
STATE OF NEW MEXICO
Grady Municipal School
June 30, 2012

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2012
With Independent Auditor's Report Thereon

Sandra Rush
Certified Public Accountant, PC

1101 E Llano Estacado
Clovis, New Mexico 88101

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOL

Official Roster
For the year ended June 30, 2012

Board of Education

Phillip Borden	President
Rod Bone	Vice-President
Wade Edwards	Secretary
Quentin Wood	Member
Bill Page	Member

School Officials

Ted Trice	Superintendent
Karla Malone	Business Manager

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOL

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Financial Section

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Independent Auditor's Report

Mr. Hector H. Balderas
State Auditor of the State of New Mexico
Board Members of the Grady Municipal School District

Mr. Balderas and Members of the Board

I 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 of Grady Municipal School District (District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. I also have audited the financial statements of each of the District's nonmajor governmental, and the budgetary comparisons for the major capital project fund, debt service fund, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

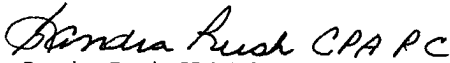
In my opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital project fund, debt service fund, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 27, 2012 on my consideration of the District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB 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. My opinion on the basic financial statements is not affected by this missing information.

My audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Sandra Rush CPA PC
September 27, 2012

Basic Financial Statements

Government Wide Financial Statements

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOL

Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash	\$ 164,233
Receivables:	
Taxes - current	1,236
Taxes - delinq	2,061
Due from other governments	23,724
Other accounts receivable	554
Inventories	<u>17,605</u>
Total current assets	<u>209,413</u>
Noncurrent assets:	
Bond issuance costs, net	17,887
Capital assets, net	<u>4,838,568</u>
Total non current assets	<u>4,856,455</u>
Total assets	<u><u>\$ 5,065,868</u></u>
 <u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Accounts payable	23,065
Accrued interest	2,654
Current portion of long term debt	<u>50,000</u>
Total current liabilities	<u>75,719</u>
Noncurrent liabilities:	
Bonds and notes	<u>175,000</u>
Total noncurrent liabilities	<u>175,000</u>
Total liabilities	<u>250,719</u>
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	4,613,568
Restricted for:	
General fund	5,402
Special revenue funds	11,658
Capital project fund	35,210
Debt service fund	23,756
Unrestricted	<u>108,284</u>
Total net assets	<u>4,815,149</u>
Total liabilities and net assets	<u><u>\$ 5,065,868</u></u>

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

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOL

Statement of Activities
For the year ended June 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<u>Functions / Programs</u>				
Governmental activities				
Instruction	\$ 1,128,427	\$ 11,822	\$ 64,976	\$ 2,244
Support services:				
Students	90,722	4,028	32,959	-
Instruction	32,809	-	11,848	-
General administration	201,005	-	-	-
School administration	56,427	-	-	-
Central services	68,920	-	-	-
Operation & maintenance of plant	421,309	6,800	-	-
Student transportation	203,170	-	210,100	-
Other support services	3,215	87	-	-
Food services	79,407	12,330	34,899	-
Miscellaneous	5	-	-	-
Capital outlay	46,932	-	-	31,062
Amortization	4,471	-	-	-
Interest on long-term debt	13,257	-	-	-
Total governmental activities	<u>\$ 2,350,076</u>	<u>\$ 35,067</u>	<u>\$ 354,782</u>	<u>\$ 33,306</u>

General revenues:
 Property Tax:
 Levied for general purposes
 Levied for debt service
 Levied for capital projects
 Local
 State aid not restricted
 Miscellaneous

Total general revenues

Change in net assets

Net assets, beginning

Net assets, ending

The accompanying notes are an integral part of these financial statements

Net Program
[Expense]
Revenues

Governmental
Activities

Total

\$ (1,049,385)

(53,735)

(20,961)

(201,005)

(56,427)

(68,920)

(414,509)

6,930

(3,128)

(32,178)

(5)

(15,870)

(4,471)

(13,257)

(1,926,921)

4,335

56,026

16,584

22,332

1,628,693

77

1,728,047

(198,874)

5,014,023

\$ 4,815,149

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Fund Financial Statements

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOL

Balance Sheet
Governmental Funds
June 30, 2012

	General Fund			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
<u>ASSETS</u>				
Cash and cash equivalents	\$ 68,910	\$ 1,387	\$ 6	\$ 5,373
Accounts receivable:				
Taxes - current	67	-	-	-
Taxes - delinquent taxes	111	-	-	-
Due from other governments	-	-	-	-
Other accounts receivable	519	-	-	-
Interfund receivable	23,724	-	-	-
Inventory	17,605	-	-	-
Total assets	<u>\$ 110,936</u>	<u>\$ 1,387</u>	<u>\$ 6</u>	<u>\$ 5,373</u>
<u>LIABILITIES</u>				
Accounts payable	3,878	50	-	-
Interfund payable	-	-	-	-
Deferred revenue	111	-	-	-
Total liabilities	<u>3,989</u>	<u>50</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE</u>				
Non-spendable	17,605	-	-	-
Restricted for:				
General fund	-	-	6	5,373
Special revenue funds	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unassigned:				
General fund	89,342	1,337	-	-
Total fund balance	<u>106,947</u>	<u>1,337</u>	<u>6</u>	<u>5,373</u>
Total liabilities and fund balances	<u>\$ 110,936</u>	<u>\$ 1,387</u>	<u>\$ 6</u>	<u>\$ 5,373</u>

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

Senate Bill - 9 Capital Outlay 31700	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
\$ 54,015	\$ 22,859	\$ 11,683	\$ 164,233
267	902	-	1,236
444	1,506	-	2,061
-	-	23,724	23,724
-	-	35	554
-	-	-	23,724
-	-	-	17,605
<u>\$ 54,726</u>	<u>\$ 25,267</u>	<u>\$ 35,442</u>	<u>\$ 233,137</u>
19,072	5	60	23,065
-	-	23,724	23,724
444	1,506	-	2,061
<u>19,516</u>	<u>1,511</u>	<u>23,784</u>	<u>48,850</u>
-	-	-	17,605
-	-	-	5,379
-	-	11,658	11,658
35,210	-	-	35,210
-	23,756	-	23,756
-	-	-	90,679
<u>35,210</u>	<u>23,756</u>	<u>11,658</u>	<u>184,287</u>
<u>\$ 54,726</u>	<u>\$ 25,267</u>	<u>\$ 35,442</u>	<u>\$ 233,137</u>

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STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL

Reconciliation of the Balance Sheet
 All Governmental Funds to the
 Statement of Net Assets
 June 30, 2012

