,522</u>                                    | (1,215,497)                            |
| General Revenues:                                     |                     |                        |                                       |   |  |
| Taxes:  |                     |                        |                                       |   |  |
| Property taxes, levied for operating programs         |                     |                        |                                       |   | 3,588                                  |
| Property taxes, levied for debt services              |                     |                        |                                       |   | 38,935                                 |
| Property taxes, levied for capital projects           |                     |                        |                                       |   | 15,516                                 |
| Oil and gas tax                                       |                     |                        |                                       |   | 3,128                                  |
| State equalization guarantee                          |                     |                        |                                       |   | 1,276,448                              |
| Interest and investment earnings                      |                     |                        |                                       |   | 2,344                                  |
| Miscellaneous   |                     |                        |                                       |   | 7,150                                  |
| Subtotal, general revenue                             |                     |                        |                                       |   | <u>1,347,109</u>                       |
| Change in net position                                |                     |                        |                                       |   | 131,612                                |
| Net position - beginning of year as previously stated |                     |                        |                                       |   | 458,970                                |
| Restatement   |                     |                        |                                       |   | <u>(486,348)</u>                       |
| Net position - beginning of year as restated          |                     |                        |                                       |   | <u>(27,378)</u>                        |
| Net position - end of year                            |                     |                        |                                       |   | <u>\$ 104,234</u>                      |

See independent auditors' report and accompanying notes to financial statements.

**GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016

|  | <u>General<br/>Fund</u> | <u>Title I - IASA</u> | <u>NM Reads to<br/>Lead K-3</u> | <u>Preschool<br/>Donations</u> |
|--|-------------------------|-----------------------|---------------------------------|--------------------------------|
| <b>ASSETS</b>  |                         |                       |                                 |                                |
| Cash and cash equivalents                              | \$ 127,061              | \$ -                  | \$ -                            | \$ 66,019                      |
| Property taxes receivable                              | 148                     | -                     | -                               | -                              |
| Due from other funds                                   | 62,218                  | -                     | -                               | -                              |
| Due from grantors                                      | -                       | 8,420                 | 11,164                          | -                              |
|  | <u>-</u>                | <u>8,420</u>          | <u>11,164</u>                   | <u>-</u>                       |
| <br>Total assets                                       | <br><u>\$ 189,427</u>   | <br><u>\$ 8,420</u>   | <br><u>\$ 11,164</u>            | <br><u>\$ 66,019</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b> |                         |                       |                                 |                                |
| Liabilities:   |                         |                       |                                 |                                |
| Due to other funds                                     | \$ -                    | \$ 8,420              | \$ 11,959                       | \$ -                           |
|  | <u>-</u>                | <u>8,420</u>          | <u>11,959</u>                   | <u>-</u>                       |
| Total liabilities                                      | -                       | 8,420                 | 11,959                          | -                              |
| Deferred inflows:                                      |                         |                       |                                 |                                |
| Deferred inflows - property tax                        | <u>77</u>               | <u>-</u>              | <u>-</u>                        | <u>-</u>                       |
| Total deferred inflows                                 | <u>77</u>               | <u>-</u>              | <u>-</u>                        | <u>-</u>                       |
| Total liabilities and deferred inflows                 | 77                      | 8,420                 | 11,959                          | -                              |
| Fund balances:   |                         |                       |                                 |                                |
| Restricted, reported in:                               |                         |                       |                                 |                                |
| Special revenue fund                                   | -                       | -                     | -                               | 66,019                         |
| Debt service funds                                     | -                       | -                     | -                               | -                              |
| Unassigned, reported in:                               |                         |                       |                                 |                                |
| Other funds  | -                       | -                     | (795)                           | -                              |
| General fund   | <u>189,350</u>          | <u>-</u>              | <u>-</u>                        | <u>-</u>                       |
| Total fund balances                                    | <u>189,350</u>          | <u>-</u>              | <u>(795)</u>                    | <u>66,019</u>                  |
| Total liabilities, deferred inflows and fund balances  | <u>\$ 189,427</u>       | <u>\$ 8,420</u>       | <u>\$ 11,164</u>                | <u>\$ 66,019</u>               |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2016

|  | <b>Capital<br/>Improvements<br/>SB-9</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total</b>      |
|--|--|---|-------------------|
|  | <u>          </u>                        | <u>          </u>                       | <u>          </u> |
| <b>ASSETS</b>  |  |   |                   |
| Cash and cash equivalents                                  | \$ -                                     | \$ 56,321                               | \$ 249,401        |
| Property taxes receivable                                  | 646                                      | 1,580                                   | 2,374             |
| Due from other funds                                       | -  | -                                       | 62,218            |
| Due from grantors  | -  | 1,180                                   | 20,764            |
|  | <u>          </u>                        | <u>          </u>                       | <u>          </u> |
| Total assets   | <u>\$ 646</u>                            | <u>\$ 59,081</u>                        | <u>\$ 334,757</u> |
| <b>LIABILITIES, DEFERRED INFLOWS AND FUND<br/>BALANCES</b> |  |   |                   |
| Liabilities:   |  |   |                   |
| Due to other funds   | \$ 26,655                                | \$ 15,184                               | \$ 62,218         |
| Unearned revenue   | -  | 12,882                                  | 12,882            |
|  | <u>          </u>                        | <u>          </u>                       | <u>          </u> |
| Total liabilities  | 26,655                                   | 28,066                                  | 75,100            |
| Deferred inflows:  |  |   |                   |
| Deferred inflows - property tax                            | 337                                      | 825                                     | 1,239             |
|  | <u>          </u>                        | <u>          </u>                       | <u>          </u> |
| Total deferred inflows                                     | 337                                      | 825                                     | 1,239             |
| Total liabilities and deferred inflows                     | 26,992                                   | 28,891                                  | 76,339            |
| Fund balances:   |  |   |                   |
| Restricted, reported in:                                   |  |   |                   |
| Special revenue fund                                       | -  | 7,423                                   | 73,442            |
| Debt service funds   | -  | 37,426                                  | 37,426            |
| Capital projects funds                                     | -  | -                                       | -                 |
| Unassigned, reported in:                                   |  |   |                   |
| Other funds  | (26,346)                                 | (14,659)                                | (41,800)          |
| General fund   | -  | -                                       | 189,350           |
|  | <u>          </u>                        | <u>          </u>                       | <u>          </u> |
| Total fund balances  | <u>(26,346)</u>                          | <u>30,190</u>                           | <u>258,418</u>    |
| Total liabilities, deferred inflows,<br>and fund balances  | <u>\$ 646</u>                            | <u>\$ 59,081</u>                        | <u>\$ 334,757</u> |

See independent auditors' report and accompanying notes to financial statements.



STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016

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

|  |                   |
|--|-------------------|
| Fund balances - total governmental funds   | \$ 258,418        |
| Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                    | 1,567,956         |
| Deferred outflows of resources related to pension, applicable to future periods and therefore, not reported in funds (note 9)                | 243,866           |
| Deferred inflows of resources related to pension, applicable to future periods and therefore, not reported in funds (note 9)                 | (41,831)          |
| Long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds - property tax            | 1,239             |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds: |                   |
| Net pension liability  | (1,815,578)       |
| Accrued interest   | (3,064)           |
| Compensated absences   | (11,772)          |
| Long term debt   | <u>(95,000)</u>   |
| Total net position - governmental funds  | <u>\$ 104,234</u> |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

|                                  | <u>General<br/>Fund</u> | <u>Title I - IASA</u> | <u>NM Reads to<br/>Lead K-3</u> | <u>Preschool<br/>Donations</u> |
|----------------------------------|-------------------------|-----------------------|---------------------------------|--------------------------------|
| <b>REVENUES</b>                  |                         |                       |                                 |                                |
| Taxes                            | \$ 3,799                | \$ -                  | \$ -                            | \$ -                           |
| Charges for services             | 6,374                   | -                     | -                               | -                              |
| State sources                    | 1,294,234               | -                     | 49,894                          | 73,347                         |
| Federal sources                  | -                       | 8,420                 | -                               | -                              |
| Transportation distribution      | 83,064                  | -                     | -                               | -                              |
| Earnings from investments        | 1,796                   | -                     | -                               | -                              |
| Miscellaneous                    | <u>3,607</u>            | <u>-</u>              | <u>10</u>                       | <u>-</u>                       |
| Total revenues                   | 1,392,874               | 8,420                 | 49,904                          | 73,347                         |
| <b>EXPENDITURES</b>              |                         |                       |                                 |                                |
| Current:                         |                         |                       |                                 |                                |
| Direct instruction               | 778,505                 | 8,420                 | 49,893                          | 7,328                          |
| Instructional support            | 209,103                 | -                     | -                               | -                              |
| Central services                 | 86,801                  | -                     | -                               | -                              |
| Operation and maintenance        | 155,750                 | -                     | -                               | -                              |
| Transportation                   | 82,700                  | -                     | -                               | -                              |
| Food services                    | <u>57,776</u>           | <u>-</u>              | <u>-</u>                        | <u>-</u>                       |
| Total expenditures               | <u>1,370,635</u>        | <u>8,420</u>          | <u>49,893</u>                   | <u>7,328</u>                   |
| Net change in fund balance       | 22,239                  | -                     | 11                              | 66,019                         |
| Fund balance - beginning of year | <u>167,111</u>          | <u>-</u>              | <u>(806)</u>                    | <u>-</u>                       |
| Fund balance - end of year       | <u>\$ 189,350</u>       | <u>\$ -</u>           | <u>\$ (795)</u>                 | <u>\$ 66,019</u>               |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016

|                                  | <b>Capital<br/>Improvements<br/>SB-9</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total</b>      |
|----------------------------------|--|---|-------------------|
| <b>REVENUES</b>                  |  |   |                   |
| Taxes                            | \$ 16,363                                | \$ 39,766                               | \$ 59,928         |
| Charges for services             | -  | 5,627                                   | 12,001            |
| State sources                    | -  | 24,725                                  | 1,442,200         |
| Federal sources                  | -  | 57,500                                  | 65,920            |
| Transportation distribution      | -  | -                                       | 83,064            |
| Earnings from investments        | -  | -                                       | 1,796             |
| Proceeds from sale of bond       | -  | 2,364                                   | 2,364             |
| Miscellaneous                    | 1,717                                    | -                                       | 5,334             |
|                                  | <u>18,080</u>                            | <u>129,982</u>                          | <u>1,672,607</u>  |
| Total revenues                   | 18,080                                   | 129,982                                 | 1,672,607         |
| <b>EXPENDITURES</b>              |  |   |                   |
| Current:                         |  |   |                   |
| Direct instruction               | -  | 47,295                                  | 891,441           |
| Instructional support            | 3,098                                    | 7,842                                   | 220,043           |
| Central services                 | -  | -                                       | 86,801            |
| Operation and maintenance        | -  | 19,780                                  | 175,530           |
| Transportation                   | -  | -                                       | 82,700            |
| Food services                    | -  | 16,154                                  | 73,930            |
| Capital outlay                   | 64,546                                   | -                                       | 64,546            |
| Debt services:                   |  |   |                   |
| Principal payments               | -  | 35,000                                  | 35,000            |
| Interest                         | -  | 4,500                                   | 4,500             |
|                                  | <u>67,644</u>                            | <u>130,571</u>                          | <u>1,634,491</u>  |
| Total expenditures               | 67,644                                   | 130,571                                 | 1,634,491         |
| Net change in fund balance       | (49,564)                                 | (589)                                   | 38,116            |
| Fund balance - beginning of year | 23,218                                   | 30,779                                  | 220,302           |
| Fund balance - end of year       | <u>\$ (26,346)</u>                       | <u>\$ 30,190</u>                        | <u>\$ 258,418</u> |

See independent auditors' report and accompanying notes to financial statements.

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  
 FOR THE YEAR ENDED JUNE 30, 2016

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

|  |           |
|--|-----------|
| Change in fund balances - total governmental funds | \$ 38,116 |
|--|-----------|

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 estimated 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 | (143,119) |
| Capital outlay       | 64,546    |

|   |           |
|---|-----------|
| Changes in resources related to pension |           |
| Change in deferred outflows             | 193,767   |
| Change in deferred inflows              | 122,065   |
| Net pension liability                   | (168,072) |

|   |       |
|---|-------|
| Property taxes that do not provide current financial resources, made available to pay for the current period's expenditures, reported as deferred inflows in the funds. | 1,239 |
|---|-------|

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.

|  |               |
|--|---------------|
| Change in accrued interest             | (1,309)       |
| Change in accrued compensated absences | (10,621)      |
| Principal payment on debt              | <u>35,000</u> |

|   |                   |
|---|-------------------|
| Change in net position of governmental activities | <u>\$ 131,612</u> |
|---|-------------------|

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
GENERAL FUND COMBINED  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|--|---|
| Revenues:   |                            |                         |  |   |
| Taxes   | \$ 4,092                   | \$ 4,092                | \$ 3,799                                 | \$ (293)  |
| Charges for services                              | 10,670                     | 10,670                  | 6,374                                    | (4,296)   |
| State sources                                     | 1,311,377                  | 1,274,655               | 1,377,298                                | 102,643   |
| Earnings from investments                         | 450                        | 450                     | 1,796                                    | 1,346   |
| Miscellaneous                                     | 9,133                      | 9,133                   | 3,607                                    | (5,526)   |
| Total revenues                                    | <u>1,335,722</u>           | <u>1,299,000</u>        | <u>1,392,874</u>                         | <u>93,874</u>   |
| Expenditures:                                     |                            |                         |  |   |
| Current:  |                            |                         |  |   |
| Direct instruction                                | 870,398                    | 839,437                 | 778,505                                  | 60,932  |
| Instructional support                             | 234,467                    | 227,958                 | 209,103                                  | 18,855  |
| Central services                                  | 89,781                     | 95,280                  | 86,801                                   | 8,479   |
| Operation and maintenance                         | 245,009                    | 245,009                 | 155,750                                  | 89,259  |
| Transportation                                    | 95,081                     | 88,340                  | 82,700                                   | 5,640   |
| Food services                                     | 35,093                     | 62,508                  | 57,776                                   | 4,732   |
| Total expenditures                                | <u>1,569,829</u>           | <u>1,558,532</u>        | <u>1,370,635</u>                         | <u>187,897</u>  |
| Excess (deficiency) of revenues over expenditures | <u>(234,107)</u>           | <u>(259,532)</u>        | <u>22,239</u>                            | <u>281,771</u>  |
| Net change in fund balance                        | (234,107)                  | (259,532)               | 22,239                                   | 281,771   |
| Fund balance - beginning of year                  | <u>167,111</u>             | <u>167,111</u>          | <u>167,111</u>                           | <u>-</u>  |
| Fund balance - end of year                        | <u>\$ (66,996)</u>         | <u>\$ (92,421)</u>      | <u>\$ 189,350</u>                        | <u>\$ 281,771</u>   |
| Reconciliation of budgetary basis to GAAP basis:  |                            |                         |  |   |
| Net changes in fund balance budgetary basis       |                            |                         | \$ 22,239                                |   |
| Net revenue accruals                              |                            |                         | -  |   |
| Net expenditure accruals                          |                            |                         | -  |   |
| Net changes in fund balance GAAP basis            |                            |                         | <u>\$ 22,239</u>                         |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
TITLE I - IASA SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual on<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</b> |
|---|----------------------------|-------------------------|--|---|
| Revenues:   |                            |                         |  |   |
| Federal sources                                   | \$ 1,226                   | \$ 8,420                | \$ -                                     | \$ (8,420)  |
| Total revenues                                    | 1,226                      | 8,420                   | -  | (8,420)   |
| Expenditures:                                     |                            |                         |  |   |
| Current:  |                            |                         |  |   |
| Direct instruction                                | 1,226                      | 8,420                   | 8,420                                    | -   |
| Total expenditures                                | 1,226                      | 8,420                   | 8,420                                    | -   |
| Excess (deficiency) of revenues over expenditures | -                          | -                       | (8,420)                                  | (8,420)   |
| Net change in fund balances                       | -                          | -                       | (8,420)                                  | (8,420)   |
| Fund balance - beginning of year                  | -                          | -                       | -  | -   |
| Fund balance - end of year                        | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ (8,420)</u>                        | <u>\$ (8,420)</u>   |
| Reconciliation of budgetary basis to GAAP basis:  |                            |                         |  |   |
| Net changes in fund balance budgetary basis       |                            |                         | \$ (8,420)                               |   |
| Net revenue accruals                              |                            |                         | 8,420                                    |   |
| Net expenditure accruals                          |                            |                         | -  |   |
| Net changes in fund balance GAAP basis            |                            |                         | <u>\$ -</u>                              |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NM READS TO LEAD K-3 SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual on<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</b> |
|---|----------------------------|-------------------------|--|---|
| Revenues:   |                            |                         |  |   |
| State sources                                     | \$ 50,000                  | \$ 50,000               | \$ 38,730                                | \$ (11,270)   |
| Miscellaneous                                     | -                          | -                       | 10                                       | 10  |
| Total revenues                                    | 50,000                     | 50,000                  | 38,740                                   | (11,270)  |
| Expenditures:                                     |                            |                         |  |   |
| Current:  |                            |                         |  |   |
| Direct instructional                              | 50,000                     | 50,000                  | 49,893                                   | 107   |
| Total expenditures                                | 50,000                     | 50,000                  | 49,893                                   | 107   |
| Excess (deficiency) of revenues over expenditures | -                          | -                       | (11,153)                                 | 11,163  |
| Net change in fund balances                       | -                          | -                       | (11,153)                                 | 11,163  |
| Fund balance - beginning of year                  | -                          | -                       | (806)                                    | (806)   |
| Fund balance - end of year                        | \$ -                       | \$ -                    | \$ (11,959)                              | \$ (23,132)   |
| Reconciliation of budgetary basis to GAAP basis:  |                            |                         |  |   |
| Net changes in fund balance budgetary basis       |                            |                         | \$ (11,153)                              |   |
| Net revenue accruals                              |                            |                         | 11,164                                   |   |
| Net expenditure accruals                          |                            |                         | -  |   |
| Net changes in fund balance GAAP basis            |                            |                         | \$ 11                                    |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
PRESCHOOL DONATIONS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| State sources  | \$ -                       | \$ -                    | \$ 73,347                                | \$ 73,347   |
| Total revenues                                       | -                          | -                       | 73,347                                   | 73,347  |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Direct instruction                                   | -                          | 73,347                  | 7,328                                    | 66,019  |
| Total expenditures                                   | -                          | 73,347                  | 7,328                                    | 66,019  |
| Excess (deficiency) of revenues over<br>expenditures | -                          | (73,347)                | 66,019                                   | 139,366   |
| Net change in fund balance                           | -                          | (73,347)                | 66,019                                   | 139,366   |
| Fund balance - beginning of year                     | -                          | -                       | -  | -   |
| Fund balance - end of year                           | \$ -                       | \$ (73,347)             | \$ 66,019                                | \$ 139,366  |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ 66,019                                |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | -  |   |
| Net changes in fund balance GAAP basis               |                            |                         | <u>\$ 66,019</u>                         |   |

