

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**Basic Financial Statements and  
Required Supplementary Information  
For the Year Ended June 30, 2013  
and Independent Auditors' Report**

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

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JUNE 30, 2013**

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**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**OFFICIAL ROSTER**

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**BOARD OF EDUCATION**

Sacramento Baca  
Blair Chavel  
Edward De Herrera  
Matt Mitchell  
Lawrence Esquibel

President  
Vice-President  
Secretary  
Member  
Member

**SCHOOL OFFICIALS**

Secundino Esquibel Jr.  
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

### **Report on Financial Statements**

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 Roy Municipal Schools, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, 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, 2013, as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Roy Municipal Schools, as of June 30, 2013, 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 Roy Municipal Schools as of June 30, 2013, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparison that collectively comprise Roy Municipal Schools basic financial statements. 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2013, 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* in considering Roy Municipal Schools' internal control over financial reporting and compliance.

*White + Samaniego + Campbell, LLP*

El Paso, Texas  
November 11, 2013

**BASIC**  
**FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Expenses:</b>					
<b>Governmental Activities:</b>					
Direct instruction	\$ 724,713	\$ 6,119	\$ 40,192	\$ -	\$ (678,402)
Support service - students	80,638	-	-	-	(80,638)
Support service - general administration	130,418	-	-	-	(130,418)
Central service	85,252	-	-	-	(85,252)
Operation & maintenance of plant	193,211	-	-	-	(193,211)
Medicaid expense	26,924	-	-	-	(26,924)
Food services	44,248	9,362	7,551	-	(27,335)
Student transportation	94,422	-	105,251	-	10,829
Depreciation & amortization - unallocated	166,372	-	-	-	(166,372)
Interest on long-term obligations	12,917	-	-	-	(12,917)
<b>Total governmental activities</b>	<b>\$ 1,559,115</b>	<b>\$ 15,481</b>	<b>\$ 152,994</b>	<b>\$ -</b>	<b>\$ (1,390,640)</b>
<b>General Revenues:</b>					
<b>Taxes</b>					
Property taxes, levied for general purposes					3,656
Property taxes, levied for capital projects					15,294
Property taxes, levied for debt services					36,844
Federal and state aid not restricted to specific purpose					523,680
Interest and investment earnings					4,177
Miscellaneous					2,992
<b>Subtotal, general revenue</b>					<b>586,643</b>
Change in net position					(803,997)
Net position - beginning of year					2,922,886
Net position - end of year					<b>\$ 2,118,889</b>

See accompanying notes to financial statements and independent auditors' report

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF NET POSITION  
JUNE 30, 2013**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current assets	
Cash	\$ 199,190
Taxes receivable	2,557
Due from agencies	14,449
Inventory	<u>916</u>
Total current assets	<u>217,112</u>
Non-current assets	
Bond issue cost, net	28,804
Land (non-depreciable)	16,200
Capital assets (depreciable)	4,698,463
Less accumulated depreciation	<u>(2,601,001)</u>
Total non-current assets	<u>2,142,466</u>
<b>Total assets</b>	<b><u>\$ 2,359,578</u></b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 21,106
Accrued interest	2,267
Unearned revenue	17,316
Current portion of long-term obligations	<u>35,000</u>
Total current liabilities	75,689
Long-term obligations	
Non-current portion of long-term obligations	<u>165,000</u>
Total long-term liabilities	<u>165,000</u>
<b>Total liabilities</b>	<b><u>240,689</u></b>
<b>NET POSITION</b>	
Net Invested in capital assets	1,940,199
Restricted for	
Cafeteria fund (inventory)	916
Special revenue funds	(25,006)
Capital projects funds	81,781
Debt service	20,953
Unrestricted	<u>100,046</u>
<b>Total net position</b>	<b><u>\$ 2,118,889</u></b>

