

STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS

Audited Financial Statements
and Other Financial Information

June 30, 2013



AXIOM

*Certified Public Accountants
and Business Advisors LLC*

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
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**FLOYD MUNICIPAL SCHOOLS
OFFICIAL ROSTER**

BOARD OF EDUCATION

Leon Nall	President
Jim Chandler	Vice President
Jeff Essary	Secretary
Clovis Gray	Member
Vicki Banister	Member

SCHOOL OFFICIALS

Paul Benoit	Superintendent
Margie Plummer	Business Manager

INDEPENDENT AUDITOR'S REPORT

Hector Balderas, State Auditor
The Board of Education
Floyd Municipal Schools
Floyd, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Floyd Municipal Schools (Schools), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Schools basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Schools nonmajor governmental funds, and the budgetary comparisons for the major capital project funds and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for

the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Schools, as of June 30, 2013, and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, fund of the Schools as of June 30, 2013, and the respective budgetary comparisons for the major capital project funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the Schools financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC are the responsibility of management and 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 the auditing standards generally accepted in the United States of America. In our opinion, the other schedules required by 2.2.2 NMAC 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 15, 2013 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Axiom CPAs and Business Advisors, LLC
Albuquerque, New Mexico
November 15, 2013

STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in Net</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Assets</u>
					<u>Total</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary government					
Governmental activities					
Instruction	\$ 1,839,996	1,200	425,054	-	(1,413,742)
Support services					
Students	192,346	13,445	-	-	(178,901)
Instruction	124,456	-	-	-	(124,456)
General administration	152,265	-	-	-	(152,265)
School administration	44,739	-	-	-	(44,739)
Other	-	-	-	-	-
Central services	35,239	-	-	-	(35,239)
Operation & maintenance of plant	333,350	-	-	-	(333,350)
Student transportation	140,298	-	-	-	(140,298)
Food services-operations	146,776	10,634	108,804	-	(27,338)
Acquisitions & construction	89,634	-	-	216,326	126,692
Total governmental activities	\$ 3,099,099	25,279	533,858	216,326	(2,323,636)
General Revenues					
Property taxes					
Levied for general purpose				\$ 8,267	
Levied for capital projects				33,027	
Rent				12,907	
State Equalization Guarantee Revenue				2,359,085	
Miscellaneous				17,772	
Total general revenues				2,431,058	
Change in net position					107,422
Net position, beginning					1,518,934
Prior Period Adjustment					653,118
Net position, restated					<u>2,172,052</u>
Net position, ending					<u>\$ 2,279,474</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 BALANCE SHEETS - GOVERNMENTAL FUNDS
 June 30, 2013

	GENERAL	TITLE I	IDEA-B ENTITLEMENT	TECHNOLOGY FOR EDUCATION	SENATE BILL 9	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS							
Cash on deposit	\$ 80,096	-	-	14,868	-	48,868	143,832
Due from other funds	165,639	-	-	-	-	-	165,639
Due from other governments	3,157	27,237	20,506	-	211,326	24,586	286,812
Property taxes receivable	112	-	-	-	-	-	112
Inventory	-	-	-	-	-	1,892	1,892
Total assets	\$ 249,004	27,237	20,506	14,868	211,326	75,346	598,287
LIABILITEIS							
Accounts payable	\$ 7,550	-	-	-	4,615	-	12,165
Deferred revenue	-	-	-	-	-	4,480	4,480
Due to other funds	-	27,237	20,506	14,558	77,863	25,475	165,639
Total liabilities	7,550	27,237	20,506	14,558	82,478	29,955	182,284
FUND BALANCES							
Nonspendable	-	-	-	-	-	1,892	1,892
Restricted	3,863	-	-	310	128,848	43,499	176,520
Unassigned	237,591	-	-	-	-	-	237,591
Total fund balances	241,454	-	-	310	128,848	45,391	416,003
Total liabilities and fund balances	\$ 249,004	27,237	20,506	14,868	211,326	75,346	598,287

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 RECONCILIATION OF THE BALANCE SHEETS - ALL GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 Year Ended June 30, 2013**

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

Fund balances - total governmental funds	\$ 416,003
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,885,897
Long term liabilities, including compensated leave, are not due and payable in the current period and therefore are not reported in the funds	(22,585)
Other	159
Net position of governmental activities	<u>\$ 2,279,474</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	GENERAL	TITLE I	IDEA-B ENTITLEMENT	TECHNOLOGY FOR EDUCATION	SENATE BILL 9	OTHER GOVERNMENTAL FUNDS	TOTAL
Revenue							
Residential/non-residential taxes	\$ 8,267	-	-	-	33,027	-	41,294
Rent and leases	12,907	-	-	-	-	-	12,907
Refunds	16,892	-	-	-	-	-	16,892
Fees activities	-	-	-	-	-	13,445	13,445
Fees-users	1,200	-	-	-	-	10,634	11,834
Interest income	48	-	-	-	-	-	48
State equalization	2,359,085	-	-	-	-	-	2,359,085
State and local grants	19,622	-	-	-	-	70,233	89,855
State programs	157,113	-	-	-	211,326	-	368,439
Donations	70	-	-	-	-	580	650
Insurance recoveries	182	-	-	-	-	-	182
Federal program	-	78,943	58,901	-	-	154,046	291,890
Total revenue	2,575,386	78,943	58,901	-	244,353	248,938	3,206,521
Expenditures							
Instruction	1,520,612	78,943	21,673	-	-	86,755	1,707,983
Support services							
Students	126,821	-	37,228	-	-	28,297	192,346
Instruction	118,256	-	-	-	-	6,200	124,456
General administration	151,950	-	-	-	315	-	152,265
School administration	44,739	-	-	-	-	-	44,739
Central services	35,239	-	-	-	-	-	35,239
Operations & maintenance of plant	333,350	-	-	-	-	-	333,350
Student transportation	140,298	-	-	-	-	-	140,298
Food services-operations	28,325	-	-	-	-	118,451	146,776
Acquisitions & construction	-	-	-	-	229,634	5,000	234,634
Total expenditures	2,499,590	78,943	58,901	-	229,949	244,703	3,112,086
Excess (deficiency) of revenues over expenditures	75,796	-	-	-	14,404	4,235	94,435
Other financing sources (uses)							
Transfers in (out)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	75,796	-	-	-	14,404	4,235	94,435
Fund Balances							
Beginning of year	165,658	-	-	310	114,444	41,156	321,568
Fund Balances, end of year	\$ 241,454	-	-	310	128,848	45,391	416,003

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2013**

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

Net change in fund balances - total governmental funds	\$ 94,435
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.	14,500
Increase in compensated absences	<u>(1,513)</u>
Change in Net Position	<u><u>\$ 107,422</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
COMBINED STATEMENT OF REVENUES AND EXPENDITURES--BUDGET
(NON-GAAP) AND ACTUAL-GENERAL FUND
Year Ended June 30, 2013**

	General Fund			VARIANCE Favorable (Unfavorable)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUE				
Residential/non-residential taxes	\$ 8,196	8,196	8,267	71
Rent and leases	18,000	18,000	12,907	(5,093)
Refunds	1,000	1,000	16,892	15,892
Fees-users	-	-	1,200	1,200
Interest income	250	250	48	(202)
State equalization	2,243,075	2,359,624	2,359,085	(539)
State and local grants	-	-	(67,285)	(67,285)
State programs	148,079	156,457	157,113	656
Donations	-	-	70	70
Insurance recoveries	-	-	182	182
Other revenue	6,319	6,319	-	(6,319)
Federal program	-	-	-	-
TOTAL REVENUE	2,424,919	2,549,846	\$ 2,488,479	(61,367)
Cash balance budgeted	120,172	120,692		
TOTAL REVENUE & CASH	\$ 2,545,091	2,670,538		
EXPENDITURES				
Current				
Instruction	\$ 1,517,638	1,566,187	1,520,612	45,575
Support services				
Support services-students	133,318	133,318	126,821	6,497
Support services-instruction	107,807	126,807	118,256	8,551
Support services-general administration	147,172	163,172	144,400	18,772
Support services-school administration	45,249	45,249	44,739	510
Central services	31,200	41,200	35,239	5,961
Operations & maintenance of plant	387,079	410,079	333,350	76,729
Student transportation	131,400	140,298	140,298	-
Other Support Services	645	645	-	645
Food services-operations	43,583	43,583	28,325	15,258
TOTAL EXPENDITURES	\$ 2,545,091	2,670,538	2,492,040	178,498
Excess (deficiency) of revenues over expenditures	\$ -	-	(3,561)	117,131
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(3,561)	(3,561)
Fund Balance June 30, 2012	-	-	83,657	83,657
Fund Balance June 30, 2013	\$ -	-	80,096	80,096
Reconciliation to GAAP Basis:				
Adjustments to revenues		\$ 86,907		
Adjustments to expenditures		(7,550)		
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)		\$ 75,796		

