
STATE OF NEW MEXICO
Grady Municipal Schools
June 30, 2014

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2014
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 SCHOOLS

Official Roster
For the year ended June 30, 2014

Board of Education

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

School Officials

Ted Trice	Superintendent
Karla Malone	Business Manager

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOLS

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Financial Section

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Independent Auditor's Report

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Grady Municipal Schools
Grady, New Mexico

Report on Financial Statements

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 and major special revenue funds of Grady Municipal Schools (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. I also have audited the financial statements of each of the District's nonmajor governmental, fiduciary funds and the budgetary comparisons for the major capital project fund, debt service fund, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, and fiduciary funds of the District as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the major capital project fund, debt service fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.


Other Information

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

The other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 24, 2014 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* in considering the District's internal control over financial reporting and compliance.


Sandra Rush CPA PC
Clovis, New Mexico
October 24, 2014

Basic Financial Statements

Government Wide Financial Statements

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS

Statement of Net Position
 June 30, 2014

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash	\$ 120,744
Receivables:	
Taxes	1,646
Due from grantor	44,799
Other	338
Inventories	<u>24,690</u>
Total current assets	<u>192,217</u>
Noncurrent assets:	
Capital assets, net	<u>4,562,465</u>
Total non current assets	<u>4,562,465</u>
Total assets	<u>\$ 4,754,682</u>
 <u>LIABILITIES AND NET POSITION</u>	
Current liabilities:	
Cash deficit	20,385
Accounts payable	27,126
Accrued interest	1,201
Current portion of long term debt	<u>50,000</u>
Total current liabilities	<u>98,712</u>
Noncurrent liabilities:	
Bonds and notes	<u>75,000</u>
Total noncurrent liabilities	<u>75,000</u>
Total liabilities	<u>173,712</u>
Net position:	
Net investment in capital assets	4,437,465
Restricted for:	
General fund	52,224
Special revenue funds	3,634
Capital project fund	71,439
Debt service fund	19,943
Unrestricted	<u>(2,712)</u>
Total net position	<u>4,580,970</u>
Total liabilities and net position	<u>\$ 4,754,682</u>

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS

Statement of Activities
 For the year ended June 30, 2014

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 1,046,648	\$ 8,943	\$ 76,497	\$ -
Support services:				
Students	102,694	309	72,970	-
Instruction	11,050	-	5,105	-
General administration	328,796	-	-	-
School administration	88,326	-	-	-
Central services	75,657	-	-	-
Operation & maintenance of plant	272,039	6,181	-	-
Student transportation	205,662	-	204,961	-
Other support services	10,704	-	-	-
Food services	104,805	15,201	37,438	-
Revert to state	1	-	-	-
Capital outlay	26,818	-	22,714	-
Interest on long-term debt	6,041	-	-	-
Total governmental activities	<u>\$ 2,279,241</u>	<u>\$ 30,634</u>	<u>\$ 419,685</u>	<u>\$ -</u>

General revenues:
Property Tax:
Levied for general purposes
Levied for debt service
Levied for capital projects
Local
Contributions
Insurance recoveries
Miscellaneous
Refund of prior years
Gain (loss) sale of assets
Equalization guarantee
Emergency supplement
Total general revenues
Change in net position
Net position, beginning of period
Prior period adjustment
Net position, beginning of period restated
Net position, end of period

The accompanying notes are an integral part of these financial statements

Net Program
 [Expense]
 Revenues
 Governmental
 Activities
 Total

\$ (961,208)

(29,415)

(5,945)

(328,796)

(88,326)

(75,657)

(265,858)

(701)

(10,704)

(52,166)

(1)

(4,104)

(6,041)

-

(1,828,922)

4,189

55,895

17,611

22,706

700

196

134

(533)

1,100,972

444,000

1,645,870

(183,052)

4,777,438

(13,416)

4,764,022

\$ 4,580,970

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Fund Financial Statements

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS

Balance Sheet
 Governmental Funds
 June 30, 2014

	General Fund			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 1,292	\$ 18,415	\$ 7,827
Accounts receivable:				
Taxes	88	-	-	-
Due from grantor	-	-	-	-
Due from other funds	24,414	-	-	-
Other	196	-	-	-
Inventory	23,667	-	-	-
Total assets	<u>\$ 48,365</u>	<u>\$ 1,292</u>	<u>\$ 18,415</u>	<u>\$ 7,827</u>
<u>LIABILITIES</u>				
Cash deficit	\$ -	\$ -	\$ -	\$ -
Accounts payable	7,778	16	18,415	-
Due to other funds	-	-	-	-
Total liabilities	<u>7,778</u>	<u>16</u>	<u>18,415</u>	<u>-</u>
<u>FUND BALANCE</u>				
Non-spendable	23,667	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unassigned:				
General fund	16,920	1,276	-	7,827
Total fund balance	<u>40,587</u>	<u>1,276</u>	<u>-</u>	<u>7,827</u>
Total liabilities and fund balances	<u>\$ 48,365</u>	<u>\$ 1,292</u>	<u>\$ 18,415</u>	<u>\$ 7,827</u>

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

<u>IASA Title I 24101</u>	<u>New Mexico Reads to Lead 27114</u>	<u>Senate Bill - 9 Capital Outlay 31700</u>	<u>Debt Service 41000</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	71,123	\$ 19,602	\$ 2,485	\$ 120,744
-	-	1,205	353	-	1,646
14,615	29,214	-	-	970	44,799
-	-	-	-	-	24,414
-	-	-	-	142	338
-	-	-	-	1,023	24,690
<u>\$ 14,615</u>	<u>\$ 29,214</u>	<u>\$ 72,328</u>	<u>\$ 19,955</u>	<u>\$ 4,620</u>	<u>\$ 216,631</u>
\$ -	\$ 20,385	\$ -	-	-	20,385
-	-	889	12	16	27,126
14,615	8,829	-	-	970	24,414
<u>14,615</u>	<u>29,214</u>	<u>889</u>	<u>12</u>	<u>986</u>	<u>71,925</u>
-	-	-	-	1,023	24,690
-	-	-	-	2,611	2,611
-	-	71,439	-	-	71,439
-	-	-	19,943	-	19,943
-	-	-	-	-	26,023
-	-	71,439	19,943	3,634	144,706
<u>\$ 14,615</u>	<u>\$ 29,214</u>	<u>\$ 72,328</u>	<u>\$ 19,955</u>	<u>\$ 4,620</u>	<u>\$ 216,631</u>

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STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS

Reconciliation of the Balance Sheet
 All Governmental Funds to the
 Statement of Net Position
 June 30, 2014

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

Fund balance - total governmental funds		\$ 144,706
<p>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 position</p>		
Capital assets	\$ 8,020,251	
Accumulated depreciation	<u>(3,457,786)</u>	4,562,465
<p>Other liabilities are not due and payable in the current period and, therefore, are not reported in the funds</p>		
Accrued interest payable		(1,201)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds</p>		
		<u>(125,000)</u>
Net position of governmental activities		<u>\$ 4,580,970</u>

