

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**Basic Financial Statements and
Required Supplementary Information
For the Year Ended June 30, 2012
and Independent Auditors' Report**

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

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ROY MUNICIPAL SCHOOLS**

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ROY MUNICIPAL SCHOOLS**

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**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

OFFICIAL ROSTER

BOARD OF EDUCATION

Sacramento Baca
Troy Daniels
Arlene Daniels
Matt Mitchell
Blair Chavel

President
Member
Member
Member
Member

SCHOOL OFFICIALS

Secundio Esquibel
Sherrita Fluhman

Superintendent
Business Manager

INDEPENDENT AUDITORS' REPORT

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of Roy Municipal Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the District, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital project fund, debt service fund and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has omitted the Management's Discussion and Analysis which is required to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. Our opinion on the basic financial statements is not affected by the missing information.

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

White & Samaniego & Campbell, LP

El Paso, Texas
November 14, 2012

**BASIC
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Current assets | |
| Cash | \$ 879,667 |
| Taxes receivable | 1,174 |
| Due from agencies | 41,166 |
| Inventory | <u>223</u> |
| Total current assets | <u>922,230</u> |
| Non-current assets | |
| Bond issue cost, net | 34,687 |
| Land (non-depreciable) | 16,200 |
| Capital assets (depreciable) | 4,658,599 |
| Less accumulated depreciation | <u>(2,440,512)</u> |
| Total non-current assets | <u>2,268,974</u> |
| Total assets | \$ <u>3,191,204</u> |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable | \$ 18,827 |
| Accrued interest | 3,186 |
| Deferred revenue | 16,305 |
| Current portion of long-term obligations | <u>30,000</u> |
| Total current liabilities | 68,318 |
| Long-term obligations | |
| Non-current portion of long-term obligations | <u>200,000</u> |
| Total long-term liabilities | <u>200,000</u> |
| Total liabilities | <u>268,318</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 2,035,788 |
| Restricted for | |
| Cafeteria fund (inventory) | 223 |
| Special revenue funds | 19,963 |
| Capital projects funds | 75,443 |
| Debt service | 25,878 |
| Unrestricted | <u>765,591</u> |
| Total net assets | \$ <u>2,922,886</u> |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenue and Changes Net Assets |
|---|---------------------|------------------------|--|--|--|
| | | Charges for Service | Operating Grants and Contributions | Capital Grants and Contributions | |
| Expenses: | | | | | |
| Governmental Activities: | | | | | |
| Direct instruction | \$ 753,095 | \$ 15,686 | \$ 101,667 | \$ - | \$ (635,742) |
| Support service - students | 67,993 | - | 5,776 | - | (62,217) |
| Support service - general administration | 111,661 | - | - | - | (111,661) |
| Central service | 87,476 | - | - | - | (87,476) |
| Operation & maintenance of plant | 294,636 | - | - | - | (294,636) |
| Food services | 43,410 | 9,066 | 13,068 | - | (21,276) |
| Student transportation | 107,044 | - | 83,725 | - | (23,319) |
| Depreciation & amortization - unallocated | 181,162 | - | - | - | (181,162) |
| Interest on long-term obligations | 9,723 | - | - | - | (9,723) |
| Total governmental activities | \$ 1,656,200 | \$ 24,752 | \$ 204,236 | \$ - | \$ (1,427,212) |
| General Revenues: | | | | | |
| Taxes | | | | | |
| Property taxes, levied for general purposes | | | | | 3,624 |
| Property taxes, levied for capital projects | | | | | 15,622 |
| Property taxes, levied for debt services | | | | | 36,590 |
| Federal and state aid not restricted to specific purpose | | | | | 1,685,271 |
| Interest and investment earnings | | | | | 6,210 |
| Miscellaneous | | | | | 2,721 |
| Subtotal, general revenue | | | | | 1,750,038 |
| Change in net assets | | | | | 322,826 |
| Net assets - beginning of year | | | | | 2,600,060 |
| Net assets - end of year | | | | | \$ 2,922,886 |

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012**

| | General Fund | Title I | Entitlement | Teacher/Principal Training & Recruiting |
|--|-------------------|------------------|------------------|---|
| ASSETS | | | | |
| Cash | \$ 724,473 | \$ - | \$ - | \$ - |
| Taxes receivable | 80 | - | - | - |
| Inventory | - | - | - | - |
| Due from other funds | 41,166 | - | - | - |
| Due from agencies | - | 12,522 | 15,415 | 8,624 |
| | <u>765,719</u> | <u>12,522</u> | <u>15,415</u> | <u>8,624</u> |
| Total assets | \$ 765,719 | \$ 12,522 | \$ 15,415 | \$ 8,624 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 86 | \$ - | \$ - | \$ - |
| Due to other funds | 42 | 12,522 | 15,415 | 8,624 |
| | <u>128</u> | <u>12,522</u> | <u>15,415</u> | <u>8,624</u> |
| Total liabilities | 128 | 12,522 | 15,415 | 8,624 |
| Fund balances: | | | | |
| Nonspendable - inventory | - | - | - | - |
| Restricted, reported in: | | | | |
| Special revenue fund | - | - | - | - |
| Capital projects funds | - | - | - | - |
| Debt service fund | - | - | - | - |
| Unassigned, reported in: | | | | |
| General fund | 765,591 | - | - | - |
| | <u>765,591</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | 765,591 | - | - | - |
| Total liabilities and fund balances | \$ 765,719 | \$ 12,522 | \$ 15,415 | \$ 8,624 |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012**

| | Capital Improvements | Other Governmental Funds | Total |
|--------------------------------------|-------------------------|--------------------------------|-------------------|
| ASSETS | | | |
| Cash | \$ 67,953 | \$ 87,241 | \$ 879,667 |
| Taxes receivable | 331 | 763 | 1,174 |
| Inventory | - | 223 | 223 |
| Due from other funds | - | 42 | 41,208 |
| Due from agencies | - | 4,605 | 41,166 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 68,284</u> | <u>\$ 92,874</u> | <u>\$ 963,438</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 872 | \$ 17,869 | \$ 18,827 |
| Due to other funds | - | 4,605 | 41,208 |
| Deferred revenues | - | 16,305 | 16,305 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | 872 | 38,779 | 76,340 |
| Fund balances: | | | |
| Nonspendable - inventory | - | 223 | 223 |
| Restricted, reported in: | | | |
| Special revenue fund | - | 19,963 | 19,963 |
| Capital projects fund | 67,412 | 8,031 | 75,443 |
| Debt service fund | - | 25,878 | 25,878 |
| Unassigned, reported in: | | | |
| General fund | - | - | 765,591 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>67,412</u> | <u>54,095</u> | <u>887,098</u> |
| Total liabilities and fund balances | <u>\$ 68,284</u> | <u>\$ 92,874</u> | <u>\$ 963,438</u> |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

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

| | | |
|--|----|------------------|
| Fund balances - total governmental funds | \$ | 887,098 |
| Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 2,234,287 |
| Bond issuance cost | | 34,687 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Accrued interest | | (3,186) |
| General obligation bonds | | <u>(230,000)</u> |
| Total net assets - governmental funds | \$ | <u>2,922,886</u> |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

| | General Fund | Title I | Entitlement | Teacher/Principal Training & Recruiting |
|--|-------------------|---------------|---------------|---|
| REVENUES | | | | |
| Taxes | \$ 3,624 | \$ - | \$ - | \$ - |
| Charges for services | 12,815 | - | - | - |
| State sources | 1,785,596 | - | - | - |
| Federal sources | - | 13,233 | 29,224 | 4,199 |
| Earnings from investments | 6,210 | - | - | - |
| Miscellaneous | 1,328 | - | - | - |
| | <u>1,809,573</u> | <u>13,233</u> | <u>29,224</u> | <u>4,199</u> |
| Total revenues | 1,809,573 | 13,233 | 29,224 | 4,199 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Direct instruction | 676,466 | 13,233 | 29,224 | 4,199 |
| Support service - students | 61,647 | - | - | - |
| Support service - general administration | 111,226 | - | - | - |
| Central services | 87,476 | - | - | - |
| Operation & maintenance of plant | 205,418 | - | - | - |
| Food services | 23,428 | - | - | - |
| Student transportation | 107,044 | - | - | - |
| | <u>1,272,705</u> | <u>13,233</u> | <u>29,224</u> | <u>4,199</u> |
| Total expenditures | 1,272,705 | 13,233 | 29,224 | 4,199 |
| Net change in fund balance | 536,868 | - | - | - |
| Fund balance - beginning of year | 228,723 | - | - | - |
| Fund balance - end of year | <u>\$ 765,591</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Capital Improvements | Other Governmental Funds | Total |
|--|-------------------------|--------------------------------|-------------------|
| REVENUES | | | |
| Taxes | \$ 16,047 | \$ 37,558 | \$ 57,229 |
| Charges for services | - | 11,937 | 24,752 |
| State sources | - | 25,217 | 1,810,813 |
| Federal sources | - | 32,038 | 78,694 |
| Earnings from investments | - | - | 6,210 |
| Miscellaneous | - | - | 1,328 |
| | <hr/> | <hr/> | <hr/> |
| Total revenues | 16,047 | 106,750 | 1,979,026 |
| EXPENDITURES | | | |
| Current: | | | |
| Direct instruction | - | 29,973 | 753,095 |
| Support service - students | - | 6,346 | 67,993 |
| Support service - general administration | 131 | 304 | 111,661 |
| Central service | - | - | 87,476 |
| Operation & maintenance of plant | 57,426 | 31,792 | 294,636 |
| Food services | - | 19,982 | 43,410 |
| Student transportation | - | - | 107,044 |
| Capital outlay | - | 19,511 | 19,511 |
| Debt services: | | | |
| Bonds | - | 30,000 | 30,000 |
| Interest | - | 10,138 | 10,138 |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures | 57,557 | 148,046 | 1,524,964 |
| Net change in fund balance | (41,510) | (41,296) | 454,062 |
| Fund balance - beginning of year | 108,922 | 95,391 | 433,036 |
| Fund balance - end of year | <u>\$ 67,412</u> | <u>\$ 54,095</u> | <u>\$ 887,098</u> |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN THE FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