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--TITLE I
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal revenue	\$ 71,103	85,472	69,354	(16,118)
TOTAL REVENUE	<u>71,103</u>	<u>85,472</u>	<u>\$ 69,354</u>	<u>(16,118)</u>
 Cash balance budgeted	<u>-</u>	<u>-</u>		
 TOTAL REVENUE & CASH	<u>\$ 71,103</u>	<u>85,472</u>		
 EXPENDITURES				
Current				
Instruction	71,103	85,472	69,354	16,118
TOTAL EXPENDITURES	<u>\$ 71,103</u>	<u>85,472</u>	<u>69,354</u>	<u>16,118</u>
 Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
 Other Financing Sources				
Transfers in (out)	<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 balances	-	-	-	-
 Fund balance				
June 30, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance				
June 30, 2013	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ 9,589	
Adjustments to expenditures			<u>(9,589)</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--IDEA-B ENTITLEMENT
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Refund	\$ -	-	-	-
Federal revenue	59,036	77,873	79,266	1,393
TOTAL REVENUE	59,036	77,873	\$ 79,266	1,393
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	\$ 59,036	77,873		
EXPENDITURES				
Current				
Instruction	21,808	40,645	42,038	(1,393)
Support services				
Support services-students	37,228	37,228	37,228	-
TOTAL EXPENDITURES	\$ 59,036	77,873	79,266	(1,393)
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance				
June 30, 2012	-	-	-	-
Fund balance				
June 30, 2013	\$ -	-	-	-
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ (20,365)	
Adjustments to expenditures			20,365	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--TECHNOLOGY FOR EDUCATION
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Refunds	\$ -	-	-	-
TOTAL REVENUE	-	-	<u>\$ -</u>	-
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	-		
EXPENDITURES				
Current				
Instruction	-	-	230	(230)
TOTAL EXPENDITURES	<u>\$ -</u>	-	<u>230</u>	<u>(230)</u>
Excess (deficiency) of revenues over expenditures	\$ -	-	(230)	(230)
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(230)	(230)
Fund balance				
June 30, 2012	-	-	15,098	15,098
Fund balance				
June 30, 2013	<u>\$ -</u>	-	<u>14,868</u>	<u>14,868</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>230</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--SENATE BILL 9
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/non-residential taxes	\$ 32,784	32,784	33,027	243
Refunds	-	-	-	-
Interest Income	-	-	-	-
State programs	-	-	448	448
Prior year balances	253,003	253,003	-	(253,003)
TOTAL REVENUE	285,787	285,787	\$ 33,475	(252,312)
Cash balance budgeted	111,634	111,634		
TOTAL REVENUE & CASH	\$ 397,421	397,421		
EXPENDITURES				
Current				
Support services				
Support services-general administration	305	305	315	(10)
Acquisition & Construction	397,116	397,116	147,708	249,408
TOTAL EXPENDITURES	\$ 397,421	397,421	148,023	249,398
Excess (deficiency) of revenues over expenditures	\$ -	-	(114,548)	(2,914)
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(114,548)	(114,548)
Fund balance				
June 30, 2012	-	-	114,548	114,548
Fund balance				
June 30, 2013	\$ -	-	-	-
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ 210,878	
Adjustments to expenditures			(81,926)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 14,404	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
Year Ended June 30, 2013**

ASSETS

Pooled cash	\$	77,457
Due from other Governments		-
Total Assets	\$	<u>77,457</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Due to student groups	\$	<u>77,457</u>
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See Notes to Financial Statements.

FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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, *The Financial Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units*. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the school district.

FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For the most part, the effect of interfund activity has been removed from these statements. The Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities which rely, to a significant extent, on fees and charges for support.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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, net of estimated refunds and estimated uncollectable amounts, in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Ad valorem taxes (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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

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

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted for special purposes.

The *Capital Project Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund):

TITLE I IASA – The Title I project provides remedial instruction in language arts for educationally deprived students in low- income areas. The Federal Government through the New Mexico State Department of Education under the Elementary funds the project and Secondary Education Act of 1965, Title I, Chapter I, part A, 20 U.S.C. 2701 et seq. Reported as a special revenue fund.

IDEA B – ENTITLEMENT BUDGET- 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.

FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TECHNOLOGY FOR EDUCATION – To account for distributions received from the Educational Technology fund for the expansion and improvement of technology in education. These funds are restricted to expenditure by New Mexico Statutes and the schools approved long-term technology plan. Authority for the creation of this fund is NMSA 22-15A-1 to 22-15A-10.

SENATE BILL-9 – To account for 2.0 mill levy restricted by board resolution for erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, improving school grounds and maintenance of school buildings and grounds, exclusive of salary expense of employees. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10.

The government also reports the following fund types:

Governmental funds:

Nonmajor Special Revenue Funds - The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund.

Nonmajor Capital Project Fund - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Fiduciary funds:

Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The District has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the district's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes.

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities.

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Equity

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

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds of the District must follow the above investment policies.

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

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

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

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

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

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

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

Inventories: The food inventories are valued at cost using the first-in/first-out (FIFO) method. USDA Commodities are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an initial useful life extending beyond a single reporting period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction expenditures paid by the New Mexico Public Facilities Authority are included in the District's disclosures and financial statements when appropriate. For the fiscal year ended June 30, 2013, there were no projects paid by the New Mexico Public Facilities Authority.

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

Building & Improvements	25-75 years
Equipment & Vehicles	5-50 years

Compensated Absences: The District has provided a compensated leave program to its twelve month employees. Upon severance, a qualifying employee may receive payment for unused leave up to the amount accrued in each of the two prior years.

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Indirect Costs: The School District's General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

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

FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position or Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

Invested in capital assets, net of related debt: Consists of capital assets including restricted 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.

Restricted Net Position: Consists of net position 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. Descriptions for the related restrictions for net position are restricted for “debt service or capital projects”.

Unrestricted Net Position: All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The Government-wide Statement of Net Position reports \$177,100 of restricted net position of which \$177,100 is restricted by enabling legislation.

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

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for financial statements for periods beginning after June 15, 2010. Accordingly, the District has adopted this statement effective with the 2010-2011 fiscal year. Statement No. 54 is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types.

Fund Balance – the difference between assets and liabilities in the governmental fund financial statements. Fund balance is among the most widely and frequently used information in state and local government financial reports. GASB developed Statement No. 54 to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standards establish a hierarchy of fund balance classifications based primarily on the extent to which a government is bound to observe spending constraints imposed upon how resources reported in governmental funds may be used.

FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 54 distinguishes fund balances based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts are reported in the following classifications:

Nonspendable – portion of net resources that cannot be spent because of their form or because they must remain intact.

Restricted – amounts constrained by external parties, constitutional provision, or enabling legislation.

Committed – amounts constrained by a government using its highest level of decision-making authority. The Board of Education is the highest level of decision making authority.

Assigned – amounts a government intends to use for a particular purpose.

Unassigned – amounts that are not constrained at all will be reported in the general fund.

Statement No. 54 also clarifies the definitions of individual governmental fund types. It interprets certain terms within the definition of special revenue fund types, while further clarifying the debt service and capital projects fund type definitions. The final standard also specifies how economic stabilization or “rainy-day” amounts should be reported.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that it reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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.

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 ensure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 8-25, NMSA 1978) is at least equal to the school district's program cost".

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

FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$2,359,085 in state equalization guarantee distributions during the year ended June 30, 2013.

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 \$139,778 in transportation distributions during the year ended June 30, 2013.