Amounts reported for governmental activities in the
 statement of net assets are different because:

Fund balance - total governmental funds	\$	184,287
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Capital assets used in governmental activities are not financial resources and,
 therefore, are not reported in the funds financial statement, but are
 reported in the governmental activities of the statement of net assets

Capital assets	\$ 8,115,378	
Accumulated depreciation	<u>(3,276,810)</u>	4,838,568

Other assets are not available to pay for current - period expenditures
 and, therefore, are deferred in the funds:

Bond issue cost	44,713	
Amortization of bond issue cost	<u>(26,826)</u>	17,887

Delinquent property taxes not collected within sixty days after year end
 are not considered "available" revenues and are considered to be
 deferred revenue in the fund financial statements, but are
 considered revenue in the statement of activities

2,061

Other liabilities are not due and payable in the current period and,
 therefore, are not reported in the funds

Accrued interest payable		(2,654)
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Long-term liabilities, including bonds payable, are not due and payable
 in the current period and, therefore, are not reported in the funds

(225,000)

Net assets of governmental activities		<u><u>\$ 4,815,149</u></u>
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STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOL

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the year ended June 30, 2012

	General Fund			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
Revenues:				
Local sources	\$ 35,744	\$ 2,650	\$ -	\$ -
State sources	1,628,693	-	210,100	4,488
Federal sources	-	-	-	-
Total revenues	<u>1,664,437</u>	<u>2,650</u>	<u>210,100</u>	<u>4,488</u>
Expenditures:				
Current operating:				
Instruction	1,067,935	-	-	10,696
Support services				
Students	45,485	-	-	-
Instruction	15,021	-	-	-
General administration	197,061	-	-	-
School administration	56,427	-	-	-
Central services	68,920	-	-	-
Operation & maintenance of plant	230,552	7,911	-	-
Student transportation	-	-	210,099	-
Other support services	3,215	-	-	-
Operation of non-instructional services				
Food services operations	31,331	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,715,947</u>	<u>7,911</u>	<u>210,099</u>	<u>10,696</u>
Excess (deficiency) of revenues over expenditures	(51,510)	(5,261)	1	(6,208)
Other financing sources (uses):				
Operating transfers	592	-	-	-
Miscellaneous	2	-	-	-
Revert back to state	-	-	(5)	-
Total other financing sources (uses)	<u>594</u>	<u>-</u>	<u>(5)</u>	<u>-</u>
Net change in fund balances	(50,916)	(5,261)	(4)	(6,208)
Fund balance, beginning of year	<u>157,863</u>	<u>6,598</u>	<u>10</u>	<u>11,581</u>
Fund balance, end of year	<u>\$ 106,947</u>	<u>\$ 1,337</u>	<u>\$ 6</u>	<u>\$ 5,373</u>

The accompanying notes are an integral part of these financial statements

Senate Bill - 9 Capital Outlay 31700	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
\$ 16,584	\$ 56,026	\$ 24,152	\$ 135,156
31,062	-	49,903	1,924,246
-	-	92,535	92,535
<u>47,646</u>	<u>56,026</u>	<u>166,590</u>	<u>2,151,937</u>
-	-	63,016	1,141,647
-	-	44,646	90,131
-	-	13,048	28,069
160	551	-	197,772
-	-	-	56,427
-	-	-	68,920
-	-	-	238,463
-	-	-	210,099
-	-	-	3,215
-	-	47,061	78,392
60,152	-	-	60,152
-	45,000	-	45,000
-	10,603	-	10,603
<u>60,312</u>	<u>56,154</u>	<u>167,771</u>	<u>2,228,890</u>
(12,666)	(128)	(1,181)	(76,953)
-	-	(592)	-
-	-	75	77
-	-	-	(5)
-	-	(517)	72
(12,666)	(128)	(1,698)	(76,881)
<u>47,876</u>	<u>23,884</u>	<u>13,356</u>	<u>261,168</u>
<u>\$ 35,210</u>	<u>\$ 23,756</u>	<u>\$ 11,658</u>	<u>\$ 184,287</u>

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOL

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the year ended June 30, 2012

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

Net change in fund balances - total governmental funds	\$	(76,881)
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Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those assets are
allocated over their estimated useful lives and reported as
depreciation expense

Capital expenditures

Current year capital expenditures capitalized	\$	33,427	
Depreciation expense		<u>(192,483)</u>	(159,056)

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenue in the funds

Property taxes	(812)
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The issuance of long-term (e.g., bonds, notes, leases) provides current
financial resources in governmental funds, while the repayment of the
principal of long-term debt consumes the current financial resources of
governmental funds. Neither transaction, however, has any effect on
net assets. Also, governmental funds report the effect of issuance
costs, premiums, discounts, and similar items when debt is first issued,
whereas these amounts are deferred and amortized in the statement
of activities

Amortization of bond issuance cost	(4,471)
Accrued interest	(2,654)
Principal payment on bond	<u>45,000</u>