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS

Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Governmental Funds
 For the year ended June 30, 2014

	General Fund			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
Revenues:				
Local sources	\$ 58,771	\$ 2,331	\$ -	\$ -
State sources	1,544,972	-	204,961	5,126
Federal sources	-	-	-	-
Total revenues	<u>1,603,743</u>	<u>2,331</u>	<u>204,961</u>	<u>5,126</u>
Expenditures:				
Current				
Instruction	985,154	-	-	1,730
Support services				
Students	33,724	-	-	-
Instruction	111	-	-	-
General administration	215,118	-	-	-
School administration	88,326	-	-	-
Central services	75,657	-	-	-
Operation & maintenance of plant	230,452	4,936	-	-
Student transportation	-	-	204,963	-
Other support services	2,692	-	-	-
Operation of non-instructional services				
Food services operations	40,407	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,671,641</u>	<u>4,936</u>	<u>204,963</u>	<u>1,730</u>
Excess (deficiency) of revenues over expenditures	(67,898)	(2,605)	(2)	3,396
Other financing sources (uses):				
Revert back to state	-	-	(1)	-
Total other financing sources (uses)	-	-	(1)	-
Net change in fund balances	(67,898)	(2,605)	(3)	3,396
Fund balance, beginning of year	<u>108,485</u>	<u>3,881</u>	<u>3</u>	<u>4,431</u>
Fund balance, end of year	<u>\$ 40,587</u>	<u>\$ 1,276</u>	<u>\$ -</u>	<u>\$ 7,827</u>

The accompanying notes are an integral part of these financial statements

<u>IASA Title I 24101</u>	<u>New Mexico Reads to Lead 27114</u>	<u>Senate Bill - 9 Capital Outlay 31700</u>	<u>Debt Service 41000</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	17,611	\$ 55,895	\$ 24,261	\$ 158,869
-	52,012	22,714	-	8,073	1,837,858
<u>26,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,981</u>	<u>99,995</u>
<u>26,014</u>	<u>52,012</u>	<u>40,325</u>	<u>55,895</u>	<u>106,315</u>	<u>2,096,722</u>
26,014	-	-	-	27,139	1,040,037
-	48,012	-	-	20,958	102,694
-	4,000	-	-	5,105	9,216
-	-	168	577	-	215,863
-	-	-	-	-	88,326
-	-	-	-	-	75,657
-	-	-	-	-	235,388
-	-	-	-	-	204,963
-	-	-	-	-	2,692
-	-	-	-	56,818	97,225
-	-	32,104	-	-	32,104
-	-	-	50,000	-	50,000
-	-	-	6,698	-	6,698
<u>26,014</u>	<u>52,012</u>	<u>32,272</u>	<u>57,275</u>	<u>110,020</u>	<u>2,160,863</u>
-	-	8,053	(1,380)	(3,705)	(64,141)
-	-	-	-	-	(1)
-	-	-	-	-	(1)
-	-	8,053	(1,380)	(3,705)	(64,142)
-	-	63,386	21,323	7,339	208,848
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,439</u>	<u>\$ 19,943</u>	<u>\$ 3,634</u>	<u>\$ 144,706</u>

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS

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, 2014

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

Net change in fund balances - total governmental funds	\$	(64,142)
--	----	----------

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	\$	5,286	
Depreciation expense		<u>(174,320)</u>	(169,034)

Gain (loss) on disposal of capital assets			(533)
---	--	--	-------

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 position. 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

Accrued interest			657
Principal payment on bond			<u>50,000</u>

Change in Net Position of Governmental Activities	\$		<u>(183,052)</u>
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STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS
 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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 77,331	\$ 77,331	\$ 58,554	\$ (18,777)
State sources	1,538,638	1,545,145	1,544,972	(173)
Federal sources	-	-	-	-
Total revenues	<u>1,615,969</u>	<u>1,622,476</u>	<u>1,603,526</u>	<u>(18,950)</u>
Expenditures:				
Current				
Instruction	1,079,975	1,028,627	983,476	45,151
Support services				
Students	21,031	33,674	33,266	408
Instruction	-	348	111	237
General administration	192,883	212,645	211,381	1,264
School administration	58,098	88,401	88,279	122
Central services	74,015	73,360	72,716	644
Operation & maintenance of plant	230,262	234,503	232,512	1,991
Student transportation	-	-	-	-
Other support services	3,215	4,580	4,111	469
Operation of non-instructional services				
Food services operations	36,517	41,517	40,407	1,110
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,695,996</u>	<u>1,717,655</u>	<u>1,666,259</u>	<u>51,396</u>
Excess (deficiency) of revenues over (under) expenditures	(80,027)	(95,179)	(62,733)	32,446
Other financing sources (uses):				
Voided checks	-	-	-	-
Operating transfers in (out)	-	-	(18,220)	(18,220)
Designated cash	80,027	95,179	-	(95,179)
Total other financing sources (uses)	<u>80,027</u>	<u>95,179</u>	<u>(18,220)</u>	<u>(113,399)</u>
Net change in fund balances	-	-	(80,953)	(80,953)
Cash balance, beginning of year	-	-	80,953	80,953
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (80,953)	
Adjustment to revenues for accruals & other deferrals			18,437	
Adjustment to expenditures for payables, prepaids & other accruals			(5,382)	
Net change in fund balance (GAAP Basis)			<u>\$ (67,898)</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS
 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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 3,600	\$ 3,600	\$ 2,331	\$ (1,269)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>3,600</u>	<u>3,600</u>	<u>2,331</u>	<u>(1,269)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	7,690	7,531	4,970	2,561
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>7,690</u>	<u>7,531</u>	<u>4,970</u>	<u>2,561</u>
Excess (deficiency) of revenues over(under) expenditures	(4,090)	(3,931)	(2,639)	1,292
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	4,090	3,931	-	(3,931)
Total other financing sources (uses)	<u>4,090</u>	<u>3,931</u>	<u>-</u>	<u>(3,931)</u>
Net change in fund balances	-	-	(2,639)	(2,639)
Cash balance, beginning of year	-	-	3,931	3,931
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,292</u>	<u>\$ 1,292</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (2,639)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			<u>34</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (2,605)</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS
 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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	222,314	204,961	204,961	-
Federal sources	-	-	-	-
Total revenues	<u>222,314</u>	<u>204,961</u>	<u>204,961</u>	<u>-</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	222,314	204,963	186,548	18,415
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>222,314</u>	<u>204,963</u>	<u>186,548</u>	<u>18,415</u>
Excess (deficiency) of revenues over(under) expenditures	-	(2)	18,413	18,415
Other financing sources (uses):				
Operating transfers	-	-	-	-
Reverts back to state	-	-	(1)	(1)
Designated cash	-	2	-	(2)
Total other financing sources (uses)	<u>-</u>	<u>2</u>	<u>(1)</u>	<u>(3)</u>
Net change in fund balances	-	-	18,412	18,412
Cash balance, beginning of year	-	-	3	3
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,415</u>	<u>\$ 18,415</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 18,412	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			<u>(18,415)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (3)</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS
 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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	4,623	4,623	5,126	503
Federal sources	-	-	-	-
Total revenues	<u>4,623</u>	<u>4,623</u>	<u>5,126</u>	<u>503</u>
Expenditures:				
Current				
Instruction	6,916	9,054	1,730	7,324
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>6,916</u>	<u>9,054</u>	<u>1,730</u>	<u>7,324</u>
Excess (deficiency) of revenues over(under) expenditures	(2,293)	(4,431)	3,396	7,827
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	<u>2,293</u>	<u>4,431</u>	-	<u>(4,431)</u>
Total other financing sources (uses)	<u>2,293</u>	<u>4,431</u>	-	<u>(4,431)</u>
Net change in fund balances	-	-	3,396	3,396
Cash balance, beginning of year	-	-	4,431	4,431
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,827</u>	<u>\$ 7,827</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 3,396	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ 3,396</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS
 Major 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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	18,329	29,709	17,593	(12,116)
Total revenues	18,329	29,709	17,593	(12,116)
Expenditures:				
Current				
Instruction	18,329	29,709	26,014	3,695
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	18,329	29,709	26,014	3,695
Excess (deficiency) of revenues over(under) expenditures	-	-	(8,421)	(8,421)
Other financing sources (uses):				
Operating transfers in (out)	-	-	8,421	8,421
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	8,421	8,421
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 SCHOOLS
 Major Special Revenue Fund - New Mexico Reads to Lead - 27114
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	52,012	22,798	(29,214)
Federal sources	-	-	-	-
Total revenues	-	52,012	22,798	(29,214)
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	48,012	48,012	-
Instruction	-	4,000	4,000	-
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	-	52,012	52,012	-
Excess (deficiency) of revenues over (under) expenditures	-	-	(29,214)	(29,214)
Other financing sources (uses):				
Operating transfers in (out)	-	-	8,829	8,829
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	8,829	8,829
Net change in fund balances	-	-	(20,385)	(20,385)
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ (20,385)	\$ (20,385)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (20,385)	
Adjustment to revenues for accruals & other deferrals			20,385	
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 SCHOOLS

Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 69,304
Total assets	<u>\$ 69,304</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 69,304
Total liabilities	<u>\$ 69,304</u>

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

Notes to Financial Statements

NOTE 1 Summary of Significant Accounting Policies

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

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management who is responsible for their integrity and objectivity. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

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

The government reports the following major governmental funds:

Operational Fund – General

The government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by district school tax levy, state equalization and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.

Transportation Fund - General

Accounts for the transportation distribution received from the State Department of Education which is used to pay for the costs associated with transporting school age children.

Instructional Materials Fund – General

Accounts for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

Title 1 ISAS – Special Revenue

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.

New Mexico Reads to Lead – Special Revenue

The purpose of this grant is to assist the District to purchase informational text materials for grades K-3 in alignment with Common Core State Standards (CCSS).

Senate Bill-9 – Capital Projects

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

Debt Service Fund – Debt Service

The fund is used to account for the resources for, and the payment of, principal, interest, and related cost.

Additionally, the government reports the following fund types:

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

As a general rule the effect of inter-fund 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.

D. Assets, Liabilities and Net Position or Equity

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

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

Investments for the District are reported at fair value.

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

The District receives monthly income from tax levies in Curry County and Quay County. The funds are collected by the County Treasurers and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August 2014 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2014.

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

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

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.

Inventory: Inventory is valued at cost utilizing the purchase basis of accounting. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as expenditures at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

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

NMAC 2.20.1.9 C (5). The 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 estimated useful lives:

Assets	Years
Building and Improvements	20 - 50 Years
Vehicles	2 - 15 Years
Equipment	2 - 15 Years

Unearned Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resources measurement focus are reported as unearned revenues in the governmental fund financial statements.

Deferred inflows/outflows of resources: GASB 63 amended previous guidance on deferred revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

Compensated Absences: The District contracts with all employees on an annual basis. A terminated employee is paid through the date of dismissal in accordance with their contract. Due to this practice, no liability is reported for unpaid vacation or accumulated sick leave, as no payment is required upon termination of service by employees.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond issuance costs are reflected as a current period expense per GASB 65. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity: Restricted fund balance represents amounts that are constrained either by: 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high-level body or official whom the governing body has delegated.

Unassigned fund balance is the residual classification for the general fund and represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes.

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

Reclassifications: Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

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

E. *Revenues*

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration: 1) early childhood education; 2) basic education; 3) special education; 4) bilingual multicultural education; 5) size of district, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$1,100,972 in state equalization guarantee distributions during the year ended June 30, 2014.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$77,695 in tax revenues in the governmental fund financial statements during the year ended June 30, 2014. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K-12 attending public school within the school district. The District received \$204,961 in transportation distributions during the year ended June 30, 2014.

Instructional Materials: The District had allocations allowed by the State for the current year of \$5,126. The full amount of allocations used to purchase textbooks during the year was \$5,126. Allocations received and utilized are reflected in revenue and expenditures of the General Fund.

NOTE 2 Stewardship, Compliance and Accountability

Budgetary Information

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the

subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as a designated portion of fund balance.

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

The budgetary information presented in these financial statements has been amended in accordance with the above procedures. The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

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

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits a school district from exceeding budgetary control at the function level. The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

NOTE 3 Cash and Temporary Investments

State statutes authorize the investment of the District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed state investment requirements as of June 30, 2014.

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

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

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

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, District or political subdivision of the State of New Mexico.

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

Deposits

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

	Wells Fargo Bank Clovis, NM	Citizens Bank Clovis, NM	Type
Total amount on deposit on June 30, 2014			
Grady Municipal School Operational	\$ 186,549	\$ -	Checking
Grady Municipal School Activity	66,206	-	Checking
Grady Municipal School Booster Club	-	3,716	Checking
Total deposited	<u>252,755</u>	<u>3,716</u>	
Less FDIC coverage	<u>(250,000)</u>	<u>(3,716)</u>	
Total uninsured public funds	<u>2,755</u>	<u>-</u>	
50% collateral requirement			
as per Section 6-10-17, NMSA 1978	<u>1,378</u>		
Pledged securities			
FNMA	<u>104,179</u>		
Over (under)	<u>\$ 102,801</u>	<u>\$</u>	

Pledged Collateral: FNMA Pool AS0025, CUISP 3138W9A34, maturity date 7/1/2043, market value \$104,179 held at BNY Mellon New York, New York, securities held in Wells Fargo Bank name, pledged to Grady Municipal Schools.