Recent Accounting Pronouncements

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement, which is effective for financial statements for periods beginning after June 15, 2012, provides, among other things, additional guidance to primary governments that are business-type activities reporting financial information in a single column. New guidance, which includes reporting a blended component unit, allows users to better distinguish between the primary government and its component unit by requiring condensed combining information in the notes to the financial statements. The District adopted GASB Statement No. 61 during fiscal year 2013, with no effect to the District's financial statements.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement, which is effective for financial statements for periods beginning after December 15, 2011, supersedes GASB Statement No. 20. The District adopted GASB Statement No. 62 during fiscal year 2013, and its provisions were applied retroactively for all periods presented. Adoption of GASB Statement No. 62 did not materially affect the District's financial statements.

In June 2012, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes standards for reporting deferred outflows and deferred inflows of resources and net position. The statement requires reporting of deferred outflows of resources (consumption of net position applicable to future periods) and deferred inflows of resources (acquisition of net position applicable to future periods) in separate sections of the balance sheet following assets and liabilities. The difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources equals net position and net position should be displayed in three components as: net investment in capital assets, restricted, and unrestricted. GASB Statement No. 63 is effective for financial statement periods beginning after December 15, 2011. The District adopted the provisions of the statement in fiscal year 2013. The adoption of GASB Statement No. 63 did not materially affect the District's financial statements. Furthermore, at June 30, 2013, the District had no items meeting the criteria of deferred outflows of resources or deferred inflows of resources.

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In March 2011, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65, which is effective for financial statements for periods beginning after December 15, 2012, amends or supersedes accounting and financial reporting guidance for certain items previously reported as assets or liabilities. The District will adopt GASB Statement No. 65 in fiscal year 2014 by retroactively restating financial statements for all periods presented.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$14,500 difference is as follows:

Capital Outlay	\$145,000
Depreciation Expense	<u>(130,500)</u>
Net adjustments to increase net changes in fund balances – total government funds to arrive at changes in net position of governmental activities	<u>\$14,500</u>

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013**

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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:

- In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
- In May or June, the budget is approved by the Board of Education
- The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, the school board and the State of New Mexico Department of Education must approve any revisions that alter the total expenditures of any fund.
- Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.
- The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2013 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	Original Budget	Final Budget
General Fund	\$ 2,545,091	\$ 2,670,538
Special Revenue Fund	303,796	375,626
Capital Projects Fund	397,421	402,421
Totals	\$ 3,246,308	\$ 3,448,585

NOTE 4. CASH AND TEMPORARY INVESTMENTS

At June 30, 2013, the carrying amount of the District's deposits was \$230,517 and the bank balance was \$362,732. Of this balance \$250,000 was covered by federal depository insurance and \$112,732 was covered by collateral held in joint safekeeping by a third party in the entity's name.

FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4. CASH AND TEMPORARY INVESTMENTS (CONTINUED)

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution.

The collateral pledged is shown as listed in the table of contents of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

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

NOTE 5. CUSTODIAL CREDIT RISK - DEPOSITS

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

Custodial risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2013, none of the District's deposits totaling \$367,732 were exposed to custodial credit risk.

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013**

NOTE 6. DUE TO AND FROM OTHER FUNDS

Interfund loans as of year-end for the government's individual major funds and non-major funds in the aggregate, include the following:

Due to Operational Fund	
Title I	\$ 27,237
IDEA-B Entitlement	20,506
Technology for Education	14,558
Senate Bill 9	77,863
IDEA-B Preschool	6,112
IDEA-B Risk Pool	273
Teacher/Principal Training	3,412
Even-Start Family Literacy	6,200
2010 GO Bonds – Middle School	4,478
Capital Outlay - State	<u>5,000</u>
Total due to Operational Fund	\$ <u>165,639</u>

The balance of \$165,639 resulted from loans made to establish working capital for the individual funds. All loans are considered to be repaid within one year.

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Grant draw-downs prior to meeting all eligibility requirements	\$ 4,480
Delinquent Property Taxes	<u>-</u>
Total deferred/unearned revenue for governmental funds	\$ <u>4,480</u>

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7. RECEIVABLES

Due from other governments:	
General	\$ 3,157
Title I	27,237
IDEA-B Entitlement	20,506
Senate Bill 9	211,326
IDEA-B Preschool	5,223
IDEA-B Risk Pool	273
Teacher/Principal Training	3,412
Even-Start Family Literacy	6,200
2010 GO Bonds – Middle School	4,478
Capital Outlay State	<u>5,000</u>
Total due from other governments	\$ <u>286,812</u>

Due from local taxes	
General	\$ 112
Senate Bill 9	<u>-</u>
Total Property Tax Receivable	\$ <u>112</u>

FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance 6/30/2012 as restated	Increases	Decreases	Balance 6/30/2013
Capital assets, not depreciated				
Land	\$ 5,000	-	-	5,000
Total not depreciated	\$ 5,000	-	-	5,000
Capital Assets, depreciated				
Buildings & Improvements	3,360,176	145,000	-	3,505,176
Equipment	69,318	-	-	69,318
Land Improvements	494,803	-	-	494,803
Vehicles	514,204	-	-	514,204
Total depreciated	4,438,501	145,000	-	4,583,501
Accumulated depreciation for				
Buildings & Improvements	1,968,592	84,011	-	2,052,603
Equipment	35,067	4,292	-	39,359
Land Improvements	272,497	14,726	-	287,223
Vehicles	295,948	27,471	-	323,419
Total accumulated depreciation	2,572,104	130,500	-	2,702,604
Total capital assets, depreciated net	\$ 1,866,397	14,500	-	1,880,897

Depreciation expense for the year ended June 30, 2013 was charged to governmental activities as follows:

Instruction	\$ 102,014
Support Services - Students	10,664
Support Services - Instruction	6,900
Support Services - General	8,442
Support Services – School	<u>2,480</u>
Total due from other governments	\$ <u>130,500</u>

NOTE 9. COMPENSATED ABSENCES

During the year ended June 30, 2013, the following changes occurred in accrued compensated absences:

Balance June 30, 2012	Leave Used	Leave Accrued	Balance June 30, 2013	Amount Due in One Year
\$ 21,072	7,747	9,260	22,585	\$ 7,747

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. Annual financial reports can be obtained from NMPSIA or viewed on their website at <https://nmpsia.com/information.html>.

NOTE 11. CONTINGENT LIABILITIES

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

NOTE 12. PENSION PLAN – Educational Retirement Board

Plan Description: Substantially all of the District's 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, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy: Plan members earning \$20,000 or less annually are required by statute to contribute 7.90% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 9.40% of their gross salary in fiscal year 2013 and will be required to contribute 10.10% of their gross salary in fiscal year 2014. In fiscal year 2013, the District was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less annually, and 10.90% of the gross covered salary of employees earning more than \$20,000 annually. In fiscal year 2014, the District will contribute 13.15% of the gross covered salary of all employees. The contribution requirements of plan members

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

NOTE 12. PENSION PLAN – Educational Retirement Board (CONTINUED)

and the District are established by State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2013, 2012, and 2011, were \$181,471, \$159,643, and \$210,801 respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 13. POST-EMPLOYMENT BENEFITS – State Retiree Health Care Plan

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

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; (3) former legislators who served at least two years; and (4) former governing authority members who served at least four years.

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

Funding Policy: The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of \$5.00 if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

NOTE 13. POST-EMPLOYMENT BENEFITS - State Retiree Health Care Plan (CONTINUED)

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. During the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.000% of each participating employee's annual salary; each participating employee was required to contribute 1.000% of their salary. Rate increases have been deferred until the fiscal year ended June 30, 2015, so there will not be any rate increases for the year ended June 30, 2014.

Employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the NMRHCA based on one of two formulas at agreed-upon intervals.

The NMRHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the NMRHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The District's contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011 were \$33,193, \$15,846 and \$29,606, respectively, which equal the required contributions for each year.

NOTE 14. OVERSPENT BUDGET LINE ITEMS

As stated in the finding 2006-03 the District had expended in excess of the budget as listed in the finding.