Change in Net Assets of Governmental Activities	<u>\$</u>	<u>(198,874)</u>
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STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 General Fund - Operational - 11000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 36,918	\$ 36,918	\$ 35,766	\$ (1,152)
State sources	1,580,682	1,628,757	1,628,693	(64)
Federal sources	-	-	-	-
Total revenues	<u>1,617,600</u>	<u>1,665,675</u>	<u>1,664,459</u>	<u>(1,216)</u>
Expenditures:				
Current operating:				
Instruction	1,084,469	1,102,894	1,069,817	33,077
Support services:				
Students	44,294	47,516	45,485	2,031
Instruction	18,830	15,380	15,021	359
General administration	198,153	203,835	197,077	6,758
School administration	50,380	56,931	56,427	504
Central services	70,800	73,821	69,439	4,382
Operation & maintenance of plant	248,319	269,288	232,046	37,242
Student transportation	-	-	-	-
Other support services	3,860	3,860	3,215	645
Operation of non-instructional services				
Food services operations	35,041	40,541	31,331	9,210
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,754,146</u>	<u>1,814,066</u>	<u>1,719,858</u>	<u>94,208</u>
Excess (deficiency) of revenues over(under) expenditures	(136,546)	(148,391)	(55,399)	92,992
Other financing sources (uses):				
Interfund receivable	-	-	(23,724)	(23,724)
Voided checks	-	-	2	2
Designated cash	136,546	148,391	592	592
Total other financing sources (uses)	<u>136,546</u>	<u>148,391</u>	<u>(23,130)</u>	<u>(171,521)</u>
Net change in fund balances	-	-	(78,529)	(78,529)
Cash balance, beginning of year	-	-	147,439	147,439
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,910</u>	<u>\$ 68,910</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (78,529)	
Adjustment to revenues for accruals & other deferrals			(22)	
Adjustment to expenditures for payables, prepaids & other accruals			27,635	
Net change in fund balance (GAAP Basis)			<u>\$ (50,916)</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 General Fund - Teacherage - 12000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 3,550	\$ 3,550	\$ 2,650	\$ (900)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>3,550</u>	<u>3,550</u>	<u>2,650</u>	<u>(900)</u>
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	10,107	10,223	7,936	2,287
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>10,107</u>	<u>10,223</u>	<u>7,936</u>	<u>2,287</u>
Excess (deficiency) of revenues over(under) expenditures	(6,557)	(6,673)	(5,286)	1,387
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	<u>6,557</u>	<u>6,673</u>	<u>-</u>	<u>(6,673)</u>
Total other financing sources (uses)	<u>6,557</u>	<u>6,673</u>	<u>-</u>	<u>(6,673)</u>
Net change in fund balances	-	-	(5,286)	(5,286)
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>6,673</u>	<u>6,673</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,387</u>	<u>\$ 1,387</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (5,286)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			<u>25</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (5,261)</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 General Fund - Transportation - 13000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	184,756	210,100	210,100	-
Federal sources	-	-	-	-
Total revenues	<u>184,756</u>	<u>210,100</u>	<u>210,100</u>	<u>-</u>
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	184,756	210,100	210,099	1
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>184,756</u>	<u>210,100</u>	<u>210,099</u>	<u>1</u>
Excess (deficiency) of revenues over(under) expenditures	0	-	1	1
Other financing sources (uses):				
Operating transfers	-	-	-	-
Reverts back to state	-	-	(5)	(5)
Designated cash	<u>2,899,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,899,600</u>	<u>-</u>	<u>(5)</u>	<u>(5)</u>
Net change in fund balances	2,899,600	-	(4)	(4)
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
Cash balance, end of year	<u>\$ 2,899,600</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (4)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ (4)</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 General Fund - Instructional Materials - 14000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	3,543	4,383	4,488	105
Federal sources	-	-	-	-
Total revenues	<u>3,543</u>	<u>4,383</u>	<u>4,488</u>	<u>105</u>
Expenditures:				
Current operating:				
Instruction	7,644	15,964	10,696	5,268
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>7,644</u>	<u>15,964</u>	<u>10,696</u>	<u>5,268</u>
Excess (deficiency) of revenues over(under) expenditures	(4,101)	(11,581)	(6,208)	5,373
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	5,873	13,773	-	(13,773)
Total other financing sources (uses)	<u>5,873</u>	<u>13,773</u>	<u>-</u>	<u>(13,773)</u>
Net change in fund balances	1,772	2,192	(6,208)	(8,400)
Cash balance, beginning of year	-	-	11,581	11,581
Cash balance, end of year	<u>\$ 1,772</u>	<u>\$ 2,192</u>	<u>\$ 5,373</u>	<u>\$ 3,181</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (6,208)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ (6,208)</u>	

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

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOL

Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 66,190
Total assets	<u>\$ 66,190</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 66,190
Total liabilities	<u>\$ 66,190</u>

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

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Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

Financial Reporting Entity

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

All governmental funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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

The District has no component units; defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. Nor are there other primary governments with which the District has a significant relationship.

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

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

Governmental Funds

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

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

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

Debt Service Fund – The Debt Service Funds are used to account for the resources for, and the payment of, principal, interest and related costs.

Capital Project Funds – The Capital Project Funds are used to account for all resources for the acquisition of capital facilities by the District.

Fiduciary Fund Type

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

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

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

The District reports the following major governmental funds:

General Fund (11000) (12000) (13000) (14000)

The General Fund consists of four sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Teacherage Fund is to provide teachers affordable housing to entice them to teach there. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

Capital Projects Funds:

Senate Bill Nine (31700)

The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

Debt Service Funds:

Debt Service (41000)

The revenues are generated by a tax levy based upon property values. The expenditures are for the payment of general long-term debt principal and interest.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and

liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include charges to users or applicants who purchase, use or directly benefit from the goods or services provided by the given function.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for un-matured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

Revenues

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

Revenue Recognition for Grants

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

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts and RECs).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The providers offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds). Entitlement and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria

are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

6. Actual expenditures may not exceed the budget on a line item basis, i.e., cash budgeted expenditures 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 or Education approval. If a transfer between "series" or a budget increase is required, approval must also be obtained from Public School Finance Division.
7. The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending balance. New Mexico Administrative Code 6-20-2.9 prohibits a school district from exceeding budgetary control at the function level.
8. The District is required to balance its budget each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenue over expenditures.
9. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

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

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

Investments

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

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

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Interfund activities are reported as loans, services provided reimbursements or transfers. Loans are reports as interfund receivable and payables as appropriate and are subject to elimination upon consolidation. Service provided, deemed to be at market or near market, is treated as revenue and expenditures/expense. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

The District receives monthly income from a tax levy in Curry County and Quay County. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amounts remitted by the County Treasurer in July and August are considered "measurable and available" and accordingly, is recorded as revenue in the government fund statements during the year ended June 30, 2011.

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

Instructional Materials

The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the New Mexico Public Education Department "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. The districts are allowed to carry forward unused allocations from year to year

Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Property Taxes

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Food Service Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories

are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

Capital expenditures made on the school district's building construction projects by the NM Public School Facilities Authority are appropriately included in the school district's capital assets disclosures and financial statements.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 50 Years
Vehicles	2 - 15 Years
Equipment	2 - 15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet. There are no outstanding Capital Leases.

Short-Term Debt

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

Long-Term Liabilities

For district-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;
- Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

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

Restricted fund balance indicates that portion of fund equity which has been segregated for specific purposes.

Unassigned fund balance indicates that portion of fund equity which is available for budgeting in future periods.

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 is reimbursed. All other inter-fund transaction, 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 inter-fund transfers are reported as operating transfers.

Deferred Revenue

The District reports deferred revenues on its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when the resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 60 days of the fiscal year end.

Compensated Absences

The District does not accrue compensated absences. A terminated employee is paid through the date of dismissal. Due to this practice, there are no compensated absences accrued.

Estimates

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

State Equalization Guarantee

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School finance. The District received \$1,628,693 in state equalization guarantee distributions during the year ended June 30, 2012.