See independent auditors' report and accompanying notes to financial statements.



**FIDUCIARY FUND FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND  
JUNE 30, 2016

**ASSETS**

Current Assets

Cash \$ 66,218

Total assets \$ 66,218

**LIABILITIES**

Current Liabilities

Deposits held in trust for others \$ 66,218

Total liabilities \$ 66,218

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Roy Municipal Schools' management who is responsible for their integrity and objectivity. The financial statements and disclosures of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity**

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

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by the State Equalization Guarantee, taxes and intergovernmental revenues.

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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are accrued as receivable when levied, net of estimated refund and uncollectible amounts. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

**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. Revenues are provided by district school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting (Continued)**

**TITLE I IASA (24101 ENTITLEMENT), (24201 FEDERAL STIMULUS)** - 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 1, Part A, 20 U.S.C. 2701 et seq.

**NEW MEXICO READS TO LEAD (29107)** - Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade - giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.

**PRESCHOOL DONATIONS (29107)** - To account for donations from private/county to fund pre-school staff and program

**Capital Improvements SB-9 Fund** is used to account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Also to account for resources received from the State of New Mexico General Fund.

Additionally, the District reports the following agency fund:

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

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity**

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

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)**

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

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

**Restricted Assets** - The Debt Service Fund is used to report resources set aside as restricted to make up potential future deficiencies in the revenue bond current debt service account.

**Deferred Outflows** - In the government-wide fund financial statements, deferred outflows are contributions to a pension plan after the measurement date, and the change in assumption.

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

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Guadalupe and Torrance County. The funds are collected by the County Treasurers and are remitted to the District the following month.

Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August 2016 is considered measurable and available and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2016.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)**

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

**Inventory** - The District uses the consumption method of accounting for inventory. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed.

Inventory is valued at cost utilizing the consumption basis of accounting. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

U.S.D.A. commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No deferred revenue was recorded for unused commodity inventory as of June 30, 2016.

**Capital Assets** - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information technology equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C(5). The District was a phase II government for purposes of implementing GASB 34 however, the District does not have any infrastructure asset to report.

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



STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

| <b><u>Assets</u></b>                            | <b><u>Years</u></b> |
|---|---------------------|
| Building and improvements                       | 20-50               |
| Furniture, equipment vehicles and library books | 3-15                |

**Unearned Revenues and Deferred Inflows of Resources** - Under both accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by corresponding liability for unearned revenue. Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year end are classified as deferred inflow.

**Compensated Absences** - Twelve month employees are entitled to accumulate annual leave up to 10 days per year for the first five years. After five years of service, they will earn one and one quarter days per month for a total of 15 days per year.

Qualified employees are entitled to accumulate sick leave. There is no limit to the amount of sick leave which an employee may accumulate; however, no payment is due to the employee upon termination of employment.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)**

not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net assets.

**Deferred Inflows** - Within the governmental funds, revenues must be available in order to be recognized. Revenues such as real estate taxes that are not available are recorded as deferred inflows and reflected within the balance sheet.

**Long-term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**Fund Balance of Fund Financial Statements** - In the fund financial statements, governmental funds are classified as follows:

**Nonspendable** - 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.

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

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)**

- 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. Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (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.

**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.

The District's policy is to apply restricted resources first, committed sources second, assigned resources third, and unassigned resources last when an expense is incurred for purposes for which all or any fund balance classification is available.

**Equity Classifications**

Government-Wide Statements

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

- a. Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)**

- b. Restricted net position consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Net position - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**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.

**E. Revenues**

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

A school district's program costs are determined through the use of various formulas using program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$1,276,448 in state equalization guarantee distributions during the year ended June 30, 2016.

**Tax Revenues** - The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues (Continued)**

'measurable' and 'available' in the governmental fund financial statements. The District recognized \$59,929 in tax revenues in the governmental fund financial statements during the year ended June 30, 2016. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

**Transportation Distribution** - School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$83,064 in transportation distributions during the year ended June 30, 2016.

**Public School Capital Outlay** - Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4(B), core administrative function of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4 (0); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. New Pronouncements**

New Accounting Pronouncements - In 2015, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. Earlier application is encouraged. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, GASB issued GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities or pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The objective of his Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information supporting assessments of accountability and interperiod equity, and creating additional transparency. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. New Pronouncements (Continued)**

In 2015, the GASB issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged. The objective of this

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. New Pronouncements (Continued)**

Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 77, *Tax Abatement Disclosures*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.



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**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

These budgets are prepared on the Non-GAAP cash basis. Budgeted expenditures exclude encumbrances and the budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, when the budget is approved those funds are legally restricted and shown as reserved fund balance.

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

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

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Public Education Department.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board and the New Mexico Public Education Department.

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**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

6. Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Budget basis expenditures exclude encumbrances.

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

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

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

**3. 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, 2016.

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.

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**3. DEPOSIT AND INVESTMENTS (CONTINUED)**

The types of collateral allowed are limited to direct obligations of the United States Government or agency, districts or political subdivisions of the States 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.

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

|   | Farmers &<br>Stockman's<br>Bank |
|---|---------------------------------|
| Cash on deposit at June 30, 2016                          | \$ 367,679                      |
| FDIC coverage   | (250,000)                       |
| Total uninsured public funds                              | \$ 117,679                      |
| Pledged collateral  | \$ 218,235                      |
| Collateral requirement (50% of<br>uninsured public funds) | 58,840                          |
| Over collateralization                                    | \$ 159,395                      |

**Custodial Credit Risk-Deposits** - Custodial Credit Risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2016, \$117,679 of the District's bank balance of \$367,679 was exposed to custodial credit risk because or was uninsured and the collateral was held by the pledging bank's trust department, not in the District's name. At June 30, 2016, the carrying amount of these deposits was \$315,619.

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**3. DEPOSIT AND INVESTMENTS (CONTINUED)**

**Reconciliation of Cash and Cash Equivalents**

|  |                   |
|--|-------------------|
| Cash and cash equivalents per Governmental Funds - balance sheet | <u>\$ 249,401</u> |
| Total  | <u>249,401</u>    |
| Statement of Fiduciary Net Assets - cash                         | <u>66,218</u>     |
| Total cash and cash equivalents                                  | 315,619           |
| Add outstanding checks and other reconciling items               | <u>52,060</u>     |
| Bank balance of deposits and investments                         | <u>\$ 367,679</u> |
|  |                   |
| Cash source:   |                   |
| Farmers & Stockman's Bank  | <u>\$ 367,679</u> |
| Total cash and cash equivalents                                  | <u>\$ 367,679</u> |

**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 School District's investment policy limits the School District's investment portfolio to maturities of less than one year.

**4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

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**4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

The composition of interfund balances during the year ended June 30, 2016 is as follows:

| <b>Governmental Activities</b> | <b>Due from other funds</b> | <b>Due to other funds</b> |
|--------------------------------|-----------------------------|---------------------------|
| General fund                   | \$ 62,218                   | \$ -                      |
| Athletics                      | -                           | 228                       |
| Title I                        | -                           | 8,420                     |
| Entitlement IDEA-B             | -                           | 7,358                     |
| Teacher/Principal Training     | -                           | 6,926                     |
| Title XIX Medicaid             | -                           | 672                       |
| Read to Lead                   | -                           | 11,959                    |
| Capital Improvements SB-9      | -                           | 26,655                    |
| Totals                         | <u>\$ 62,218</u>            | <u>\$ 62,218</u>          |

All interfund balances are to be repaid within one year. There were no operating transfers for the year ended June 30, 2016.

**5. ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2016, are as follows:

|                   | <b>General</b> | <b>Major Governmental Funds</b> | <b>Non-Major Governmental Funds</b> | <b>Total</b>     |
|-------------------|----------------|---------------------------------|-------------------------------------|------------------|
| Government grants | \$ -           | \$ 19,584                       | \$ 1,180                            | \$ 20,764        |
| Property taxes    | <u>148</u>     | <u>646</u>                      | <u>1,580</u>                        | <u>2,374</u>     |
| Total             | <u>\$ 148</u>  | <u>\$ 20,230</u>                | <u>\$ 2,760</u>                     | <u>\$ 23,138</u> |

The above receivables are deemed 100% collectible.

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**6. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2016 is as follows:

|   | <b>Balance<br/>June 30, 2015<br/>As Previously<br/>Stated</b> | <b>Adjustments</b>  | <b>Balance<br/>June 30,<br/>2015<br/>As Restated</b> | <b>Additions</b>   | <b>Retirements</b> | <b>Balance<br/>June 30,<br/>2016</b> |
|---|---|---------------------|--|--------------------|--------------------|--------------------------------------|
| Governmental Activities:  |   |                     |  |                    |                    |                                      |
| Capital assets not being depreciated:                                   |   |                     |  |                    |                    |                                      |
| Land  | \$ 16,200   | \$ -                | \$ 16,200  | \$ -               | \$ -               | \$ 16,200                            |
| Total capital assets not being depreciated                              | 16,200  | -                   | 16,200   | -                  | -                  | 16,200                               |
| Capital assets being depreciated:                                       |   |                     |  |                    |                    |                                      |
| Buildings & building improvements                                       | 3,891,182   | (356,661)           | 3,534,521  | 64,546             | -                  | 3,599,067                            |
| Equipment, vehicles, information technology equipment, software & books | <u>893,139</u>  | <u>(281,090)</u>    | <u>612,049</u>                                       | <u>-</u>           | <u>-</u>           | <u>612,049</u>                       |
| Total capital assets being depreciated                                  | 4,784,321   | (637,751)           | 4,146,570  | 64,546             | -                  | 4,211,116                            |
| Less accumulated depreciation for:                                      |   |                     |  |                    |                    |                                      |
| Buildings & building improvements                                       | 1,836,270   | 248,756             | 2,085,026  | 100,380            | -                  | 2,185,406                            |
| Equipment, vehicles, information technology equipment, software & books | <u>838,211</u>  | <u>(406,996)</u>    | <u>431,215</u>                                       | <u>42,739</u>      | <u>-</u>           | <u>473,954</u>                       |
| Total accumulated depreciation  | <u>2,674,481</u>  | <u>(158,240)</u>    | <u>2,516,241</u>                                     | <u>143,119</u>     | <u>-</u>           | <u>2,659,360</u>                     |
| Total capital assets being depreciated, net                             | <u>2,109,840</u>  | <u>(479,511)</u>    | <u>1,630,329</u>                                     | <u>(78,573)</u>    | <u>-</u>           | <u>1,551,756</u>                     |
| Governmental activities capital assets, net                             | <u>\$ 2,126,040</u>   | <u>\$ (479,511)</u> | <u>\$ 1,646,529</u>                                  | <u>\$ (78,573)</u> | <u>\$ -</u>        | <u>\$ 1,567,956</u>                  |

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**6. CAPITAL ASSETS (CONTINUED)**

For the year ended June 30, 2016, depreciation was charged to the following functions:

| <b>Governmental Activities</b>      |                       |
|-------------------------------------|-----------------------|
| Support services                    | \$ 42,739             |
| Operations and maintenance of plant | <u>100,380</u>        |
| <br>Total                           | <br><u>\$ 143,119</u> |

**7. LONG-TERM OBLIGATIONS**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued was \$335,000. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2016 are for governmental activities.

Bonds outstanding at June 30, 2016, are comprised of the following:

|                | <b>Series 7/15/2005</b> | <b>Series 10/01/2006</b> |
|----------------|-------------------------|--------------------------|
| Original Issue | \$160,000               | \$175,000                |
| Maturity       | 2018                    | 2020                     |
| Interest Rate  | 4.00% - 4.25%           | 4.00%                    |

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**7. LONG-TERM OBLIGATIONS (CONTINUED)**

The following is a summary of the long-term debt and the activity for the year ended June 30, 2016:

|  | <b>Balance<br/>June 30,<br/>2015, as<br/>previously<br/>stated</b> | <b>Adjustment</b> | <b>Balance<br/>June 30,<br/>2015, as<br/>restated</b> | <b>Additions</b> | <b>Reductions</b>  | <b>Balance<br/>June 30,<br/>2016</b> | <b>Due<br/>Within<br/>One Year</b> |
|--|--|-------------------|---|------------------|--------------------|--------------------------------------|------------------------------------|
| Governmental<br>Activities:              |  |                   |   |                  |                    |                                      |                                    |
| Bonds payable                            | \$ 130,000   | \$ -              | \$ 130,000  | \$ -             | \$ (35,000)        | \$ 95,000                            | \$ 35,000                          |
| Compensated<br>absences                  | -  | 6,837             | 6,837   | 10,799           | (5,864)            | 11,772                               | 11,772                             |
| <b>Total governmental<br/>activities</b> | <b>\$ 130,000</b>  | <b>\$ 6,837</b>   | <b>\$ 136,837</b>                                     | <b>\$ 10,799</b> | <b>\$ (40,864)</b> | <b>\$ 106,772</b>                    | <b>\$ 46,772</b>                   |

The annual requirements to amortize the Series 7/15/2005 general obligation bond outstanding as of June 30, 2016, including interest payments are as follows:

| <b>Years ending June 30,</b> | <b>Principal</b> | <b>Interest</b> | <b>Total</b>     |
|------------------------------|------------------|-----------------|------------------|
| 2016                         | \$ 20,000        | \$ 1,200        | \$ 21,200        |
| 2017                         | 20,000           | 400             | 20,400           |
|                              | <b>\$ 40,000</b> | <b>\$ 1,600</b> | <b>\$ 41,600</b> |

The annual requirements to amortize the Series 10/01/2006 general obligation bond outstanding as of June 30, 2016, including interest payments are as follows:

| <b>Years ending June 30,</b> | <b>Principal</b> | <b>Interest</b> | <b>Total</b>     |
|------------------------------|------------------|-----------------|------------------|
| 2016                         | \$ 15,000        | \$ 1,900        | \$ 16,900        |
| 2017                         | 15,000           | 1,300           | 16,300           |
| 2018                         | 15,000           | 700             | 15,700           |
| 2019                         | 10,000           | 200             | 10,200           |
|                              | <b>\$ 55,000</b> | <b>\$ 4,100</b> | <b>\$ 59,100</b> |



STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**7. LONG-TERM OBLIGATIONS (CONTINUED)**

**Compensated Absences** - Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2016, compensated absences decreased \$4,935 from the prior year accrual.