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

| | |
|---|-------------------|
| Fund balances - total governmental funds | \$ 454,062 |
| Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation expense exceeds capital outlays in the period | |
| Depreciation expense | (175,280) |
| Amortization expense | (5,882) |
| Capital outlay | 19,511 |
| The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. | |
| Decrease in accrued interest | 415 |
| Principal payment of bond | <u>30,000</u> |
| Change in net assets of governmental activities | <u>\$ 322,826</u> |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**GENERAL FUND COMBINED
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|---|--------------------|------------------|------------------------------|---|
| Revenues: | | | | |
| Taxes | \$ 3,282 | \$ 3,282 | \$ 3,624 | \$ 342 |
| Charges for services | 13,615 | 13,615 | 12,815 | (800) |
| State sources | 1,240,329 | 1,840,782 | 1,785,596 | (55,186) |
| Earnings from investments | 9,130 | 9,130 | 6,210 | (2,920) |
| Miscellaneous | - | - | 1,328 | 1,328 |
| Total revenues | 1,266,356 | 1,866,809 | 1,809,573 | (57,236) |
| Expenditures: | | | | |
| Current: | | | | |
| Direct instruction | 724,326 | 1,337,635 | 676,466 | 661,169 |
| Support services - students | 81,687 | 81,687 | 61,647 | 20,040 |
| Support services - general administration | 131,638 | 131,598 | 111,226 | 20,372 |
| Central services | 92,325 | 92,325 | 87,476 | 4,849 |
| Operation & maintenance of plant | 244,794 | 244,794 | 205,418 | 39,376 |
| Student transportation | 103,581 | 120,137 | 107,044 | 13,093 |
| Other support services | 214 | 214 | - | 214 |
| Food service | 28,090 | 28,090 | 23,428 | 4,662 |
| Total expenditures | 1,406,655 | 2,036,480 | 1,272,705 | 763,775 |
| Net change in fund balance | (140,299) | (169,671) | 536,868 | 706,539 |
| Fund balance - beginning of year | 228,723 | 228,723 | 228,723 | - |
| Fund balance - end of year | \$ 88,424 | \$ 59,052 | \$ 765,591 | \$ 706,539 |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ 536,868 | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | \$ 536,868 | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**TITLE I FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| Federal sources | \$ 11,681 | \$ 18,544 | \$ 13,233 | \$ (5,311) |
| Expenditures: | | | | |
| Current: | | | | |
| Direct instruction | <u>11,681</u> | <u>18,544</u> | <u>13,233</u> | <u>5,311</u> |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | <u>-</u> | |
| Net changes in fund balance GAAP basis | | | <u>\$ -</u> | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**ENTITLEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| Federal sources | \$ 19,683 | \$ 42,197 | \$ 29,224 | \$ (12,973) |
| Expenditures: | | | | |
| Current: | | | | |
| Direct instruction | <u>19,683</u> | <u>42,197</u> | <u>29,224</u> | <u>12,973</u> |
| Total expenditures | 19,683 | 42,197 | 29,224 | 12,973 |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ -</u> | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**TEACHER/PRINCIPAL TRAINING & RECRUITING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| Federal sources | \$ 3,794 | \$ 7,634 | \$ 4,199 | \$ (3,435) |
| Expenditures: | | | | |
| Current: | | | | |
| Direct instruction | <u>3,794</u> | <u>7,634</u> | <u>4,199</u> | <u>3,435</u> |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | <u>-</u> | |
| Net changes in fund balance GAAP basis | | | <u>\$ -</u> | |

See accompanying notes to financial statements.

FIDUCIARY FUNDS FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND
JUNE 30, 2012**

ASSETS

Current Assets:

Cash \$ 64,036

Total assets \$ 64,036

LIABILITIES

Current Liabilities

Deposits held in trust for others \$ 64,036

Total liabilities \$ 64,036

See accompanying notes to financial statements.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Government-wide and fund financial statements

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

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

C. **Measurement Focus, Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectible amounts, in the year for which they are levied, even if not available. The amount of delinquent property taxes was not available and thus not recorded as revenue in these financial statements. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and would be recognized as revenues of the current fiscal period if this information is available. All other revenue items are considered to be measurable and available only when cash is received by the government. Grant revenues and deferrals are recognized in accordance with GASB 33.

The government reports the following major governmental funds:

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

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

Entitlement Special Revenue Fund - To account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230,93-380,94142,98-199,99-457,100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

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

Capital Improvements Capital Projects Fund - To account for 2.0 mill levy restricted by board resolution for erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, improving school grounds and maintenance of school buildings

and grounds, exclusive of salary expense of employees. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Budgets

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

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

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes
6. The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2011 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an

individual line item.

E. Assets, Liabilities and Net Assets or Equity

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

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

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

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

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

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

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

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

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

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and

an estimated useful life that exceeds a single reporting period. The District is capitalizing qualifying software and library books as required. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

| Assets | Years |
|-----------------------------------|-------|
| Buildings & building improvements | 50 |
| Furniture and equipment | 10 |

GASB Statement 34 requires the recording and depreciation of infrastructure assets, which include roads, bridges, traffic signals, etc The District did not own any infrastructure assets as of June 30, 2012.

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

Deferred Revenues - The District reports deferred revenues on its Statement of Net Assets and fund balance sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

Compensated Absences - It is the School District's policy not to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave or vacation.

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

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

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

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

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

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.
- c. Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation.

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

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

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

Inter-fund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another

fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

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

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

Investment in capital assets, net of related debt - This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets - This category reflects the portion of net assets that have third party limitations on their use.

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

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

E. New Accounting Pronouncements

In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for financial statements for periods beginning after June 15, 2010, and earlier application is encouraged. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year. The District incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In December 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 57 OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, which is effective upon issuance for certain provisions of the statement and for periods beginning after June 15, 2011 for other provisions. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In December 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 58 Accounting and Financial Reporting for Chapter 9 Bankruptcies, which is effective for reporting periods beginning after June 15, 2009. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have

petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan. The District incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In June 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 59 Financial Instruments Omnibus, which is effective for financial statements for periods beginning after June 15, 2010. Earlier application is encouraged. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This Statement provides for the following amendments: National Council on Governmental Accounting Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences, is updated to be consistent with the amendments to GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, regarding certain financial guarantees. Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, are amended to remove the fair value exemption for unallocated insurance contracts. The effect of this amendment is that investments in unallocated insurance contracts should be reported as interest-earning investment contracts according to the provisions of paragraph 8 of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Statement 31, is clarified to indicate that a 2a7-like pool, as described in Statement 31, is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Statement No. 40, Deposit and Investment Risk Disclosures, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools—such as bond mutual funds and external bond investment pools—that do not meet the requirements to be reported as a 2a7-like pool. Statement 53 is amended to: – Clarify that the net settlement characteristic of Statement 53 that defines a derivative instrument is not met by a contract provision for a penalty payment for nonperformance – Provide that financial guarantee contracts included in the scope of Statement 53 are limited to financial guarantee contracts that are considered to be investment derivative instruments entered into primarily for the purpose of obtaining income or profit – Clarify that certain contracts based on specific volumes of sales or service revenues are excluded from the scope of Statement 53 – Provide that one of the “leveraged yield” criteria of Statement 53 is met if the initial rate of return on the companion instrument has the potential for at least a doubled yield. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In November 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 60 Accounting and Financial Reporting for Service Concession Arrangements, which is effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The District is analyzing the effect that this statement

will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In November 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 61 The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, which is effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. That Statement supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. Statement 62 is effective for financial statements for periods beginning after December 15, 2011, with early application encouraged. The objective of this statement is to provide non-conflicting pronouncements between FASB and GASB. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2011, the GASB issued Statement No. 63, Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position, which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2011, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 64 Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53, which is effective for financial statements for periods beginning after June 15, 2011. Earlier application is encouraged. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The District is analyzing the

effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 65 Items Previously Reported as Assets and Liabilities, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 66 Technical Corrections-2012- an amendment of GASB Statements No. 10 and No. 62, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

2. DEPOSIT AND INVESTMENTS

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2012.

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

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

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

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

Deposits:

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the School District for at

least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

| | Community 1st Bank |
|---|-----------------------|
| Cash on deposit at June 30, 2012 | <u>\$ 1,002,973</u> |
| Total deposits | 1,002,973 |
| FDIC coverage | <u>(250,000)</u> |
| Total uninsured public funds | <u>\$ 752,973</u> |
| Pledged collateral | \$ 433,019 |
| Collateral requirement (50% of uninsured public funds) | <u>376,487</u> |
| Over collateralization | <u>\$ 56,532</u> |

Custodial Credit Risk-Deposits—Custodial Credit Risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2012, \$752,973 of the District's bank balance of \$1,002,973 was exposed to custodial credit risk because it was uninsured and the collateral was held by the pledging bank's trust department, not in the District's name. At June 30, 2012, the carrying amount of these deposits was \$943,703.

Reconciliation of Cash and Cash Equivalents

| | |
|--|---------------------|
| Cash and cash equivalents per Governmental Funds - Balance Sheet | \$ 879,667 |
| Statement of Fiduciary Net Assets - Cash | <u>64,036</u> |
| | 943,703 |
| LGIP | (85) |
| Add outstanding checks and other reconciling items | <u>59,355</u> |
| Bank balance of deposits and investments | <u>\$ 1,002,973</u> |

Credit and Interest Rate Risk

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

Investments:

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

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

LGIP does not have unit shares. Per Section 6-10-10.1 F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in this pool is voluntary. The independent auditors' report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditors' report on compliance and internal controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

Interest Rate Risk - Interest rate risk is the risk that interest rate variations may adversely affect the fair value of an investment. The LGIP's weighted average maturity at June 30, 2012 was 52 days.

3. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2012, are as follows:

| | General | Other Major | Other Nonmajor | Total |
|-------------------|--------------|------------------|-----------------|------------------|
| Due from agencies | \$ - | \$ 36,561 | \$ 4,605 | \$ 41,166 |
| Property taxes | 80 | 331 | 763 | 1,174 |
| Total | <u>\$ 80</u> | <u>\$ 36,892</u> | <u>\$ 5,368</u> | <u>\$ 42,340</u> |

4. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

Receivables and payables from interfund transactions as of June 30, 2012 are listed below. All interfund receivables and payables represent short-term loans and are expected to be repaid within one year.

| Governmental Activities: | Interfund Receivables | Interfund Payables |
|---|----------------------------------|-------------------------------|
| Major Funds: | | |
| General Fund | \$ 41,166 | \$ 42 |
| Title I | - | 12,522 |
| Entitlement | - | 15,415 |
| Teacher/Principal Training & Recruiting | - | 8,624 |
| Non Major Funds: | | |
| Cafeteria Fund | 42 | - |
| Go Bond Fund | - | 570 |
| 2010 Go Bond Fund | - | 4,035 |
| Total Governmental Activities | \$ 41,208 | \$ 41,208 |

5. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2012 is as follows:

| | Balance June 30, 2011 | Additions | Retirements | Balance June 30, 2012 |
|--|--------------------------|---------------------|-------------|--------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 16,200 | \$ - | \$ - | \$ 16,200 |
| Capital assets being depreciated: | | | | |
| Buildings & building improvements | 3,831,807 | 19,511 | - | 3,851,318 |
| Furniture & equipment | 807,281 | - | - | 807,281 |
| Total capital assets being depreciated | 4,639,088 | 19,511 | - | 4,658,599 |
| Less accumulated depreciation for: | | | | |
| Buildings & building improvements | 1,623,929 | 85,829 | - | 1,709,758 |
| Furniture & equipment | 641,303 | 89,451 | - | 730,754 |
| Total accumulated depreciation | 2,265,232 | 175,280 | - | 2,440,512 |
| Total capital assets being depreciated, net | 2,373,856 | (155,769) | - | 2,218,087 |
| Governmental activities capital assets, net | \$ 2,390,056 | \$ (155,769) | \$ - | \$ 2,234,287 |

6. LONG TERM OBLIGATIONS

The following is a summary of the long-term debt and the activity for the year ended June 30, 2012:

| | Balance June 30, 2011 | Additions | Reductions | Balance June 30, 2012 | Due Within One Year |
|----------------------------------|--------------------------|-------------|--------------------|--------------------------|------------------------|
| Governmental Activities: | | | | | |
| Bonds 7/15/06 | \$ 130,000 | \$ - | \$ (15,000) | \$ 115,000 | \$ 15,000 |
| Bonds 10/1/06 | <u>130,000</u> | <u>-</u> | <u>(15,000)</u> | <u>115,000</u> | <u>15,000</u> |
| Total governmental activities | <u>\$ 260,000</u> | <u>\$ -</u> | <u>\$ (30,000)</u> | <u>\$ 230,000</u> | <u>\$ 30,000</u> |

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

| Years ending June 30, | Principal | Interest | Total |
|-----------------------|-------------------|------------------|-------------------|
| 2013 | 30,000 | 9,487 | 39,487 |
| 2014 | 35,000 | 8,250 | 43,250 |
| 2015 | 35,000 | 6,800 | 41,800 |
| 2016 | 35,000 | 5,350 | 40,350 |
| 2017 | 55,000 | 2,450 | 57,450 |
| 2018-2021 | <u>40,000</u> | <u>1,400</u> | <u>41,400</u> |
| | <u>\$ 230,000</u> | <u>\$ 33,737</u> | <u>\$ 263,737</u> |

Payments on the general obligation bonds are made by the debt service funds.

7. REVENUES

A. Property Tax Levies

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

B. State Equalization Guarantee

Each school district in the State of New Mexico receives 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 8-25, NMSA 1978) "is at least equal to the school district's program cost." A school district's program costs are determined through the use of various

formulas using "program units" which take into consideration (1) early childhood education; (2) basic education; (3) special education; (4) bilingual/multi-cultural education; (5) size, etc. Payment is made from the public school fund under the authority of the chief (director of public school finance). The District received \$1,701,871 in state equalization guarantee distributions during the year ended June 30, 2012.

C. Transportation Distribution

Money in the transportation distribution of the public school fund 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 the grades K through twelve attending public school within the school district. Except in unusual circumstances as determined by the local school board and confirmed by the state transportation director, midday bus routes for early childhood education students shall not be approved for funding in excess of twenty miles one way.

Money in the vocational education transportation distribution of the public school fund is used for the purpose of making payments to school districts for transportation of students to and from their regular attendance centers and the place where vocation education programs are being offered, pursuant to Section 22-16-4.1 (NMSA 1978) of the Act. The transportation distribution is allocated to each school district according to an objective formula developed by the state transportation director and the director of public school finance.

In the event the sum of the proposed transportation allocations to each school district exceeds the amounts in the transportation distribution, each school district to receive an allocation shares in a reduction in the proportion that each school district's forty-day average daily membership bears to the forty-day average daily membership of all school districts to receive allocations.

Local school boards shall negotiate school bus contracts in accordance with regulations promulgated by the state transportation director with the approval of the State Board of Education.

Local school boards, with the approval of the state transportation director, may provide additional transportation services pursuant to Section 22-16-2 NMSA 1978 to meet established program needs. The District received \$83,725 in transportation distribution during the year ended June 30, 2012.

D. SB-9 State Match

The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

E. Public School Capital Outlay

Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the available resources to outlay requirements; school district have provided all the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner.
4. The District is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

F. Instructional Materials

The New Mexico State Department of Education (Department) received federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Beginning with the fiscal year ended June 30, 2009, Districts received their total allocation at the beginning of the fiscal year, instead of being reimbursed for purchases as was done in the prior year. During the year ended June 30, 2012, the District received \$0 in instructional materials allocation.

G. Federal Grants

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

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food service operations, and distributions of commodities through the New Mexico Human Services Department.

8. DEFERRED REVENUE

In accordance with the terms of the various grants agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to grantor.

9. CONTINGENT LIABILITIES

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

10. DUE FROM GRANTOR

The amount shown as due from grantor represents federal, state and local expenditures in excess of revenues. Most federal, state or local projects earn revenue as expenditures are incurred and are subsequently reimbursed by the grantor.

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self sustaining through member premiums. NMPSIA establishes self insured retention by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2012.

12. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURE

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

A. Excess of expenditures over appropriations. The following fund had exceeded approved budgetary authority for the year ended June 30, 2012.

| | Budgeted | Actual | Excess |
|---------------------------------------|---------------------|---------------------|---------------------|
| | Expenditures | Expenditures | Expenditures |
| Preschool IDEA-B - Direct Instruction | \$ 11 | \$ 378 | \$ (367) |
| REAP - Direct Instruction | \$ 17,171 | \$ 18,237 | \$ (1,066) |

B. Budgeted deficit fund balance. The following fund had budgeted a deficit fund balance for the year ended June 30, 2012:

| | |
|--------------------------------------|--------|
| Coordinated approach to child health | \$ 254 |
|--------------------------------------|--------|

13. ERA PENSION PLAN

Plan Description. Substantially all of Roy Municipal Schools full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERA) is the administrator of the plan, which is a cost sharing multiple employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers and other employees of State public school districts, colleges and universities and beneficiaries). ERA 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 ERA, PO Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERA's website at www.nmerb.org.

Funding Policy. Effective July 1, 2009 through June 30, 2011, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The Roy Municipal Schools was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. Effective July 1, 2011 plan members are required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The Roy Municipal Schools is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the Roy Municipal Schools are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. Roy Municipal Schools' contributions to ERB for the fiscal years ending June 30, 2012, 2011, and 2010, were \$65,998, \$140,710, and \$86,055, respectively, which equal the amount of the required contributions for each fiscal year.

14. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and employees. During the fiscal year ended June 30, 2012, the statute requires each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee is required to contribute .917 of their salary. In the fiscal year June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

| <u>Fiscal Year</u> | <u>Employer Contribution Rate</u> | <u>Employee Contribution Rate</u> |
|--------------------|-----------------------------------|-----------------------------------|
| 2013 | 2.000% | 1.000% |

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]), during the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 2.292% of each participating employee's annual salary, and each participating employee was required to contribute 1.146% of their salary. In the fiscal years ending June 30, 2013 the contributions rates for both employees and employers will rise as follows:

| <u>Fiscal Year</u> | <u>Employer Contribution Rate</u> | <u>Employee Contribution Rate</u> |
|--------------------|-----------------------------------|-----------------------------------|
| FY13 | 2.500% | 1.250% |

Also, employers joining the program after 01/01/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

Roy Municipal Schools contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$19,245, \$15,974, and \$10,174, respectively, which equal the required contributions for each year.

NONMAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

| | Special Revenue | Capital Projects | Debt Service | Total |
|--|--------------------|---------------------|------------------|------------------|
| ASSETS | | | | |
| Cash on deposit | \$ 36,226 | \$ 8,031 | \$ 42,984 | \$ 87,241 |
| Taxes receivable | - | - | 763 | 763 |
| Inventory, at cost | 223 | - | - | 223 |
| Due from other funds | 42 | - | - | 42 |
| Due from agencies | 4,605 | - | - | 4,605 |
| Total assets | \$ 41,096 | \$ 8,031 | \$ 43,747 | \$ 92,874 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 17,869 | \$ 17,869 |
| Due to other funds | 4,605 | - | - | 4,605 |
| Deferred revenue | 16,305 | - | - | 16,305 |
| Total liabilities | 20,910 | - | 17,869 | 38,779 |
| Fund balances: | | | | |
| Nonspendable - inventory | 223 | - | - | 223 |
| Restricted, reported in: | 19,963 | 8,031 | 25,878 | 53,872 |
| Total fund balance | 20,186 | 8,031 | 25,878 | 54,095 |
| Total liabilities and fund balances | \$ 41,096 | \$ 8,031 | \$ 43,747 | \$ 92,874 |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

| | Special Revenue | Capital Projects | Debt Service | Total |
|---|--------------------|---------------------|------------------|------------------|
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ 37,558 | \$ 37,558 |
| Charges for services | 11,937 | - | - | 11,937 |
| State sources | 25,217 | - | - | 25,217 |
| Federal sources | 32,038 | - | - | 32,038 |
| Total revenues | 69,192 | - | 37,558 | 106,750 |
| Expenditures: | | | | |
| Current: | | | | |
| Direct instruction | 29,973 | - | - | 29,973 |
| Support service - students | 6,346 | - | - | 6,346 |
| Support service - general administration | - | - | 304 | 304 |
| Operation & maintenance of plant | - | 31,792 | - | 31,792 |
| Food services | 19,982 | - | - | 19,982 |
| Capital outlay | 14,633 | 4,878 | - | 19,511 |
| Debt services | - | - | - | - |
| Bonds | - | - | 30,000 | 30,000 |
| Interest | - | - | 10,138 | 10,138 |
| Total expenditures | 70,934 | 36,670 | 40,442 | 148,046 |
| Net changes in fund balances | (1,742) | (36,670) | (2,884) | (41,296) |
| Fund balance - beginning of year | 21,928 | 44,701 | 28,762 | 95,391 |
| Fund balance - end of year | \$ 20,186 | \$ 8,031 | \$ 25,878 | \$ 54,095 |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**DESCRIPTION OF NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012**

SPECIAL REVENUE FUNDS

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

FOOD SERVICES (21000) - This program provides financing for school hot lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 Stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 Stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 Stat. 3341; Public Law 100-71, 101 Stat. 430. Also State Law NMSA 22-13-13.