Note 2. Cash and Investments

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

	Wells Fargo Bank Clovis, NM	Citizens Bank Clovis, NM	Type
Total amount on deposit on June 30, 2012			
Grady Municipal School Operational	\$ 289,575	\$ -	Checking
Grady Municipal School Activity	71,566	-	Checking
Grady Municipal School Booster Club	-	2,117	Checking
Total deposited	<u>361,141</u>	<u>2,117</u>	
Less FDIC coverage	<u>(361,141)</u>	<u>(2,117)</u>	
Total uninsured public funds	<u>-</u>	<u>-</u>	
50% collateral requirement			
as per Section 6-10-17, NMSA 1978	<u>-</u>		
Pledged securities			
Fed Natl Mtg Assn Pool	<u>-</u>		
Over (under)	<u>\$ -</u>	<u>\$ -</u>	

From December 31, 2010 through December 31, 2012, at all FDIC insured institutions, deposits held in noninterest bearing transaction accounts will be fully insured regardless of the amount in the account. For more information see the FDIC's comprehensive guide, *Your Insured Deposits* at <http://.fdic.gov/deposit/deposits/insured/index/html>

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2012, none of the District's bank balance of \$363,258 was exposed to custodial credit risk.

Note 3. Accounts Receivable

	General Fund	Debt Service Fund	SB-9 Fund	Other Governmental Funds	Totals
Property tax receivable					
Current	\$ 67	\$ 902	\$ 267	\$ -	\$ 1,236
Delinquent	111	1,506	444	-	2,061
Other receivables	519			35	554
Due from grantor					
IASA Title 1	-	-	-	3,288	3,288
IDEA-B Entitlement	-	-	-	11,776	11,776
IDEA-B Preschool	-	-	-	2,523	2,523
Teacher/Principal Training	-	-	-	519	519
Dual Credit Instructional Materi	-	-	-	308	308
Library 2010 GO Bond Fund	-	-	-	5,310	5,310
Totals	<u>\$ 697</u>	<u>\$ 2,408</u>	<u>\$ 711</u>	<u>\$ 23,759</u>	<u>\$ 27,575</u>

The above receivables are deemed 100% collectible.

Note 4. Deferred Revenues

Revenues are deferred in accordance with the modified accrual basis of accounting for the fund financial statements.

Note 5. Transfers

The District records temporary transfers to enable funds to operate until grant monies are received. In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The balances for the year ended June 30, 2012 is as follows:

	Transfer In	Transfer Out
Operational	\$ 592	\$ -
IDEA-B Preschool	-	(592)
Totals	<u>\$ 592</u>	<u>\$ (592)</u>

STATE OF NEW MEXICO
 Grady Municipal School
 Notes To Financial Statement
 June 30, 2012

	Interfund Receivable	Interfund Payable
Operational	\$ 23,724	\$ -
IASA Title 1	-	(3,288)
IDEA-B Entitlement	-	(11,776)
IDEA-B Preschool	-	(2,523)
Teacher/Principal Training	-	(519)
Dual Credit Instructional Material	-	(308)
Library 2010 GO Bond Fund	-	(5,310)
Totals	<u>\$ 23,724</u>	<u>\$ (23,724)</u>

Note 6. Changes in Capital Assets

A summary of changes in capital assets follows:

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 22,627	\$ -	\$ -	\$ 22,627
Capital assets being depreciated				
Buildings and improvements	\$ 7,195,473	\$ -	\$ -	\$ 7,195,473
Equipment	863,851	33,427	-	897,278
Total assets	<u>8,081,951</u>	<u>33,427</u>	<u>-</u>	<u>8,115,378</u>
Less accumulated depreciation				
Buildings and improvements	(2,440,191)	(130,772)	-	(2,570,963)
Equipment	(644,136)	(61,711)	-	(705,847)
Total accumulated depreciation	<u>(3,084,327)</u>	<u>(192,483)</u>	<u>-</u>	<u>(3,276,810)</u>
Governmental activity capital assets, net	<u>\$ 4,997,624</u>	<u>\$ (159,056)</u>	<u>\$ -</u>	<u>\$ 4,838,568</u>

Depreciation expense was charged to governmental activities as follows:

Support services - instruction	\$ 4,740
Support services - student support	591
Support service - general administration	3,233
Operation maintenance of plant	182,846
Transportation	58
Food service operation	1,015
	<u>\$ 192,483</u>

Bond issue cost was amortized as follows:

Bond issue cost	\$ 44,713
Accumulated amortization	<u>(26,826)</u>
Net bond issue cost	<u>\$ 17,887</u>

Note 7. Long-Term Debt

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

Series	Date of Issue	Original Amount	Interest Rate	Balance	Due in One Year
2003	04/05/03	\$ 140,000	3.5% to 4.4%	\$ 60,000	\$ 15,000
2007	04/15/07	\$ 300,000	3.5% to 4.10%	165,000	35,000
				<u>\$ 225,000</u>	<u>\$ 50,000</u>

Payments on the general obligation bonds are made by the Debt Service Funds.

General Obligations Bonds.

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

The annual requirements to amortize the general obligation bonds as of June 30, 2012, including interest payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	50,000	8,743	58,743
2014	50,000	6,698	56,698
2015	50,000	4,638	54,638
2016	60,000	2,618	62,618
2017	15,000	581	15,581
	<u>\$ 225,000</u>	<u>\$ 23,278</u>	<u>\$ 248,278</u>

Note 8. 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 7.9% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 11.15% of their gross salary in fiscal year 2012 and will be required to contribute 9.40% of their gross salary in fiscal year 2013. The District has been and is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, in fiscal years 2012 and 2013. In fiscal year 2012 the District contributed 9.15% of the gross covered salary of employees earning more than \$20,000 annually. In fiscal year 2013 the District will contribute 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the District are established in 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, 2012, 2011, and 2010, were \$229,840, \$235,720, and \$234,340, respectively, which equal the amount of the required contributions for each fiscal year.

Note 9. Post-Employment Benefits – State Retiree Health Care Plan

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

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

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

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

The 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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for employees and employers will rise as follows:

(1) For employees who are not members of an enhanced retirement plan the contribution rates will be:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
2013	2.000%	1.000%

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

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA 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, 2012, 2011 and 2010 were \$31,147, \$29,018 and \$22,512, respectively, which equal the required contributions for each year.

Note 10. Contingent Liabilities

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

Note 11. Non-Cash Assistance

The District receives USDA Commodities for use in sponsoring National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2012 was \$3,270.

Note 12. Risk Management

The District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance. The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible. In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2012, there have been no claims that have exceeded insurance coverage.

Note 13. Surety Bond

A surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule NMAC 2.2.2 covers the officials and certain employees of the District.

Note 14. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance
There are no instances of deficit fund balances.
- B. Excess expenditures over budget.
There are no instances of excess expenditures over budget.