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

**8. RISK MANAGEMENT**

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

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

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2016, there have been no claims that have exceeded insurance coverage.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD**

***General Information on the Pension Plan***

**Plan Description** - Substantially all of the Roy Municipal Schools full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost sharing multiple employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers and other employees of State public school districts, colleges and universities and beneficiaries). ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, PO Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

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

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

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

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

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

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

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

Member Contributions - Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.7% of their gross salary.

Employer Contributions - Roy Municipal Schools contributed 13.9% of gross salary.

The contribution requirements of plan members and the Roy Municipal Schools are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. Roy Municipal School's contributions to ERB for the fiscal years ending June 30, 2015, 2014, and 2013, were \$116,040, \$110,777, and \$120,347, respectively, which equal the amount of the required contributions for each fiscal year.

The District adopted GASB 68 during the year ended June 30, 2016. GASB 68, *Accounting and Financial Reporting for Pensions*, requires contributing employers of cost-sharing multiple employer defined benefit pension plans to include the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources related to their share of the pension plan in their government-wide financial statement presentation. ERB engaged their financial statement auditors to prepare a schedule allocating these obligations to the contributing employers as of the year ended June 30, 2015. As part of adopting GASB 68 during the current year, the District recognized a Net Pension Liability (NPL), which represents the District's share of the underfunded pension obligation at June 30, 2016.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

For the year ended June 30, 2016, the District recognized pension expense of Roy Municipal Schools. At the June 30, 2016, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

|   | <u>Deferred<br/>outflows of<br/>resources</u> | <u>Deferred<br/>inflows of<br/>resources</u> |
|---|---|--|
| Changes in assumptions  | \$ 62,447                                     | \$ -   |
| Net difference between projected and actual earnings on pension plan investments                              | -   | 8,172  |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 65,369  | -  |
| Difference between expected and actual experience   | -   | 33,659                                       |
| District contributions subsequent to the measurement date   | <u>116,050</u>                                | <u>-</u>                                     |
| Total   | <u>\$ 243,866</u>                             | <u>\$ 41,831</u>                             |

\$116,050 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2015, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

**9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

Year ended June 30:

|      |    |        |
|------|----|--------|
| 2017 | \$ | 22,835 |
| 2018 |    | 22,256 |
| 2019 |    | 15,676 |
| 2020 |    | 25,217 |
| 2021 | \$ | -      |

**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, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 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, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014.
5. For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

**9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

|                           |   |
|---------------------------|---|
| Actuarial Cost Method     | Entry Age Normal  |
| Amortization Method       | Level Percentage of Payroll   |
| Remaining Period          | Amortization - closed 30 years from June 30, 2012 to June 30, 2042  |
| Asset Valuation Method    | 5 year smooth 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)                  |

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.

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows.

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

**9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2015. In particular, the table presents the (employer's) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

|  | 1% Decrease<br>(6.75%) | Current Discount<br>Rate (7.75%) | 1% Increase<br>(8.75%) |
|--|------------------------|----------------------------------|------------------------|
| District's proportionate<br>share of net pension | <u>\$ 2,442,981</u>    | <u>\$ 1,815,578</u>              | <u>\$ 1,288,494</u>    |

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2015 and June 30, 2014 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

Payables to the pension plan. The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2016 the District did not owe ERB any funds.



STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**10. 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 spouses, dependents and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the 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 served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the 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 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](http://www.nmrhca.state.nm.us).

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**10. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

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 statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 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 Schools contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$16,694, \$15,937, and \$14,919, respectively, which equal the required contributions for each year.

**11. LOSS CONTINGENCIES**

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

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

**11. LOSS CONTINGENCIES (CONTINUED)**

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

**12. ANALYSIS FOR IMPAIRMENT**

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there are no impaired assets at June 30, 2016.

**13. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

A. Deficit fund balance of individual funds. The following fund had a deficit fund balance for the year ended June 30, 2016:

|   |    |          |
|---|----|----------|
| NM Reads to Lead K-3                    | \$ | (795)    |
| Capital Improvements SB-9               |    | (26,346) |
| Athletics                               |    | (228)    |
| Entitlement IDEA - B                    |    | (7,358)  |
| Teacher/Principal Training & Recruiting |    | (5,746)  |
| Rural Ed Achievement Program            |    | (484)    |
| Sun Safety                              |    | (171)    |

B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2016:

|                              |    |              |
|------------------------------|----|--------------|
| Athletics                    | \$ | 1,084        |
| General (Instructional) Fund |    | <u>1,868</u> |
|                              | \$ | 2,952        |

**14. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 14, 2016, the date the financial statements were available to be issued.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**15. RESTATEMENT**

A prior period adjustment of \$486,348 was recorded for in the government wide financial statements. The restatement was made to adjust beginning balances due to error, as follows:

|                                | <u><b>Government-Wide</b></u> |
|--------------------------------|-------------------------------|
| Property, plant, and equipment | \$ (637,751)                  |
| Accumulated depreciation       | 158,240                       |
| Compensated absences           | <u>(6,837)</u>                |
| Total prior period adjustment  | <u>\$ (486,348)</u>           |

**REQUIRED SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN  
LAST 10 FISCAL YEARS\*  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>2015</u>  | <u>2016</u>  |
|--|--------------|--------------|
| The Roy Municipal Schools' proportion of the net pension liability   | \$ 1,549,097 | \$ 1,815,578 |
| The Roy Municipal Schools' proportionate share of the net pension liability  | 0.0467%      | 0.0280%      |
| The Roy Municipal Schools' covered-employee payroll  | \$ 748,050   | \$ 765,309   |
| The Roy Municipal Schools's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 120.23 %     | 237.23 %     |
| Plan fiduciary net position as a percentage of the total pension liability   | 66.54 %      | 63.97 %      |

\*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.

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
SCHEDULE OF CONTRIBUTIONS  
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN  
LAST 10 FISCAL YEARS\*  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>2015</u>       | <u>2016</u>       |
|--|-------------------|-------------------|
| Contractually required contribution                                  | \$ 186,458        | \$ 116,050        |
| Contributions in relation to the contractually required contribution | <u>186,458</u>    | <u>116,050</u>    |
| Contribution deficiency (excess)                                     | -                 | -                 |
| The Roy Municipal Schools's covered-employee payroll                 | <u>\$ 748,050</u> | <u>\$ 765,309</u> |
| Contributions as a percentage of covered-employee payroll            | <u>14.47 %</u>    | <u>15.16 %</u>    |

\* 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.

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016

**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 June 12, 2015, ERB implemented the following changes in assumptions for fiscal years 2015.

1. Fiscal year 2015 valuation assumptions that changed based on this study:
  - a. Lower wage inflation from 4.25% to 3.75%
  - b. Update the mortality tables to incorporate generational improvements
  - c. Minor changes to demographic assumptions
  - d. Lower population growth from 0.50% to zero
  
2. Assumptions that were not changed:
  - a. Investment return will remain at 7.75%
  - b. Inflation will remain at 3.00%
  - c. Maintain payroll growth at 3.50%
  - d. Retain net 4.75% real return assumption
  - e. Retain 7.75% nominal return assumption
  - f. No change to COLA assumption of 2.0% per year

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



**SUPPLEMENTARY INFORMATION**

**NONMAJOR GOVERNMENTAL FUNDS**

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

|  | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Debt<br/>Service</u> | <u>Total</u>     |
|--|----------------------------|-----------------------------|-------------------------|------------------|
| <b>ASSETS</b>  |                            |                             |                         |                  |
| Cash on deposit  | \$ 19,650                  | \$ -                        | \$ 36,671               | \$ 56,321        |
| Property taxes receivable                              | -                          | -                           | 1,580                   | 1,580            |
| Due from grantors                                      | <u>1,180</u>               | <u>-</u>                    | <u>-</u>                | <u>1,180</u>     |
| Total assets   | <u>\$ 20,830</u>           | <u>\$ -</u>                 | <u>\$ 38,251</u>        | <u>\$ 59,081</u> |
| <b>LIABILITIES DEFERRED INFLOWS, AND FUND BALANCES</b> |                            |                             |                         |                  |
| Liabilities:   |                            |                             |                         |                  |
| Due to other funds                                     | \$ 15,184                  | \$ -                        | \$ -                    | \$ 15,184        |
| Unearned revenue                                       | <u>12,882</u>              | <u>-</u>                    | <u>-</u>                | <u>12,882</u>    |
| Total liabilities                                      | 28,066                     | -                           | -                       | 28,066           |
| Deferred inflows:                                      |                            |                             |                         |                  |
| Property tax   | <u>-</u>                   | <u>-</u>                    | <u>825</u>              | <u>825</u>       |
| Total deferred inflows                                 | <u>-</u>                   | <u>-</u>                    | <u>825</u>              | <u>825</u>       |
| Total deferred inflows and liabilities                 | 28,066                     | -                           | 825                     | 28,891           |
| Fund balances:   |                            |                             |                         |                  |
| Restricted, reported in:                               |                            |                             |                         |                  |
| Special revenue funds                                  | 7,423                      | -                           | -                       | 7,423            |
| Debt service   | -                          | -                           | 37,426                  | 37,426           |
| Unrestricted fund balance                              | <u>(14,659)</u>            | <u>-</u>                    | <u>-</u>                | <u>(14,659)</u>  |
| Total fund balance                                     | <u>(7,236)</u>             | <u>-</u>                    | <u>37,426</u>           | <u>30,190</u>    |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 20,830</u>           | <u>\$ -</u>                 | <u>\$ 38,251</u>        | <u>\$ 59,081</u> |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

|                                  | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Debt<br/>Service</u> | <u>Total</u>     |
|----------------------------------|----------------------------|-----------------------------|-------------------------|------------------|
| <b>Revenues:</b>                 |                            |                             |                         |                  |
| Taxes                            | \$ -                       | \$ -                        | \$ 39,766               | \$ 39,766        |
| Charges for services             | 5,627                      | -                           | -                       | 5,627            |
| State sources                    | 24,725                     | -                           | -                       | 24,725           |
| Federal sources                  | 57,500                     | -                           | -                       | 57,500           |
| Miscellaneous                    | 1,500                      | -                           | 864                     | 2,364            |
|                                  | <hr/>                      | <hr/>                       | <hr/>                   | <hr/>            |
| Total revenues                   | 89,352                     | -                           | 40,630                  | 129,982          |
| <b>Expenditures:</b>             |                            |                             |                         |                  |
| Current:                         |                            |                             |                         |                  |
| Direct instruction               | 47,295                     | -                           | -                       | 47,295           |
| Instructional support            | 5,944                      | 27                          | 1,871                   | 7,842            |
| Food services                    | 16,154                     | -                           | -                       | 16,154           |
| Operating and maintenance        | 19,780                     | -                           | -                       | 19,780           |
| Debt services:                   |                            |                             |                         |                  |
| Principal payments               | -                          | -                           | 35,000                  | 35,000           |
| Interest                         | -                          | -                           | 4,500                   | 4,500            |
|                                  | <hr/>                      | <hr/>                       | <hr/>                   | <hr/>            |
| Total expenditures               | 89,173                     | 27                          | 41,371                  | 130,571          |
| Net changes in fund balances     | 179                        | (27)                        | (741)                   | (589)            |
| Fund balance - beginning of year | (7,415)                    | 27                          | 38,167                  | 30,779           |
|                                  | <hr/>                      | <hr/>                       | <hr/>                   | <hr/>            |
| Fund balance - end of year       | <u>\$ (7,236)</u>          | <u>\$ -</u>                 | <u>\$ 37,426</u>        | <u>\$ 30,190</u> |

See independent auditors' report and accompanying notes to financial statements.

**SPECIAL REVENUE FUNDS**

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

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 SERVICE (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.

**IDEA-B ENTITLEMENT SPECIAL (24106), (24206 FEDERAL STIMULUS)** - This fund is used to account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

**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.

**IDEA-B PRESCHOOL (24109)** - The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from 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.

**TEACHER/PRINCIPAL TRAINING & RECRUITING (24154)** - 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.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016

**SAFE & DRUG FREE SCHOOLS & COMMUNITIES (24157)** – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources (P.L. 106-553).

**TITLE XIX MEDICAID 3/21 YEARS (25153)** - To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children (Title XIX Social Security Act).

**RURAL EDUCATION ACHIEVEMENT PROGRAM (25233)** – To provide financial assistance to rural district to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

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

**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 to 22-15A-10.

**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.

**NM GROWN FVV (27183)** – To account for the purchase of New Mexico grown fruits and vegetables.

**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.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016

**2010 GO BOND LIBRARY (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.

**AR DONATIONS (29102)** – To account for donations from private to support the accelerated reading program.

**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, 2016

|  | <b>Special Revenue Funds</b>  |                            |   |   |                                       |   |  |  |
|--|-------------------------------|----------------------------|---|---|---------------------------------------|---|--|--|
|  | <b>Food Service<br/>21000</b> | <b>Athletics<br/>22000</b> | <b>Entitlement<br/>IDEA-B<br/>24106</b> | <b>Discretionary<br/>IDEA-B<br/>24107</b> | <b>IDEA-B<br/>Preschool<br/>24109</b> | <b>Teacher/Princi<br/>pal Training &amp;<br/>Recruiting<br/>24154</b> | <b>Safe &amp; Drug Free<br/>Schools &amp;<br/>Communitys<br/>24157</b> | <b>Title XIX<br/>Medicaid<br/>3/12 Years<br/>25153</b> |
| <b>ASSETS</b>                                  |                               |                            |   |   |                                       |   |  |  |
| Cash on deposit                                | \$ 2,583                      | \$ -                       | \$ -                                    | \$ 467                                    | \$ 596                                | \$ -  | \$ 201   | \$ -   |
| Due from grantors                              | -                             | -                          | -                                       | -   | -                                     | 1,180   | -  | -  |
| <b>Total assets</b>                            | <b>\$ 2,583</b>               | <b>\$ -</b>                | <b>\$ -</b>                             | <b>\$ 467</b>                             | <b>\$ 596</b>                         | <b>\$ 1,180</b>   | <b>\$ 201</b>  | <b>\$ -</b>  |
| <b>LIABILITIES AND FUND<br/>BALANCES</b>       |                               |                            |   |   |                                       |   |  |  |
| Liabilities:                                   |                               |                            |   |   |                                       |   |  |  |
| Due to other funds                             | \$ -                          | \$ 228                     | \$ 7,358                                | \$ -                                      | \$ -                                  | \$ 6,926  | \$ -   | \$ 672   |
| Unearned revenue                               | -                             | -                          | -                                       | 467                                       | 596                                   | -   | 201  | -  |
| <b>Total liabilities</b>                       | <b>-</b>                      | <b>228</b>                 | <b>7,358</b>                            | <b>467</b>                                | <b>596</b>                            | <b>6,926</b>  | <b>201</b>   | <b>672</b>   |
| Fund balances:                                 |                               |                            |   |   |                                       |   |  |  |
| Restricted, reported in:                       |                               |                            |   |   |                                       |   |  |  |
| Special revenue funds                          | 2,583                         | -                          | -                                       | -   | -                                     | -   | -  | -  |
| Unrestricted fund balance                      | -                             | (228)                      | (7,358)                                 | -   | -                                     | (5,746)   | -  | (672)  |
| <b>Total fund balance</b>                      | <b>2,583</b>                  | <b>(228)</b>               | <b>(7,358)</b>                          | <b>-</b>                                  | <b>-</b>                              | <b>(5,746)</b>  | <b>-</b>   | <b>(672)</b>   |
| <b>Total liabilities and fund<br/>balances</b> | <b>\$ 2,583</b>               | <b>\$ -</b>                | <b>\$ -</b>                             | <b>\$ 467</b>                             | <b>\$ 596</b>                         | <b>\$ 1,180</b>   | <b>\$ 201</b>  | <b>\$ -</b>  |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2016