ATHLETICS (22000) – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

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

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

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

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

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

EDUCATION JOBS FUND - FEDERAL STIMULUS (25255) – to save or create education jobs for the 2010-2011 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education.

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

GO BOND (27105), LIBRARIES - To account for monies received from the SB301, Laws of 2006 to be used to improve the library, acquire library books or library resources that support the library program.

2010 GO BOND (27106), LIBRARIES - To account for monies received from Laws of 2010 to be used to improve the library, acquire library books or library resources that support the library program.

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

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

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

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

NM Highway Department (28120) - To account for revenues received from the New Mexico Highway Department to prolong the life of the parking lot.

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

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

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

ENERGY EFFICIENCY MEASURERS - NMEMNR - ARRA (28187) - To account for funds received from the state to improve energy efficiency. The fund was created by state a grant provisions.

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

| | | Special Revenue Funds | | | | | | |
|--|------------------|-----------------------|----------------------------------|--------------------------------------|--|-------------------|-----------------|--|
| | | Athletics 22000 | Discretionary IDEA-B 24107 | Preschool IDEA-B 24109 & 24209 | Title IV-A Safe & Drug Free School & Community 24157 | Medicaid 25153 | REAP 25233 | |
| ASSETS | | | | | | | | |
| Cash on deposit | \$ 14,593 | \$ 1,867 | \$ 467 | \$ 218 | \$ 201 | \$ - | \$ 2,038 | |
| Inventory, at cost | 223 | - | - | - | - | - | - | |
| Due from other funds | 42 | - | - | - | - | - | - | |
| Total assets | \$ 14,858 | \$ 1,867 | \$ 467 | \$ 218 | \$ 201 | \$ - | \$ 2,038 | |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | \$ - | \$ - | \$ 467 | \$ 218 | \$ - | \$ - | \$ 2,038 | |
| Deferred revenue | - | - | 467 | 218 | - | - | 2,038 | |
| Total liabilities | - | - | 467 | 218 | - | - | 2,038 | |
| Fund balances: | | | | | | | | |
| Nonspendable - inventory | 223 | - | - | - | - | - | - | |
| Restricted, reported in: | | | | | | | | |
| Special revenue funds | 14,635 | 1,867 | - | - | 201 | - | - | |
| Total fund balance | 14,858 | 1,867 | - | - | 201 | - | - | |
| Total liabilities and fund balances | \$ 14,858 | \$ 1,867 | \$ 467 | \$ 218 | \$ 201 | \$ - | \$ 2,038 | |

See accompanying notes to financial statements.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

| | Special Revenue Funds | | | | | | |
|--|-------------------------|--|------------------|-----------------------|---|---|---|
| | Education Jobs 25255 | 2009 Dual Credit Inst Mat/HB2 27103 | GO Bond 27105 | 2010 GO Bond 27106 | Technology for Education - PED 27117 | Physical Education Classes - PED 27121 | Incentives for School Improvement Act 27138 |
| ASSETS | | | | | | | |
| Cash on deposit | \$ - | \$ 1,138 | \$ - | \$ - | \$ 365 | \$ 3 | \$ 4,918 |
| Inventory, at cost | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - |
| Due from agencies | - | - | 570 | 4,035 | - | - | - |
| Total assets | \$ - | \$ 1,138 | \$ 570 | \$ 4,035 | \$ 365 | \$ 3 | \$ 4,918 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Due to other funds | \$ - | \$ - | \$ 570 | \$ 4,035 | \$ - | \$ - | \$ - |
| Deferred revenues | - | 1,138 | - | - | 365 | 3 | 4,918 |
| Total liabilities | - | 1,138 | 570 | 4,035 | 365 | 3 | 4,918 |
| Fund balances: | | | | | | | |
| Nonspendable - inventory | - | - | - | - | - | - | - |
| Restricted, reported in: | | | | | | | |
| Special revenue funds | - | - | - | - | - | - | - |
| Total fund balance | - | - | - | - | - | - | - |
| Total liabilities and fund balances | \$ - | \$ 1,138 | \$ 570 | \$ 4,035 | \$ 365 | \$ 3 | \$ 4,918 |

Continued

See accompanying notes to financial statements.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

| | Special Revenue Funds | | | | | | | | Total |
|--|-------------------------------------|-----------------------------------|--|--------------------------------|---------------------|--|--|-----------|--------------------------|
| | School Library Material 27549 | NM Highway Department 28120 | Coordinate Approach to Child Health 28140 | DWI NM Local Grant 28145 | Sun Safety 28146 | Energy Efficiency Measurers NMEMNR - ARRA 28187 | School Based Health Center 29130 | | Special Revenue Funds |
| ASSETS | | | | | | | | | |
| Cash on deposit | \$ 176 | \$ - | \$ 2,791 | \$ 88 | \$ 904 | \$ 2,500 | \$ 3,959 | \$ | \$ 36,226 |
| Inventory, at cost | - | - | - | - | - | - | - | - | 223 |
| Due from other funds | - | - | - | - | - | - | - | - | 42 |
| Due from agencies | - | - | - | - | - | - | - | - | 4,605 |
| Total assets | \$ 176 | \$ - | \$ 2,791 | \$ 88 | \$ 904 | \$ 2,500 | \$ 3,959 | \$ | \$ 41,096 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,605 |
| Deferred revenue | 176 | - | 2,031 | 88 | 904 | - | 3,959 | - | 16,305 |
| Total liabilities | 176 | - | 2,031 | 88 | 904 | - | 3,959 | - | 20,910 |
| Fund balances: | | | | | | | | | |
| Nonspendable - inventory | - | - | - | - | - | - | - | - | 223 |
| Restricted, reported in: | | | | | | | | | |
| Special revenue funds | - | - | 760 | - | - | 2,500 | - | - | 19,963 |
| Total fund balances | - | - | 760 | - | - | 2,500 | - | - | 20,186 |
| Total liabilities and fund balances | \$ 176 | \$ - | \$ 2,791 | \$ 88 | \$ 904 | \$ 2,500 | \$ 3,959 | \$ | \$ 41,096 |

See accompanying notes to financial statements.

Concluded

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

| | | Special Revenue Funds | | | | | | |
|----------------------------------|-----------|-----------------------|--------------------|----------------------------------|--------------------------------------|--|-------------------|---------------|
| | | Food Service 21000 | Athletics 22000 | Discretionary IDEA-B 24107 | Preschool IDEA-B 24109 & 24209 | Title IV-A Safe & Drug Free School & Community 24157 | Medicaid 25153 | REAP 25233 |
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | 9,067 | - | 2,870 | - | - | - | - | - |
| State share of taxes | - | - | - | - | - | - | - | - |
| Local sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | 13,068 | - | - | 378 | - | - | 80 | 18,237 |
| Earnings from investments | - | - | - | - | - | - | - | - |
| Total revenues | 22,135 | 2,870 | 378 | 378 | 80 | 80 | 18,237 | |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Direct instruction | - | 6,765 | - | 378 | - | - | 80 | 18,237 |
| Food services | 19,982 | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - | - |
| Total expenditures | 19,982 | 6,765 | 378 | 378 | 80 | 80 | 18,237 | |
| Net changes in fund balances | 2,153 | (3,895) | - | - | - | - | - | - |
| Fund balance - beginning of year | 12,705 | 5,762 | - | - | 201 | - | - | - |
| Fund balance - end of year | \$ 14,858 | \$ 1,867 | \$ - | \$ - | \$ 201 | \$ - | \$ - | \$ - |

See accompanying notes to financial statements.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

| | Special Revenue Funds | | | | | | |
|----------------------------------|-------------------------|--|------------------|-----------------------|---|---|---|
| | Education Jobs 25255 | 2009 Dual Credit Inst Mat/HB2 27103 | GO Bond 27105 | 2010 GO Bond 27106 | Technology for Education - PED 27117 | Physical Education Classes - PED 27121 | Incentives for School Improvement Act 27138 |
| Revenues: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charge for services | - | - | - | - | - | - | - |
| State share taxes | - | - | - | - | - | - | - |
| Local sources | - | - | - | - | - | - | - |
| State sources | - | 203 | 570 | 4,035 | - | - | - |
| Federal sources | - | - | - | - | - | - | - |
| Earnings from investments | - | - | - | - | - | - | - |
| Total revenues | 275 | 203 | 570 | 4,035 | - | - | - |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| Direct instruction | 275 | 203 | - | 4,035 | - | - | - |
| Support services - students | - | - | 570 | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - | - | - | - |
| Food services | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Total expenditures | 275 | 203 | 570 | 4,035 | - | - | - |
| Net changes in fund balances | - | - | - | - | - | - | - |
| Fund balance - beginning of year | - | - | - | - | - | - | - |
| Fund balance - end of year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Continued