Note 15. Memorandum of Understanding

REC

Purpose: To allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the USDE under the Education of the Handicapped Act, Part B, PL 94-142 among others.

Participants: Regional Education Cooperative and Grady Municipal School District

Responsible Party for Operation and Audit: Regional Education Cooperative

Beginning and Ending Date of Agreement: July 1, 1995 until the end of any fiscal year during which the school give notice of intent to terminate.

Total Estimated Amount of Project and Actual Amount Contributed: The REC paid expenditures on behalf of the District.

Note 16. Subsequent Accounting Standard Pronouncements

The GASB issued Statement No. 65, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The District is reviewing the effects of the implementation of this statement.

The GASB issued Statement No. 66, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to amend Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government’s risk financing activities to the general fund and the internal service fund type. As a result, government would base their decisions about governmental fund type usage for risk financing activities on the definitions in State No. 54,

Fund Balance Reporting and Governmental Fund Type Definitions. This statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance* Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and that principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee. These changes would eliminate any uncertainty regarding the application of Statement No. 13, *Accounting for Operating Leases with Schedule Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales of Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The District is reviewing the effects of the implementation of this statement.

NOTE 17. Subsequent Events Review

The District has evaluated subsequent events through September 27, 2012, which is the date the financial statements were dated.

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Supplementary Information Related to Major Funds

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STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Capital Project Fund - Senate Bill Nine - 31700
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 16,173	\$ 16,173	\$ 16,675	\$ 502
State sources	31,062	60,575	31,062	(29,513)
Federal sources	-	-	-	-
Total revenues	<u>47,235</u>	<u>76,748</u>	<u>47,737</u>	<u>(29,011)</u>
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	163	163	163	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	90,165	124,107	41,081	83,026
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>90,328</u>	<u>124,270</u>	<u>41,244</u>	<u>83,026</u>
Excess (deficiency) of revenues over(under) expenditures	(43,093)	(47,522)	6,493	54,015
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	43,093	47,522	-	(47,522)
Total other financing sources (uses)	<u>43,093</u>	<u>47,522</u>	<u>-</u>	<u>(47,522)</u>
Net change in fund balances	-	-	6,493	6,493
Cash balance, beginning of year	-	-	47,522	47,522
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,015</u>	<u>\$ 54,015</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 6,493	
Adjustment to revenues for accruals & other deferrals			(91)	
Adjustment to expenditures for payables, prepaids & other accruals			(19,068)	
Net change in fund balance (GAAP Basis)			<u>\$ (12,666)</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Debt Service Fund - Debt Service - 41000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 55,603	\$ 55,603	\$ 56,358	\$ 755
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>55,603</u>	<u>55,603</u>	<u>56,358</u>	<u>755</u>
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	558	558	558	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	45,000	45,000	45,000	-
Interest	10,603	10,603	10,603	-
Total expenditures	<u>56,161</u>	<u>56,161</u>	<u>56,161</u>	<u>-</u>
Excess (deficiency) of revenues over(under) expenditures	(558)	(558)	197	755
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	558	558	-	(558)
Total other financing sources (uses)	<u>558</u>	<u>558</u>	<u>-</u>	<u>(558)</u>
Net change in fund balances	-	-	197	197
Cash balance, beginning of year	-	-	22,662	22,662
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,859</u>	<u>\$ 22,859</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 197	
Adjustment to revenues for accruals & other deferrals			(332)	
Adjustment to expenditures for payables, prepaids & other accruals			7	
Net change in fund balance (GAAP Basis)			<u>\$ (128)</u>	

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

Supplementary Information Related to
Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

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

Food Service

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

Athletics

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

IASA Title I

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

IDEA-B Entitlement

The purpose of this program is to account for revenue used to help maximize the resources in meeting the objective of handicapped children. The federal revenues in this fund are received from and administered by the New Mexico Department of Education. Authority for the creation of this fund is Part B of the Handicapped Act, Public Law 105-17.

IDEA-B Preschool

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

Teacher Principal Training and Recruiting

The purpose of this fund is to improve the skills of teachers and the quality of instruction in mathematics and science and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is Title II of the Elementary and Secondary Education Act of 1965 as amended, Public Law 103-382.

Impact Aid Special Education

To account for federal funds designed for special education students residing on federal lands and is restricted to expenditures by the federal government. Authority for creation of this fund is Public Law 103-382, Title VII.

Rural Education Achievement Program

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

Education Jobs Fund

The Education Jobs Fund (Ed Jobs) program is a new Federal program that provides \$10 billion in assistance to States to save or create education jobs for the 2010-2011 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education.

NONMAJOR GOVERNMENTAL FUNDS

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To account for federal funds designed for special education students residing on federal lands and is restricted to expenditures by the federal government. Authority for creation of this fund is Public Law 103-382, Title VII.

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Dual Credit Instructional Materials

The objective is to account for the monies received from NMHU for the purpose of dual credit college enrollment for qualified high school seniors.

GO Student Library Fund

The purpose of this program is to acquire library books, equipment, and library resources for public schools libraries and juvenile detention libraries. The source of funding for this grant is General Obligation Bonds issued through the Public Education Department. The authority for creating this grant is NMSA Chapter 117, Section 10C(3).

Technology for Education Act

The purpose of this grant is to assist the District to develop and implement a strategy, long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is NMSA 22-15A-1 to 22-15A-10.

State Directed Activities

The objective is to account for the IDEA B Discretionary funding passed through the regional education cooperative to the District.

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Food Service 21000	Athletics 22000	IASA Title I 24101	IDEA - B Entitlement 24106
ASSETS				
Cash and cash equivalents	\$ 5,604	\$ 597	\$ -	\$ -
Accounts receivable				
Taxes - current	-	-	-	-
Taxes - delinquent	-	-	-	-
Due from other governments	-	-	3,288	11,776
Other accounts receivable	35	-	-	-
Inventory	-	-	-	-
Total assets	\$ 5,639	\$ 597	\$ 3,288	\$ 11,776
LIABILITIES				
Accounts payable	\$ 60	\$ -	\$ -	\$ -
Interfund payable	-	-	3,288	11,776
Total liabilities	60	-	3,288	11,776
FUND BALANCE				
Non-spendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue funds	5,579	597	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Total fund balance	5,579	597	-	-
Total liabilities and fund balance	\$ 5,639	\$ 597	\$ 3,288	\$ 11,776