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2014, none of the District's bank balance of \$252,755 was exposed to custodial credit risk.

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	Wells Fargo Bank Clovis, NM	Citizens Bank Clovis, NM
Custodial Credit Risk Deposits		
Account Balance	\$ 252,755	\$ 3,716
FDIC Insurance	250,000	3,716
Collateral:		
Collateral held by the pledging bank, not in the District's name	104,179	-
Uninsured and uncollateralized	<u>(101,424)</u>	<u>-</u>
Total Deposits	<u>\$ 252,755</u>	<u>\$ 3,716</u>

Custodial Credit Risk- Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for the securities underlying an overnight repurchase agreement, or a joint safekeeping receipt to be issued to the District for at least one hundred and two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution.

At June 30, 2014, the District had no investment balances therefore there was no custodial credit risk.

NOTE 4 Accounts Payables and Accrued Expenses

Accounts payable and Accrued Expenses as of June 30, 2014, are as follows:

	General Fund	Debt Service Fund	SB-9 Fund	Other Funds	Totals
Payable to suppliers					
General					
Operational	\$ 7,778	\$ -	\$ -	\$ -	\$ -
Teachorage	16	-	-	-	-
Transportation	18,415	-	-	-	26,209
Food Service	-	-	-	16	16
Debt Service	-	12	-	-	12
SB-9	-	-	889	-	889
	<u>\$ 26,209</u>	<u>\$ 12</u>	<u>\$ 889</u>	<u>\$ 16</u>	<u>\$ 27,126</u>

NOTE 5 Inter fund Receivables, Payables, and Transfers

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

The composition of inter fund balances during the year ended June 30, 2014 is as follows:

	Interfund Receivable	Interfund Payable	Total
Operational	\$ 24,414	\$ -	\$ 24,414
IASA Title 1	-	(14,615)	(14,615)
IDEA-B Entitlement	-	(254)	(254)
NM Read to Lead	-	(8,829)	(8,829)
NM Fruit & Veg	-	(586)	(586)
Dual Credit Instructional Material	-	(130)	(130)
Totals	<u>\$ 24,414</u>	<u>\$ (24,414)</u>	<u>\$ -</u>

NOTE 6 Accounts Receivable

Accounts Receivables as of June 30, 2014, are as follows:

	General Fund	Title 1 IASA Fund	NM Read to Lead Fund	Debt Service Fund	SB-9 Fund	Other Governmental Funds	Totals
Property tax receivable	\$ 88	\$ -	\$ -	\$ 353	\$ 1,205	\$ -	\$ 1,646
Due from grantor	-	14,615	29,214	-	-	-	-
Entitlement	-	-	-	-	-	254	-
NM Fruit & Veg	-	-	-	-	-	586	-
Dual Credit	-	-	-	-	-	130	-
Total due from grantor	-	-	-	-	-	-	44,799
Other receivables	196	-	-	-	-	-	-
Food Service	-	-	-	-	-	142	-
Total other	-	-	-	-	-	-	338
Totals	<u>\$ 284</u>	<u>\$ 14,615</u>	<u>\$ 29,214</u>	<u>\$ 353</u>	<u>\$ 1,205</u>	<u>\$ 1,112</u>	<u>\$ 46,783</u>

NOTE 7 Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2014, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	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	\$ 7,236,513	\$ -	\$ -	\$ 7,236,513
Equipment	851,942	5,286	(96,117)	761,111
Total assets	<u>8,111,082</u>	<u>5,286</u>	<u>(96,117)</u>	<u>8,020,251</u>
Less accumulated depreciation				
Buildings and improvements	(2,636,004)	(143,353)	-	(2,779,357)
Equipment	(743,046)	(30,967)	95,584	(678,429)
Total accumulated depreciation	<u>(3,379,050)</u>	<u>(174,320)</u>	<u>95,584</u>	<u>(3,457,786)</u>
Governmental activity capital assets, net	<u>\$ 4,732,032</u>	<u>\$ (169,034)</u>	<u>\$ (533)</u>	<u>\$ 4,562,465</u>

Capital assets, net of depreciation, at June 30, 2014 appear in the Statement of Net Position as follows:

Governmental activities \$4,562,465

Depreciation expense for the year ended June 30, 2014 was charged to the following functions and funds:

Direct instruction	\$ 6,611
Support services - instruction	1,834
Support service - general administration	112,933
Operation maintenance of plant	36,651
Food service operation	7,580
Athletics	8,012
Transportation	699
	<u>\$ 174,320</u>

NOTE 8 Long-term Debt

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2014 are for governmental activities. 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.

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Series	Date of Issue	Original Amount	Interest Rate	Balance	Due in One Year
2003	4/5/2003	\$ 140,000	3.5% to 4.4%	\$ 30,000	\$ 15,000
2007	4/15/2007	\$ 300,000	3.5% to 4.10%	95,000	35,000
				<u>\$ 125,000</u>	<u>\$ 50,000</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Within One Year
Governmental activities					
Bonds payable					
General Obligation Bonds	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ 125,000</u>	<u>\$ 50,000</u>

The annual requirements to amortize the General Obligation Bonds as of June 30, 2014, including interest payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2015	50,000	4,638	54,638
2016	60,000	2,618	62,618
2017	15,000	581	15,581
	<u>\$ 125,000</u>	<u>\$ 7,837</u>	<u>\$ 132,837</u>

The payments made to liquidate the debt are usually paid by the debt service fund.

NOTE 9 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, 2014, there have been no claims that have exceeded insurance coverage.

NOTE 10 Other Required Individual Fund Disclosures

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

- A. Deficit fund balance
None
- B. Excess Expenditures over budget.
- C. Designated cash and appropriations in excess of available balances.
None
- D. Cash Deficit
New Mexico Reads To Lead - \$(20,385) resulted from New Mexico PED delay of reimbursement of grant expenditures.

NOTE 11 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 some state agency employees) 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

Member contributions

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 10.1% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the plan: 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

In the fiscal year 2014, the District was required to contribute 13.15% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.1% of the gross covered salary for employees whose annual salary is more than \$20,000.

In the future, the District will contribute the following percentages of the gross covered salary of employees: 13.9% of gross covered salary in fiscal year 2015.

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 the ERB for the years ended June 30, 2014, 2013 and 2012 were \$237,003, \$213,190, and \$229,840, respectively, which equal the required contributions for each year.

NOTE 12 Post-Employment Benefits-State Retiree Healthcare Plan

Plan description: The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA 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 Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period required for the employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (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 RCHA 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 RCHA or viewed on their website at www.nmrhca.stat.nm.us.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention office member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15 (G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$30,621, \$31,506, and \$31,147, respectively, which equal the required contributions for each year.