See accompanying notes to financial statements and independent auditors' report

**GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	General Fund	Title I	Entitlement	Teacher/Principal Training & Recruiting
<b>ASSETS</b>				
Cash	\$ 50,605	\$ 904	\$ -	\$ -
Taxes receivable	161	-	-	-
Inventory	-	-	-	-
Due from other funds	49,648	-	-	-
Due from agencies	-	5,202	-	9,247
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 100,414</u>	<u>\$ 6,106</u>	<u>\$ -</u>	<u>\$ 9,247</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 368	\$ -	\$ -	\$ -
Due to other funds	-	28,968	13,728	6,952
Unearned revenues	-	904	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	368	29,872	13,728	6,952
Fund balances:				
Nonspendable - inventory	-	-	-	-
Restricted, reported in:				
Special revenue fund	-	(23,766)	(13,728)	-
Capital projects funds	-	-	-	2,295
Debt service fund	-	-	-	-
Unassigned, reported in:				
General fund	100,046	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	100,046	(23,766)	(13,728)	2,295
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 100,414</u>	<u>\$ 6,106</u>	<u>\$ -</u>	<u>\$ 9,247</u>

See accompanying notes to financial statements and independent auditors' report

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013**

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	<b>Capital Improvements</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 70,730	\$ 76,951	\$ 199,190
Taxes receivable	725	1,671	2,557
Inventory	-	916	916
Due from other funds	-	673	50,321
Due from agencies	-	-	14,449
	<hr/>	<hr/>	<hr/>
Total assets	<b>\$ 71,455</b>	<b>\$ 80,211</b>	<b>\$ 267,433</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 20,738	\$ 21,106
Due to other funds	-	673	50,321
Unearned revenues	-	16,412	17,316
	<hr/>	<hr/>	<hr/>
Total liabilities	-	37,823	88,743
<b>Fund balances:</b>			
Nonspendable - inventory	-	916	916
Restricted, reported in:			
Special revenue fund	-	12,488	(25,006)
Capital projects fund	71,455	8,031	81,781
Debt service fund	-	20,953	20,953
Unassigned, reported in:			
General fund	-	-	100,046
	<hr/>	<hr/>	<hr/>
Total fund balances	<b>71,455</b>	<b>42,388</b>	<b>178,690</b>
Total liabilities and fund balances	<b>\$ 71,455</b>	<b>\$ 80,211</b>	<b>\$ 267,433</b>

See accompanying notes to financial statements and independent auditors' report

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013**

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

Fund balances - total governmental funds	\$ 178,690
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,113,662
Bond issuance cost	28,804
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	(2,267)
General obligation bonds	<u>(200,000)</u>
Total net position - governmental funds	<u>\$ 2,118,889</u>

See accompanying notes to financial statements and independent auditors' report

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Title I	Entitlement	Teacher/Principal Training & Recruiting
<b>REVENUES</b>				
Taxes	\$ 3,656	\$ -	\$ -	\$ -
Charges for services	4,312	-	-	-
State sources	602,565	1,393	-	-
Federal sources	-	-	8,103	4,822
Earnings from investments	3,999	-	-	-
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	614,532	1,393	8,103	4,822
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>				
Current:				
Direct instruction	674,294	21,519	21,831	2,527
Support service - students	77,850	1,394	-	-
Support service - general administration	128,979	-	-	-
Central services	85,252	-	-	-
Operation & maintenance of plant	193,211	-	-	-
Food services	22,168	-	-	-
Student transportation	94,422	-	-	-
Capital outlay	3,901	-	-	-
Debt services:				
Bonds	-	-	-	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,280,077	22,913	21,831	2,527
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(665,545)	(21,520)	(13,728)	2,295
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - beginning of year	765,591	(2,246)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 100,046	\$ (23,766)	\$ (13,728)	\$ 2,295
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements and independent auditors' report

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

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	<b>Capital Improvements</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>REVENUES</b>			
Taxes	\$ 28,629	\$ 37,975	\$ 70,260
Charges for services	-	11,169	15,481
State sources	-	13,115	617,073
Federal sources	-	35,202	48,127
Earnings from investments	-	178	4,177
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	<u>28,629</u>	<u>97,639</u>	<u>755,118</u>
<b>EXPENDITURES</b>			
Current:			
Direct instruction	-	4,542	724,713
Support service - students	-	1,394	80,638
Support service - general administration	129	1,310	130,418
Central service	-	-	85,252
Operation & maintenance of plant	-	-	193,211
Medicaid expenses	-	26,924	26,924
Food services	-	22,080	44,248
Student transportation	-	-	94,422
Capital outlay	24,457	11,506	39,864
Debt services:			
Bonds	-	30,000	30,000
Interest	-	11,590	11,590
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>24,586</u>	<u>109,346</u>	<u>1,461,280</u>
Net change in fund balance	4,043	(11,707)	(706,162)
Fund balance - beginning of year	<u>67,412</u>	<u>54,095</u>	<u>884,852</u>
Fund balance - end of year	<u>\$ 71,455</u>	<u>\$ 42,388</u>	<u>\$ 178,690</u>