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

IDEA - B Preschool 24109	Teacher / Principal Training & Recruiting 24154	Impact Aid Special Education 25145	Rural Education Achievement Program 25233	Education Job Fund 25255	Dual Credit Instructional Materials 27103
\$ -	\$ -	4,434	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,523	519	-	-	-	308
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,523</u>	<u>\$ 519</u>	<u>\$ 4,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308</u>
\$ -	\$ -	-	-	-	-
2,523	519	-	-	-	308
<u>2,523</u>	<u>519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,434	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,434	-	-	-
<u>\$ 2,523</u>	<u>\$ 519</u>	<u>\$ 4,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308</u>

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Go Student Library Funds 2008-2012 27105	Library 2010 GO Bond Fund 27106	Technology for Education PED 27117	State Directed Activities 27200
<u>ASSETS</u>				
Cash and cash equivalents	-	-	1,048	-
Accounts receivable				
Taxes - current	-	-	-	-
Taxes - delinquent	-	-	-	-
Due from other governments	-	5,310	-	-
Other accounts receivable	-	-	-	-
Inventory	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 5,310</u>	<u>\$ 1,048</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Interfund payable	-	5,310	-	-
	<u>-</u>	<u>5,310</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>5,310</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE</u>				
Non-spendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue funds	-	-	1,048	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>1,048</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 5,310</u>	<u>\$ 1,048</u>	<u>\$ -</u>

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

Total
Non-major
Governmental
Funds

11,683
-
-
23,724
35
-
35,442

60
23,724
23,784

-
-
11,658
-
-
11,658

\$ 35,442

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2012

	Food Service 21000	Athletics 22000	IASA Title I 24101	IDEA - B Entitlement 24106
Revenues:				
Local sources	\$ 12,330	\$ 11,822	\$ -	\$ -
State sources	-	-	-	-
Federal sources	34,899	-	18,716	32,959
Total revenues	<u>47,229</u>	<u>11,822</u>	<u>18,716</u>	<u>32,959</u>
Expenditures:				
Current operating:				
Instruction	-	12,239	18,716	-
Support services				
Students	-	-	-	32,959
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	47,061	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>47,061</u>	<u>12,239</u>	<u>18,716</u>	<u>32,959</u>
Excess (deficiency) revenues over expenditures	168	(417)	-	-
Other financing sources (uses):				
Voided checks	-	75	-	-
Operating transfers	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>75</u>	<u>-</u>	<u>-</u>
Net change in fund balances	168	(342)	-	-
Fund balance, beginning	<u>5,411</u>	<u>939</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,579</u>	<u>\$ 597</u>	<u>\$ -</u>	<u>\$ -</u>

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

IDEA - B Preschool 24109	Teacher / Principal Training & Recruiting 24154	Impact Aid Special Education 25145	Rural Education Achievement Program 25233	Education Job Fund 25255	Dual Credit Instructional Materials 27103
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	15,547	544	738
<u>2,523</u>	<u>3,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,523</u>	<u>3,438</u>	<u>-</u>	<u>15,547</u>	<u>544</u>	<u>738</u>
2,523	3,438	-	15,547	544	738
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,523</u>	<u>3,438</u>	<u>-</u>	<u>15,547</u>	<u>544</u>	<u>738</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(592)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(592)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(592)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>592</u>	<u>-</u>	<u>4,434</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2012

	Go Student Library Funds 2008-2012 27105	Library 2010 GO Bond 27106	Technology for Education PED 27117	State Directed Activities 27200
Revenues:				
Local and county sources	\$ -	\$ -	-	\$ -
State sources	6,538	5,310	-	21,226
Federal sources	-	-	-	-
Total revenues	6,538	5,310	-	21,226
Expenditures:				
Current operating:				
Instruction	-	-	932	8,339
Support services				
Students	-	-	-	11,687
Instruction	6,538	5,310	-	1,200
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	6,538	5,310	932	21,226
Excess (deficiency) revenues over expenditures	-	-	(932)	-
Other financing sources (uses):				
Voided checks	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(932)	-
Fund balance, beginning	-	-	1,980	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,048</u>	<u>\$ -</u>

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

Total Non-major Governmental Funds	
\$	24,152
	49,903
	<u>92,535</u>
	<u>166,590</u>
	63,016
	44,646
	13,048
	-
	-
	-
	-
	-
	47,061
	-
	-
	<u>-</u>
	<u>167,771</u>
	(1,181)
	75
	<u>(592)</u>
	<u>(517)</u>
	(1,698)
	<u>13,356</u>
\$	<u><u>11,658</u></u>