See accompanying notes to financial statements.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

| | Special Revenue Funds | | | | | | | | | | Total Special Revenue Funds |
|----------------------------------|-------------------------------------|-----------------------------------|--|--------------------------------|-------------------|--|--|------|------|------|-----------------------------------|
| | School Library Material 27549 | NM Highway Department 28120 | Coordinate Approach to Child Health 28140 | DWI NM Local Grant 28145 | Sun Safe 28146 | Energy Efficiency Measurers NMEMNR - ARRA 28187 | School Based Health Center 29130 | | | | |
| Revenues: | | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - | - | - | - | - | - | - | - |
| State share taxes | - | - | - | - | - | - | - | - | - | - | 11,937 |
| Local sources | - | - | - | - | - | - | - | - | - | - | - |
| State sources | - | 14,633 | - | - | - | - | - | - | - | - | 25,217 |
| Federal sources | - | - | - | - | - | - | 5,776 | - | - | - | 32,038 |
| Earnings from investments | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | - | 14,633 | - | - | - | - | 5,776 | - | - | - | 69,192 |
| Expenditures: | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| Direct instruction | - | - | - | - | - | - | - | - | - | - | 29,973 |
| Support service - students | - | - | - | - | - | - | - | - | - | - | 6,346 |
| Operation & maintenance of plant | - | - | - | - | - | - | 5,776 | - | - | - | - |
| Food services | - | - | - | - | - | - | - | - | - | - | 19,982 |
| Capital outlay | - | 14,633 | - | - | - | - | - | - | - | - | 14,633 |
| Total expenditures | - | 14,633 | - | - | - | - | 5,776 | - | - | - | 70,934 |
| Net changes in fund balances | - | - | - | - | - | - | - | - | - | - | (1,742) |
| Fund balance - beginning of year | - | - | 760 | - | - | 2,500 | - | - | - | - | 21,928 |
| Fund balance - end of year | \$ - | \$ - | \$ 760 | \$ - | \$ - | \$ 2,500 | \$ - | \$ - | \$ - | \$ - | \$ 20,186 |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**FOOD SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|---|--------------------|------------------|------------------------------|---|
| Revenues: | | | | |
| Charge for services | \$ 5,000 | \$ 5,000 | \$ 9,067 | \$ 4,067 |
| Federal sources | 15,890 | 15,890 | 13,068 | (2,822) |
| Total revenues | 20,890 | 20,890 | 22,135 | 1,245 |
| Expenditures: | | | | |
| Current: | | | | |
| Food service | 20,890 | 20,890 | 19,982 | 908 |
| Net change in fund balance | - | - | 2,153 | 2,153 |
| Fund balance - beginning of year | 12,705 | 12,705 | 12,705 | - |
| Fund balance - end of year | \$ 12,705 | \$ 12,705 | \$ 14,858 | \$ 2,153 |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ 2,153 | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | \$ 2,153 | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**ATHLETICS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|---|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| Charges for services | \$ 1,500 | \$ 1,500 | \$ 2,870 | \$ 1,370 |
| Earnings form investments | 51 | 51 | - | (51) |
| Total revenue | <u>1,551</u> | <u>1,551</u> | <u>2,870</u> | <u>1,319</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Direct instruction | <u>8,415</u> | <u>8,415</u> | <u>6,765</u> | <u>1,650</u> |
| Excess (deficiency) of revenues over expenditures | <u>(6,864)</u> | <u>(6,864)</u> | <u>(3,895)</u> | <u>2,969</u> |
| Other financing sources (uses) | | | | |
| Designated cash | <u>2,870</u> | <u>2,870</u> | <u>-</u> | <u>(2,870)</u> |
| Total other financing sources (uses) | <u>2,870</u> | <u>2,870</u> | <u>-</u> | <u>(2,870)</u> |
| Net change in fund balance | (3,994) | (3,994) | (3,895) | 99 |
| Fund balance - beginning of year | <u>5,762</u> | <u>5,762</u> | <u>5,762</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 1,768</u> | <u>\$ 1,768</u> | <u>\$ 1,867</u> | <u>\$ 99</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ (3,895) | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ (3,895)</u> | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**DISCRETIONARY IDEA-B SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**PRESCHOOL IDEA-B SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| Federal sources | \$ - | \$ 11 | \$ 378 | \$ 367 |
| Expenditures: | | | | |
| Current: | | | | |
| Direct instructional | - | 11 | 378 | (367) |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ -</u> | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**TITLE IV-A SAFE & DRUG FREE SCHOOL & COMMUNITY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| Federal sources | \$ 3,794 | \$ 7,634 | \$ - | \$ (7,634) |
| Expenditures: | | | | |
| Current: | | | | |
| Direct instruction | 3,794 | 7,634 | - | 7,634 |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | 201 | 201 | 201 | - |
| Fund balance - end of year | <u>\$ 201</u> | <u>\$ 201</u> | <u>\$ 201</u> | <u>\$ -</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ -</u> | |
| See accompanying notes to financial statements. | | | | |

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**MEDICAID SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| Federal sources | \$ - | \$ 30,000 | \$ 80 | \$ (29,920) |
| Expenditures: | | | | |
| Current: | | | | |
| Food services | - | 30,000 | 80 | 29,920 |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ -</u> | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**REAP SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| Federal sources | \$ - | \$ 17,171 | \$ 18,237 | \$ 1,066 |
| Expenditures: | | | | |
| Current: | | | | |
| Direct instruction | - | 17,171 | 18,237 | (1,066) |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ -</u> | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**EDUCATION JOBS FUND - FEDERAL STIMULUS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|---|----------------------------|-------------------------|--------------------------------------|---|
| Revenues: | | | | |
| Federal sources | \$ - | \$ 275 | \$ 275 | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Operation & maintenance of plant | - | 275 | 275 | - |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ -</u> | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**DUAL CREDIT IM/HB2 SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| State sources | \$ - | \$ 310 | \$ 203 | \$ (107) |
| Expenditures: | | | | |
| Current: | | | | |
| Support services - students | - | 310 | 203 | 107 |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | \$ - | \$ - | \$ - | \$ - |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | \$ - | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**GO BOND LIBRARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| State sources | \$ - | \$ 570 | \$ 570 | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Support services - students | - | 570 | 570 | - |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ -</u> | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**2010 GO BOND LIBRARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| State sources | \$ - | \$ 4,035 | \$ 4,035 | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Support services - students | - | 4,035 | 4,035 | - |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ -</u> | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**TECHNOLOGY FOR EDUCATION - PED SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**PHYSICAL EDUCATION CLASSES - PED SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**INCENTIVES FOR SCHOOL IMPROVEMENT ACT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**SCHOOL LIBRARY MATERIAL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**NM HIGHWAY DEPARTMENT RESOURCES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| State sources | \$ - | \$ 14,633 | \$ 14,633 | \$ - |
| Expenditures: | | | | |
| Capital outlays | - | 14,633 | 14,633 | - |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ -</u> | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**COORDINATED APPROACH TO CHILD HEALTH SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| State sources | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Support services - students | <u>3,805</u> | <u>3,805</u> | <u>-</u> | <u>3,805</u> |
| Excess (deficiency of revenues over expenditures) | <u>(3,805)</u> | <u>(3,805)</u> | <u>-</u> | <u>3,805</u> |
| Other financing sources (uses) | | | | |
| Designated cash | <u>2,791</u> | <u>2,791</u> | <u>2,791</u> | <u>-</u> |
| Total other financing sources (uses) | <u>2,791</u> | <u>2,791</u> | <u>2,791</u> | <u>-</u> |
| Net change in fund balance | (1,014) | (1,014) | 2,791 | 3,805 |
| Fund balance - beginning of year | <u>760</u> | <u>760</u> | <u>760</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ (254)</u> | <u>\$ (254)</u> | <u>\$ 3,551</u> | <u>\$ 3,805</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ -</u> | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**DWI NM LOCAL GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**SUN SAFE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**ENERGY EFFICIENCY MEASURERS - NMEMNR - ARRA SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| State sources | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning of year | 2,500 | 2,500 | 2,500 | - |
| Fund balance - end of year | <u>\$ 2,500</u> | <u>\$ 2,500</u> | <u>\$ 2,500</u> | <u>\$ -</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ -</u> | |

See accompanying notes to financial statements.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

SCHOOL BASED HEALTH CENTER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| State sources | \$ - | \$ - | \$ 5,776 | \$ 5,776 |
| Expenditures: | | | | |
| Current: | | | | |
| Support services - students | - | 9,735 | 5,776 | 3,959 |
| Excess (deficiency) of revenues over expenditures | - | (9,735) | - | 9,735 |
| Other financing sources (uses) | | | | |
| Designated cash | 21,491 | 21,491 | - | (21,491) |
| Total other financing sources (uses) | 21,491 | 21,491 | - | (21,491) |
| Net change in fund balance | 21,491 | 11,756 | - | (11,756) |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | \$ 21,491 | \$ 11,756 | \$ - | \$ (11,756) |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | \$ - | |

See accompanying notes to financial statements.

CAPITAL PROJECTS FUNDS

BOND BUILDING CAPITAL FUND (31100) – This fund accounts for the revenue received from bonds sold by the school to be used for improvements and additions to school owned property.