See accompanying notes to financial statements and independent auditors' report



**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, 2013**

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

Fund balances - total governmental funds \$ (706,162)

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation expense exceeds capital outlays in the period

Depreciation expense	(160,489)
Amortization expense	(5,883)
Capital outlay	39,864

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Decrease in accrued interest	(1,327)
Principal payment of bond	<u>30,000</u>

Change in net position of governmental activities \$ (803,997)

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 3,654	\$ 3,654	\$ 3,656	\$ 2
Charges for services	20,776	20,776	4,312	(16,464)
State sources	617,184	597,137	602,565	5,428
Earnings from investments	9,130	9,130	3,999	(5,131)
Miscellaneous	-	-	-	-
Total revenues	650,744	630,697	614,532	(16,165)
<b>Expenditures:</b>				
<b>Current:</b>				
Direct instruction	659,399	659,399	674,294	(14,895)
Support services - students	82,903	78,903	77,850	1,053
Support services - general administration	130,635	130,635	128,979	1,656
Central services	86,943	86,943	85,252	1,691
Operation & maintenance of plant	232,209	211,615	193,211	18,404
Student transportation	109,452	105,251	94,422	10,829
Other support services	7,620	120	-	120
Food service	29,635	26,659	22,168	4,491
Total expenditures	1,338,796	1,299,525	1,276,176	23,349
Net change in fund balance	(688,052)	(668,828)	(661,644)	7,184
Fund balance - beginning of year	765,591	765,591	765,591	-
Fund balance - end of year	\$ 77,539	\$ 96,763	\$ 103,947	\$ 7,184
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ (661,644)	
Net revenue accruals			-	
Net expenditure accruals			(3,901)	
Net changes in fund balance GAAP basis			\$ (665,545)	

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 21,519	\$ 1,393	\$ (20,126)
Total revenues	-	21,519	1,393	(20,126)
Expenditures:				
Current:				
Direct instruction	-	21,519	21,519	-
Instruction support	-	-	1,394	1,394
Net change in fund balance	-	(21,519)	(21,520)	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ (21,519)	\$ (21,520)	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (21,520)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (21,520)	

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 18,383	\$ 34,106	\$ 8,103	\$ (26,003)
Expenditures:				
Current:				
Direct instruction	18,383	34,106	21,831	12,275
Total expenditures	18,383	34,106	21,831	12,275
Net change in fund balance	-	-	(13,728)	(13,728)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ (13,728)	\$ (13,728)
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (13,728)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (13,728)	

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 3,528	\$ 7,460	\$ 4,822	\$ (2,638)
Expenditures:				
Current:				
Direct instruction	<u>3,528</u>	<u>3,932</u>	<u>2,527</u>	<u>1,405</u>
Net change in fund balance	-	3,528	2,295	(1,233)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ 3,528</u>	<u>\$ 2,295</u>	<u>\$ (1,233)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 2,295	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ 2,295</u>	

See accompanying notes to financial statements and independent auditors' report

**FIDUCIARY FUNDS FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND  
JUNE 30, 2013**

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**ASSETS**

Current Assets:

Cash \$ 70,675

Total assets \$ 70,675

**LIABILITIES**

Current Liabilities

Deposits held in trust for others \$ 70,675

Total liabilities \$ 70,675

See accompanying notes to financial statements and independent auditors' report

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

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**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 position and the statement of changes in net position) 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 1, 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, 2013 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 Position 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:

<b>Assets</b>	<b>Years</b>
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, 2013.

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.