|  | <b>Special Revenue Funds</b>                          |  |   |                                    |   |                                       |  |                                      |
|--|---|--|---|------------------------------------|---|---------------------------------------|--|--------------------------------------|
|  | <b>Rural Ed<br/>Achievement<br/>Program<br/>25233</b> | <b>2009 Dual<br/>Credit Inst<br/>Mat/HB2<br/>27103</b> | <b>Technology<br/>for<br/>Education<br/>27117</b> | <b>Elementary<br/>PE<br/>27121</b> | <b>Incentives/<br/>School<br/>Improvement<br/>27138</b> | <b>NM<br/>Grown<br/>FVV<br/>27183</b> | <b>Parent Advocacy<br/>Project<br/>27193</b> | <b>2010 Go<br/>Library<br/>27549</b> |
| <b>ASSETS</b>                            |   |  |   |                                    |   |                                       |  |                                      |
| Cash on deposit                          | \$ 1,555  | \$ 1,245   | \$ 365  | \$ 3                               | \$ 4,918  | \$ -                                  | \$ -   | \$ 176                               |
| Total assets                             | <u>\$ 1,555</u>                                       | <u>\$ 1,245</u>  | <u>\$ 365</u>                                     | <u>\$ 3</u>                        | <u>\$ 4,918</u>   | <u>\$ -</u>                           | <u>\$ -</u>                                  | <u>\$ 176</u>                        |
| <b>LIABILITIES AND FUND<br/>BALANCES</b> |   |  |   |                                    |   |                                       |  |                                      |
| Liabilities:                             |   |  |   |                                    |   |                                       |  |                                      |
| Due to other funds                       | \$ -  | \$ -   | \$ -  | \$ -                               | \$ -  | \$ -                                  | \$ -   | \$ -                                 |
| Unearned revenue                         | <u>2,039</u>  | <u>1,245</u>   | <u>365</u>  | <u>3</u>                           | <u>4,918</u>  | <u>-</u>                              | <u>-</u>                                     | <u>176</u>                           |
| Total liabilities                        | 2,039   | 1,245  | 365   | 3                                  | 4,918   | -                                     | -  | 176                                  |
| Fund balances:                           |   |  |   |                                    |   |                                       |  |                                      |
| Restricted, reported in:                 |   |  |   |                                    |   |                                       |  |                                      |
| Special revenue funds                    | -   | -  | -   | -                                  | -   | -                                     | -  | -                                    |
| Unrestricted fund balance                | <u>(484)</u>  | <u>-</u>   | <u>-</u>  | <u>-</u>                           | <u>-</u>  | <u>-</u>                              | <u>-</u>                                     | <u>-</u>                             |
| Total fund balance                       | <u>(484)</u>  | <u>-</u>   | <u>-</u>  | <u>-</u>                           | <u>-</u>  | <u>-</u>                              | <u>-</u>                                     | <u>-</u>                             |
| Total liabilities and fund<br>balances   | <u>\$ 1,555</u>                                       | <u>\$ 1,245</u>  | <u>\$ 365</u>                                     | <u>\$ 3</u>                        | <u>\$ 4,918</u>   | <u>\$ -</u>                           | <u>\$ -</u>                                  | <u>\$ 176</u>                        |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2016

|  | <b>Special Revenue Funds</b>      |                        |  |                                 |   |                                       |   |  |
|--|-----------------------------------|------------------------|--|---------------------------------|---|---------------------------------------|---|--|
|  | <b>NMDOT<br/>(Road)<br/>28120</b> | <b>Catch<br/>28140</b> | <b>DWI NM<br/>Local Grant<br/>Fund<br/>28145</b> | <b>Sun<br/>Safety<br/>28146</b> | <b>Energy<br/>Efficiency<br/>Measures<br/>28187</b> | <b>A.R. -<br/>Donations<br/>29102</b> | <b>School Based<br/>Health Center<br/>29130</b> | <b>Total<br/>Special<br/>Revenue<br/>Funds</b> |
| <b>ASSETS</b>                                  |                                   |                        |  |                                 |   |                                       |   |  |
| Cash on deposit                                | \$ -                              | \$ 182                 | \$ 88  | \$ 733                          | \$ 1,670  | \$ 3,170                              | \$ 1,698  | \$ 19,650                                      |
| Due from grantors                              | -                                 | -                      | -  | -                               | -   | -                                     | -   | 1,180  |
| <b>Total assets</b>                            | <b>\$ -</b>                       | <b>\$ 182</b>          | <b>\$ 88</b>                                     | <b>\$ 733</b>                   | <b>\$ 1,670</b>                                     | <b>\$ 3,170</b>                       | <b>\$ 1,698</b>                                 | <b>\$ 20,830</b>                               |
| <b>LIABILITIES AND FUND<br/>BALANCES</b>       |                                   |                        |  |                                 |   |                                       |   |  |
| Liabilities:                                   |                                   |                        |  |                                 |   |                                       |   |  |
| Due to other funds                             | \$ -                              | \$ -                   | \$ -   | \$ -                            | \$ -  | \$ -                                  | \$ -  | \$ 15,184                                      |
| Unearned revenue                               | -                                 | 182                    | 88   | 904                             | -   | -                                     | 1,698   | 12,882   |
| <b>Total liabilities</b>                       | <b>-</b>                          | <b>182</b>             | <b>88</b>  | <b>904</b>                      | <b>-</b>  | <b>-</b>                              | <b>1,698</b>                                    | <b>28,066</b>                                  |
| Fund balances:                                 |                                   |                        |  |                                 |   |                                       |   |  |
| Restricted, reported in:                       |                                   |                        |  |                                 |   |                                       |   |  |
| Special revenue funds                          | -                                 | -                      | -  | -                               | 1,670   | 3,170                                 | -   | 7,423  |
| Unrestricted fund balance                      | -                                 | -                      | -  | (171)                           | -   | -                                     | -   | (14,659)                                       |
| <b>Total fund balance</b>                      | <b>-</b>                          | <b>-</b>               | <b>-</b>   | <b>(171)</b>                    | <b>1,670</b>  | <b>3,170</b>                          | <b>-</b>  | <b>(7,236)</b>                                 |
| <b>Total liabilities and fund<br/>balances</b> | <b>\$ -</b>                       | <b>\$ 182</b>          | <b>\$ 88</b>                                     | <b>\$ 733</b>                   | <b>\$ 1,670</b>                                     | <b>\$ 3,170</b>                       | <b>\$ 1,698</b>                                 | <b>\$ 20,830</b>                               |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016

|                                  | <b>Special Revenue Funds</b>  |                            |   |   |                                       |   |  |  |
|----------------------------------|-------------------------------|----------------------------|---|---|---------------------------------------|---|--|--|
|                                  | <b>Food Service<br/>21000</b> | <b>Athletics<br/>22000</b> | <b>Entitlement<br/>IDEA-B<br/>24106</b> | <b>Discretionary<br/>IDEA-B<br/>24107</b> | <b>IDEA-B<br/>Preschool<br/>24109</b> | <b>Teacher/Princ<br/>ipal Training &amp;<br/>Recruiting<br/>24154</b> | <b>Safe &amp; Drug Free<br/>Schools &amp;<br/>Communitys<br/>24157</b> | <b>Title XIX<br/>Medicaid<br/>3/12 Years<br/>25153</b> |
| <b>Revenues:</b>                 |                               |                            |   |   |                                       |   |  |  |
| Charges for services             | \$ 2,154                      | \$ 3,473                   | \$ -                                    | \$ -                                      | \$ -                                  | \$ -  | \$ -   | \$ -   |
| State sources                    | -                             | -                          | -                                       | -   | -                                     | -   | -  | 1,632  |
| Federal sources                  | 16,064                        | -                          | 17,603                                  | -   | -                                     | 1,442   | -  | -  |
| <b>Total revenues</b>            | <b>18,218</b>                 | <b>3,473</b>               | <b>17,603</b>                           | <b>-</b>                                  | <b>-</b>                              | <b>1,442</b>  | <b>-</b>   | <b>1,632</b>   |
| <b>Expenditures:</b>             |                               |                            |   |   |                                       |   |  |  |
| Current:                         |                               |                            |   |   |                                       |   |  |  |
| Direct instruction               | -                             | 3,759                      | 20,992                                  | -   | -                                     | -   | -  | -  |
| Instructional support            | -                             | -                          | -                                       | -   | -                                     | 1,443   | -  | 1,632  |
| Food services                    | 16,117                        | -                          | -                                       | -   | -                                     | -   | -  | -  |
| <b>Total expenditures</b>        | <b>16,117</b>                 | <b>3,759</b>               | <b>20,992</b>                           | <b>-</b>                                  | <b>-</b>                              | <b>1,443</b>  | <b>-</b>   | <b>1,632</b>   |
| Net changes in fund balances     | 2,101                         | (286)                      | (3,389)                                 | -   | -                                     | (1)   | -  | -  |
| Fund balance - beginning of year | 482                           | 58                         | (3,969)                                 | -   | -                                     | (5,745)   | -  | (672)  |
| Fund balance - end of year       | <b>\$ 2,583</b>               | <b>\$ (228)</b>            | <b>\$ (7,358)</b>                       | <b>\$ -</b>                               | <b>\$ -</b>                           | <b>\$ (5,746)</b>   | <b>\$ -</b>  | <b>\$ (672)</b>  |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2016

|   | <b>Special Revenue Funds</b>                          |  |   |                                    |   |                                       |  |                                      |
|---|---|--|---|------------------------------------|---|---------------------------------------|--|--------------------------------------|
|   | <b>Rural Ed<br/>Achievement<br/>Program<br/>25233</b> | <b>2009 Dual<br/>Credit Inst<br/>Mat/HB2<br/>27103</b> | <b>Technology<br/>for<br/>Education<br/>27117</b> | <b>Elementary<br/>PE<br/>27121</b> | <b>Incentives/<br/>School<br/>Improvement<br/>27138</b> | <b>NM<br/>Grown<br/>FVV<br/>27183</b> | <b>Parent Advocacy<br/>Project<br/>27193</b> | <b>2010 Go<br/>Library<br/>27549</b> |
| <b>Revenues:</b>                                      |   |  |   |                                    |   |                                       |  |                                      |
| State sources   | \$ -  | \$ 153   | \$ -  | \$ -                               | \$ -  | \$ 37                                 | \$ -   | \$ -                                 |
| Federal sources                                       | 22,391  | -  | -   | -                                  | -   | -                                     | -  | -                                    |
| <b>Total revenues</b>                                 | <b>22,391</b>   | <b>153</b>   | <b>-</b>  | <b>-</b>                           | <b>-</b>  | <b>37</b>                             | <b>-</b>                                     | <b>-</b>                             |
| <b>Expenditures:</b>                                  |   |  |   |                                    |   |                                       |  |                                      |
| <b>Current:</b>                                       |   |  |   |                                    |   |                                       |  |                                      |
| Direct instruction                                    | 22,391  | 153  | -   | -                                  | -   | -                                     | -  | -                                    |
| Food services   | -   | -  | -   | -                                  | -   | 37                                    | -  | -                                    |
| <b>Total expenditures</b>                             | <b>22,391</b>   | <b>153</b>   | <b>-</b>  | <b>-</b>                           | <b>-</b>  | <b>37</b>                             | <b>-</b>                                     | <b>-</b>                             |
| Net changes in fund balances                          | -   | -  | -   | -                                  | -   | -                                     | -  | -                                    |
| Fund balance - beginning of year as previously stated | (484)   | -  | -   | -                                  | -   | -                                     | -  | -                                    |
| Restatement   | -   | -  | -   | -                                  | -   | -                                     | -  | -                                    |
| Fund balance - beginning of year                      | (484)   | -  | -   | -                                  | -   | -                                     | -  | -                                    |
| Fund balance - end of year                            | <b>\$ (484)</b>                                       | <b>\$ -</b>  | <b>\$ -</b>                                       | <b>\$ -</b>                        | <b>\$ -</b>   | <b>\$ -</b>                           | <b>\$ -</b>                                  | <b>\$ -</b>                          |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2016

|                                     | <b>Special Revenue Funds</b>      |                        |  |                                 |   |                                       |   | <b>Total<br/>Special<br/>Revenue<br/>Funds</b> |
|-------------------------------------|-----------------------------------|------------------------|--|---------------------------------|---|---------------------------------------|---|--|
|                                     | <b>NMDOT<br/>(Road)<br/>28120</b> | <b>Catch<br/>28140</b> | <b>DWI NM<br/>Local Grant<br/>Fund<br/>28145</b> | <b>Sun<br/>Safety<br/>28146</b> | <b>Energy<br/>Efficiency<br/>Measures<br/>28146</b> | <b>A.R. -<br/>Donations<br/>29102</b> | <b>School Based<br/>Health Center<br/>29130</b> |  |
| Revenues:                           |                                   |                        |  |                                 |   |                                       |   |  |
| Charges for services                | \$ -                              | \$ -                   | \$ -   | \$ -                            | \$ -  | \$ -                                  | \$ -  | \$ 5,627                                       |
| State sources                       | 15,015                            | 1,849                  | -  | -                               | -   | 3,778                                 | 2,261   | 24,725   |
| Federal sources                     | -                                 | -                      | -  | -                               | -   | -                                     | -   | 57,500   |
| Miscellaneous                       | -                                 | -                      | -  | 1,500                           | -   | -                                     | -   | 1,500  |
| <b>Total revenues</b>               | <b>15,015</b>                     | <b>1,849</b>           | <b>-</b>   | <b>1,500</b>                    | <b>-</b>  | <b>3,778</b>                          | <b>2,261</b>                                    | <b>89,352</b>                                  |
| Expenditures:                       |                                   |                        |  |                                 |   |                                       |   |  |
| Current:                            |                                   |                        |  |                                 |   |                                       |   |  |
| Direct instruction                  | -                                 | -                      | -  | -                               | -   | -                                     | -   | 47,295   |
| Instructional support               | -                                 | -                      | -  | -                               | -   | 608                                   | 2,261   | 5,944  |
| Food services                       | -                                 | -                      | -  | -                               | -   | -                                     | -   | 16,154   |
| Operation and<br>maintenance        | 15,015                            | 2,609                  | -  | 1,718                           | 438   | -                                     | -   | 19,780   |
| <b>Total expenditures</b>           | <b>15,015</b>                     | <b>2,609</b>           | <b>-</b>   | <b>1,718</b>                    | <b>438</b>  | <b>608</b>                            | <b>2,261</b>                                    | <b>89,173</b>                                  |
| Net changes in fund<br>balances     | -                                 | (760)                  | -  | (218)                           | (438)   | 3,170                                 | -   | 179  |
| Fund balance - beginning of<br>year | -                                 | 760                    | -  | 47                              | 2,108   | -                                     | -   | (7,415)  |
| Fund balance - end of year          | <u>\$ -</u>                       | <u>\$ -</u>            | <u>\$ -</u>                                      | <u>\$ (171)</u>                 | <u>\$ 1,670</u>                                     | <u>\$ 3,170</u>                       | <u>\$ -</u>                                     | <u>\$ (7,236)</u>                              |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
FOOD SERVICE SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| Charge for services                                  | \$ 9,299                   | \$ 9,299                | \$ 2,154                                 | \$ (7,145)  |
| Federal sources                                      | 7,600                      | 7,600                   | 16,064                                   | 8,464   |
|  | <u>16,899</u>              | <u>16,899</u>           | <u>18,218</u>                            | <u>1,319</u>  |
| Total revenues                                       |                            |                         |  |   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Food service   | 16,899                     | 16,899                  | 16,117                                   | 782   |
|  | <u>16,899</u>              | <u>16,899</u>           | <u>16,117</u>                            | <u>782</u>  |
| Total expenditures                                   |                            |                         |  |   |
| Excess (deficiency) of revenues over<br>expenditures | <u>-</u>                   | <u>-</u>                | <u>2,101</u>                             | <u>2,101</u>  |
| Net change in fund balance                           | -                          | -                       | 2,101                                    | 2,101   |
| Fund balance - beginning of year                     | <u>482</u>                 | <u>482</u>              | <u>482</u>                               | <u>-</u>  |
| Fund balance - end of year                           | <u>\$ 482</u>              | <u>\$ 482</u>           | <u>\$ 2,583</u>                          | <u>\$ 2,101</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ 2,101                                 |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis               |                            |                         | <u>\$ 2,101</u>                          |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
ATHLETICS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|--|---|
| Revenues:   |                            |                         |  |   |
| Charges for services                              | \$ 2,675                   | \$ 2,675                | \$ 3,473                                 | \$ 798  |
| Total revenues                                    | 2,675                      | 2,675                   | 3,473                                    | 798   |
| Expenditures:                                     |                            |                         |  |   |
| Current:  |                            |                         |  |   |
| Direct instruction                                | <u>2,675</u>               | <u>2,675</u>            | <u>3,759</u>                             | <u>(1,084)</u>  |
| Total expenditures                                | <u>2,675</u>               | <u>2,675</u>            | <u>3,759</u>                             | <u>(1,084)</u>  |
| Excess (deficiency) of revenues over expenditures | <u>-</u>                   | <u>-</u>                | <u>(286)</u>                             | <u>(286)</u>  |
| Net change in fund balance                        | -                          | -                       | (286)                                    | (286)   |
| Fund balance - beginning of year                  | <u>58</u>                  | <u>58</u>               | <u>58</u>                                | <u>-</u>  |
| Fund balance - end of year                        | <u>\$ 58</u>               | <u>\$ 58</u>            | <u>\$ (228)</u>                          | <u>\$ (286)</u>   |
| Reconciliation of budgetary basis to GAAP basis:  |                            |                         |  |   |
| Net changes in fund balance budgetary basis       |                            |                         | \$ (286)                                 |   |
| Net revenue accruals                              |                            |                         | -  |   |
| Net expenditure accruals                          |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis            |                            |                         | <u>\$ (286)</u>                          |   |

See independent auditors' report and accompanying notes to financial statements.



STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
ENTITLEMENT IDEA - B SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| Federal sources                                      | \$ 20,724                  | \$ 23,483               | \$ 17,603                                | \$ (5,880)  |
| Total revenues                                       | 20,724                     | 23,483                  | 17,603                                   | (5,880)   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Direct instructional                                 | 20,724                     | 23,483                  | 20,992                                   | 2,491   |
| Total expenditures                                   | 20,724                     | 23,483                  | 20,992                                   | 2,491   |
| Excess (deficiency) of revenues over<br>expenditures | -                          | -                       | (3,389)                                  | (3,389)   |
| Net change in fund balances                          | -                          | -                       | (3,389)                                  | (3,389)   |
| Fund balance - beginning of year                     | -                          | -                       | (3,969)                                  | (3,969)   |
| Fund balance - end of year                           | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ (7,358)</u>                        | <u>\$ (3,389)</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ (3,389)                               |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP<br>basis            |                            |                         | <u>\$ (3,389)</u>                        |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
DISCRETIONARY IDEA - B SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| Federal sources                                      | \$ -                       | \$ -                    | \$ -                                     | \$ -  |
| Total revenues                                       | -                          | -                       | -  | -   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Total expenditures                                   | -                          | -                       | -  | -   |
| Excess (deficiency) of revenues over<br>expenditures | -                          | -                       | -  | -   |
| Other financing sources (uses)                       |                            |                         |  |   |
| Designated cash                                      | -                          | -                       | -  | -   |
| Total other financing sources (uses)                 | -                          | -                       | -  | -   |
| Net change in fund balances                          | -                          | -                       | -  | -   |
| Fund balance - beginning of year                     | -                          | -                       | -  | -   |
| Fund balance - end of year                           | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ -</u>                              | <u>\$ -</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ -                                     |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | -  |   |
| Net changes in fund balance GAAP<br>basis            |                            |                         | <u>\$ -</u>                              |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
IDEA-B PRESCHOOL SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| Federal sources                                      | \$ -                       | \$ -                    | \$ -                                     | \$ -  |
| Total revenues                                       | -                          | -                       | -  | -   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Total expenditures                                   | -                          | -                       | -  | -   |
| Excess (deficiency) of revenues over<br>expenditures | -                          | -                       | -  | -   |
| Other financing sources (uses)                       |                            |                         |  |   |
| Designated cash                                      | -                          | -                       | -  | -   |
| Total other financing sources (uses)                 | -                          | -                       | -  | -   |
| Net change in fund balances                          | -                          | -                       | -  | -   |
| Fund balance - beginning of year                     | -                          | -                       | -  | -   |
| Fund balance - end of year                           | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ -</u>                              | <u>\$ -</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ -                                     |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | -  |   |
| Net changes in fund balance GAAP<br>basis            |                            |                         | <u>\$ -</u>                              |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
TEACHER/PRINCIPAL TRAINING & RECRUITING SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|--|---|
| Revenues:   |                            |                         |  |   |
| Federal sources                                   | \$ 1,655                   | \$ 3,572                | \$ 262                                   | \$ (3,310)  |
| Expenditures:                                     |                            |                         |  |   |
| Current:  |                            |                         |  |   |
| Direct instruction                                | -                          | -                       | -  | -   |
| Instructional support                             | 1,655                      | 3,572                   | 1,443                                    | 2,129   |
| Total expenditures                                | <u>1,655</u>               | <u>3,572</u>            | <u>1,443</u>                             | <u>2,129</u>  |
| Excess (deficiency) of revenues over expenditures | <u>-</u>                   | <u>-</u>                | <u>(1,181)</u>                           | <u>(1,181)</u>  |
| Net change in fund balances                       | -                          | -                       | (1,181)                                  | (1,181)   |
| Fund balance - beginning of year                  | <u>-</u>                   | <u>-</u>                | <u>(5,745)</u>                           | <u>(5,745)</u>  |
| Fund balance - end of year                        | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ (6,926)</u>                        | <u>\$ (6,926)</u>   |
| Reconciliation of budgetary basis to GAAP basis:  |                            |                         |  |   |
| Net changes in fund balance budgetary basis       |                            |                         | \$ (1,181)                               |   |
| Net revenue accruals                              |                            |                         | 1,180                                    |   |
| Net expenditure accruals                          |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis            |                            |                         | <u>\$ (1)</u>                            |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
SAFE & DRUG FREE SCHOOLS & COMMUNITY'S SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|--|---|
| Revenues:   |                            |                         |  |   |
| Federal sources                                   | \$ -                       | \$ -                    | \$ -                                     | \$ -  |
| Expenditures:                                     |                            |                         |  |   |
| Current:  |                            |                         |  |   |
| Total expenditures                                | -                          | -                       | -  | -   |
| Excess (deficiency) of revenues over expenditures | -                          | -                       | -  | -   |
| Other financing sources (uses)                    |                            |                         |  |   |
| Designated cash                                   | -                          | -                       | -  | -   |
| Total other financing sources (uses)              | -                          | -                       | -  | -   |
| Net change in fund balances                       | -                          | -                       | -  | -   |
| Fund balance - beginning of year                  | -                          | -                       | -  | -   |
| Fund balance - end of year                        | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ -</u>                              | <u>\$ -</u>   |
| Reconciliation of budgetary basis to GAAP basis:  |                            |                         |  |   |
| Net changes in fund balance budgetary basis       |                            |                         | \$ -                                     |   |
| Net revenue accruals                              |                            |                         | -  |   |
| Net expenditure accruals                          |                            |                         | -  |   |
| Net changes in fund balance GAAP basis            |                            |                         | <u>\$ -</u>                              |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
TITLE XIX MEDICAID 3/12 YEARS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual on<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</b> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| State sources  | \$ 12,000                  | \$ 12,000               | \$ 1,632                                 | \$ (10,368)   |
| Total revenues                                       | 12,000                     | 12,000                  | 1,632                                    | (10,368)  |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Direct instruction                                   | -                          | -                       | -  | -   |
| Instructional support                                | 12,000                     | 12,000                  | 1,632                                    | (10,368)  |
| Total expenditures                                   | 12,000                     | 12,000                  | 1,632                                    | 10,368  |
| Excess (deficiency) of revenues over<br>expenditures | -                          | -                       | -  | -   |
| Net change in fund balance                           | -                          | -                       | -  | -   |
| Fund balance - beginning of year                     | (672)                      | (672)                   | (672)                                    | -   |
| Fund balance - end of year                           | <u>\$ (672)</u>            | <u>\$ (672)</u>         | <u>\$ (672)</u>                          | <u>\$ -</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ -                                     |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | -  |   |
| Net changes in fund balance GAAP basis               |                            |                         | <u>\$ -</u>                              |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
RURAL ED ACHIEVEMENT PROGRAM SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| Federal Sources                                      | \$ -                       | \$ 27,646               | \$ 22,391                                | \$ (5,255)  |
| Total revenues                                       | -                          | 27,646                  | 22,391                                   | (5,255)   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Direct instruction                                   | 27,646                     | 27,646                  | 22,391                                   | 5,255   |
| Total expenditures                                   | 27,646                     | 27,646                  | 22,391                                   | 5,255   |
| Excess (deficiency) of revenues over<br>expenditures | (27,646)                   | -                       | -  | -   |
| Net change in fund balance                           | (27,646)                   | -                       | -  | -   |
| Fund balance - beginning of year                     | -                          | -                       | (484)                                    | (484)   |
| Fund balance - end of year                           | <u>\$ (27,646)</u>         | <u>\$ -</u>             | <u>\$ (484)</u>                          | <u>\$ (484)</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ -                                     |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis               |                            |                         | <u>\$ -</u>                              |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
2009 DUAL CREDIT INST MAT/HB2 SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual on<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</b> |
|---|----------------------------|-------------------------|--|---|
| Revenues:   |                            |                         |  |   |
| State sources                                     | \$ -                       | \$ 180                  | \$ 153                                   | \$ (27)   |
| Total revenues                                    | -                          | 180                     | 153                                      | (27)  |
| Expenditures:                                     |                            |                         |  |   |
| Current:  |                            |                         |  |   |
| Direct instruction                                | -                          | 180                     | 153                                      | 27  |
| Total expenditures                                | -                          | 180                     | 153                                      | 27  |
| Excess (deficiency) of revenues over expenditures | -                          | -                       | -  | -   |
| Net change in fund balance                        | -                          | -                       | -  | -   |
| Fund balance - beginning of year                  | -                          | -                       | -  | -   |
| Fund balance - end of year                        | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ -</u>                              | <u>\$ -</u>   |
| Reconciliation of budgetary basis to GAAP basis:  |                            |                         |  |   |
| Net changes in fund balance budgetary basis       |                            |                         | \$ -                                     |   |
| Net revenue accruals                              |                            |                         | -  |   |
| Net expenditure accruals                          |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis            |                            |                         | <u>\$ -</u>                              |   |

See independent auditors' report and accompanying notes to financial statements.



STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
TECHNOLOGY FOR EDUCATION SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual on<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</b> |
|---|----------------------------|-------------------------|--|---|
| Revenues:   |                            |                         |  |   |
| State sources                                     | \$ -                       | \$ -                    | \$ -                                     | \$ -  |
| Total revenues                                    | -                          | -                       | -  | -   |
| Expenditures:                                     |                            |                         |  |   |
| Current:  |                            |                         |  |   |
| Direct instruction                                | -                          | -                       | -  | -   |
| Total expenditures                                | -                          | -                       | -  | -   |
| Excess (deficiency) of revenues over expenditures | -                          | -                       | -  | -   |
| Net change in fund balances                       | -                          | -                       | -  | -   |
| Fund balance - beginning of year                  | -                          | -                       | -  | -   |
| Fund balance - end of year                        | \$ -                       | \$ -                    | \$ -                                     | \$ -  |
| Reconciliation of budgetary basis to GAAP basis:  |                            |                         |  |   |
| Net changes in fund balance budgetary basis       |                            |                         | \$ -                                     |   |
| Net revenue accruals                              |                            |                         | -  |   |
| Net expenditure accruals                          |                            |                         | -  |   |
| Net changes in fund balance GAAP basis            |                            |                         | \$ -                                     |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
ELEMENTARY PE SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual on<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</b> |
|---|----------------------------|-------------------------|--|---|
| Revenues:   |                            |                         |  |   |
| State sources                                     | \$ -                       | \$ -                    | \$ -                                     | \$ -  |
| Total revenues                                    | -                          | -                       | -  | -   |
| Expenditures:                                     |                            |                         |  |   |
| Current:  |                            |                         |  |   |
| Instructional support                             | -                          | -                       | -  | -   |
| Total expenditures                                | -                          | -                       | -  | -   |
| Excess (deficiency) of revenues over expenditures | -                          | -                       | -  | -   |
| Net change in fund balance                        | -                          | -                       | -  | -   |
| Fund balance - beginning of year                  | -                          | -                       | -  | -   |
| Fund balance - end of year                        | \$ -                       | \$ -                    | \$ -                                     | \$ -  |
| Reconciliation of budgetary basis to GAAP basis:  |                            |                         |  |   |
| Net changes in fund balance budgetary basis       |                            |                         | \$ -                                     |   |
| Net revenue accruals                              |                            |                         | -  |   |
| Net expenditure accruals                          |                            |                         | -  |   |
| Net changes in fund balance GAAP basis            |                            |                         | \$ -                                     |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
INCENTIVES/SCHOOL IMPROVEMENT SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| State sources  | \$ -                       | \$ -                    | \$ -                                     | \$ -  |
| Total revenues                                       | -                          | -                       | -  | -   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Excess (deficiency) of revenues over<br>expenditures | -                          | -                       | -  | -   |
| Net change in fund balance                           | -                          | -                       | -  | -   |
| Fund balance - beginning of year                     | -                          | -                       | -  | -   |
| Fund balance - end of year                           | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ -</u>                              | <u>\$ -</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ -                                     |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis               |                            |                         | <u>\$ -</u>                              |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
NM Grown FVV SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| State sources  | \$ -                       | \$ 59                   | \$ 37                                    | \$ (22)   |
| Total revenues                                       | -                          | 59                      | 37                                       | (22)  |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Food services  | -                          | 59                      | 37                                       | 22  |
| Total expenditures                                   | -                          | 59                      | 37                                       | 22  |
| Excess (deficiency) of revenues over<br>expenditures | -                          | -                       | -  | -   |
| Net change in fund balance                           | -                          | -                       | -  | -   |
| Fund balance - beginning of year                     | -                          | -                       | -  | -   |
| Fund balance - end of year                           | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ -</u>                              | <u>\$ -</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ -                                     |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis               |                            |                         | <u>\$ -</u>                              |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
PARENT ADVOCACY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| State sources  | \$ -                       | \$ -                    | \$ -                                     | \$ -  |
| Total revenues                                       | -                          | -                       | -  | -   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Direct Instruction                                   | -                          | -                       | -  | -   |
| Total expenditures                                   | -                          | -                       | -  | -   |
| Excess (deficiency) of revenues over<br>expenditures | -                          | -                       | -  | -   |
| Net change in fund balance                           | -                          | -                       | -  | -   |
| Fund balance - beginning of year                     | -                          | -                       | -  | -   |
| Fund balance - end of year                           | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ -</u>                              | <u>\$ -</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ -                                     |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis               |                            |                         | <u>\$ -</u>                              |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
2010 GO LIBRARY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| State sources  | \$ -                       | \$ -                    | \$ -                                     | \$ -  |
| Total revenues                                       | -                          | -                       | -  | -   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Direct Instruction                                   | -                          | -                       | -  | -   |
| Total expenditures                                   | -                          | -                       | -  | -   |
| Excess (deficiency) of revenues over<br>expenditures | -                          | -                       | -  | -   |
| Net change in fund balance                           | -                          | -                       | -  | -   |
| Fund balance - beginning of year                     | -                          | -                       | -  | -   |
| Fund balance - end of year                           | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ -</u>                              | <u>\$ -</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ -                                     |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis               |                            |                         | <u>\$ -</u>                              |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 NMDOT (ROAD) SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
 GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| State sources  | \$ -                       | \$ 15,015               | \$ 15,015                                | \$ -  |
| Total revenues                                       | -                          | 15,015                  | 15,015                                   | -   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Operation and Maintenance                            | -                          | 15,015                  | 15,015                                   | -   |
| Total expenditures                                   | -                          | 15,015                  | 15,015                                   | -   |
| Excess (deficiency) of revenues over<br>expenditures | -                          | -                       | -  | -   |
| Net change in fund balance                           | -                          | -                       | -  | -   |
| Fund balance - beginning of year                     | -                          | -                       | -  | -   |
| Fund balance - end of year                           | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ -</u>                              | <u>\$ -</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ -                                     |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis               |                            |                         | <u>\$ -</u>                              |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
CATCH SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual on<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</b> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| State sources  | \$ -                       | \$ -                    | \$ 1,849                                 | \$ 1,849  |
| Total revenues                                       | -                          | -                       | 1,849                                    | 1,849   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Operation and maintenance                            | 2,791                      | 2,791                   | 2,609                                    | 182   |
| Total expenditures                                   | 2,791                      | 2,791                   | 2,609                                    | 182   |
| Excess (deficiency) of revenues over<br>expenditures | (2,791)                    | (2,791)                 | (760)                                    | 2,031   |
| Other financing sources (uses)                       |                            |                         |  |   |
| Designated cash                                      | -                          | -                       | -  | -   |
| Total other financing sources (uses)                 | -                          | -                       | -  | -   |
| Net change in fund balance                           | (2,791)                    | (2,791)                 | (760)                                    | 2,031   |
| Fund balance - beginning of year                     | -                          | -                       | 760                                      | 760   |
| Fund balance - end of year                           | <u>\$ (2,791)</u>          | <u>\$ (2,791)</u>       | <u>\$ -</u>                              | <u>\$ 2,791</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ (760)                                 |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis               |                            |                         | <u>\$ (760)</u>                          |   |

See independent auditors' report and accompanying notes to financial statements.



STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
DWI NM LOCAL GRANT SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual on<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</b> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| State sources  | \$ -                       | \$ -                    | \$ -                                     | \$ -  |
| Total revenues                                       | -                          | -                       | -  | -   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Direct Instruction                                   | -                          | -                       | -  | -   |
| Total expenditures                                   | -                          | -                       | -  | -   |
| Excess (deficiency) of revenues over<br>expenditures | -                          | -                       | -  | -   |
| Other financing sources (uses)                       |                            |                         |  |   |
| Designated cash                                      | -                          | -                       | -  | -   |
| Total other financing sources (uses)                 | -                          | -                       | -  | -   |
| Net change in fund balance                           | -                          | -                       | -  | -   |
| Fund balance - beginning of year                     | -                          | -                       | -  | -   |
| Fund balance - end of year                           | \$ -                       | \$ -                    | \$ -                                     | \$ -  |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ -                                     |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | -  |   |
| Net changes in fund balance GAAP basis               |                            |                         | \$ -                                     |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
SUN SAFETY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| Miscellaneous  | \$ -                       | \$ 1,800                | \$ 1,500                                 | \$ (300)  |
| Total revenues                                       | -                          | 1,800                   | 1,500                                    | (300)   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Operation and maintenance                            | 1,800                      | 1,800                   | 1,718                                    | 82  |
| Total expenditures                                   | 1,800                      | 1,800                   | 1,718                                    | 82  |
| Excess (deficiency) of revenues over<br>expenditures | (1,800)                    | -                       | (218)                                    | (218)   |
| Other financing sources (uses)                       |                            |                         |  |   |
| Designated cash                                      | -                          | -                       | -  | -   |
| Total other financing sources (uses)                 | -                          | -                       | -  | -   |
| Net change in fund balance                           | (1,800)                    | -                       | (218)                                    | (218)   |
| Fund balance - beginning of year                     | -                          | -                       | 47                                       | 47  |
| Fund balance - end of year                           | <u>\$ (1,800)</u>          | <u>\$ -</u>             | <u>\$ (171)</u>                          | <u>\$ (171)</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ (218)                                 |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis               |                            |                         | <u>\$ (218)</u>                          |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
ENERGY EFFICIENCY MEASURES SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| State sources  | \$ -                       | \$ -                    | \$ -                                     | \$ -  |
| Total revenues                                       | -                          | -                       | -  | -   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Operation and maintenance                            | <u>2,108</u>               | <u>2,108</u>            | <u>438</u>                               | <u>1,670</u>  |
| Total expenditures                                   | <u>2,108</u>               | <u>2,108</u>            | <u>438</u>                               | <u>1,670</u>  |
| Excess (deficiency) of revenues over<br>expenditures | <u>(2,108)</u>             | <u>(2,108)</u>          | <u>(438)</u>                             | <u>1,670</u>  |
| Other financing sources (uses)                       |                            |                         |  |   |
| Designated cash                                      | <u>-</u>                   | <u>-</u>                | <u>-</u>                                 | <u>-</u>  |
| Total other financing sources (uses)                 | <u>-</u>                   | <u>-</u>                | <u>-</u>                                 | <u>-</u>  |
| Net change in fund balance                           | (2,108)                    | (2,108)                 | (438)                                    | 1,670   |
| Fund balance - beginning of year                     | <u>-</u>                   | <u>-</u>                | <u>2,108</u>                             | <u>2,108</u>  |
| Fund balance - end of year                           | <u>\$ (2,108)</u>          | <u>\$ (2,108)</u>       | <u>\$ 1,670</u>                          | <u>\$ 3,778</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ (438)                                 |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis               |                            |                         | <u>\$ (438)</u>                          |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
A.R. DONATIONS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| State sources  | \$ -                       | \$ 1,000                | \$ 3,778                                 | \$ 2,778  |
| Total revenues                                       | -                          | 1,000                   | 3,778                                    | 2,778   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Instructional support                                | -                          | 3,778                   | 608                                      | 3,170   |
| Total expenditures                                   | -                          | 3,778                   | 608                                      | 3,170   |
| Excess (deficiency) of revenues over<br>expenditures | -                          | (2,778)                 | 3,170                                    | 5,948   |
| Other financing sources (uses)                       |                            |                         |  |   |
| Designated cash                                      | -                          | -                       | -  | -   |
| Total other financing sources (uses)                 | -                          | -                       | -  | -   |
| Net change in fund balance                           | -                          | (2,778)                 | 3,170                                    | 5,948   |
| Fund balance - beginning of year                     | -                          | -                       | -  | -   |
| Fund balance - end of year                           | <u>\$ -</u>                | <u>\$ (2,778)</u>       | <u>\$ 3,170</u>                          | <u>\$ 5,948</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ 3,170                                 |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis               |                            |                         | <u>\$ 3,170</u>                          |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
SCHOOL BASED HEALTH BASED CENTER SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| State sources  | \$ -                       | \$ -                    | \$ 2,261                                 | \$ 2,261  |
| Total revenues                                       | -                          | -                       | 2,261                                    | 2,261   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Instructional Support                                | 3,959                      | 3,959                   | 2,261                                    | 1,698   |
| Total expenditures                                   | 3,959                      | 3,959                   | 2,261                                    | 1,698   |
| Excess (deficiency) of revenues over<br>expenditures | (3,959)                    | (3,959)                 | -  | 3,959   |
| Other financing sources (uses)                       |                            |                         |  |   |
| Designated cash                                      | -                          | -                       | -  | -   |
| Total other financing sources (uses)                 | -                          | -                       | -  | -   |
| Net change in fund balance                           | (3,959)                    | (3,959)                 | -  | 3,959   |
| Fund balance - beginning of year                     | -                          | -                       | -  | -   |
| Fund balance - end of year                           | <u>\$ (3,959)</u>          | <u>\$ (3,959)</u>       | <u>\$ -</u>                              | <u>\$ 3,959</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ -                                     |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis               |                            |                         | <u>\$ -</u>                              |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

**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, 2016

|                                      | <b>Public School<br/>           Cap. Outlay<br/>           20%<br/>           32100</b> <hr style="border: 1px solid black;"/> |
|--------------------------------------|--|
| <b>ASSETS</b>                        |  |
| Cash on deposit                      | \$ -<br><hr style="border: 1px solid black;"/>   |
| Total assets                         | \$ -<br><hr style="border: 1px solid black;"/>   |
| <b>LIABILITIES AND FUND BALANCES</b> |  |
| Liabilities:                         |  |
| Accounts payables                    | \$ -<br><hr style="border: 1px solid black;"/>   |
| Total liabilities                    | -  |
| Fund balances:                       |  |
| Restricted, reported in:             |  |
| Capital projects funds               | -<br><hr style="border: 1px solid black;"/>  |
| Total fund balance                   | -<br><hr style="border: 1px solid black;"/>  |
| Total liabilities and fund balances  | \$ -<br><hr style="border: 1px solid black;"/>   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2016

|                                  | <b>Public School<br/>           Cap. Outlay<br/>           20%<br/>           32100</b> <hr style="border: 1px solid black;"/> |
|----------------------------------|--|
| Revenues:                        |  |
| Taxes                            | \$ -<br><hr style="border: 1px solid black;"/>   |
| Total revenues                   | -  |
| Expenditures:                    |  |
| Current:                         |  |
| Direct instruction               | <hr style="border: 1px solid black;"/> 27  |
| Total expenditures               | <hr style="border: 1px solid black;"/> 27  |
| Net changes in fund balances     | (27)   |
| Fund balance - beginning of year | <hr style="border: 1px solid black;"/> 27  |
| Fund balance - end of year       | <hr style="border: 1px solid black;"/> \$ -  |

See independent auditors' report and accompanying notes to financial statements.



STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
PUBLIC SCHOOL CAPITAL OUTLAY 20% CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| Taxes  | \$ -                       | \$ -                    | \$ -                                     | \$ -  |
| Total revenues                                       | -                          | -                       | -  | -   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Direct instruction                                   | -                          | 27                      | 27                                       | -   |
| Total expenditures                                   | -                          | 27                      | 27                                       | -   |
| Excess (deficiency) of revenues over<br>expenditures | -                          | (27)                    | (27)                                     | -   |
| Other financing sources (uses)                       |                            |                         |  |   |
| Designated cash                                      | -                          | -                       | -  | -   |
| Total other financing sources (uses)                 | -                          | -                       | -  | -   |
| Net change in fund balance                           | -                          | (27)                    | (27)                                     | -   |
| Fund balance - beginning of year                     | 27                         | 27                      | 27                                       | -   |
| Fund balance - end of year                           | <u>\$ 27</u>               | <u>\$ -</u>             | <u>\$ -</u>                              | <u>\$ -</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ (27)                                  |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | -  |   |
| Net changes in fund balance GAAP<br>basis            |                            |                         | <u>\$ (27)</u>                           |   |

See independent auditors' report and accompanying notes to financial statements.

**MAJOR CAPITAL PROJECTS FUNDS**

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
CAPITAL IMPROVEMENTS SB-9 FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| Taxes  | \$ 16,086                  | \$ 16,086               | \$ 16,363                                | \$ 277  |
| State sources  | 60,413                     | 90,733                  | -  | (90,733)  |
| Miscellaneous  | -                          | 6,636                   | 1,717                                    | (4,919)   |
|  | <u>60,413</u>              | <u>97,369</u>           | <u>18,080</u>                            | <u>(95,652)</u>   |
| Total revenues                                       |                            |                         |  |   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Instruction support                                  | 3,098                      | 3,098                   | 3,098                                    | -   |
| Capital outlay                                       | 110,586                    | 167,542                 | 64,546                                   | 102,996   |
|  | <u>113,684</u>             | <u>170,640</u>          | <u>67,644</u>                            | <u>102,996</u>  |
| Total expenditures                                   |                            |                         |  |   |
| Excess (deficiency) of revenues over<br>expenditures | <u>(53,271)</u>            | <u>(73,271)</u>         | <u>(49,564)</u>                          | <u>7,344</u>  |
| Net change in fund balance                           | (53,271)                   | (73,271)                | (49,564)                                 | 7,344   |
| Fund balance - beginning of year                     | <u>23,218</u>              | <u>23,218</u>           | <u>23,218</u>                            | <u>-</u>  |
| Fund balance - end of year                           | <u>\$ (30,053)</u>         | <u>\$ (50,053)</u>      | <u>\$ (26,346)</u>                       | <u>\$ 7,344</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ (49,564)                              |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP<br>basis            |                            |                         | <u>\$ (49,564)</u>                       |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
DEBT SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

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

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUNDS  
 JUNE 30, 2016

|   | <b>Debt<br/>Service<br/>41000</b> |
|---|-----------------------------------|
|   | <b>41000</b>                      |
| <b>ASSETS</b>   |                                   |
| Cash on deposit   | \$ 36,671                         |
| Taxes receivable  | 1,580                             |
| Total assets  | \$ 38,251                         |
| <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b> |                                   |
| Deferred inflows:                                       |                                   |
| Property tax  | \$ 825                            |
| Total deferred inflows                                  | 825                               |
| Fund balances:  |                                   |
| Restricted, reported in:                                |                                   |
| Retirement of long-term debt                            | 37,426                            |
| Total fund balance                                      | 37,426                            |
| Total liabilities, deferred inflows, and fund balances  | \$ 38,251                         |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR DEBT SERVICE FUND  
 JUNE 30, 2016

|                                  | <b>Debt<br/>Service<br/>41000</b> |
|----------------------------------|-----------------------------------|
| Revenues:                        |                                   |
| Taxes                            | \$ 39,766                         |
| Miscellaneous revenue            | <u>864</u>                        |
| Total revenues                   | 40,630                            |
| Expenditures:                    |                                   |
| Current:                         |                                   |
| Instructional support            | 1,871                             |
| Debt service:                    |                                   |
| Principle                        | 35,000                            |
| Interest                         | <u>4,500</u>                      |
| Total expenditures               | <u>41,371</u>                     |
| Net changes in fund balances     | (741)                             |
| Fund balance - beginning of year | <u>38,167</u>                     |
| Fund balance - end of year       | <u>\$ 37,426</u>                  |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|--|---|
| Revenues:   |                            |                         |  |   |
| Taxes   | \$ 38,315                  | \$ 38,315               | \$ 38,186                                | \$ 38,186   |
| Miscellaneous                                     | 1,185                      | 1,185                   | 864                                      | (321)   |
| Total revenues                                    | <u>39,500</u>              | <u>39,500</u>           | <u>39,050</u>                            | <u>38,186</u>   |
| Expenditures                                      |                            |                         |  |   |
| Current:  |                            |                         |  |   |
| Instructional support                             | -                          | -                       | 1,046                                    | (1,046)   |
| Debt service                                      |                            |                         |  |   |
| Reserve   | -                          | -                       | -  | -   |
| Principal payments                                | 72,874                     | 72,874                  | 35,000                                   | 37,874  |
| Interest  | 4,500                      | 4,500                   | 4,500                                    | -   |
| Total expenditures                                | <u>77,374</u>              | <u>77,374</u>           | <u>40,546</u>                            | <u>36,828</u>   |
| Excess (deficiency) of revenues over expenditures | <u>(37,874)</u>            | <u>(37,874)</u>         | <u>(1,496)</u>                           | <u>(39,370)</u>   |
| Other financing sources (uses)                    |                            |                         |  |   |
| Designated cash                                   | -                          | -                       | -  | -   |
| Total other financing sources (uses)              | <u>-</u>                   | <u>-</u>                | <u>-</u>                                 | <u>-</u>  |
| Net changes in fund balance                       | <u>(37,874)</u>            | <u>(37,874)</u>         | <u>(1,496)</u>                           | <u>(39,370)</u>   |
| Fund balance - beginning of year                  | <u>38,167</u>              | <u>38,167</u>           | <u>38,167</u>                            | <u>-</u>  |
| Fund balance - end of year                        | <u>\$ 293</u>              | <u>\$ 293</u>           | <u>\$ 36,671</u>                         | <u>\$ (39,370)</u>  |
| Reconciliation of budgetary basis to GAAP basis:  |                            |                         |  |   |
| Net changes in fund balance budgetary basis       |                            |                         | \$ (1,496)                               |   |
| Net revenue accruals                              |                            |                         | 1,580                                    |   |
| Net expenditure accruals                          |                            |                         | <u>(825)</u>                             |   |
| Net changes in fund balance GAAP basis            |                            |                         | <u>\$ (741)</u>                          |   |

See independent auditors' report and accompanying notes to financial statements.