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

NOTE 15. FUND BALANCES, GOVERNMENTAL FUNDS

On the Balance Sheets – Governmental Funds, the fund balances are reported in the aggregate using the classifications defined by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances by classification for the year ended June 30, 2013 were as follows:

Fund Balance	General Fund	Technology for Education	SB - 9	Other Governmental Funds	Total
Non-Spendable					
Inventory	\$ -	-	-	1,892	1,892
Restricted					
Capital Improvements	-	-	-	208	208
Athletics	-	-	-	18,486	18,486
Cafeteria	-	-	-	24,063	24,063
Instructional Materials	3,343	-	-	-	3,343
Senate Bill Nine	-	-	128,848	-	128,848
Transportation	520	-	-	-	520
Technology	-	310	-	-	310
Rural Education	-	-	-	697	697
Education Job	-	-	-	45	45
Unassigned					
Unassigned bal.	237,591	-	-	-	237,591
	\$ 241,454	310	128,848	45,391	416,003

NOTE 16. PRIOR PERIOD ADJUSTMENT

In prior years, the District had not prepared the listing of capital assets; however, this year the District was able to compile a listing of capital assets along with the associated calculation of depreciation and accumulated depreciation. The following adjustments were necessary to reconcile the District's beginning capital asset balances in the prior fiscal year, to the true balance of the capital assets per the recently compiled listing: the June 30, 2012 beginning balance for Land, Building & Improvements, and Equipment were reduced by \$55,000, \$6,380,546, and 1,470,428 respectively; the June 30, 2012 beginning balance for Land Improvements and Vehicles were increased by \$494,803 and \$514,204 respectively; the June 30, 2012 beginning balance for accumulated depreciation for Land Improvements and Vehicles were increased by \$272,497 and \$295,948 respectively; and the June 30, 2012 beginning balance for accumulated depreciation for Buildings & Improvements and Equipment were reduced by \$7,425,647 and \$692,883 respectively.

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 COMBINING BALANCE SHEET-GENERAL FUND
 June 30, 2013

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
ASSETS					
Cash on deposit	\$ 47,919	520	186	31,471	80,096
Due from other funds	165,639	-	-	-	165,639
Due from other governments	-	-	3,157	-	3,157
Taxes receivable	112	-	-	-	112
TOTAL ASSETS	\$ 213,670	520	3,343	31,471	249,004
LIABILITIES					
Accounts Payable	\$ 7,550	-	-	-	7,550
	7,550	-	-	-	7,550
FUND BALANCE					
Restricted	-	520	3,343	-	3,863
Unassigned	206,120	-	-	31,471	237,591
TOTAL FUND BALANCE	206,120	520	3,343	31,471	241,454
TOTAL LIABILITIES AND FUND BALANCE	\$ 213,670	520	3,343	31,471	249,004

See Notes to Financial Statements.

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 STATEMENT OF REVENUES, EXPENDITURES AND AND CHANGES
 IN FUND BALANCES -- GENERAL FUND
 Year Ended June 30, 2013

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
REVENUES					
Residential/non-residential taxes:	\$ 8,267	-	-	-	8,267
Rent and leases	4,207	-	-	8,700	12,907
Refunds	16,892	-	-	-	16,892
Fees users	1,200	-	-	-	1,200
Interest income	48	-	-	-	48
State equilization	2,359,085	-	-	-	2,359,085
State programs	19,622	139,778	17,335	-	176,735
Donations	70	-	-	-	70
Insurance recoveries	182	-	-	-	182
Federal program	-	-	-	-	-
<i>Total revenues</i>	<u>2,409,573</u>	<u>139,778</u>	<u>17,335</u>	<u>8,700</u>	<u>2,575,386</u>
EXPENDITURES					
Instruction	1,503,728	-	16,884	-	1,520,612
Support services					
Support services-students	126,821	-	-	-	126,821
Support services-instruction	118,256	-	-	-	118,256
Support services-general administration	151,950	-	-	-	151,950
Support services-school administration	44,739	-	-	-	44,739
Central services	35,239	-	-	-	35,239
Operations & maintenance of plant	323,986	-	-	9,364	333,350
Student transportation	-	140,298	-	-	140,298
Food services-operations	28,325	-	-	-	28,325
Acquisitions & construction	-	-	-	-	-
TOTAL EXPENDITURES	<u>2,333,044</u>	<u>140,298</u>	<u>16,884</u>	<u>9,364</u>	<u>2,499,590</u>
Excess (deficiency) of revenues over expenditures	76,529	(520)	451	(664)	75,796
Other Financing Sources (uses)					
Transfers in/transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	76,529	(520)	451	(664)	75,796
FUND BALANCE, June 30, 2012	<u>129,591</u>	<u>1,040</u>	<u>2,892</u>	<u>32,135</u>	<u>165,658</u>
FUND BALANCE, June 30, 2013	<u>\$ 206,120</u>	<u>520</u>	<u>3,343</u>	<u>31,471</u>	<u>241,454</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--GENERAL FUND--OPERATIONAL
 Year Ended June 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUES				
Residential/non-residential taxes	\$ 8,196	8,196	8,267	71
Rent and leases	6,000	6,000	4,207	(1,793)
Fees-users	-	-	1,200	1,200
Interest income	250	250	48	(202)
State equalization	2,243,075	2,359,624	2,275,335	(84,289)
State programs	2,500	2,500	19,622	17,122
Donations	-	-	70	70
Federal program	-	-	-	-
Refunds	1,000	1,000	16,892	15,892
Insurance recoveries	-	-	182	182
Other revenue	6,319	6,319	-	(6,319)
TOTAL REVENUE	2,267,340	2,383,889	\$ 2,325,823	(58,066)
Cash balance budgeted	87,880	87,880		
TOTAL REVENUE AND CASH	\$ 2,355,220	2,471,769		
EXPENDITURES				
Current				
Instruction	\$ 1,500,476	1,549,025	1,503,728	45,297
Support services				
Support services-students	133,318	133,318	126,821	6,497
Support services-instruction	107,807	126,807	118,256	8,551
Support services-general administration	147,172	163,172	151,950	11,222
Support services-school administration	45,249	45,249	44,739	510
Central services	31,200	41,200	35,239	5,961
Operations & maintenance of plant	345,770	368,770	316,436	52,334
Other support services	645	645	-	645
Food services-operations	43,583	43,583	28,325	15,258
TOTAL EXPENDITURES	\$ 2,355,220	2,471,769	2,325,494	146,275
Excess (deficiency) of revenues over expenditures	\$ -	-	329	88,209
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	329	329
Fund balance				
June 30, 2012	-	-	47,590	47,590
Fund balance				
June 30, 2013	\$ -	-	47,919	47,919
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ 83,750	
Adjustments to expenditures			(7,550)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 76,529	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--TRANSPORTATION FUND
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State programs	\$ 131,400	139,778	139,778	-
TOTAL REVENUE	131,400	139,778	\$ 139,778	-
Cash balance budgeted	-	520		
TOTAL REVENUE & CASH	\$ 131,400	140,298		
EXPENDITURES				
Current				
Student transportation	131,400	140,298	140,298	-
TOTAL EXPENDITURES	\$ 131,400	140,298	140,298	-
Excess (deficiency) of revenues over expenditures	\$ -	-	(520)	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(520)	(520)
Fund balance				
June 30, 2012	-	-	1,040	1,040
Fund balance				
June 30, 2013	\$ -	-	520	520
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (520)	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--INSTRUCTIONAL MATERIALS FUND
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Refunds	\$ -	-	-	-
State programs	14,179	14,179	14,178	(1)
TOTAL REVENUE	14,179	14,179	\$ 14,178	(1)
Cash balance budgeted	2,983	2,983		
TOTAL REVENUE & CASH	\$ 17,162	17,162		
EXPENDITURES				
Current				
Instruction	17,162	17,162	16,884	278
TOTAL EXPENDITURES	\$ 17,162	17,162	16,884	278
Excess (deficiency) of revenues over expenditures	\$ -	-	(2,706)	277
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(2,706)	(2,706)
Fund balance June 30, 2012	-	-	2,892	2,892
Fund balance June 30, 2013	\$ -	-	186	186
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ 3,157	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 451	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--TEACHERAGE
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Rent and leases	\$ 12,000	12,000	8,700	(3,300)
TOTAL REVENUE	12,000	12,000	\$ 8,700	(3,300)
Cash balance budgeted	29,309	29,309		
TOTAL REVENUE & CASH	\$ 41,309	41,309		
EXPENDITURES				
Current				
Operation & maintenance of plant	41,309	41,309	9,364	31,945
TOTAL EXPENDITURES	\$ 41,309	41,309	9,364	31,945
Excess (deficiency) of revenues over expenditures	\$ -	-	(664)	28,645
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(664)	(664)
Fund balance				
June 30, 2012	-	-	32,135	32,135
Fund balance				
June 30, 2013	\$ -	-	31,471	31,471
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (664)	

See Notes to Financial Statements.