NOTE 13 Contingent Liabilities

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

The District is involved in a lawsuit arising from the normal course of business. Although the outcome of the lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of this matter should not have a material adverse effect on the financial condition of the District.

NOTE 14 Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2014 was \$4,426.

NOTE 15 Surety Bond

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, and 1978 Compilation.

NOTE 16 Memorandum of Understanding

District

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 Schools

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 gives notice of intent to terminate.

Total Estimated Amount of Project and Actual Amount Contributed: The REC paid expenditures on behalf of the District in the amount of \$45,996.

Clovis Community College Dual Enrollment Agreement

Purpose: Clovis Community College will provide higher education to qualified Grady High School junior and senior students in both technical and arts and science courses.

Participants: Clovis Community College and Grady Municipal Schools.

Responsibility: Grady Municipal Schools will be responsible for tuition and enrollment fees for the enrolled students.

Beginning and ending dates of agreement: Extended indefinitely until terminated by either party.

Estimated costs: Total costs are dependent on the number of enrolled students and is the sole responsibility of Grady Municipal Schools.

NOTE 17 Subsequent Accounting Standard Pronouncements

Statement No. 67, Financial Reporting for Pension Plans. This statement also amends Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trust or equivalent arrangements. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for the fiscal years beginning after June 15, 2013 with earlier application encouraged. The District has reviewed the statement and has determined that this does not apply to the District.

Statement No. 68, Accounting and Financial Reporting for Pensions. The statement replaces the requirements of GASBS 27, Accounting for Pensions by State and Local Governmental Employers, and the requirements of GASBS 50 Pension Disclosures, as they related to pensions that are provided through pension plans administered as trusts. The requirements of Statements 27 and 50 remain applicable for pensions that are covered by GASBS 68. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. The District is reviewing the effects of the implementation of this statement.

Statement No. 69, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis. The District has reviewed the statement and has determined that this does not apply to the District.

Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. This statement establishes accounting and financial reporting standards for financial guarantees that are non exchange transactions extended or received by a state or local government. A non-exchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. This statement is effective for financial statements for reporting periods beginning after June 15, 2013. The District has reviewed the statement and has determined that this does not apply to the District.

NOTE 18 Restatement of Net Position

GASB 65 requires a restatement of bond issuance costs and related amortization to Net Position as it has been determined that such costs should be expensed in the year of acquisition.

Beginning Net Position	\$ 4,777,438
Restatement for GASB 65	<u>(13,416)</u>
Beginning Net Position, Restated	<u>\$ 4,764,022</u>

NOTE 19 Subsequent Events Review

The District has evaluated subsequent events through October 24, 2014, which is the date the financial statements were available to be issued. There were no events identified.

Supplementary Information Related to Major Funds

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 Major Project - 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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 16,383	\$ 16,383	\$ 16,674	\$ 291
State sources	-	26,927	22,714	(4,213)
Federal sources	-	-	-	-
Total revenues	<u>16,383</u>	<u>43,310</u>	<u>39,388</u>	<u>(3,922)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	165	165	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	52,681	106,263	31,218	75,045
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>52,681</u>	<u>106,428</u>	<u>31,383</u>	<u>75,045</u>
Excess (deficiency) of revenues over(under) expenditures	(36,298)	(63,118)	8,005	71,123
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	36,298	63,118	-	(63,118)
Total other financing sources (uses)	<u>36,298</u>	<u>63,118</u>	<u>-</u>	<u>(63,118)</u>
Net change in fund balances	-	-	8,005	8,005
Cash balance, beginning of year	-	-	63,118	63,118
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,123</u>	<u>\$ 71,123</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 8,005	
Adjustment to revenues for accruals & other deferrals			937	
Adjustment to expenditures for payables, prepaids & other accruals			(889)	
Net change in fund balance (GAAP Basis)			<u>\$ 8,053</u>	

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

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 Major 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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 56,698	\$ 56,698	\$ 56,479	\$ (219)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>56,698</u>	<u>56,698</u>	<u>56,479</u>	<u>(219)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	587	578	565	13
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	50,000	50,000	50,000	-
Interest	6,698	6,698	6,698	-
Total expenditures	<u>57,285</u>	<u>57,276</u>	<u>57,263</u>	<u>13</u>
Excess (deficiency) of revenues over(under) expenditures	(587)	(578)	(784)	(206)
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	587	578	-	(578)
Total other financing sources (uses)	<u>587</u>	<u>578</u>	<u>-</u>	<u>(578)</u>
Net change in fund balances	-	-	(784)	(784)
Cash balance, beginning of year	-	-	20,386	20,386
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,602</u>	<u>\$ 19,602</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (784)	
Adjustment to revenues for accruals & other deferrals			(584)	
Adjustment to expenditures for payables, prepaids & other accruals			<u>(12)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (1,380)</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.

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 the Rehabilitation Act of 1973, as amended, Title III, Section 303(b)-(d). 20 U.S.C. 777a and 797a.

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.

Dual Credit Instructional Materials

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

GO Bonds Library

The objective of this act is the acquisition of library books, equipment, and library resources for public school libraries and juvenile detention libraries. Funds are acquired from the sale of General Obligation Bonds through the New Mexico Public Education Department. Authority for creation of these funds is the Legislation in Chapter 117, Laws of 2008, Section 10C(3).

2012 GO Bonds Instructional Materials

Funds are used for schools that received a letter grade of "A" or "Top Growth" to purchase books and instructional materials. Authority for the creation of these funds is the New Mexico Public Education Department.

New Mexico Grown Fruits and Vegetables

To account for funds provided by New Mexico Public Education Department to purchase New Mexico locally grown fresh fruits and vegetables for school meal programs.

NONMAJOR GOVERNMENTAL FUNDS

Next Generation Assessments

To account for funds provided by the New Mexico Public Education Department to remediate deficiencies in computer devices compliant with the Partnership for Assessment of Readiness for College and Career assessment requirements.