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - Food Service - 21000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 43,000	\$ 13,000	\$ 12,396	\$ (604)
State sources	-	-	-	-
Federal sources	-	30,000	31,629	1,629
Total revenues	<u>43,000</u>	<u>43,000</u>	<u>44,025</u>	<u>1,025</u>
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	43,380	48,370	43,791	4,579
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>43,380</u>	<u>48,370</u>	<u>43,791</u>	<u>4,579</u>
Excess (deficiency) of revenues over(under) expenditures	(380)	(5,370)	234	5,604
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	380	5,370	-	(5,370)
Total other financing sources (uses)	<u>380</u>	<u>5,370</u>	<u>-</u>	<u>(5,370)</u>
Net change in fund balances	-	-	234	234
Cash balance, beginning of year	-	-	5,370	5,370
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,604</u>	<u>\$ 5,604</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 234	
Adjustment to revenues for accruals & other deferrals			3,204	
Adjustment to expenditures for payables, prepaids & other accruals			<u>(3,270)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 168</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - Athletics - 22000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 11,500	\$ 11,500	\$ 11,822	\$ 322
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>11,500</u>	<u>11,500</u>	<u>11,822</u>	<u>322</u>
Expenditures:				
Current operating:				
Instruction	11,939	12,239	12,239	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>11,939</u>	<u>12,239</u>	<u>12,239</u>	<u>-</u>
Excess (deficiency) of revenues over(under) expenditures	(439)	(739)	(417)	322
Other financing sources (uses):				
Operating transfers	-	-	-	-
Voided checks	-	-	75	75
Designated cash	439	739	-	(739)
Total other financing sources (uses)	<u>439</u>	<u>739</u>	<u>75</u>	<u>(664)</u>
Net change in fund balances	-	-	(342)	(342)
Cash balance, beginning of year	-	-	939	939
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597</u>	<u>\$ 597</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (342)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ (342)</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - IASA Title I - 24101
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	22,454	35,937	15,428	(20,509)
Total revenues	<u>22,454</u>	<u>35,937</u>	<u>15,428</u>	<u>(20,509)</u>
Expenditures:				
Current operating:				
Instruction	22,454	35,937	18,716	17,221
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>22,454</u>	<u>35,937</u>	<u>18,716</u>	<u>17,221</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	(3,288)	(3,288)
Other financing sources (uses):				
Interfund payable	-	-	3,288	3,288
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,288</u>	<u>3,288</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			3,288	
Adjustment to expenditures for payables, prepaids & other accruals			<u>(3,288)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - IDEA-B Entitlement - 24106
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	23,661	36,903	21,183	(15,720)
Total revenues	<u>23,661</u>	<u>36,903</u>	<u>21,183</u>	<u>(15,720)</u>
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	23,661	36,903	32,959	3,944
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>23,661</u>	<u>36,903</u>	<u>32,959</u>	<u>3,944</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	(11,776)	(11,776)
Other financing sources (uses):				
Interfund payable	-	-	11,776	11,776
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>11,776</u>	<u>11,776</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			11,776	
Adjustment to expenditures for payables, prepaids & other accruals			(11,776)	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - IDEA-B Preschool - 24109
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	1,391	2,767	592	(2,175)
Total revenues	<u>1,391</u>	<u>2,767</u>	<u>592</u>	<u>(2,175)</u>
Expenditures:				
Current operating:				
Instruction	1,391	2,767	2,523	244
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,391</u>	<u>2,767</u>	<u>2,523</u>	<u>244</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	(1,931)	(1,931)
Other financing sources (uses):				
Interfund payable	-	-	2,523	2,523
Operating transfers	-	-	(592)	(592)
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,931</u>	<u>1,931</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			1,931	
Adjustment to expenditures for payables, prepaids & other accruals			<u>(2,523)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (592)</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - IDEA-B RISK POOL - 24120
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	168	-	(168)
Total revenues	-	168	-	(168)
Expenditures:				
Current operating:				
Instruction	-	168	-	168
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	168	-	168
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - Teacher/Principal Training and Recruiting - 24154
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	4,437	9,950	2,919	(7,031)
Total revenues	<u>4,437</u>	<u>9,950</u>	<u>2,919</u>	<u>(7,031)</u>
Expenditures:				
Current operating:				
Instruction	4,437	9,950	3,438	6,512
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>4,437</u>	<u>9,950</u>	<u>3,438</u>	<u>6,512</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	(519)	(519)
Other financing sources (uses):				
Interfund payable	-	-	519	519
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>519</u>	<u>519</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - Impact Aid Special Education - 25145
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	4,435	4,435	-	4,435
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	4,435	4,435	-	4,435
Excess (deficiency) of revenues over(under) expenditures	(4,435)	(4,435)	-	4,435
Other financing sources (uses):				
Interfund payable	-	-	-	-
Designated cash	4,435	4,435	-	(4,435)
Total other financing sources (uses)	4,435	4,435	-	(4,435)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	4,434	4,434
Cash balance, end of year	\$ -	\$ -	\$ 4,434	\$ 4,434
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - Rural Education Achievement Program - 25233
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	15,547	15,547	-
Federal sources	-	-	-	-
Total revenues	-	15,547	15,547	-
Expenditures:				
Current operating:				
Instruction	-	15,547	15,547	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	15,547	15,547	-
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	-
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - Education Job Fund - 25255
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	544	544	-
Federal sources	-	-	-	-
Total revenues	-	544	544	-
Expenditures:				
Current operating:				
Instruction	-	544	544	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	544	544	-
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - Dual Credit Instructional Materials - 27103
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	738	430	(308)
Federal sources	-	-	-	-
Total revenues	-	738	430	(308)
Expenditures:				
Current operating:				
Instruction	-	738	738	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	738	738	-
Excess (deficiency) of revenues over(under) expenditures	-	-	(308)	(308)
Other financing sources (uses):				
Interfund payable	-	-	308	308
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	308	308
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			308	
Adjustment to expenditures for payables, prepaids & other accruals			(308)	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - GO Student Library Funds - 27105
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	6,538	6,538	6,538	-
Federal sources	-	-	-	-
Total revenues	<u>6,538</u>	<u>6,538</u>	<u>6,538</u>	<u>-</u>
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	6,538	6,538	6,538	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,538</u>	<u>6,538</u>	<u>6,538</u>	<u>-</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - Library 2010 GO Bonds - 27106
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	6,094	6,094	-	(6,094)
Federal sources	-	-	-	-
Total revenues	<u>6,094</u>	<u>6,094</u>	<u>-</u>	<u>(6,094)</u>
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	6,094	6,094	5,310	784
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,094</u>	<u>6,094</u>	<u>5,310</u>	<u>784</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	(5,310)	(5,310)
Other financing sources (uses):				
Interfund payable	-	-	5,310	5,310
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,310</u>	<u>5,310</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			5,310	
Adjustment to expenditures for payables, prepaids & other accruals			<u>(5,310)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - Technology for Education - 27117
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current operating:				
Instruction	1,979	1,980	932	1,048
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,979	1,980	932	1,048
Excess (deficiency) of revenues over(under) expenditures	(1,979)	(1,980)	(932)	1,048
Other financing sources (uses):				
Interfund payable	-	-	-	-
Designated cash	1,979	1,980	-	(1,980)
Total other financing sources (uses)	1,979	1,980	-	(1,980)
Net change in fund balances	-	-	(932)	(932)
Cash balance, beginning of year	-	-	1,980	1,980
Cash balance, end of year	\$ -	\$ -	\$ 1,048	\$ 1,048
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (932)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (932)	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Special Revenue Fund - State Directed Activities - 27200
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	22,860	21,226	(1,634)
Federal sources	-	-	-	-
Total revenues	-	22,860	21,226	(1,634)
Expenditures:				
Current operating:				
Instruction	-	9,456	8,339	1,117
Support services:				
Students	-	12,204	11,687	517
Instruction	-	1,200	1,200	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	22,860	21,226	1,634
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

Supplementary Information
Related to Fiduciary Funds

AGENCY FUNDS

Activity Trust Fund

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL

Agency Funds
 Statement of Changes in Assets and Liabilities
 June 30, 2012

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Student activity groups	\$ 78,629	\$ 102,284	\$ 114,723	\$ 66,190
Total assets	<u>\$ 78,629</u>	<u>\$ 102,284</u>	<u>\$ 114,723</u>	<u>\$ 66,190</u>
<u>LIABILITIES</u>				
Funds handled on behalf of:				
Student activity groups	\$ 78,629	\$ 102,284	\$ 114,723	\$ 66,190
Total liabilities	<u>\$ 78,629</u>	<u>\$ 102,284</u>	<u>\$ 114,723</u>	<u>\$ 66,190</u>