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

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

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2012**

| | <u>Capital Projects Funds</u> | | | |
|--|------------------------------------|---|---|------------------------|
| | Bond Building 31100 | Public School Capital Outlay 31200 | Public School Capital Outlay 20% 32100 | Total |
| ASSETS | | | | |
| Cash on deposit | \$ 2,897 | \$ 5,107 | \$ 27 | \$ 8,031 |
| Taxes receivable | - | - | - | - |
| Accounts receivable | - | - | - | - |
| Inventory, at cost | - | - | - | - |
| Due from grantors | - | - | - | - |
| Total assets | <u>\$ 2,897</u> | <u>\$ 5,107</u> | <u>\$ 27</u> | <u>\$ 8,031</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Deferred revenue | - | - | - | - |
| Total liabilities | - | - | - | - |
| Fund balances: | | | | |
| Unassigned, reported in: | | | | |
| Capital projects | 2,897 | 5,107 | 27 | 8,031 |
| Total fund balance | <u>2,897</u> | <u>5,107</u> | <u>27</u> | <u>8,031</u> |
| Total liabilities and fund balances | <u>\$ 2,897</u> | <u>\$ 5,107</u> | <u>\$ 27</u> | <u>\$ 8,031</u> |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2012**

| | <u>Capital Projects Funds</u> | | | |
|--|------------------------------------|---|---|---|
| | Bond Building 31100 | Public School Capital Outlay 31200 | Public School Capital Outlay 20% 32100 | Total Capital Projects Funds |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Charge for services | - | - | - | - |
| State shared taxes | - | - | - | - |
| Local sources | - | - | - | - |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| Earnings form investments | - | - | - | - |
| Total revenues | - | - | - | - |
| Expenditures: | | | | |
| Current: | | | | |
| Direct instruction | - | - | - | - |
| Support service - students | - | - | - | - |
| Support service - general administration | - | - | - | - |
| Central services | - | - | - | - |
| Operating & maintenance of plant | 31,792 | - | - | 31,792 |
| Capital outlay | 4,878 | - | - | 4,878 |
| Total expenditures | 36,670 | - | - | 36,670 |
| Net changes in fund balances | (36,670) | - | - | (36,670) |
| Fund balance - beginning of year | 39,567 | 5,107 | 27 | 44,701 |
| Fund balance - end of year | \$ 2,897 | \$ 5,107 | \$ 27 | \$ 8,031 |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**BOND BUILDING CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| State sources | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Capital outlay | <u>2,897</u> | <u>36,670</u> | <u>36,670</u> | <u>-</u> |
| Net change in fund balance | (2,897) | (36,670) | (36,670) | - |
| Fund balance, beginning of year | <u>39,567</u> | <u>39,567</u> | <u>39,567</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 36,670</u> | <u>\$ 2,897</u> | <u>\$ 2,897</u> | <u>\$ -</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ (36,670) | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ (36,670)</u> | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**PUBLIC SCHOOL CAPITAL OUTLAY CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**PUBLIC SCHOOL CAPITAL OUTLAY 20% CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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

See accompanying notes to financial statements.

DEBT SERVICE FUNDS

DEBT SERVICE (41000) - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUND
JUNE 30, 2012**

| | Debt Service 41000 | Total |
|---|-------------------------------|------------------|
| ASSETS | | |
| Cash on deposit | \$ 42,984 | \$ 42,984 |
| Taxes receivable | 763 | 763 |
| Accounts receivable | - | - |
| Inventory, at cost | - | - |
| Due from grantors | - | - |
| | <hr/> | <hr/> |
| Total assets | \$ 43,747 | \$ 43,747 |
| | <hr/> | <hr/> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | \$ 17,869 | \$ 17,869 |
| Deferred revenue | - | - |
| | <hr/> | <hr/> |
| Total liabilities | 17,869 | 17,869 |
| Fund balances: | | |
| Restricted, reported in: | | |
| Reserved for retirement of long-term debt | 25,878 | 25,878 |
| | <hr/> | <hr/> |
| Total fund balance | 25,878 | 25,878 |
| | <hr/> | <hr/> |
| Total liabilities and fund balances | \$ 43,747 | \$ 43,747 |
| | <hr/> | <hr/> |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NONMAJOR DEBT SERVICE FUND
JUNE 30, 2012**

| | Debt Service 41000 | Total |
|--|-------------------------------|--------------|
| Revenues: | | |
| Taxes | \$ 37,558 | \$ 37,558 |
| Charge for services | - | - |
| State shared taxes | - | - |
| Local sources | - | - |
| State sources | - | - |
| Federal sources | - | - |
| Earnings form investments | - | - |
| | <hr/> | <hr/> |
| Total revenues | 37,558 | 37,558 |
| Expenditures: | | |
| Current: | | |
| Direct instruction | - | - |
| Support service - students | - | - |
| Support service - general administration | 304 | 304 |
| Central services | - | - |
| Operating & maintenance of plant | - | - |
| Food services | - | - |
| Student transportation | - | - |
| Debt services: | | |
| Reserve | - | - |
| Bonds | 30,000 | 30,000 |
| Interest | 10,138 | 10,138 |
| | <hr/> | <hr/> |
| Total expenditures | 40,442 | 40,442 |
| Net changes in fund balances | (2,884) | (2,884) |
| Fund balance - beginning of year | 28,762 | 28,762 |
| | <hr/> | <hr/> |
| Fund balance - end of year | \$ 25,878 | \$ 25,878 |
| | <hr/> | <hr/> |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|---|--------------------|------------------|------------------------------|---|
| Revenues: | | | | |
| Taxes | \$ 39,957 | \$ 39,957 | \$ 37,558 | \$ (2,399) |
| Expenditures: | | | | |
| Current: | | | | |
| Support services - general administration | 323 | 323 | 304 | 19 |
| Debt service | | | | |
| Reserve | 36,936 | 36,936 | - | 36,936 |
| Bond | 30,000 | 30,000 | 30,000 | - |
| Interest | 9,957 | 9,957 | 10,138 | (181) |
| <u>Total expenditures</u> | <u>77,216</u> | <u>77,216</u> | <u>40,442</u> | <u>36,774</u> |
| Excess (deficiency) of revenues over expenditures | <u>(37,259)</u> | <u>(37,259)</u> | <u>(2,884)</u> | <u>34,375</u> |
| Other financing sources (uses) | | | | |
| Designated cash | <u>42,984</u> | <u>42,984</u> | <u>42,484</u> | <u>(500)</u> |
| Total other financing sources (uses) | <u>42,984</u> | <u>42,984</u> | <u>42,484</u> | <u>(500)</u> |
| Net change in fund balance | 5,725 | 5,725 | 39,600 | 33,875 |
| Fund balance - beginning of year | <u>28,762</u> | <u>28,762</u> | <u>28,762</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 34,487</u> | <u>\$ 34,487</u> | <u>\$ 68,362</u> | <u>\$ 33,875</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ (2,884) | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ (2,884)</u> | |

See accompanying notes to financial statements.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

**CAPITAL IMPROVEMENTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-------------------|------------------------------|---|
| Revenues: | | | | |
| Taxes | \$ 14,164 | \$ 14,164 | \$ 16,047 | \$ 1,883 |
| Miscellaneous | - | 5,943 | - | (5,943) |
| Total revenues | 14,164 | 20,107 | 16,047 | (4,060) |
| Expenditures: | | | | |
| Current: | | | | |
| Support services - general administration | - | - | 131 | (131) |
| Capital Outlay | 35,502 | 148,786 | 57,426 | 91,360 |
| Excess (deficiency) of revenues over expenditures | (21,338) | (128,679) | (41,379) | (87,300) |
| Other financing sources(uses) | | | | |
| Designated cash | 67,953 | 67,963 | 67,963 | (91,360) |
| Total other financing sources (uses) | 67,953 | 67,963 | 67,963 | (91,360) |
| Net change in fund balance | 46,615 | (60,716) | 26,584 | (4,060) |
| Fund balance - beginning of year | 108,922 | 108,922 | 108,922 | - |
| Fund balance - end of year | \$ 223,490 | \$ 116,169 | \$ 203,469 | \$ (95,420) |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ - | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | \$ - | |

See accompanying notes to financial statements.