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2014

	Food Service 21000	Athletics 22000	IDEA - B Entitlement 24106	IDEA - B Preschool 24109
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,189	\$ 1,296	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from grantor	-	-	254	-
Other	142	-	-	-
Inventory	1,023	-	-	-
	<u>2,354</u>	<u>1,296</u>	<u>254</u>	<u>-</u>
Total assets	<u>\$ 2,354</u>	<u>\$ 1,296</u>	<u>\$ 254</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 16	\$ -	\$ -	\$ -
Due to other funds	-	-	254	-
	<u>16</u>	<u>-</u>	<u>254</u>	<u>-</u>
Total liabilities	<u>16</u>	<u>-</u>	<u>254</u>	<u>-</u>
<u>FUND BALANCE</u>				
Non-spendable	1,023	-	-	-
Restricted for:				
Special revenue funds	1,315	1,296	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
	<u>2,338</u>	<u>1,296</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>2,338</u>	<u>1,296</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,354</u>	<u>\$ 1,296</u>	<u>\$ 254</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 2,354</u>	<u>\$ 1,296</u>	<u>\$ 254</u>	<u>\$ -</u>

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

Teacher / Principal Training and Recruiting 24154	Rural Education Achievement Program 25233	Dual Credit Instructional Materials 27103	2010 GO Bonds Library 27106	2012 GO Bonds Library 27107	2012 GO Bonds Instructional Materials 27171
\$ -	-	-	-	-	-
-	-	-	-	-	-
-	-	130	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	-	-	-	\$ -	\$ -
-	-	130	-	-	-
-	-	130	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2014

	New Mexico Grown Fruits and Vegetables 27183	Next Generation Assessments 27185	Total Non-major Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ -	2,485
Accounts receivable			
Taxes	-	-	-
Due from grantor	586	-	970
Other	-	-	142
Inventory	-	-	1,023
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 586</u>	<u>\$ -</u>	<u>\$ 4,620</u>
 <u>LIABILITIES</u>			
Accounts payable	-	-	16
Due to other funds	586	-	970
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>586</u>	<u>-</u>	<u>986</u>
 <u>FUND BALANCE</u>			
Non-spendable	-	-	1,023
Restricted for:			
Special revenue funds	-	-	2,611
Capital projects funds	-	-	-
Debt service funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>-</u>	<u>-</u>	<u>3,634</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 586</u>	<u>\$ -</u>	<u>\$ 4,620</u>

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

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2014

	Food Service 21000	Athletics 22000	IDEA - B Entitlement 24106	IDEA - B Preschool 24109
Revenues:				
Local sources	\$ 15,201	\$ 9,060	\$ -	\$ -
State sources	-	-	-	-
Federal sources	36,852	-	20,958	1,139
Total revenues	52,053	9,060	20,958	1,139
Expenditures:				
Current				
Instruction	-	8,586	-	1,139
Support services				
Students	-	-	20,958	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	56,232	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	56,232	8,586	20,958	1,139
Excess (deficiency) revenues over expenditures	(4,179)	474	-	-
Other financing sources (uses):				
Revert back to state	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(4,179)	474	-	-
Fund balance, beginning	6,517	822	-	-
Fund balance, ending	<u>\$ 2,338</u>	<u>\$ 1,296</u>	<u>\$ -</u>	<u>\$ -</u>

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

Teacher / Principal Training and Recruiting 24154	Rural Education Achievement Program 25233	Dual Credit Instructional Materials 27103	2010 GO Bonds Library 27106	2012 GO Bonds Library 27107	2012 GO Bonds Instructional Materials 27171
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	869	48	4,428	1,513
<u>750</u>	<u>14,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>750</u>	<u>14,282</u>	<u>869</u>	<u>48</u>	<u>4,428</u>	<u>1,513</u>
750	14,282	869	-	-	1,513
-	-	-	-	-	-
-	-	-	48	4,428	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>750</u>	<u>14,282</u>	<u>869</u>	<u>48</u>	<u>4,428</u>	<u>1,513</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2014

	New Mexico Grown Fruits and Vegetables 27183	Next Generation Assessments 27185	Total Non-major Governmental Funds
Revenues:			
Local and county sources	\$ -	\$ -	\$ 24,261
State sources	586	629	8,073
Federal sources	-	-	73,981
Total revenues	586	629	106,315
Expenditures:			
Current			
Instruction	-	-	27,139
Support services			
Students	-	-	20,958
Instruction	-	629	5,105
General administration	-	-	-
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Operation of non-instructional services			
Food services operations	586	-	56,818
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	586	629	110,020
Excess (deficiency) revenues over expenditures	-	-	(3,705)
Other financing sources (uses):			
Operating transfers	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	(3,705)
Fund balance, beginning	-	-	7,339
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,634</u>

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS
 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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 11,500	\$ 14,912	\$ 15,137	\$ 225
State sources	-	-	-	-
Federal sources	30,000	31,653	32,426	773
Total revenues	<u>41,500</u>	<u>46,565</u>	<u>47,563</u>	<u>998</u>
Expenditures:				
Current				
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	43,279	52,553	52,362	191
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>43,279</u>	<u>52,553</u>	<u>52,362</u>	<u>191</u>
Excess (deficiency) of revenues over(under) expenditures	(1,779)	(5,988)	(4,799)	1,189
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	1,779	5,988	-	(5,988)
Total other financing sources (uses)	<u>1,779</u>	<u>5,988</u>	<u>-</u>	<u>(5,988)</u>
Net change in fund balances	-	-	(4,799)	(4,799)
Cash balance, beginning of year	-	-	5,988	5,988
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,189</u>	<u>\$ 1,189</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (4,799)	
Adjustment to revenues for accruals & other deferrals			4,490	
Adjustment to expenditures for payables, prepaids & other accruals			<u>(3,870)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (4,179)</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS
 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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 11,000	\$ 11,000	\$ 9,060	\$ (1,940)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>11,000</u>	<u>11,000</u>	<u>9,060</u>	<u>(1,940)</u>
Expenditures:				
Current				
Instruction	11,620	11,822	8,586	3,236
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>11,620</u>	<u>11,822</u>	<u>8,586</u>	<u>3,236</u>
Excess (deficiency) of revenues over(under) expenditures	(620)	(822)	474	1,296
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	620	822	-	(822)
Total other financing sources (uses)	<u>620</u>	<u>822</u>	<u>-</u>	<u>(822)</u>
Net change in fund balances	-	-	474	474
Cash balance, beginning of year	-	-	822	822
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,296</u>	<u>\$ 1,296</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 474	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ 474</u>	