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOL
 Agency Funds - Activity
 Statement of Changes in Assets and Liabilities
 June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Class of 2012	\$ 12,741	\$ 17,156	\$ 29,672	\$ 225
Class of 2013	1,509	16,938	9,674	8,773
Class of 2014	562	552		1,114
Class of 2015	893	3,306	1,446	2,753
Class of 2016	305	1,481	657	1,129
Class of 2017	191	228	105	314
Class of 2018	-	2,888	2,617	271
Elementary	586	1,618	1,233	971
Accelerated Reading	240	147	136	251
Athletics - girls and boys	-	16,778	5,678	11,100
Board Training	400	-	-	400
Box Top	1,114	-	-	1,114
Boys Athletic	2,265	35	2,300	-
Cafeteria	224	20	-	244
Cheerleaders	239	-	-	239
Choir/Music	10	-	-	10
Custodian / Maintenance	125	-	-	125
Elementary Cheer	75	-	71	4
Faculty	432	559	250	741
Fellowship of Christian Athletes	158	-	-	158
Football	3,106	250	3,356	-
Football Junior High	1,235	240	1,475	-
FFA	6,546	16,676	17,532	5,690
FFA Travel	94	-	-	94
FFA Tool Donation	439	-	206	233
Girls Athletics	3,133	245	3,378	-
Honor Society	174	-	-	174
Journalism	120	11,521	8,623	3,018
Leadership Class	59	-	-	59
Library	688	1,663	1,326	1,025
Little League Baseball	207	-	-	207
Rodeo Club	188	-	-	188
Science - recycling	-	123	-	123
Senior Class 2009 and Past	665	-	163	502
Special Education	122	-	-	122
Student / Community	477	2,516	2,082	911
Student Council	300	144	56	388
Technology ENMR	1,615	-	1,600	15
Thermostat Project	1,000	-	-	1,000
Trophy Case	488	-	-	488
Uniforms	203	-	203	-
401 A Broadway	14,226	3,550	7,235	10,541
401 B Broadway	8,603	3,050	3,196	8,457
Rental Deposit	1,050	600	850	800
EPAC	8,348	-	8,246	102
Grady Booster Club	3,474	-	1,357	2,117
Total assets	\$ 78,629	\$ 102,284	\$ 114,723	\$ 66,190
LIABILITIES				
Due to student groups	\$ 78,629	\$ 102,284	\$ 114,723	\$ 66,190
Total liabilities	\$ 78,629	\$ 102,284	\$ 114,723	\$ 66,190

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

Other Supplemental Information

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOL

Cash Reconciliation - All Funds
For the year ended June 30, 2012

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>
Grady Municipal School				
Operational	\$ 147,439	\$ 1,664,459	\$ (1,719,858)	\$ (23,130)
Teacherage	6,673	2,650	(7,936)	-
Transportation	10	210,100	(210,099)	(5)
Instructional Materials	11,581	4,488	(10,696)	-
Food Services	5,370	44,025	(43,791)	-
Athletics	939	11,822	(12,239)	75
Federal Flowthrough	-	40,122	(57,636)	17,514
Federal Direct	4,434	16,091	(16,091)	-
State Flowthrough	1,980	28,194	(34,744)	5,618
Capital Improvement SB-9	47,522	47,737	(41,244)	-
Debt Service	22,662	56,358	(56,161)	-
	<u>248,610</u>	<u>2,126,046</u>	<u>(2,210,495)</u>	<u>72</u>
Total Governmental Funds				
Student Activities	75,155	102,284	(113,366)	-
Booster Club	3,474	-	(1,357)	-
	<u>78,629</u>	<u>102,284</u>	<u>(114,723)</u>	<u>-</u>
Total Grady Municipal School	<u>\$ 327,239</u>	<u>\$ 2,228,330</u>	<u>\$ (2,325,218)</u>	<u>\$ 72</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Grady Municipal School			
Operational	Checking	Wells Fargo	\$ 169,820
Teacherage	Checking	Wells Fargo	1,387
Transportation	Checking	Wells Fargo	8,428
Instructional Materials	Checking	Wells Fargo	5,373
Food Services	Checking	Wells Fargo	5,729
Athletics	Checking	Wells Fargo	397
Federal Flowthrough	Checking	Wells Fargo	2,660
Federal Direct	Checking	Wells Fargo	4,434
State Flowthrough	Checking	Wells Fargo	1,048
Capital Improvement SB-9	Checking	Wells Fargo	67,440
Debt Service	Checking	Wells Fargo	22,859
Student Activities	Checking	Wells Fargo	71,566
Booster Club	Checking	Citizens Bank	2,117
Total Grady Municipal School			<u>\$ 363,258</u>

Total bank balances	\$ 363,258
Gate cash	200
Reconciling items - outstanding deposits	-
Reconciling items - outstanding checks	<u>(133,035)</u>
Report balance	<u>\$ 230,423</u>

<u>Net Cash End of Period</u>	<u>Adjustments to the Report</u>	<u>Total Cash on Report</u>
\$ 68,910	\$ -	\$ 68,910
1,387	-	1,387
6	-	6
5,373	-	5,373
5,604	-	5,604
597	-	597
-	-	-
4,434	-	4,434
1,048	-	1,048
54,015	-	54,015
<u>22,859</u>	<u>-</u>	<u>22,859</u>
164,233	-	164,233
64,073	-	64,073
<u>2,117</u>	<u>-</u>	<u>2,117</u>
<u>66,190</u>	<u>-</u>	<u>66,190</u>
<u>\$ 230,423</u>	<u>\$ -</u>	<u>\$ 230,423</u>

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Compliance Section

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

Mr. Hector H. Balderas
State Auditor of the State of New Mexico
Board Members of the Grady Municipal School District

Mr. Balderas and Members of the Board

I have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and the combining and individual funds and related budgetary comparison presented as supplemental information of Grady Municipal School District (District) as of and for the year ended June 30, 2012, and have issued my report thereon dated September 27, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.


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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. 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.

Compliance and Other Matters

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

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, others within the entity, the Office of the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.


Sandra Rush CPA PC
September 27, 2012

STATE OF NEW MEXICO
Grady Municipal School

Schedule of Findings and Responses
June 30, 2012

Prior Year Audit Findings: None

Current Year Audit Findings: None

Financial Statement Preparation

The financial statements were prepared by District personnel with assistance from Sandra Rush, CPA. The financial statements remain the responsibility of the District's management.

Exit Conference

The contents of this report were discussed with, Ted Trice, Superintendent, Phillip Borden, Board Vice President, Karla Malone, Business Manager, Leona Powell audit committee, Kathy Edwards staff, and Sandra Rush, CPA, in an exit conference on November 2, 2012.