STATE OF TEXAS
 DEPARTMENT OF REVENUE
 GENERAL FUNDS

| Account Number | Account Name | Amount | Balance | Balance |
|----------------------|--------------|--------|---------|---------|
| GENERAL FUNDS | | | | |
| 1000 | General Fund | 1000 | 1000 | 1000 |
| 1001 | Salaries | 1001 | 1001 | 1001 |
| 1002 | Travel | 1002 | 1002 | 1002 |
| 1003 | Printing | 1003 | 1003 | 1003 |
| 1004 | Telephone | 1004 | 1004 | 1004 |
| 1005 | Postage | 1005 | 1005 | 1005 |
| 1006 | Supplies | 1006 | 1006 | 1006 |
| 1007 | Repairs | 1007 | 1007 | 1007 |
| 1008 | Utilities | 1008 | 1008 | 1008 |
| 1009 | Insurance | 1009 | 1009 | 1009 |
| 1010 | Interest | 1010 | 1010 | 1010 |
| 1011 | Depreciation | 1011 | 1011 | 1011 |
| 1012 | Amortization | 1012 | 1012 | 1012 |
| 1013 | Gifts | 1013 | 1013 | 1013 |
| 1014 | Grants | 1014 | 1014 | 1014 |
| 1015 | Other | 1015 | 1015 | 1015 |
| 1016 | Reserve | 1016 | 1016 | 1016 |
| 1017 | Contingency | 1017 | 1017 | 1017 |
| 1018 | Unassigned | 1018 | 1018 | 1018 |
| 1019 | Unexpended | 1019 | 1019 | 1019 |
| 1020 | Expended | 1020 | 1020 | 1020 |
| 1021 | Enclosed | 1021 | 1021 | 1021 |
| 1022 | Unenclosed | 1022 | 1022 | 1022 |
| 1023 | Unexpended | 1023 | 1023 | 1023 |
| 1024 | Expended | 1024 | 1024 | 1024 |
| 1025 | Enclosed | 1025 | 1025 | 1025 |
| 1026 | Unenclosed | 1026 | 1026 | 1026 |
| 1027 | Unexpended | 1027 | 1027 | 1027 |
| 1028 | Expended | 1028 | 1028 | 1028 |
| 1029 | Enclosed | 1029 | 1029 | 1029 |
| 1030 | Unenclosed | 1030 | 1030 | 1030 |
| 1031 | Unexpended | 1031 | 1031 | 1031 |
| 1032 | Expended | 1032 | 1032 | 1032 |
| 1033 | Enclosed | 1033 | 1033 | 1033 |
| 1034 | Unenclosed | 1034 | 1034 | 1034 |
| 1035 | Unexpended | 1035 | 1035 | 1035 |
| 1036 | Expended | 1036 | 1036 | 1036 |
| 1037 | Enclosed | 1037 | 1037 | 1037 |
| 1038 | Unenclosed | 1038 | 1038 | 1038 |
| 1039 | Unexpended | 1039 | 1039 | 1039 |
| 1040 | Expended | 1040 | 1040 | 1040 |
| 1041 | Enclosed | 1041 | 1041 | 1041 |
| 1042 | Unenclosed | 1042 | 1042 | 1042 |
| 1043 | Unexpended | 1043 | 1043 | 1043 |
| 1044 | Expended | 1044 | 1044 | 1044 |
| 1045 | Enclosed | 1045 | 1045 | 1045 |
| 1046 | Unenclosed | 1046 | 1046 | 1046 |
| 1047 | Unexpended | 1047 | 1047 | 1047 |
| 1048 | Expended | 1048 | 1048 | 1048 |
| 1049 | Enclosed | 1049 | 1049 | 1049 |
| 1050 | Unenclosed | 1050 | 1050 | 1050 |
| 1051 | Unexpended | 1051 | 1051 | 1051 |
| 1052 | Expended | 1052 | 1052 | 1052 |
| 1053 | Enclosed | 1053 | 1053 | 1053 |
| 1054 | Unenclosed | 1054 | 1054 | 1054 |
| 1055 | Unexpended | 1055 | 1055 | 1055 |
| 1056 | Expended | 1056 | 1056 | 1056 |
| 1057 | Enclosed | 1057 | 1057 | 1057 |
| 1058 | Unenclosed | 1058 | 1058 | 1058 |
| 1059 | Unexpended | 1059 | 1059 | 1059 |
| 1060 | Expended | 1060 | 1060 | 1060 |
| 1061 | Enclosed | 1061 | 1061 | 1061 |
| 1062 | Unenclosed | 1062 | 1062 | 1062 |
| 1063 | Unexpended | 1063 | 1063 | 1063 |
| 1064 | Expended | 1064 | 1064 | 1064 |
| 1065 | Enclosed | 1065 | 1065 | 1065 |
| 1066 | Unenclosed | 1066 | 1066 | 1066 |
| 1067 | Unexpended | 1067 | 1067 | 1067 |
| 1068 | Expended | 1068 | 1068 | 1068 |
| 1069 | Enclosed | 1069 | 1069 | 1069 |
| 1070 | Unenclosed | 1070 | 1070 | 1070 |
| 1071 | Unexpended | 1071 | 1071 | 1071 |
| 1072 | Expended | 1072 | 1072 | 1072 |
| 1073 | Enclosed | 1073 | 1073 | 1073 |
| 1074 | Unenclosed | 1074 | 1074 | 1074 |
| 1075 | Unexpended | 1075 | 1075 | 1075 |
| 1076 | Expended | 1076 | 1076 | 1076 |
| 1077 | Enclosed | 1077 | 1077 | 1077 |
| 1078 | Unenclosed | 1078 | 1078 | 1078 |
| 1079 | Unexpended | 1079 | 1079 | 1079 |
| 1080 | Expended | 1080 | 1080 | 1080 |
| 1081 | Enclosed | 1081 | 1081 | 1081 |
| 1082 | Unenclosed | 1082 | 1082 | 1082 |
| 1083 | Unexpended | 1083 | 1083 | 1083 |
| 1084 | Expended | 1084 | 1084 | 1084 |
| 1085 | Enclosed | 1085 | 1085 | 1085 |
| 1086 | Unenclosed | 1086 | 1086 | 1086 |
| 1087 | Unexpended | 1087 | 1087 | 1087 |
| 1088 | Expended | 1088 | 1088 | 1088 |
| 1089 | Enclosed | 1089 | 1089 | 1089 |
| 1090 | Unenclosed | 1090 | 1090 | 1090 |
| 1091 | Unexpended | 1091 | 1091 | 1091 |
| 1092 | Expended | 1092 | 1092 | 1092 |
| 1093 | Enclosed | 1093 | 1093 | 1093 |
| 1094 | Unenclosed | 1094 | 1094 | 1094 |
| 1095 | Unexpended | 1095 | 1095 | 1095 |
| 1096 | Expended | 1096 | 1096 | 1096 |
| 1097 | Enclosed | 1097 | 1097 | 1097 |
| 1098 | Unenclosed | 1098 | 1098 | 1098 |
| 1099 | Unexpended | 1099 | 1099 | 1099 |
| 1100 | Expended | 1100 | 1100 | 1100 |

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2012

| | Operational 11000 | Teacherege 12000 | Transportation 13000 | Instructional Material 14000 | Total |
|--|----------------------|---------------------|-------------------------|------------------------------------|-------------------|
| ASSETS | | | | | |
| Cash | \$ 701,112 | \$ 12,784 | \$ 9,935 | \$ 642 | \$ 724,473 |
| Taxes receivable | 80 | - | - | - | 80 |
| Due from other fund | 41,166 | - | - | - | 41,166 |
| Total assets | \$ 742,358 | \$ 12,784 | \$ 9,935 | \$ 642 | \$ 765,719 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 86 | \$ - | \$ - | \$ - | \$ 86 |
| Due to other funds | 42 | - | - | - | 42 |
| Total liabilities | 128 | - | - | - | 128 |
| Fund balances: | | | | | |
| Unassigned, reported in: | | | | | |
| General fund | 742,230 | 12,784 | 9,935 | 642 | 765,591 |
| Total fund balances | 742,230 | 12,784 | 9,935 | 642 | 765,591 |
| Total liabilities and fund balances | \$ 742,358 | \$ 12,784 | \$ 9,935 | \$ 642 | \$ 765,719 |

See accompanying notes to financial statements.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

| | Operational 11000 | Teachergage 12000 | Transportation 13000 | Instructional Material 14000 | Total |
|--|----------------------|----------------------|-------------------------|------------------------------------|------------------|
| REVENUES | | | | | |
| Taxes | \$ 3,624 | \$ - | \$ - | \$ - | \$ 3,624 |
| Charges for services | 3,142 | 8,550 | - | 1,123 | 12,815 |
| State sources | 1,701,871 | - | 83,725 | - | 1,785,596 |
| Earnings from investments | 6,210 | - | - | - | 6,210 |
| Miscellaneous | 1,328 | - | - | - | 1,328 |
| Total revenues | 1,716,175 | 8,550 | 83,725 | 1,123 | 1,809,573 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Direct instruction | 675,651 | - | - | 815 | 676,466 |
| Support services - students | 61,647 | - | - | - | 61,647 |
| Instruction support - general administration | 111,226 | - | - | - | 111,226 |
| Central services | 87,476 | - | - | - | 87,476 |
| Operation & maintenance of plant | 194,740 | 10,678 | - | - | 205,418 |
| Food services | 23,428 | - | - | - | 23,428 |
| Student transportation | 840 | - | 106,204 | - | 107,044 |
| Total expenditures | 1,155,008 | 10,678 | 106,204 | 815 | 1,272,705 |
| Net change in fund balance | 561,167 | (2,128) | (22,479) | 308 | 536,868 |
| Fund balance at beginning of year | 181,063 | 14,912 | 32,414 | 334 | 228,723 |
| Fund balance at end of year | \$ 742,230 | \$ 12,784 | \$ 9,935 | \$ 642 | \$ 765,591 |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**OPERATIONAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|---|--------------------|-------------------|------------------------------|---|
| Revenues: | | | | |
| Taxes | \$ 3,475 | \$ 3,475 | \$ 3,624 | \$ 149 |
| State sources | 1,366,841 | 1,345,209 | 1,701,871 | 356,662 |
| Earnings from investments | 7,000 | 7,000 | 6,210 | (790) |
| Sale of personal property | - | - | 3,142 | 3,142 |
| Miscellaneous | - | - | 1,328 | 1,328 |
| Total revenues | 1,377,316 | 1,355,684 | 1,716,175 | 360,491 |
| Expenditures: | | | | |
| Current: | | | | |
| Direct instruction | 831,449 | 808,868 | 675,651 | 133,217 |
| Support services- students | 93,418 | 93,418 | 61,647 | 31,771 |
| Support services - general administration | 136,508 | 136,508 | 111,226 | 25,282 |
| Central services | 81,973 | 95,760 | 87,476 | 8,284 |
| Operation & maintenance of plant | 237,896 | 224,109 | 194,740 | 29,369 |
| Student transportation | 4,000 | 4,000 | 840 | 3,160 |
| Other support services | 221 | 221 | - | 221 |
| Food services | 28,733 | 29,682 | 23,428 | 6,254 |
| Total expenditures | 1,414,198 | 1,392,566 | 1,155,008 | 237,558 |
| Net change in fund balance | (36,882) | (36,882) | 561,167 | 598,049 |
| Fund balance - beginning of year | 181,063 | 181,063 | 181,063 | - |
| Fund balance - end of year | \$ 144,181 | \$ 144,181 | \$ 742,230 | \$ 598,049 |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ 561,167 | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | \$ 561,167 | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**TEACHERAGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| Charges for services | \$ 10,200 | \$ 10,200 | \$ 8,550 | \$ (1,650) |
| Expenditures: | | | | |
| Current: | | | | |
| Operation & maintenance of plant | <u>35,236</u> | <u>35,236</u> | <u>10,678</u> | <u>24,558</u> |
| Excess (deficiency) of revenues over expenditures | <u>(25,036)</u> | <u>(25,036)</u> | <u>(2,128)</u> | <u>22,908</u> |
| Other financing sources(uses) | | | | |
| Designated cash | <u>12,784</u> | <u>12,784</u> | <u>12,784</u> | <u>-</u> |
| Total other financing sources (uses) | <u>12,784</u> | <u>12,784</u> | <u>12,784</u> | <u>-</u> |
| Net change in fund balance | (12,252) | (12,252) | 10,656 | 22,908 |
| Fund balance - beginning of year | <u>14,912</u> | <u>14,912</u> | <u>14,912</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 2,660</u> | <u>\$ 2,660</u> | <u>\$ 25,568</u> | <u>\$ 22,908</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ (2,128) | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ (2,128)</u> | |

See accompanying notes to financial statements.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|---|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| State sources | \$ 123,124 | \$ 118,556 | \$ 83,725 | \$ (34,831) |
| Expenditures: | | | | |
| Current: | | | | |
| Student transportation | 123,124 | 118,556 | 106,204 | 12,352 |
| Net change in fund balance | - | - | (22,479) | (22,479) |
| Fund balance - beginning of year | 32,414 | 32,414 | 32,414 | - |
| Fund balance - end of year | \$ 32,414 | \$ 32,414 | \$ 9,935 | \$ (22,479) |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ (22,479) | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | \$ (22,479) | |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**INSTRUCTIONAL MATERIALS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-----------------|------------------------------|---|
| Revenues: | | | | |
| Charges for services | \$ 2,004 | \$ 2,004 | \$ 1,123 | \$ (881) |
| Expenditures: | | | | |
| Current: | | | | |
| Direct instruction | <u>2,004</u> | <u>2,004</u> | <u>815</u> | <u>1,189</u> |
| Net change in fund balance | - | - | 308 | 308 |
| Fund balance - beginning of year | <u>334</u> | <u>334</u> | <u>334</u> | - |
| Fund balance - end of year | <u>\$ 334</u> | <u>\$ 334</u> | <u>\$ 642</u> | <u>\$ 308</u> |
| Reconciliation of budgetary basis to GAAP basis: | | | | |
| Net changes in fund balance budgetary basis | | | \$ 308 | |
| Net revenue accruals | | | - | |
| Net expenditure accruals | | | - | |
| Net changes in fund balance GAAP basis | | | <u>\$ 308</u> | |

See accompanying notes to financial statements.