**GENERAL FUND**



STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
COMBINING BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2016

|   | <b>Operational<br/>11000</b> | <b>Teacherage<br/>12000</b> | <b>Transportation<br/>13000</b> | <b>Instructional<br/>Material<br/>14000</b> | <b>Total</b>      |
|---|------------------------------|-----------------------------|---------------------------------|---|-------------------|
| <b>ASSETS</b>   |                              |                             |                                 |   |                   |
| Cash  | \$ 163,903                   | \$ 11,500                   | \$ 5,639                        | \$ 8,237                                    | \$ 189,279        |
| Taxes receivable  | 148                          | -                           | -                               | -   | 148               |
| Total assets  | <u>\$ 164,051</u>            | <u>\$ 11,500</u>            | <u>\$ 5,639</u>                 | <u>\$ 8,237</u>                             | <u>\$ 189,427</u> |
| <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b> |                              |                             |                                 |   |                   |
| Deferred inflows:                                       |                              |                             |                                 |   |                   |
| Property tax  | \$ 77                        | \$ -                        | \$ -                            | \$ -  | \$ 77             |
| Total deferred inflows                                  | 77                           | -                           | -                               | -   | 77                |
| Fund balances:  |                              |                             |                                 |   |                   |
| Unassigned, reported in:                                |                              |                             |                                 |   |                   |
| General fund  | 163,974                      | 11,500                      | 5,639                           | 8,237                                       | 189,350           |
| Total fund balances                                     | 163,974                      | 11,500                      | 5,639                           | 8,237                                       | 189,350           |
| Total liabilities, deferred inflows, and fund balances  | <u>\$ 164,051</u>            | <u>\$ 11,500</u>            | <u>\$ 5,639</u>                 | <u>\$ 8,237</u>                             | <u>\$ 189,427</u> |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

|                                       | <b>Operational<br/>11000</b> | <b>Teacherage<br/>12000</b> | <b>Transportation<br/>13000</b> | <b>Instructional<br/>Material<br/>14000</b> | <b>Total</b>          |
|---------------------------------------|------------------------------|-----------------------------|---------------------------------|---|-----------------------|
| <b>REVENUES</b>                       |                              |                             |                                 |   |                       |
| Taxes                                 | \$ 3,799                     | \$ -                        | \$ -                            | \$ -  | \$ 3,799              |
| Charges for services                  | 1,317                        | 5,057                       | -                               | -   | 6,374                 |
| State sources                         | 1,290,956                    | -                           | -                               | 3,278                                       | 1,294,234             |
| Transportation distribution           | -                            | -                           | 83,064                          | -   | 83,064                |
| Earnings from investments             | 1,796                        | -                           | -                               | -   | 1,796                 |
| Miscellaneous                         | <u>2,092</u>                 | <u>-</u>                    | <u>1,515</u>                    | <u>-</u>                                    | <u>3,607</u>          |
| <br>Total revenues                    | <br>1,299,960                | <br>5,057                   | <br>84,579                      | <br>3,278                                   | <br>1,392,874         |
| <b>EXPENDITURES</b>                   |                              |                             |                                 |   |                       |
| Current:                              |                              |                             |                                 |   |                       |
| Direct instruction                    | 776,637                      | -                           | -                               | 1,868                                       | 778,505               |
| Instructional support                 | 209,103                      | -                           | -                               | -   | 209,103               |
| Central services                      | 86,801                       | -                           | -                               | -   | 86,801                |
| Operation and maintenance             | 151,606                      | 4,144                       | -                               | -   | 155,750               |
| Transportation                        | -                            | -                           | 82,700                          | -   | 82,700                |
| Food services                         | <u>57,776</u>                | <u>-</u>                    | <u>-</u>                        | <u>-</u>                                    | <u>57,776</u>         |
| <br>Total expenditures                | <br><u>1,281,923</u>         | <br><u>4,144</u>            | <br><u>82,700</u>               | <br><u>1,868</u>                            | <br><u>1,370,635</u>  |
| <br>Net change in fund balance        | <br>18,037                   | <br>913                     | <br>1,879                       | <br>1,410                                   | <br>22,239            |
| <br>Fund balance at beginning of year | <br><u>145,937</u>           | <br><u>10,587</u>           | <br><u>3,760</u>                | <br><u>6,827</u>                            | <br><u>167,111</u>    |
| <br>Fund balance at end of year       | <br><u>\$ 163,974</u>        | <br><u>\$ 11,500</u>        | <br><u>\$ 5,639</u>             | <br><u>\$ 8,237</u>                         | <br><u>\$ 189,350</u> |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
OPERATIONAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance<br/>with Final<br/>Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|--|---|
| Revenues:   |                            |                         |  |   |
| Taxes   | \$ 4,092                   | \$ 4,092                | \$ 3,799                                 | \$ (293)  |
| Charges for services                              | -                          | -                       | 1,317                                    | 1,317   |
| State sources                                     | 1,311,377                  | 1,274,655               | 1,290,956                                | 16,301  |
| Earnings from investments                         | 450                        | 450                     | 1,796                                    | 1,346   |
| Miscellaneous                                     | 9,133                      | 9,133                   | 2,092                                    | (7,041)   |
|   | <u>1,325,052</u>           | <u>1,288,330</u>        | <u>1,299,960</u>                         | <u>11,630</u>   |
| Total revenues                                    |                            |                         |  |   |
| Expenditures:                                     |                            |                         |  |   |
| Current:  |                            |                         |  |   |
| Direct instruction                                | 870,398                    | 839,437                 | 776,637                                  | 62,800  |
| Instruction support                               | 234,467                    | 227,958                 | 209,103                                  | 18,855  |
| Central services                                  | 89,781                     | 95,280                  | 86,801                                   | 8,479   |
| Operation and maintenance                         | 226,539                    | 226,539                 | 151,606                                  | 74,933  |
| Food services                                     | 35,093                     | 62,508                  | 57,776                                   | 4,732   |
|   | <u>1,456,278</u>           | <u>1,451,722</u>        | <u>1,281,923</u>                         | <u>169,799</u>  |
| Total expenditures                                |                            |                         |  |   |
| Excess (deficiency) of revenues over expenditures | <u>(131,226)</u>           | <u>(163,392)</u>        | <u>18,037</u>                            | <u>181,429</u>  |
| Net change in fund balance                        | (131,226)                  | (163,392)               | 18,037                                   | 181,429   |
| Fund balance - beginning of year                  | <u>145,937</u>             | <u>145,937</u>          | <u>145,937</u>                           | <u>-</u>  |
| Fund balance - end of year                        | <u>\$ 14,711</u>           | <u>\$ (17,455)</u>      | <u>\$ 163,974</u>                        | <u>\$ 181,429</u>   |
| Reconciliation of budgetary basis to GAAP basis:  |                            |                         |  |   |
| Net changes in fund balance budgetary basis       |                            |                         | \$ 18,037                                |   |
| Net revenue accruals                              |                            |                         | -  |   |
| Net expenditure accruals                          |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis            |                            |                         | <u>\$ 18,037</u>                         |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
TEACHERAGE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance<br/>with Final<br/>Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| Charges for services                                 | \$ 10,670                  | \$ 10,670               | \$ 5,057                                 | \$ (5,613)  |
| Total revenues                                       | 10,670                     | 10,670                  | 5,057                                    | (5,613)   |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Operation and maintenance                            | 18,470                     | 18,470                  | 4,144                                    | 14,326  |
| Total expenditures                                   | 18,470                     | 18,470                  | 4,144                                    | 14,326  |
| Excess (deficiency) of revenues over<br>expenditures | (7,800)                    | (7,800)                 | 913                                      | 8,713   |
| Net change in fund balance                           | (7,800)                    | (7,800)                 | 913                                      | 8,713   |
| Fund balance - beginning of year                     | 10,587                     | 10,587                  | 10,587                                   | -   |
| Fund balance - end of year                           | <u>\$ 2,787</u>            | <u>\$ 2,787</u>         | <u>\$ 11,500</u>                         | <u>\$ 8,713</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ 913                                   |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP<br>basis            |                            |                         | <u>\$ 913</u>                            |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
TRANSPORTATION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance<br/>with Final<br/>Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|--|---|
| Revenues:  |                            |                         |  |   |
| Transportation distribution                          | \$ 116,349                 | \$ 95,081               | \$ 83,064                                | \$ (12,017)   |
| Miscellaneous  | -                          | -                       | 1,515                                    | 1,515   |
|  | <hr/>                      | <hr/>                   | <hr/>                                    | <hr/>   |
| Total revenues                                       | 116,349                    | 95,081                  | 84,579                                   | (10,502)  |
| Expenditures:  |                            |                         |  |   |
| Current:   |                            |                         |  |   |
| Transportation                                       | 95,081                     | 88,340                  | 82,700                                   | 5,640   |
|  | <hr/>                      | <hr/>                   | <hr/>                                    | <hr/>   |
| Total expenditures                                   | 95,081                     | 88,340                  | 82,700                                   | 5,640   |
|  | <hr/>                      | <hr/>                   | <hr/>                                    | <hr/>   |
| Excess (deficiency) of revenues over<br>expenditures | 21,268                     | 6,741                   | 1,879                                    | (4,862)   |
|  | <hr/>                      | <hr/>                   | <hr/>                                    | <hr/>   |
| Other financial sources (uses)                       |                            |                         |  |   |
| Designated cash                                      | -                          | -                       | -  | -   |
|  | <hr/>                      | <hr/>                   | <hr/>                                    | <hr/>   |
| Total other financing sources (uses)                 | -                          | -                       | -  | -   |
|  | <hr/>                      | <hr/>                   | <hr/>                                    | <hr/>   |
| Net change in fund balance                           | 21,268                     | 6,741                   | 1,879                                    | (4,862)   |
|  | <hr/>                      | <hr/>                   | <hr/>                                    | <hr/>   |
| Fund balance - beginning of year                     | 3,760                      | 3,760                   | 3,760                                    | -   |
|  | <hr/>                      | <hr/>                   | <hr/>                                    | <hr/>   |
| Fund balance - end of year                           | <u>\$ 25,028</u>           | <u>\$ 10,501</u>        | <u>\$ 5,639</u>                          | <u>\$ (4,862)</u>   |
| Reconciliation of budgetary basis to GAAP basis:     |                            |                         |  |   |
| Net changes in fund balance budgetary basis          |                            |                         | \$ 1,879                                 |   |
| Net revenue accruals                                 |                            |                         | -  |   |
| Net expenditure accruals                             |                            |                         | <hr/> -                                  |   |
| Net changes in fund balance GAAP<br>basis            |                            |                         | <u>\$ 1,879</u>                          |   |

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
INSTRUCTIONAL MATERIALS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual on<br/>Budgetary<br/>Basis</b> | <b>Variance<br/>with Final<br/>Budget<br/>Favorable<br/>(Unfavorable)</b> |
|---|----------------------------|-------------------------|--|---|
| Revenues:   |                            |                         |  |   |
| State sources                                     | \$ -                       | \$ -                    | \$ 3,278                                 | \$ 3,278  |
| Total revenues                                    | -                          | -                       | 3,278                                    | 3,278   |
| Expenditures:                                     |                            |                         |  |   |
| Current:  |                            |                         |  |   |
| Direct instruction                                | -                          | -                       | 1,868                                    | (1,868)   |
| Total expenditures                                | -                          | -                       | 1,868                                    | (1,868)   |
| Excess (deficiency) of revenues over expenditures | -                          | -                       | 1,410                                    | 1,410   |
| Net change in fund balance                        | -                          | -                       | 1,410                                    | 1,410   |
| Fund balance - beginning of year                  | 6,827                      | 6,827                   | 6,827                                    | -   |
| Fund balance - end of year                        | <u>\$ 6,827</u>            | <u>\$ 6,827</u>         | <u>\$ 8,237</u>                          | <u>\$ 1,410</u>   |
| Reconciliation of budgetary basis to GAAP basis:  |                            |                         |  |   |
| Net changes in fund balance budgetary basis       |                            |                         | \$ 1,410                                 |   |
| Net revenue accruals                              |                            |                         | -  |   |
| Net expenditure accruals                          |                            |                         | <u>-</u>                                 |   |
| Net changes in fund balance GAAP basis            |                            |                         | <u>\$ 1,410</u>                          |   |

See independent auditors' report and accompanying notes to financial statements.

**SUPPLEMENTAL INFORMATION**

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)  
 FOR THE YEAR ENDED JUNE 30, 2016

| <b>RFB#/RFP#</b> | <b>Type of Procurement</b> | <b>Awarded Vendor</b> | <b>\$ Amount of Awarded Contract</b> | <b>\$ Amount of Amended Contract</b> | <b>Name and Physical Address per the Procurement Documentation of ALL Vendor(s) that Responded</b> | <b>In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)</b> | <b>Was the Vendor In-State and Chose Veteran's Preference (Y or N) For Federal Funds Answer N/A</b> | <b>Brief Description of the Scope of Work</b> |
|------------------|----------------------------|-----------------------|--------------------------------------|--------------------------------------|--|--|---|---|
|------------------|----------------------------|-----------------------|--------------------------------------|--------------------------------------|--|--|---|---|

None Noted



STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

|                           | <b>23010</b>                            | <b>23012</b>                        | <b>23015</b>                        | <b>23020</b>           | <b>23025</b>                   | <b>23030</b>                  | <b>23050</b>               | <b>23055</b>         |
|---------------------------|---|-------------------------------------|-------------------------------------|------------------------|--------------------------------|-------------------------------|----------------------------|----------------------|
|                           | <b>General<br/>Activity<br/>Account</b> | <b>Preschool<br/>Activity Trust</b> | <b>Elementary<br/>Activity Fund</b> | <b>Shop Activity</b>   | <b>Annual<br/>Activity</b>     | <b>FFA Activity<br/>Trust</b> | <b>Student<br/>Council</b> | <b>Cheerleaders</b>  |
| Beginning Cash            | \$ 24,001                               | \$ (1,042)                          | \$ 2,344                            | \$ 4,382               | \$ 952                         | \$ 1,676                      | \$ 1,191                   | \$ 545               |
| Additions                 | 13,717                                  | 2,860                               | 457                                 | 436                    | 234                            | 11,575                        | 1,105                      | -                    |
| Deletions                 | <u>(7,075)</u>                          | <u>(1,818)</u>                      | <u>(888)</u>                        | <u>(2)</u>             | <u>(1,820)</u>                 | <u>(13,027)</u>               | <u>(1,361)</u>             | <u>-</u>             |
| <b>Ending Cash</b>        | <b><u>\$ 30,643</u></b>                 | <b><u>\$ -</u></b>                  | <b><u>\$ 1,913</u></b>              | <b><u>\$ 4,816</u></b> | <b><u>\$ (634)</u></b>         | <b><u>\$ 224</u></b>          | <b><u>\$ 935</u></b>       | <b><u>\$ 545</u></b> |
| Beginning Liabilities     | \$ 24,001                               | \$ (1,042)                          | \$ 2,344                            | \$ 4,382               | \$ 952                         | \$ 1,676                      | \$ 1,191                   | \$ 545               |
| Additions                 | 13,717                                  | 2,860                               | 457                                 | 436                    | 234                            | 11,575                        | 1,105                      | -                    |
| Deletions                 | <u>(7,075)</u>                          | <u>(1,818)</u>                      | <u>(888)</u>                        | <u>(2)</u>             | <u>(1,820)</u>                 | <u>(13,027)</u>               | <u>(1,361)</u>             | <u>-</u>             |
| <b>Ending Liabilities</b> | <b><u>\$ 30,643</u></b>                 | <b><u>\$ -</u></b>                  | <b><u>\$ 1,913</u></b>              | <b><u>\$ 4,816</u></b> | <b><u>\$ (634)</u></b>         | <b><u>\$ 224</u></b>          | <b><u>\$ 935</u></b>       | <b><u>\$ 545</u></b> |
|                           | <b>23060</b>                            | <b>23065</b>                        | <b>23066</b>                        | <b>23068</b>           | <b>23069</b>                   | <b>23070</b>                  | <b>23214</b>               | <b>23215</b>         |
|                           | <b>Honors<br/>Society</b>               | <b>Athletics</b>                    | <b>Football<br/>Activity</b>        | <b>Volleyball</b>      | <b>Special<br/>Fundraising</b> | <b>Science<br/>Activity</b>   | <b>Class of 2014</b>       | <b>Class of 2015</b> |
| Beginning Cash            | \$ 477                                  | \$ 6,590                            | \$ 260                              | \$ 757                 | \$ (5,500)                     | \$ 945                        | \$ 31                      | \$ 10                |
| Additions                 | 585                                     | 3,714                               | -                                   | -                      | 10,540                         | -                             | -                          | -                    |
| Deletions                 | <u>(755)</u>                            | <u>(1,411)</u>                      | <u>-</u>                            | <u>-</u>               | <u>(5,040)</u>                 | <u>(945)</u>                  | <u>-</u>                   | <u>-</u>             |
| <b>Ending Cash</b>        | <b><u>\$ 307</u></b>                    | <b><u>\$ 8,893</u></b>              | <b><u>\$ 260</u></b>                | <b><u>\$ 757</u></b>   | <b><u>\$ -</u></b>             | <b><u>\$ -</u></b>            | <b><u>\$ 31</u></b>        | <b><u>\$ 10</u></b>  |
| Beginning Liabilities     | \$ 477                                  | \$ 6,590                            | \$ 260                              | \$ 757                 | \$ (5,500)                     | \$ 945                        | \$ 31                      | \$ 10                |
| Additions                 | 585                                     | 3,714                               | -                                   | -                      | 10,540                         | -                             | -                          | -                    |
| Deletions                 | <u>(755)</u>                            | <u>(1,411)</u>                      | <u>-</u>                            | <u>-</u>               | <u>(5,040)</u>                 | <u>(945)</u>                  | <u>-</u>                   | <u>-</u>             |
| <b>Ending Liabilities</b> | <b><u>\$ 307</u></b>                    | <b><u>\$ 8,893</u></b>              | <b><u>\$ 260</u></b>                | <b><u>\$ 757</u></b>   | <b><u>\$ -</u></b>             | <b><u>\$ -</u></b>            | <b><u>\$ 31</u></b>        | <b><u>\$ 10</u></b>  |