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The creation of special revenue funds is authorized by the Village Council.

CAFETERIA – To account for financing for the 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, New Mexico Statutes Annotated, State Law 22-13-13.

ATHLETICS – To account for revenues received from non-instructional activities for use in the District's athletic and other non-instructional programs. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund. Authority for this fund is the New Mexico Administrative Code 6.20.2.

IDEA B PRESCHOOL – 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 the Individuals with Disabilities Education Act, Part B, Sec. 611, as amended; Public Law 105-17.

IDEA B RISK POOL – To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Authority for the creation of this fund is the 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.

ENHANCING EDUCATION THROUGH TECHNOLOGY – To account for grant revenue and expenditures used to improve student academic achievement through the use of technology in schools, to assist all students in becoming technologically literate by the end of the eighth grade, and to encourage the effective integration of technology with teacher training and curriculum development to establish successful research-based instructional methods. Authority to create this fund is given under the Elementary and Secondary Education Act of 1965, Title II, Part D, Subparts 1 and 2, as amended.

TEACHER/PRINCIPAL TRAINING –To provide grants to State Education Agencies on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 as amended; Title II, Part A, Public Law 107-110.

RURAL EDUCATION – To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in rural schools. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

EDUCATION JOB FUND – This fund was created to account for the District's allocation of funds intended to give the District a boost to save teacher jobs. Funding and authority for this fund comes from the American Recovery and Reinvestment Act.

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

SPECIAL REVENUE FUNDS (CONTINUED)

DUAL CREDIT TEXTBOOKS – To purchase college textbooks for students who dual enroll in college credit courses while still attending high school. Authority for the creation of this fund is New Mexico state statute.

EVEN-START FAMILY LITERACY PROGRAM – This Fund is used to account for family literacy services for parents with low literacy skills or who have limited English proficiency, and their children. Authority for the creation of this fund is Title I, Subpart 3 of the Elementary and Secondary Education Act of 1965 (ESEA). The program was reauthorized by the Literacy Involves Families Together (LIFT) Act of 2000 and the No Child Left Behind Act of 2001.

BEGINNING TEACHER MENTORING PROGRAM – to account for funds used to pay stipends to teachers as mentors and to hire new teachers. This fund was created by the authority of the State Legislature.

READING MATERIALS – This fund is used to account for the revenues and expenditures used to assist schools in improving their reading materials to more scientifically researched materials. Funding and authority for this program was provided by HB 225 passed by the New Mexico State Legislature.

2010 GO BONDS – MIDDLE SCHOOL – This fund is used to account for the revenue and expenditures to acquire supplementary library books, equipment, and library resources for public school and juvenile detention libraries statewide.

STATE DIRECTED ACTIVITIES – The purpose of this fund is used to account for a program funded by a State grant to assist the REC in providing free appropriate public education to all handicapped children. Funding authorized by the individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U.S.C. 1411-1420. The fund was created by the authority of federal grant provisions.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

CAPITAL OUTLAY – STATE – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading school facilities.

PUBLIC SCHOOL CAPITAL OUTLAY 20% – To account for monies to be set aside out of Impact Aid, Forest Reserve, and Local taxes for capital improvements in public schools. Authority for the creation of this fund is Section 22-8-5 NMSA 1978.

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS
 June 30, 2013

	CAFETERIA	ATHLETICS	IDEA-B PRESCHOOL	IDEA-B RISK POOL
ASSETS				
Cash on deposit	\$ 24,063	18,486	889	-
Due from other governments	-	-	5,223	273
Due from other funds	-	-	-	-
Inventory	1,892	-	-	-
TOTAL ASSETS	\$ 25,955	18,486	6,112	273
LIABILITIES AND FUND BALANCE				
Due to other funds	\$ -	-	6,112	273
Accounts payable	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	-	-	6,112	273
FUND BALANCE				
Unspendable	1,892	-	-	-
Restricted	24,063	18,486	-	-
TOTAL FUND BALANCE	25,955	18,486	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 25,955	18,486	6,112	273

See Notes to Financial Statements.

ENHANCED EDUCATION	TEACHER/ PRINCIPAL TRAINING	RURAL EDUCATION	EDUCATION JOB FUND	DUAL CREDIT TEXTBOOKS	EVEN-START FAMILY LITERACY
728	-	697	45	-	-
-	3,412	-	-	-	6,200
-	-	-	-	-	-
-	-	-	-	-	-
728	3,412	697	45	-	6,200
-	3,412	-	-	-	6,200
-	-	-	-	-	-
728	-	-	-	-	-
728	3,412	-	-	-	6,200
-	-	-	-	-	-
-	-	697	45	-	-
-	-	697	45	-	-
728	3,412	697	45	-	6,200

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS
 June 30, 2013

	BEGINNING		2010 GO	
	TEACHER	READING	BONDS	STATE
	MENTORING	MATERIALS	MIDDLE	DIRECTED
			SCHOOL	ACTIVITIES
ASSETS				
Cash on deposit	\$ 3,659	93	-	-
Due from other governments	-	-	4,478	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
TOTAL ASSETS	\$ 3,659	93	4,478	-
LIABILITIES AND FUND BALANCE				
Due to other funds	\$ -	-	4,478	-
Accounts payable	-	-	-	-
Deferred revenue	3,659	93	-	-
TOTAL LIABILITIES	3,659	93	4,478	-
FUND BALANCE				
Unspendable	-	-	-	-
Restricted	-	-	-	-
TOTAL FUND BALANCE	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,659	93	4,478	-

See Notes to Financial Statements.

TOTAL NONMAJOR SPECIAL REVENUE FUNDS	CAPITAL OUTLAY STATE	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
48,660	-	208	208	48,868
19,586	5,000	-	5,000	24,586
-	-	-	-	-
1,892	-	-	-	1,892
70,138	5,000	208	5,208	75,346
20,475	5,000	-	5,000	25,475
-	-	-	-	-
4,480	-	-	-	4,480
24,955	5,000	-	5,000	29,955
1,892	-	-	-	1,892
43,291	-	208	208	43,499
45,183	-	208	208	45,391
70,138	5,000	208	5,208	75,346

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE-CAPITAL PROJECT FUNDS
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2013**

	CAFETERIA	ATHLETICS	IDEA-B PRESCHOOL	IDEA-B RISK POOL
REVENUE				
Residential/non-residential taxes	\$ -	-	-	-
Fees activities	-	13,445	-	-
Fees-users	10,634	-	-	-
Interest income	-	-	-	-
State and local grants	-	-	-	-
State programs	-	-	-	-
Donations	-	-	-	-
Federal program	108,804	-	14,431	273
TOTAL REVENUE	119,438	13,445	14,431	273
EXPENDITURES				
Current				
Instruction	-	10,955	14,431	273
Support services	-	-	-	-
Support services-students	-	-	-	-
Support services-instruction	-	-	-	-
Support services-general administration	-	-	-	-
Support services-school administration	-	-	-	-
Central services	-	-	-	-
Operations & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services-operations	118,451	-	-	-
Community services-operations	-	-	-	-
Acquisitions & construction	-	-	-	-
TOTAL EXPENDITURES	118,451	10,955	14,431	273
Excess (deficiency) of revenues over expenditures	987	2,490	-	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	987	2,490	-	-
Fund balance, June 30, 2012	24,968	15,996	-	-
Fund balance, June 30, 2013	\$ 25,955	18,486	-	-

See Notes to Financial Statements.