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OTHER SUPPLEMENTAL INFORMATION

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**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

| | Balance June 30, 2011 | Additions | Deletions | Balance June 30, 2012 |
|--------------------------|--------------------------|------------------|------------------|--------------------------|
| Assets | | | | |
| Cash | \$ 52,491 | \$ 68,590 | \$ 57,045 | \$ 64,036 |
| Total assets | <u>\$ 52,491</u> | <u>\$ 68,590</u> | <u>\$ 57,045</u> | <u>\$ 64,036</u> |
| Liabilities | | | | |
| Deposits held for others | \$ 52,491 | \$ 68,590 | \$ 57,045 | \$ 64,036 |
| Total liabilities | <u>\$ 52,491</u> | <u>\$ 68,590</u> | <u>\$ 57,045</u> | <u>\$ 64,036</u> |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2012**

Community 1st Bank - Las Vegas

| Description of Pledge Collateral | CUSIP | Maturity | Market Value |
|----------------------------------|-----------|------------|-------------------|
| FNMA - #25419 | 31371KJY8 | 12/01/2021 | \$ 31,234 |
| FHLMC E01377 | 31394HQ65 | 05/01/2018 | 209,359 |
| GNMA-II 005201 | 36202FX68 | 10/20/2041 | <u>192,426</u> |
| | | Total: | <u>\$ 433,019</u> |

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS
JUNE 30, 2012**

| Bank Account Type/Name | Total |
|-----------------------------------|---------------------|
| Community 1st Bank | |
| Checking - General Operational | <u>\$ 1,002,973</u> |
| Total On Demand | 1,002,973 |
| Reconciling items | <u>(59,355)</u> |
| Reconciled Balance June 30, 2012 | 943,618 |
| Plus: LGIP | 85 |
| Less: Fiduciary Funds Cash | <u>(64,036)</u> |
| Balance Sheet Total June 30, 2012 | <u>\$ 879,667</u> |

See accompanying notes to financial statements.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

CASH RECONCILIATION
JUNE 30, 2012

| | Operational 11000 | Teacherage 12000 | Transportation 13000 | Instructional Materials 14000 | Food Services 21000 | Athletics Account 22000 | Federal Flowthrough 2300 | Federal Flowthrough 24000 | Federal Direct 25000 |
|-------------------------------|----------------------|---------------------|-------------------------|-------------------------------------|------------------------|-------------------------------|--------------------------------|---------------------------------|----------------------------|
| Cash, June 30, 2011 | \$ 152,192 | \$ 14,612 | \$ 32,414 | \$ 334 | \$ 12,402 | \$ 5,762 | \$ 52,491 | \$ 715 | \$ 2,038 |
| Cash receipts, 2011-2012 | 1,703,928 | 8,850 | 83,725 | 1,123 | 22,173 | 2,870 | 68,590 | 47,205 | 18,237 |
| Cash disbursements, 2011-2012 | (1,155,008) | (10,678) | (106,204) | (815) | (19,982) | (6,765) | (57,045) | (47,034) | (18,237) |
| Cash balance, June 30, 2012 | \$ 701,112 | \$ 12,784 | \$ 9,935 | \$ 642 | \$ 14,593 | \$ 1,867 | \$ 64,036 | \$ 886 | \$ 2,038 |

| | State Flowthrough 27000 | State Direct 28000 | Local / State 29000 | Bond Building 31100 | Public School Capital Outlay 31200 | Cap. Impro. SB 9 31700 | Public School Capital Outlay 20% 32100 | Debt Service 41000 | Total |
|-------------------------------|-------------------------------|-----------------------|---------------------------|------------------------|--|------------------------------|---|-----------------------|-------------|
| Cash, June 30, 2011 | \$ 3,003 | \$ 6,283 | \$ 9,735 | \$ 39,567 | \$ 5,107 | \$ 107,341 | \$ 27 | \$ 39,073 | \$ 483,096 |
| Cash receipts, 2011-2012 | 8,405 | 14,633 | - | - | - | 18,169 | - | 26,484 | 2,024,392 |
| Cash disbursements, 2011-2012 | (4,808) | (14,633) | (5,776) | (36,670) | - | (57,557) | - | (22,573) | (1,563,785) |
| Cash balance, June 30, 2012 | \$ 6,600 | \$ 6,283 | \$ 3,959 | \$ 2,897 | \$ 5,107 | \$ 67,953 | \$ 27 | \$ 42,984 | \$ 943,703 |

See accompanying notes to financial statements.

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

Hector H. Balderas
State Auditor of the State of New Mexico
Board of Directors of Roy Municipal Schools

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of Roy Municipal Schools (the District) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We believe that none of the significant deficiencies described below is a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant

deficiencies. 2011-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2005-04 and 2012-01.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board Members, others within the entity, The Public Education Department, the New Mexico Department of Finance and Administration, the State Auditor, the New Mexico Legislature, and applicable federal grantors and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

White + Samaniego + Campbell, CP

November 14, 2012

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2012**

CURRENT YEAR AUDIT FINDINGS

Budget Adjustment Requests (2012-01)

| | |
|-----------------------|--|
| CONDITION | During testwork, the District was unable to reconcile BARs requested to the general ledger. |
| CRITERIA | In accordance with Public Education Department (PED) requirements and 6-6-6 NMSA 1978, the District is required to follow PED procedures relating to Budget Adjustment Requests. |
| CAUSE | The District failed to follow the PED requirements related to Budget Adjustments Requests. |
| EFFECT | BARs were not reflected in the general ledger. |
| RECOMMENDATION | We recommend that all Budget Adjustment Requests are properly recorded in the general ledger. |
| RESPONSE | The District will ensure that all BARs are properly recorded in the general ledger. |

PRIOR YEAR AUDIT FINDINGS

Budgeted Expenses Exceed Budgeted Revenue and Fund Balance (2010-02)

| | | | | |
|------------------|--|----------------------------------|--------------------------------|--------------------------------|
| CONDITION | The District incurred expenditures in excess of the approved budget in the following fund: | | | |
| | | Budgeted Expenditures | Actual Expenditures | Excess Expenditures |
| | Preschool IDEA B - | | | |
| | Direct Instruction | \$ 11 | \$ 378 | \$ (367) |
| | REAP - | | | |
| | Direct Instruction | \$ 17,171 | \$ 18,237 | \$ (1,066) |
| | The following fund had budgeted a deficit fund balance for the year ended June 30, 2012: | | | |
| | Coordinated Approach to Child Health | | \$ 254 | |
| CRITERIA | Per 2.2.2.10.P. "If budgeted expenditures exceed budgeted revenues (after prior year cash balance and any applicable federal receivables required to balance the budget), that fact must also be reported in a finding since budget deficits are generally not allowed." | | | |

| | |
|-----------------------|--|
| CAUSE | An oversight caused the District to overbudget expenditures. |
| EFFECT | The District is not in compliance with state law. |
| RECOMMENDATION | The District should not budget for budget deficits. |
| RESPONSE | Management concurs with the recommendation. |

Capital Assets (2005-04)

| | |
|-----------------------|---|
| CONDITION | The capital asset additions were not accurately reflected in the capital asset inventory. In addition the capital asset inventory is not being timely maintained and was not reconciled at year-end. |
| CRITERIA | According to NMAC 6.20.2.22 C, assets of a long-term character which are intended to continue to be held or used, such as land, buildings, furniture, machinery and equipment shall be acquired and accounted for through the development and implementation of a complete property control system which shall be adopted by the local board and in accordance with GAAP. |
| CAUSE | The District does not have personnel trained and knowledgeable in the maintenance and record keeping of capital assets for the District. |
| EFFECT | The District's capital asset listing may have capital assets that do not exist or there may be capital assets omitted that should be on the capital asset inventory. All of which may result in a material misstatement on the government wide financial statement. A restatement was required to record \$31,996 of capital assets that were additions in 2009. |
| RECOMMENDATION | The District must formalize its policies with regards to the required capital assets yearly inventory count and ensure that a proper count of movable chattels and equipment takes place every year. The District must also incorporate internal controls to ensure that capital asset detail reports are accurate and complete. |
| RESPONSE | The School District will be sending its' Fixed Asset manager to formal training for usage of Vision's Fixed Asset module. Capital asset information will be reassessed from the past two fiscal years and brought into alignment with the general ledger, noting any discrepancies and establishing accumulated depreciation. |

STATUS OF PRIOR YEAR FINDINGS

Current Status

| | | |
|---------|--|----------------------|
| 2005-04 | Capital Assets | Revised and Repeated |
| 2010-02 | Budget Expenses Exceed Budgeted Revenue and Fund Balance | Revised and Repeated |
| 2011-01 | Lack of Supervision and Segregation of Duties | Resolved |
| 2011-02 | Disbursements Made Without Authorization | Resolved |
| 2011-03 | Payroll Contract Rates Overpaid | Resolved |

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**FINANCIAL STATEMENT PREPARATION
FOR THE YEAR ENDED JUNE 30, 2012**

The financial statements of Roy Municipal Schools as of, and for the year ended June 30, 2012 were prepared by White + Samaniego + Campbell, LLP, with the aid of responsible District personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.

**STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS**

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2012**

An exit conference was conducted on September 20, 2012 in a meeting of Roy Municipal Schools pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Roy Municipal Schools

Blair Clavel

Matt Mitchell

Sherrita Fluhman

Board Vice President

Member

Business Manager

White + Samaniego + Campbell, LLP

Gloria Mejia

Audit Staff