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

|                           | 23216              | 23217                   | 23218                  | 23219                | 23500                | 23575                  | 23600                | 23700                |                         |
|---------------------------|--------------------|-------------------------|------------------------|----------------------|----------------------|------------------------|----------------------|----------------------|-------------------------|
|                           | Class of<br>2016   | Class of<br>2017        | Class of<br>2018       | Class of<br>2019     | SBHC<br>Activity     | Textbook               | Booster              | Hospitality          | TOTAL                   |
| Beginning Cash            | \$ 7,197           | \$ 2,718                | \$ 1,312               | \$ 812               | \$ 342               | \$ 1,004               | \$ 271               | \$ 841               | \$ 52,116               |
| Additions                 | 7,032              | 15,379                  | 2,246                  | 2,372                | -                    | -                      | 65                   | 392                  | 72,709                  |
| Deletions                 | <u>(14,229)</u>    | <u>(6,157)</u>          | <u>(1,593)</u>         | <u>(2,196)</u>       | <u>-</u>             | <u>-</u>               | <u>-</u>             | <u>(290)</u>         | <u>(58,607)</u>         |
| <b>Ending Cash</b>        | <b><u>\$ -</u></b> | <b><u>\$ 11,940</u></b> | <b><u>\$ 1,965</u></b> | <b><u>\$ 988</u></b> | <b><u>\$ 342</u></b> | <b><u>\$ 1,004</u></b> | <b><u>\$ 336</u></b> | <b><u>\$ 943</u></b> | <b><u>\$ 66,218</u></b> |
| Beginning Liabilities     | \$ 7,197           | \$ 2,718                | \$ 1,312               | \$ 812               | \$ 342               | \$ 1,004               | \$ 271               | \$ 841               | \$ 52,116               |
| Additions                 | 7,032              | 15,379                  | 2,246                  | 2,372                | -                    | -                      | 65                   | 392                  | 72,709                  |
| Deletions                 | <u>(14,229)</u>    | <u>(6,157)</u>          | <u>(1,593)</u>         | <u>(2,196)</u>       | <u>-</u>             | <u>-</u>               | <u>-</u>             | <u>(290)</u>         | <u>(58,607)</u>         |
| <b>Ending Liabilities</b> | <b><u>\$ -</u></b> | <b><u>\$ 11,940</u></b> | <b><u>\$ 1,965</u></b> | <b><u>\$ 988</u></b> | <b><u>\$ 342</u></b> | <b><u>\$ 1,004</u></b> | <b><u>\$ 336</u></b> | <b><u>\$ 943</u></b> | <b><u>\$ 66,218</u></b> |

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 SCHEDULE OF PLEDGED COLLATERAL  
 JUNE 30, 2016

Farmers & Stockman's Bank

| Description of Pledge Collateral |           | <u>Market<br/>Value</u> | <u>Maturity<br/>Date</u> |
|----------------------------------|-----------|-------------------------|--------------------------|
| <b>Tiered Maturities</b>         |           |                         |                          |
| FHLMC POOL                       | 3128P7Q63 | \$ 113,235              | 06/01/2031               |
| CARLSBAD NM                      | 142735DH9 | 50,000                  | 08/01/2017               |
| DULCE NM                         | 264430KB4 | <u>55,000</u>           | 09/01/2018               |
| Total                            |           | <u>\$ 218,235</u>       |                          |

Roy Municipal Schools are in compliance as disclosed in Note 3.

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS  
 JUNE 30, 2016

|                                      | Account<br>Type | Amount Per<br>Bank | Net<br>Reconciling<br>Items | Balance Per<br>Books |
|--------------------------------------|-----------------|--------------------|-----------------------------|----------------------|
| <b>Farmers &amp; Stockman's Bank</b> |                 |                    |                             |                      |
| General Operational                  | Checking        | \$ 367,679         | \$ (52,060)                 | \$ 315,619           |
| Total                                |                 | \$ 367,679         | \$ (52,060)                 | \$ 315,619           |

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
CASH RECONCILIATION  
JUNE 30, 2016

|                               | <b>Operational<br/>11000</b> | <b>Teacherage<br/>12000</b> | <b>Transportation<br/>13000</b> | <b>Instructional<br/>Materials<br/>14000</b> | <b>Food<br/>Service<br/>21000</b> | <b>Athletics<br/>Account<br/>22000</b> | <b>Non -<br/>Instructional<br/>23000</b> | <b>Federal<br/>Flowthrough<br/>24000</b> | <b>Federal<br/>Direct<br/>25000</b> |
|-------------------------------|------------------------------|-----------------------------|---------------------------------|--|-----------------------------------|--|--|--|-------------------------------------|
| Cash, June 30, 2015           | \$ 146,265                   | \$ 10,587                   | \$ 3,759                        | \$ 6,827                                     | \$ 482                            | \$ 58                                  | \$ 134,399                               | \$ (27,234)                              | 883                                 |
| Cash receipts, 2015-2016      | 1,299,916                    | 5,057                       | 86,460                          | 3,278  | 18,218                            | 3,473                                  | 64,631                                   | 36,648                                   | 24,023                              |
| Cash disbursements, 2015-2016 | <u>(1,282,278)</u>           | <u>(4,144)</u>              | <u>(84,580)</u>                 | <u>(1,868)</u>                               | <u>(16,117)</u>                   | <u>(3,759)</u>                         | <u>(132,812)</u>                         | <u>(30,854)</u>                          | <u>(24,023)</u>                     |
| Cash balance, June 30, 2016   | <u>\$ 163,903</u>            | <u>\$ 11,500</u>            | <u>\$ 5,639</u>                 | <u>\$ 8,237</u>                              | <u>\$ 2,583</u>                   | <u>\$ (228)</u>                        | <u>\$ 66,218</u>                         | <u>\$ (21,440)</u>                       | <u>\$ 883</u>                       |

|                               | <b>State<br/>Flowthrough<br/>270000</b> | <b>State Direct<br/>28000</b> | <b>Local /<br/>State<br/>29000</b> | <b>Public<br/>School<br/>Capital<br/>Outlay<br/>31200</b> | <b>Cap. Impro.<br/>SB 9<br/>31700</b> | <b>PSCOC 20%<br/>32100</b> | <b>Debt<br/>Service<br/>Fund<br/>41000</b> | <b>Total</b>       |
|-------------------------------|---|-------------------------------|------------------------------------|---|---------------------------------------|----------------------------|--|--------------------|
| Cash, June 30, 2015           | \$ (9,485)                              | \$ 5,638                      | \$ 3,959                           | \$ 5,108  | \$ 29,734                             | \$ 27                      | \$ 37,873                                  | \$ 348,880         |
| Cash receipts, 2015-2016      | 54,314                                  | 16,815                        | 77,125                             | -   | 17,889                                | -                          | 40,169                                     | 1,748,016          |
| Cash disbursements, 2015-2016 | <u>(50,081)</u>                         | <u>(19,780)</u>               | <u>(10,197)</u>                    | <u>(5,108)</u>  | <u>(74,278)</u>                       | <u>(27)</u>                | <u>(41,371)</u>                            | <u>(1,781,277)</u> |
| Cash balance, June 30, 2016   | <u>\$ (5,252)</u>                       | <u>\$ 2,673</u>               | <u>\$ 70,887</u>                   | <u>\$ -</u>   | <u>\$ (26,655)</u>                    | <u>\$ -</u>                | <u>\$ 36,671</u>                           | <u>\$ 315,619</u>  |

## COMPLIANCE SECTION



# Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner  
Christine Wright, CPA, Partner  
Beth Fant, EA, Partner  
Brad Beasley, CPA, Partner

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

Mr. Timothy Keller  
State Auditor of the State of New Mexico  
Board of Directors of Roy Municipal Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of Roy Municipal Schools (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and the combined and individual funds and related budgetary comparisons presented as supplementary information, and have issued our report thereon dated November 14, 2016

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2013-001, 2013-004, 2014-002)

### **Compliance and Other Matters**

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

### **Management Responses to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

  
Beasley, Mitchell & Co., LLP

Las Cruces, New Mexico

November 14, 2016



STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 FOR THE YEAR ENDED JUNE 30, 2016

| <b>PRIOR AUDIT FINDINGS</b>   |   | <b>Current status</b> |
|-------------------------------|---|-----------------------|
| 2005-004                      | Capital Assets  | Resolved              |
| 2013-001                      | Accounting Policies and Procedures for Student Activities     | Revised and Repeated  |
| 2013-004                      | Segregation of Duties   | Revised and Repeated  |
| 2014-001                      | Bank Reconciliation Procedures and Cash Reconciliation Report | Resolved              |
| 2014-002                      | Expenditures in Excess of Budget                              | Revised and Repeated  |
| 2014-003                      | Unearned Revenue  | Resolved              |
| 2015-001                      | Accounting for Grant Revenues                                 | Resolved              |
| 2015-002                      | Accounting for Private Grants                                 | Resolved              |
| <b>CURRENT AUDIT FINDINGS</b> |   | <b>Current status</b> |
| None noted                    |   |                       |

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016

**Accounting Policies and Procedures for Student Activities (Significant Deficiency) - 2013-001**

|                       |  |
|-----------------------|--|
| <b>CONDITION</b>      | <p>During cash receipts walkthrough for one of the concession stands, it was identified that proper controls are not in place for student activity funds. Pre-numbered tickets or receipts are not issued to the buyer and the fundraising reconciliation form is not signed by two person.</p> <p>Since pre-numbered tickets and inventory of products for sale and comparing to actual sales is not feasible due to the nature and size of the district's classes and clubs, the district implemented a two person counting system to verify that the amounts collected are correct. Eventhough two person were present during the count, only one person signed the fundraising reconciliation forms.</p> |
| <b>CRITERIA</b>       | <p>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.</p>   |
| <b>CAUSE</b>          | <p>Management implemented a two person counting system to verify that amount collected was correct. However, the fundraising reconciliation form was not signed by the second person.</p>  |
| <b>EFFECT</b>         | <p>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.</p>  |
| <b>RECOMMENDATION</b> | <p>Management should have both of the persons counting the money sign the fundraising reconciliation forms.</p>  |
| <b>RESPONSE</b>       | <p>Management will ensure that both of the person counting the money sign the fundraising reconciliation forms to verify if the amounts collected are accurate.</p>  |

Expected Completion: 12/31/2016

Responsible Employee: Business Manager

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016

**Segregation of Duties (Significant Deficiency) - 2013-004**

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|                       |  |
|-----------------------|--|
| <b>CONDITION</b>      | <p>During fiscal year 2015, the district’s administrative staff consisted of only one full-time person and one part time person making proper segregation of duties for effective internal controls difficult to achieve. In fiscal year 2016, Roy Municipal Schools hired a full time administrative assistant position for proper segregation of duties and effective internal control.</p> <p>As recommended by the prior auditor, the district also prepared written internal control procedural manual to detail the procedures related to segregation of duties. However, it has not been presented and approved by the Board of Education as of the end of fiscal year 2016. The district plans to have it approved by the board in fiscal year 2017.</p> |
| <b>CRITERIA</b>       | <p>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.</p>   |
| <b>CAUSE</b>          | <p>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 polices during the current year.</p>   |
| <b>EFFECT</b>         | <p>The District is not in compliance with the directive from the Public Education Department to maintain written internal control procedures.</p>  |
| <b>RECOMMENDATION</b> | <p>District should 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.</p>  |
| <b>RESPONSE</b>       | <p>Management will prepare written internal control procedural manual to detail the unwritten procedures that are currently in place. The manual is under preparation and will be presented to the Board of Education for approval and oversight.</p>  |

Expected Completion: 6/30/2017

Responsible Employee: Business Manager

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE YEAR ENDED JUNE 30, 2016

**Expenditures in Excess of Budget (Significant Deficiency) - 2014-002**

**CONDITION** As recommended by prior year auditor, management reviewed the final budget reports to identify funds with expenditures in excess of budget and prepared a budget resolution accordingly. However, budget adjustment requests were not made for two of the funds in fiscal year 2016 because of oversight.

The following funds remitted payments for goods and services in excess of the adopted budget as follows:

| Fund                         | Reason                     | Budget Expenses | Actual Expenses | Difference      |
|------------------------------|----------------------------|-----------------|-----------------|-----------------|
| Athletics                    | Direct Instruction expense | \$ 2,675        | \$ 3,759        | \$ 1,084        |
| General (Instructional) Fund | Direct Instruction expense | -               | 1,868           | 1,868           |
| Totals                       |                            | <u>\$ 2,675</u> | <u>\$ 5,627</u> | <u>\$ 2,952</u> |

**CRITERIA** Section 6-6-6 of the New Mexico State Statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payment in excess of the approved budget. The District has the obligation to follow applicable state statutes.

**CAUSE** Lack of oversight and proper controls.

**EFFECT** The District is in non compliance with the state, since all funds must be budgeted for. Non-compliance with New Mexico state statutes could subject officials and employees to penalties and fines required by state statutes.

**RECOMMENDATION** 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.

**RESPONSE** Management has implemented steps to ensure Budget Adjustment Requests will be done to avoid over expenditure of budget.

EXPECTED COMPLETION: 06/30/2017

Responsible Employee: Business Manager

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2016

The financial statements of Roy Municipal Schools as of, and for the year ended June 30, 2016 were prepared by Beasley, Mitchell & Co., LLP, 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  
FOR THE YEAR ENDED JUNE 30, 2016

An entrance conference was conducted September 19, 2016 in a closed meeting of the Roy Municipal Schools pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Roy Municipal Schools

|                  |                  |
|------------------|------------------|
| Cody Hazen       | Board Member     |
| Bonnie Lightfoot | Superintendent   |
| Sheritta Fluhman | Business Manager |

Beasley, Mitchell & Co., LLP

|               |          |
|---------------|----------|
| Dahlia Garcia | Senior   |
| Juan Garcia   | Staff II |
| Avi Chettry   | Staff    |

An exit conference was conducted September 23, 2016 in a closed meeting of the Roy Municipal Schools pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Roy Municipal Schools

|                  |                  |
|------------------|------------------|
| Cody Hazen       | Board Member     |
| Page Wilson      | Audit Committee  |
| Bonnie Lightfoot | Superintendent   |
| Sheritta Fluhman | Business Manager |

Beasley, Mitchell & Co., LLP

|               |          |
|---------------|----------|
| Dahlia Garcia | Senior   |
| Juan Garcia   | Staff II |
| Avi Chettry   | Staff    |