ENHANCED EDUCATION	TEACHER/ PRINCIPAL TRAINING	RURAL EDUCATION	EDUCATION JOB FUND	DUAL CREDIT TEXTBOOKS	EVEN-START FAMILY LITERACY
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	879	6,200
-	-	-	-	-	-
-	-	-	-	580	-
-	3,412	27,126	-	-	-
-	3,412	27,126	-	1,459	6,200
-	3,412	26,948	-	879	-
-	-	-	-	-	-
-	-	-	-	-	6,200
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,412	26,948	-	879	6,200
-	-	178	-	580	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	178	-	580	-
-	-	519	45	(580)	-
-	-	697	45	-	-

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-CAPITAL PROJECT FUNDS
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2013**

	BEGINNING	READING	2010 GO	STATE
	TEACHER	MATERIALS	BONDS	DIRECTED
	MENTORING		MIDDLE	ACTIVITIES
			SCHOOL	
REVENUE				
Residential/non-residential taxes	\$ -	-	-	-
Fees activities	-	-	-	-
Fees-users	-	-	-	-
Interest income	-	-	-	-
State and local grants	-	-	4,478	53,676
State programs	-	-	-	-
Donations	-	-	-	-
Federal program	-	-	-	-
TOTAL REVENUE	-	-	4,478	53,676
EXPENDITURES				
Current				
Instruction	-	-	4,478	25,379
Support services				
Support services-students	-	-	-	28,297
Support services-instruction	-	-	-	-
Support services-general administration	-	-	-	-
Support services-school administration	-	-	-	-
Central services	-	-	-	-
Operations & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services-operations	-	-	-	-
Community services-operations	-	-	-	-
Acquisitions & construction	-	-	-	-
TOTAL EXPENDITURES	-	-	4,478	53,676
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance, June 30, 2012	-	-	-	-
Fund balance, June 30, 2013	\$ -	-	-	-

See Notes to Financial Statements.

TOTAL NONMAJOR SPECIAL REVENUE FUNDS	CAPITAL OUTLAY STATE	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
-	-	-	-	-
13,445	-	-	-	13,445
10,634	-	-	-	10,634
-	-	-	-	-
65,233	5,000	-	5,000	70,233
-	-	-	-	-
580	-	-	-	580
154,046	-	-	-	154,046
243,938	5,000	-	5,000	248,938
86,755	-	-	-	86,755
28,297	-	-	-	28,297
6,200	-	-	-	6,200
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
118,451	-	-	-	118,451
-	-	-	-	-
-	5,000	-	5,000	5,000
239,703	5,000	-	5,000	244,703
4,235	-	-	-	4,235
-	-	-	-	-
-	-	-	-	-
4,235	-	-	-	4,235
40,948	-	208	208	41,156
45,183	-	208	208	45,391

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--CAFETERIA
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees-users	\$ 19,275	19,275	10,634	(8,641)
Federal revenue	100,000	100,000	108,804	8,804
TOTAL REVENUE	119,275	119,275	\$ 119,438	163
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	\$ 119,275	119,275		
EXPENDITURES				
Current				
Food services-operations	119,275	119,275	118,451	824
TOTAL EXPENDITURES	\$ 119,275	119,275	118,451	824
Excess (deficiency) of revenues over expenditures	\$ -	-	987	987
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	987	987
Fund balance				
June 30, 2012	-	-	23,076	23,076
Fund balance				
June 30, 2013	\$ -	-	24,063	24,063
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 987</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--ATHLETICS
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees activities	\$ 11,800	11,800	13,445	1,645
Interest income	360	360	-	(360)
TOTAL REVENUE	<u>12,160</u>	<u>12,160</u>	<u>\$ 13,445</u>	<u>1,285</u>
Cash balance budgeted	<u>15,592</u>	<u>15,592</u>		
TOTAL REVENUE & CASH	<u>\$ 27,752</u>	<u>27,752</u>		
EXPENDITURES				
Current				
Instruction	27,752	27,752	10,955	16,797
TOTAL EXPENDITURES	<u>\$ 27,752</u>	<u>27,752</u>	<u>10,955</u>	<u>16,797</u>
Excess (deficiency) of revenues over expenditures	\$ -	-	2,490	18,082
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	2,490	2,490
Fund balance				
June 30, 2012	-	-	15,996	15,996
Fund balance June 30, 2013	\$ -	-	<u>18,486</u>	<u>18,486</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues		\$ -		
Adjustments to expenditures		-		
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 2,490</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--IDEA B PRESCHOOL
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal revenue	\$ 12,401	14,654	15,320	666
TOTAL REVENUE	12,401	14,654	<u>\$ 15,320</u>	<u>666</u>
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	\$ 12,401	14,654		
EXPENDITURES				
Current				
Instruction	12,401	14,654	14,431	223
TOTAL EXPENDITURES	\$ 12,401	14,654	14,431	223
Excess (deficiency) of revenues over expenditures	\$ -	-	889	889
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	889	889
Fund balance				
June 30, 2012	-	-	-	-
Fund balance				
June 30, 2013	\$ -	-	889	889
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ (889)	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--IDEA B RISK POOL
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal revenue	\$ -	282	-	(282)
TOTAL REVENUE	-	282	\$ -	(282)
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	\$ -	282		
EXPENDITURES				
Current				
Instruction	-	282	-	282
TOTAL EXPENDITURES	\$ -	282	-	282
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance				
June 30, 2012	-	-	-	-
Fund balance				
June 30, 2013	\$ -	-	-	-
Reconciliation to GAAP Basis:				
Adjustments to revenues		\$ 273		
Adjustments to expenditures		(273)		
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--ENHANCED EDUCATION
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal revenue	\$ -	-	-	-
TOTAL REVENUE	-	-	\$ -	-
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	\$ -	-		
EXPENDITURES				
Current				
Instruction	-	-	-	-
TOTAL EXPENDITURES	\$ -	-	-	-
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance				
June 30, 2012	-	-	728	728
Fund balance				
June 30, 2013	\$ -	-	728	728
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--TEACHER/PRINCIPAL TRAINING
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal revenue	\$ 8,029	11,813	3,600	(8,213)
TOTAL REVENUE	8,029	11,813	<u>\$ 3,600</u>	<u>(8,213)</u>
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	\$ 8,029	11,813		
EXPENDITURES				
Current				
Instruction	8,029	11,813	3,600	8,213
TOTAL EXPENDITURES	\$ 8,029	11,813	<u>3,600</u>	<u>8,213</u>
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance				
June 30, 2012	-	-	-	-
Fund balance				
June 30, 2013	\$ -	-	-	-
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ (188)	
Adjustments to expenditures			<u>188</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--RURAL EDUCATION
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal revenue	\$ -	26,948	27,126	178
TOTAL REVENUE	<u>-</u>	<u>26,948</u>	<u>\$ 27,126</u>	<u>178</u>
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>26,948</u>		
EXPENDITURES				
Current				
Instruction	-	26,948	26,948	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>26,948</u>	<u>26,948</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	\$ -	-	178	178
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	178	178
Fund balance				
June 30, 2012	-	-	519	519
Fund balance June 30, 2013	<u>\$ -</u>	<u>-</u>	<u>697</u>	<u>697</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 178</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--EDUCATION JOB FUND
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal revenue	\$ -	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Cash balance budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>-</u>		
EXPENDITURES				
Current				
Instruction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balance				
June 30, 2012	<u>-</u>	<u>-</u>	<u>45</u>	<u>45</u>
Fund balance				
June 30, 2013	<u>\$ -</u>	<u>-</u>	<u>45</u>	<u>45</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>-</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--DUAL CREDIT TEXTBOOKS
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State flow through grants	\$ -	879	879	-
Donations	-	-	580	580
TOTAL REVENUE	<u>-</u>	<u>879</u>	<u>\$ 1,459</u>	<u>580</u>
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>879</u>		
EXPENDITURES				
Current				
Instruction	-	879	1,459	(580)
TOTAL EXPENDITURES	<u>\$ -</u>	<u>879</u>	<u>1,459</u>	<u>(580)</u>
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance				
June 30, 2012	-	-	-	-
Fund balance				
June 30, 2013	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues		\$ -		
Adjustments to expenditures			580	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 580</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--EVEN START FAMILY LITERACY
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State flow through grants	\$ 6,200	6,200	-	(6,200)
TOTAL REVENUE	<u>6,200</u>	<u>6,200</u>	<u>\$ -</u>	<u>(6,200)</u>
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 6,200</u>	<u>6,200</u>		
EXPENDITURES				
Current				
Support services				
Support services-instruction	6,200	6,200	-	6,200
TOTAL EXPENDITURES	<u>\$ 6,200</u>	<u>6,200</u>	<u>-</u>	<u>6,200</u>
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance				
June 30, 2012	-	-	-	-
Fund balance				
June 30, 2013	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ 6,200	
Adjustments to expenditures			<u>(6,200)</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--BEGINNING TEACHER MENTORING PROGRAM
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State flow through grants	\$ -	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>-</u>		
EXPENDITURES				
Current				
Instruction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance				
June 30, 2012	-	-	3,659	3,659
Fund balance				
June 30, 2013	<u>\$ -</u>	<u>-</u>	<u>3,659</u>	<u>3,659</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--READING MATERIALS
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State flow through grants	\$ -	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Cash balance budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>-</u>		
EXPENDITURES				
Current				
Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Other Financing Sources				
Transfers in (out)	<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 balances	-	-	-	-
Fund balance				
June 30, 2012	<u>-</u>	<u>-</u>	<u>93</u>	<u>93</u>
Fund balance				
June 30, 2013	<u>\$ -</u>	<u>-</u>	<u>93</u>	<u>93</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>-</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--MIDDLE SCHOOL GO BONDS
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State flow through grants	\$ -	4,478	-	(4,478)
TOTAL REVENUE	<u>-</u>	<u>4,478</u>	<u>\$ -</u>	<u>(4,478)</u>
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>4,478</u>		
EXPENDITURES				
Current				
Instruction	-	4,478	-	4,478
TOTAL EXPENDITURES	<u>\$ -</u>	<u>4,478</u>	<u>-</u>	<u>4,478</u>
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance				
June 30, 2012	-	-	-	-
Fund balance June 30, 2013	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues		\$ 4,478		
Adjustments to expenditures		<u>(4,478)</u>		
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--STATE DIRECTED ACTIVITIES
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State flow through grants	\$ -	-	53,676	53,676
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 53,676</u>	<u>53,676</u>
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>-</u>		
EXPENDITURES				
Current				
Instruction	-	-	25,379	(25,379)
Support services				
Support services-students	-	-	28,297	(28,297)
TOTAL EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>53,676</u>	<u>(53,676)</u>
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance				
June 30, 2012	-	-	-	-
Fund balance				
June 30, 2013	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>-</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--CAPITAL OUTLAY - STATE
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State flow through grants	\$ -	5,000	-	(5,000)
TOTAL REVENUE	<u>-</u>	<u>5,000</u>	<u>\$ -</u>	<u>(5,000)</u>
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>5,000</u>		
EXPENDITURES				
Current				
Acquisitions and construction	-	5,000	-	5,000
TOTAL EXPENDITURES	<u>\$ -</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance				
June 30, 2012	-	-	-	-
Fund balance				
June 30, 2013	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ 5,000	
Adjustments to expenditures			<u>(5,000)</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF REVENUE AND EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL-SPECIAL REVENUE FUND--PUBLIC SCHOOL CAPITAL OUTLAY - 20%
Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State flow through grants	\$ -	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Cash balance budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>-</u>		
EXPENDITURES				
Current				
Acquisitions and construction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Other Financing Sources				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance				
June 30, 2012	-	-	208	208
Fund balance				
June 30, 2013	<u>\$ -</u>	<u>-</u>	<u>208</u>	<u>208</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES-- AGENCY FUNDS
 Year Ended June 30, 2013