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS
 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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	19,789	26,371	20,704	(5,667)
Total revenues	<u>19,789</u>	<u>26,371</u>	<u>20,704</u>	<u>(5,667)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	19,789	26,371	20,958	5,413
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>19,789</u>	<u>26,371</u>	<u>20,958</u>	<u>5,413</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	(254)	(254)
Other financing sources (uses):				
Operating transfers in (out)	-	-	254	254
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>254</u>	<u>254</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 SCHOOLS
 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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	1,334	1,520	1,139	(381)
Total revenues	1,334	1,520	1,139	(381)
Expenditures:				
Current				
Instruction	1,334	1,520	1,139	381
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	1,334	1,520	1,139	381
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
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 SCHOOLS
 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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	3,804	9,030	750	(8,280)
Total revenues	<u>3,804</u>	<u>9,030</u>	<u>750</u>	<u>(8,280)</u>
Expenditures:				
Current				
Instruction	3,804	9,030	750	8,280
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>3,804</u>	<u>9,030</u>	<u>750</u>	<u>8,280</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
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 SCHOOLS
 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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	14,282	14,282	-
Total revenues	-	14,282	14,282	-
Expenditures:				
Current				
Instruction	-	14,282	14,282	-
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	-	14,282	14,282	-
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
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 SCHOOLS
 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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	869	739	(130)
Federal sources	-	-	-	-
Total revenues	-	869	739	(130)
Expenditures:				
Current				
Instruction	-	869	869	-
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	-	869	869	-
Excess (deficiency) of revenues over(under) expenditures	-	-	(130)	(130)
Other financing sources (uses):				
Operating transfers in (out)	-	-	130	130
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	130	130
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 SCHOOLS
 Special Revenue Fund - 2010 GO Bonds Library - 27106
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	49	48	(1)
Federal sources	-	-	-	-
Total revenues	-	49	48	(1)
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	49	48	1
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	-	49	48	1
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 SCHOOLS
 Special Revenue Fund - 2012 GO Bonds Library - 27107
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	9,123	9,123	4,428	(4,695)
Federal sources	-	-	-	-
Total revenues	<u>9,123</u>	<u>9,123</u>	<u>4,428</u>	<u>(4,695)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	9,123	9,123	4,428	4,695
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>9,123</u>	<u>9,123</u>	<u>4,428</u>	<u>4,695</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
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 SCHOOLS
 Special Revenue Fund - 2012 GO Bonds Instructional Materials - 27171
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	1,513	1,513	1,513	-
Federal sources	-	-	-	-
Total revenues	<u>1,513</u>	<u>1,513</u>	<u>1,513</u>	<u>-</u>
Expenditures:				
Current				
Instruction	1,513	1,513	1,513	-
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>1,513</u>	<u>1,513</u>	<u>1,513</u>	<u>-</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
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 SCHOOLS
 Special Revenue Fund - New Mexico Grown Fruits and Vegetables - 27183
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	591	-	(591)
Federal sources	-	-	-	-
Total revenues	-	591	-	(591)
Expenditures:				
Current				
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	-	591	586	5
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	591	586	5
Excess (deficiency) of revenues over(under) expenditures	-	-	(586)	(586)
Other financing sources (uses):				
Operating transfers in (out)	-	-	586	586
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	586	586
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 SCHOOLS
 Special Revenue Fund - Next Generation Assessments - 27185
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	745	629	(116)
Federal sources	-	-	-	-
Total revenues	-	745	629	(116)
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	745	629	116
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	-	745	629	116
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
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.

Supplementary Information
Related to Agency Funds

AGENCY FUNDS

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

The District has the following funds classified as Agency Funds:

Activity - To account for assets held by the District until distributed to various organizations at the schools.

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS

Agency Funds
 Statement of Changes in Assets and Liabilities
 June 30, 2014

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Student activity groups	\$ 71,198	\$ 103,517	\$ 105,411	\$ 69,304
Total assets	<u>\$ 71,198</u>	<u>\$ 103,517</u>	<u>\$ 105,411</u>	<u>\$ 69,304</u>
<u>LIABILITIES</u>				
Funds handled on behalf of:				
Student activity groups	<u>\$ 71,198</u>	<u>\$ 103,517</u>	<u>\$ 105,411</u>	<u>\$ 69,304</u>
Total liabilities	<u>\$ 71,198</u>	<u>\$ 103,517</u>	<u>\$ 105,411</u>	<u>\$ 69,304</u>

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

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS
 Agency Funds - Activity
 Statement of Changes in Assets and Liabilities
 June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Class of 2013	\$ 202	\$ -	\$ 202	\$ -
Class of 2014	9,247	18,340	27,514	73
Class of 2015	4,552	14,536	6,469	12,619
Class of 2016	1,658	1,493	2,450	701
Class of 2017	383	447	568	262
Class of 2018	347	123	-	470
Class of 2019	578	1,068	374	1,272
Class of 2020	-	2,389	2,124	265
Elementary	738	414	808	344
Accelerated Reading	251	-	-	251
Athletics - girls and boys	7,220	10,850	15,617	2,453
Box Top	1,271	178	65	1,384
Cafeteria	250	-	-	250
Cheerleaders	528	3,841	3,773	596
Choir/Music	10	-	10	-
Custodian / Maintenance	125	-	-	125
Elementary Cheer	4	-	4	-
Faculty	684	20	60	644
Fellowship of Christian Athletes	158	-	-	158
FFA	97	20,181	19,369	909
Honor Society	174	-	-	174
Journalism	6,922	2,053	4,893	4,082
Leadership Class	59	-	59	-
Library	1,155	1,276	1,279	1,152
Little League Baseball	207	-	-	207
Rodeo Club	188	-	188	-
Science - recycling	123	-	-	123
Senior Class 2012 and Past	629	202	20	811
Special Education	122	-	-	122
Student / Community	1,120	2,358	1,457	2,021
Student Council	464	-	-	464
Technology ENMR	5,015	-	1,146	3,869
Thermostat Project	1,000	-	-	1,000
Trophy Case	488	-	-	488
401 A Broadway	11,637	3,600	109	15,128
401 B Broadway	9,673	2,870	272	12,271
Rental Deposit	1,100	450	650	900
EPAC	1,019	-	1,019	-
Grady Booster Club	1,800	16,828	14,912	3,716
	<u>\$ 71,198</u>	<u>\$ 103,517</u>	<u>\$ 105,411</u>	<u>\$ 69,304</u>
Total assets	<u>\$ 71,198</u>	<u>\$ 103,517</u>	<u>\$ 105,411</u>	<u>\$ 69,304</u>
LIABILITIES				
Due to student groups	<u>\$ 71,198</u>	<u>\$ 103,517</u>	<u>\$ 105,411</u>	<u>\$ 69,304</u>
Total liabilities	<u>\$ 71,198</u>	<u>\$ 103,517</u>	<u>\$ 105,411</u>	<u>\$ 69,304</u>

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

Other Supplemental Information

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS

Cash Reconciliation - All Funds
 For the year ended June 30, 2014

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>
Grady Municipal Schools				
Operational	\$ 80,953	\$ 1,603,526	\$ (1,666,259)	\$ (18,220)
Teacherage	3,931	2,331	(4,970)	-
Transportation	3	204,961	(186,548)	(1)
Instructional Materials	4,431	5,126	(1,730)	-
Food Services	5,988	47,563	(52,362)	-
Athletics	822	9,060	(8,586)	-
Federal Flowthrough	-	40,186	(48,861)	8,675
Federal Direct	-	14,282	(14,282)	-
State Flowthrough	-	30,155	(60,085)	9,545
Capital Improvement SB-9	63,118	39,388	(31,383)	-
Debt Service	20,386	56,479	(57,263)	-
	<u>179,632</u>	<u>2,053,057</u>	<u>(2,132,329)</u>	<u>(1)</u>
Total Governmental Funds				
Student Activities	69,398	86,689	(90,499)	-
Booster Club	1,800	16,828	(14,912)	-
	<u>71,198</u>	<u>103,517</u>	<u>(105,411)</u>	<u>-</u>
Total Grady Municipal Schools	<u>\$ 250,830</u>	<u>\$ 2,156,574</u>	<u>\$ (2,237,740)</u>	<u>\$ (1)</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Grady Municipal Schools			
Operational Account	Checking	Wells Fargo	\$ 186,549
Reconciling items - outstanding deposit			-
Reconciling items - outstanding checks			<u>(86,190)</u>
Total operational account			<u>\$ 100,359</u>
Student Activities	Checking	Wells Fargo	\$ 66,206
Reconciling items - outstanding checks			<u>(618)</u>
Sub total student activities			65,588
Booster Club	Checking	Citizens Bank	<u>3,716</u>
Total student activities			<u>\$ 69,304</u>