	Balance 6/30/2012	ADDITIONS	DEDUCTIONS	Balance 6/30/2013
Non-instructional Support	\$ (2,745)	2,745	-	-
Special Ed	475	-	-	475
Goff Memorial	2,040	-	-	2,040
Davis Memorial	50	-	-	50
Tristhammer Scholarship	500	-	500	-
Jimmie Gordon Memorial	-	729	-	729
Recycle	10	139	-	149
Student Council	713	102	340	475
Yearbook	5,890	8,880	8,643	6,127
FCCLA	3,548	6,658	8,214	1,992
FFA	354	5,673	6,027	-
FCA	1,013	-	-	1,013
Cheerleaders	5,803	2,178	6,878	1,103
Book Fair	5,111	58	-	5,169
Poster	450	9	148	311
National Honor Society	-	33	33	-
Golden Apple - Honors English	-	1,000	296	704
A/R Prize Fund	193	-	-	193
Elementary Cheerleaders	308	317	347	278
BPA	3,253	2,512	4,787	978
HS Basketball-Girls	3,396	1,314	1,205	3,505
Football	158	-	44	114
Activity Account Super	281	5,500	4,651	1,130
Volleyball	1,502	2,455	2,882	1,075
HS Basketball-Boys	154	1,417	794	777
Track	70	-	70	-
Baseball	91	-	-	91
Music Booster Club	751	42	914	(121)
Booster Club	10,048	6,224	3,109	13,163
Pre Calculus	175	1,058	1,045	188
Sunshine	-	919	871	48
Vending	1,386	-	1,386	-
Elementary Fund	516	-	-	516
Relay for Life	77	-	30	47
Floyd Beautification	1,571	360	-	1,931
Class of 2011	1,518	-	1,518	-
Class of 2012	1,369	-	1,369	-
Class of 2013	9,936	12,833	22,265	504
Class of 2014	4,743	21,669	8,807	17,605
Class of 2015	2,395	2,078	-	4,473
Class of 2016	1,464	959	-	2,423
Class of 2017	1,704	910	215	2,399
Class of 2018	511	925	325	1,111
Class of 2019	651	888	308	1,231
Class of 2020	568	33	80	521
Class of 2021	923	-	383	540
Class of 2022	633	783	658	758
Class of 2023	418	455	37	836
Class of 2024	(51)	460	153	256
Class of 2025	362	462	563	261
Class of 2026	-	1,291	1,002	289
Total	\$ 74,286	94,068	90,897	77,457

**STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 SCHEDULE OF PLEDGED COLLATERAL
 Year Ended June 30, 2013**

	Total Deposits	FDIC Insurance	Uninsured Deposits	Collateral Required	Collateral Pledged	Uninsured/ Uncollateralized Deposits	Pledged Collateral Deficit
PORTALES NATIONAL BANK	\$ 362,412	250,000	112,412	56,206	202,088	-	-

COLLATERAL		MATURES
FNMA - 31398A3L4	\$ 100,233	9/17/2013
SAN JUAN CNTY NM ISD - 798359JC0	101,855	8/1/2014
	<u>\$ 202,088</u>	

SECURITIES HELD BY THE INDEPENDENT BANKERS BANK

**STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 BANK SUMMARY
 Year Ended June 30, 2013**

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING CHECKS	OUTSTANDING DEPOSITS	NET CASH BALANCE
PORTALES NATIONAL BANK	Checking	Operational	* \$ 172,823	17,594	-	155,229
	Checking	Activity	73,626	323	-	73,303
	Checking	Payroll Clearing	116,283	114,298	-	1,985
Total PORTALES NATIONAL BANK			<u>\$ 362,732</u>	<u>132,215</u>	<u>-</u>	<u>230,517</u>

* Interest Bearing

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
CASH RECONCILIATION
JUNE 30, 2013**

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
Cash, June 30, 2012	\$ 129,591	\$ 32,135	\$ 1,040	\$ 2,892
Add:				
2012-13 revenues	<u>2,410,522</u>	<u>8,700</u>	<u>139,778</u>	<u>14,179</u>
Total cash available	2,540,113	40,835	140,818	17,071
Less:				
2012-13 expenditures	(2,316,082)	(9,364)	(140,298)	(16,885)
Permanent cash transfers	-	-	-	-
Prior year charge backs	-	-	-	-
Charge backs (overdrafts)	-	-	-	-
Receivables/Payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2013	<u>\$ 224,031</u>	<u>\$ 31,471</u>	<u>\$ 520</u>	<u>\$ 186</u>
Cash balance reconciliation to GAAP basis:				
Audit reclassifications to cash	<u>(176,112)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash per books	<u>\$ 47,919</u>	<u>\$ 31,471</u>	<u>\$ 520</u>	<u>\$ 186</u>
Fund balance reconciliation to GAAP basis:				
Modified accrual adjustments	<u>158,201</u>	<u>-</u>	<u>-</u>	<u>3,157</u>
Fund balance, modified accrual basis	<u>\$ 206,120</u>	<u>\$ 31,471</u>	<u>\$ 520</u>	<u>\$ 3,343</u>

See Notes to Financial Statements.

Food Services 21000	Athletics 22000	Non Instructional 23000	Impact Aid Federal Flowthrough 24000	Impact Aid Federal Direct 25000	Title XIX State Flowthrough 27000
\$ 24,968	\$ 15,996	\$ 74,286	\$ (65,979)	\$ 564	\$ (580)
<u>119,438</u>	<u>13,445</u>	<u>88,584</u>	<u>167,541</u>	<u>27,126</u>	<u>55,134</u>
144,406	29,441	162,870	101,562	27,690	54,554
(118,451)	(10,955)	(86,229)	(155,961)	(26,948)	(65,232)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 25,955</u>	<u>\$ 18,486</u>	<u>\$ 76,641</u>	<u>\$ (54,399)</u>	<u>\$ 742</u>	<u>\$ (10,678)</u>
<u>(1,892)</u>	<u>-</u>	<u>816</u>	<u>56,016</u>	<u>-</u>	<u>29,298</u>
<u>\$ 24,063</u>	<u>\$ 18,486</u>	<u>\$ 77,457</u>	<u>\$ 1,617</u>	<u>\$ 742</u>	<u>\$ 18,620</u>
<u>1,892</u>	<u>-</u>	<u>(77,457)</u>	<u>(1,617)</u>	<u>-</u>	<u>(18,310)</u>
<u>\$ 25,955</u>	<u>\$ 18,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 742</u>	<u>\$ 310</u>

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
CASH RECONCILIATION
JUNE 30, 2013**

	Special Capital Outlay State 31400	Capital Improvement SB9 31700	Capital Outlay 20% 32100	Total
Cash, June 30, 2012	\$ -	\$ 114,444	\$ 208	\$ 329,565
Add:				
2012-13 revenues	-	33,027	-	3,077,474
Total cash available	-	147,471	208	3,407,039
Less:				
2012-13 expenditures	(5,000)	(225,328)	-	(3,176,733)
Permanent cash transfers	-	-	-	-
Prior year charge backs	-	-	-	-
Charge backs (overdrafts)	-	-	-	-
Receivables/Payables	-	-	-	-
Cash, June 30, 2013	<u>\$ (5,000)</u>	<u>\$ (77,857)</u>	<u>\$ 208</u>	<u>\$ 230,306</u>
Cash balance reconciliation to GAAP basis:				
Audit reclassifications to cash	5,000	77,857	-	(9,017)
Cash per books	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208</u>	<u>\$ 221,289</u>
Fund balance reconciliation to GAAP basis:				
Modified accrual adjustments	-	128,848	-	194,714
Fund balance, modified accrual basis	<u>\$ -</u>	<u>\$ 128,848</u>	<u>\$ 208</u>	<u>\$ 416,003</u>

See Notes to Financial Statements.

**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**

Hector Balderas, State Auditor
The Board of Education
Floyd Municipal Schools
Floyd, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Floyd Municipal Schools (Schools) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Schools basic financial statements, and the combining and individual funds and related budgetary comparisons of the Schools, presented as supplemental information, and have issued our report thereon dated November 15, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies. FS 2012-01 and FS 2008-09.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schools financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Finding and Responses as item FS 2006-03.

Floyd Municipal Schools Responses to Findings

The Schools responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Floyd Municipal Schools 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 result 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.



Axiom CPAs and Business Advisors, LLC
Albuquerque, New Mexico
November 15, 2013

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013**

A. FINANCIAL STATEMENT FINDINGS

FS 2012-01: SEGREGATION OF DUTIES (Significant Deficiency) – Repeated

CONDITION: Checks printed to be disbursed to vendors are printed from the accounting system with the authorized signer's signature included on them (custody). The function of printing the checks with the authorized signer is performed by the Business Manager who also has access to processing vendor invoices (recordkeeping).

CRITERIA: 6.20.2.11(A) NMAC, *Internal Control Structure Standards*, requires that all school districts establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization. 6.20.2.11(B) further requires that each school district develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.

EFFECT: A single individual having custody and recordkeeping responsibilities within the same control cycle of cash disbursements causes heightened risk for error and or fraudulent activity which could not be prevented or detected in a timely manner causing loss to assets of the District.

CAUSE: Upon implementation of the current procedures governing the cash disbursements cycle, the District administration did not evaluate all aspects of segregating certain tasks between individuals of the District.

RECOMMENDATION: The District should appoint an individual separate from the Business Manager to print checks that were processed for payment by the Business Manager. The Business Manager should no longer have access to printing checks nor shall the appointed individual have access to processing payment (i.e. entering and processing of invoices). Upon printing of the signed checks, the appointed individual should match the printed checks to each invoice and approved purchase order to verify accuracy of the disbursement.

RESPONSE: Upon the recommendation and identification by our auditors, the District is reviewing several options regarding internal control policies and procedures to add compensating controls over the cash disbursements function.

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013**

A. FINANCIAL STATEMENT FINDINGS (CONTINUED)

FS 2008-09: PREPARATION OF FINANCIAL STATEMENTS (Significant Deficiency) - Repeated

CONDITION: The financial statements and related disclosures are not being prepared by the District, but by the auditor. There were significant audit adjustments made by the auditor in order to properly state the financial statements.

CRITERIA: According to the American Institute of Certified Public Accountants' Statement on auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well-designed systems include controls over financial statement preparation.

EFFECT: Without the controls over the preparation of financial statements and related disclosures, the District's ability to detect and prevent misstatements in the financial statements is limited.

CAUSE: The District's personnel do not have the training to understand the elements of external financial reporting including the preparation of financial statements and related footnotes. Without this understanding, the District does not have the personnel with the capability to review and approve the financial statements and related disclosures prepared by the auditor.

RECOMMENDATION: District personnel should receive the training necessary to gain an understanding of the elements of external reporting. Not only should District personnel receive training in financial statement preparation and footnote disclosure, but in addition gain an understanding of the pronouncement produced by GASB, GAS, and FASB and the requirements of the Office of the State Auditor and PED.

RESPONSE: Management concurs with the recommendation.

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
 SCHEDULE OF FINDINGS AND RESPONSES
 JUNE 30, 2013**

**B. COMMENTS INCLUDED IN ACCORDANCE WITH NEW MEXICO STATE AUDITOR RULE
 (OTHER MATTERS)**

FS 2006-03 EXPENDITURES EXCEED BUDGET (Other Matter) – Revised and Repeated

CONDITION: The District over expended its budget at the at the line item basis in the following funds:

<u>Fund</u>	<u>Excess of Expenditures over Appropriations</u>
IDEA-B Entitlement – Instruction	\$ (1,393)
Technology for Education – Instruction	(230)
Senate Bill 9 – Support Services General Administration	(10)
Dual Credit Textbooks – Instruction	(580)

CRITERIA: According to 6.20.2.9 NMAC and 2.2.2.10(P)(1) NMAC over-expenditure of a function shall not be allowed.

EFFECT: By not following regulatory guidelines the District is not able to adequately control the expenditures charged to each function.

CAUSE: The District does not have adequate controls over the budgeting process; therefore, over expenditures occurred.

RECOMMENDATION: District personnel in charge of maintaining budget data should ensure that appropriate budget amounts are maintained at each function level.

RESPONSE: Management concurs and will work diligently to correct its procedures.

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013**

STATUS OF PRIOR YEAR FINDINGS

FS 2006-02 – Capital Assets Not Being Inventoried – Resolved

FS 2006-03 – Expenditures Exceed Budget – Revised and Repeated

FS 2008-09 – Preparation of Financial Statements – Repeated

FS 2010-01 – No Budget Authority – Resolved

FS 2010-02 – Deficient Fund Balance – Resolved

FS 2012-01 – Segregation of Duties – Repeated

FS 2012-02 – Payroll Disbursements – Resolved

**FLOYD MUNICIPAL SCHOOLS, NEW MEXICO
EXIT CONFERENCE
JUNE 30, 2013**

An exit conference was conducted on November 11, 2013 with the following individuals:

Floyd Municipal Schools:

Paul Benoit, Superintendent
Damon Terry, Principal
Margie Plummer, Business Manager
Leon Nall, Board of Education President
Jim Chandler, Board of Education Vice President
Jeff Essary, Board of Education Secretary
Clovis Gray, Board of Education Member
Vicki Banister, Board of Education Member

Axiom Certified Public Accountants and Business Advisors, LLC:

Chris Garner, CPA, Partner

Axiom Certified Public Accountants and Business Advisors, LLC prepared the GAAP-basis financial statements and footnotes of Floyd Municipal Schools from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.