<u>Net Cash End of Period</u>	<u>Adjustments to the Report</u>	<u>Total Cash on Report</u>
\$ -	\$ -	\$ -
1,292	-	1,292
18,415	-	18,415
7,827	-	7,827
1,189	-	1,189
1,296	-	1,296
-	-	-
-	-	-
(20,385)	-	(20,385)
71,123	-	71,123
19,602	-	19,602
100,359	-	100,359
65,588	-	65,588
3,716	-	3,716
69,304	-	69,304
\$ 169,663	\$ -	\$ 169,663

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS

Schedule of Revenue
 For the year ended June 30, 2014

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
Revenues:				
Local sources:				
Taxes levied / assessed	\$ 4,189	\$ -	\$ -	\$ -
Fees	309	-	-	-
Rentals	3,850	2,331	-	-
Contributions	22,706	-	-	-
Insurance recoveries	700	-	-	-
Special assessments	26,804	-	-	-
Miscellaneous	196	-	-	-
Prior years refunds	17	-	-	-
Total local sources	58,771	2,331	-	-
State sources:				
Equalization guarantee	1,100,972	-	-	-
Emergency supplement	444,000	-	-	-
Flow through grants	-	-	-	-
Transportation	-	-	204,961	-
Instructional materials	-	-	-	5,126
Total local sources	1,544,972	-	204,961	5,126
Federal sources:				
Direct grants	-	-	-	-
Flow through grants	-	-	-	-
Total federal sources	-	-	-	-
Total	<u>\$ 1,603,743</u>	<u>\$ 2,331</u>	<u>\$ 204,961</u>	<u>\$ 5,126</u>

<u>Food Service 21000</u>	<u>Athletics 22000</u>	<u>IASA Title I 24101</u>	<u>IDEA - B Entitlement 24106</u>	<u>IDEA - B Preschool 24109</u>	<u>Teacher / Principal Training & Recruiting 24154</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,201	8,943	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	117	-	-	-	-
<u>15,201</u>	<u>9,060</u>	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
36,852	-	26,014	20,958	1,139	750
-	-	-	-	-	-
<u>36,852</u>	<u>-</u>	<u>26,014</u>	<u>20,958</u>	<u>1,139</u>	<u>750</u>
<u>\$ 52,053</u>	<u>\$ 9,060</u>	<u>\$ 26,014</u>	<u>\$ 20,958</u>	<u>\$ 1,139</u>	<u>\$ 750</u>

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS

Schedule of Revenue
 For the year ended June 30, 2014

	Rural Education Achievement Program 25233	Dual Credit Instructional Materials 27103	Library 2010 Go Bond 27106	2012 GO Bond Student Library 27107
Revenues:				
Local sources:				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
Fees	-	-	-	-
Rentals	-	-	-	-
Contributions	-	-	-	-
Insurance recoveries	-	-	-	-
Special assessments	-	-	-	-
Miscellaneous	-	-	-	-
Prior years refunds	-	-	-	-
Total local sources	-	-	-	-
State sources:				
Equalization guarantee	-	-	-	-
Emergency supplement	-	-	-	-
Flow through grants	-	869	48	4,428
Transportatic State sources:	-	-	-	-
Instructional materials	-	-	-	-
Total state sources	-	869	48	4,428
Federal sources:				
Direct grants	-	-	-	-
Flow through grants	14,282	-	-	-
Total federal sources	14,282	-	-	-
Totals	<u>\$ 14,282</u>	<u>\$ 869</u>	<u>\$ 48</u>	<u>\$ 4,428</u>

STATE OF NEW MEXICO
 GRADY MUNICIPAL SCHOOLS

Schedule of Revenue
 For the year ended June 30, 2014

	<u>Debt Service 41000</u>	<u>Totals</u>
Revenues:		
Local sources:		
Taxes levied / assessed	\$ 55,895	\$ 77,695
Fees	-	24,453
Rentals	-	6,181
Contributions	-	22,706
Insurance recoveries	-	700
Special assessments	-	26,804
Miscellaneous	-	196
Prior years refunds	-	134
	<hr/>	<hr/>
Total local sources	55,895	158,869
State sources:		
Equalization guarantee	-	1,100,972
Emergency supplement	-	444,000
Flow through grants	-	82,799
Transportatic State sources:	-	204,961
Instructional materials	-	5,126
	<hr/>	<hr/>
Total state sources	-	1,837,858
Federal sources:		
Direct grants	-	85,713
Flow through grants	-	14,282
	<hr/>	<hr/>
Total federal sources	-	99,995
	<hr/>	<hr/>
Totals	<u>\$ 55,895</u>	<u>\$ 2,096,722</u>

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

Independent Auditor's Report

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Grady Municipal Schools
Grady, New Mexico

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Grady Municipal Schools (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplementary information, and have issued my report thereon dated October 24, 2014.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.


Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However material weaknesses may exist that have not been identified. I did not identify any deficiencies in internal control that I consider to be significant deficiencies.

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*.

Purpose of this Report

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


Sandra Rush CPA PC
Clovis, New Mexico
October 24, 2014

STATE OF NEW MEXICO
GRADY MUNICIPAL SCHOOLS
Schedule of Findings and Responses
June 30, 2014

Prior Year Audit Findings

2013-1	Travel and Per Diem Reimbursements Compliance and Internal Control - Significant Deficiency	Resolved
2013-2	Pledged Collateral Compliance and Internal Control - Significant Deficiency	Resolved

Current Year Findings: None

Financial Statement Preparation

Although it would be preferred and desirable for the District to prepare its own GAAP-basis financial statements, it is felt that the District's personnel did not have the time to prepare them. Therefore, the outside auditor prepared the GAAP basis financial statements and footnotes for inclusion in the annual audit report from the original books and records provided to them by the management of the District. Management of the District has reviewed and approved these financial statements and related notes and believes they are adequately supported by the books and records of the government.

Exit Conference

The contents of this report were discussed with, Ted Trice, Superintendent, Bill Page School Board President, Karla Malone, Business Manager, Leona Powell Audit Committee, and Sandra Rush, CPA, in an exit conference on November 13, 2014.