**Unearned Revenues** - The District reports unearned revenues on its Statement of Net Position and fund balance sheet. Unearned 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 unearned 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 position. 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 Position** - Net position represent the difference between assets and liabilities. Net position in net invested in capital assets 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 position is 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 position 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 position presentation. Net position are categorized as follows:

***Net investment in capital assets*** - This category reflects the portion of net position that are associated with capital assets less outstanding capital asset related debt.

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

***Unrestricted net position*** - This category reflects net position 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.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 67 Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The Village 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 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68 Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The Village 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, 2013.

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, 2013	\$ 404,986
Total deposits	404,986
FDIC coverage	<u>(250,000)</u>
Total uninsured public funds	<u>\$ 154,986</u>
Pledged collateral	\$ 252,169
Collateral requirement (50% of uninsured public funds)	<u>77,493</u>
Over collateralization	<u>\$ 174,676</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, 2013, \$154,986 of the District's bank balance of \$404,986 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, 2013, the carrying amount of these deposits was \$269,865.

**Reconciliation of Cash and Cash Equivalents**

Cash and cash equivalents per Governmental Funds - Balance Sheet	\$ 199,190
Statement of Fiduciary Net Position - Cash	<u>70,675</u>
	269,865
LGIP	(2,981)
Add outstanding checks and other reconciling items	<u>138,102</u>
Bank balance of deposits and investments	<u>\$ 404,986</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, 2013 was 52 days.

**3. ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2013, are as follows:

	General	Other Major	Other Nonmajor	Total
Due from agencies	\$ -	\$ 14,449	\$ -	\$ 14,449
Property taxes	161	725	1,671	2,557
Total	<u>\$ 161</u>	<u>\$ 15,174</u>	<u>\$ 1,671</u>	<u>\$ 17,006</u>

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

Receivables and payables from interfund transactions as of June 30, 2013 are listed below. All interfund receivables and payables represent short-term loans and are expected to be repaid within one year.

<b>Governmental Activities:</b>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Major Funds:</b>		
General Fund	\$ 50,321	\$ -
Title I	-	28,968
Entitlement	-	13,728
Teacher/Principal Training & Recruiting	-	6,952
<b>Non Major Funds:</b>		
Medicaid	-	673
<b>Total Governmental Activities</b>	<u>\$ 50,321</u>	<u>\$ 50,321</u>

**5. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2013 is as follows:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 16,200	\$ -	\$ -	\$ 16,200
Capital assets being depreciated:				
Buildings & building improvements	3,851,318	39,864	-	3,891,182
Furniture & equipment	<u>807,281</u>	<u>-</u>	<u>-</u>	<u>807,281</u>
Total capital assets being depreciated	<u>4,658,599</u>	<u>39,864</u>	<u>-</u>	<u>4,698,463</u>
Less accumulated depreciation for:				
Buildings & building improvements	1,709,758	86,335	-	1,796,093
Furniture & equipment	<u>730,754</u>	<u>74,154</u>	<u>-</u>	<u>804,908</u>
Total accumulated depreciation	<u>2,440,512</u>	<u>160,489</u>	<u>-</u>	<u>2,601,001</u>
Total capital assets being depreciated, net	<u>2,218,087</u>	<u>(120,625)</u>	<u>-</u>	<u>2,097,462</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 2,234,287</u>	<u>\$ (120,625)</u>	<u>\$ -</u>	<u>\$ 2,113,662</u>

**6. LONG TERM OBLIGATIONS**

The following is a summary of the long-term debt and the activity for the year ended June 30, 2013:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Governmental Activities:					
Bonds 7/15/06	\$ 115,000	\$ -	\$ (15,000)	\$ 100,000	\$ 20,000
Bonds 10/1/06	115,000	-	(15,000)	100,000	15,000
<b>Total governmental activities</b>	<b>\$ 230,000</b>	<b>\$ -</b>	<b>\$ (30,000)</b>	<b>\$ 200,000</b>	<b>\$ 35,000</b>

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
2014	35,000	8,250	43,250
2015	35,000	6,800	41,800
2016	35,000	5,200	40,200
2017	35,000	3,800	38,800
2018	35,000	2,400	37,400
2019-2021	25,000	1,400	26,400
	<b>\$ 200,000</b>	<b>\$ 27,850</b>	<b>\$ 227,850</b>

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 \$497,314 in state equalization guarantee distributions during the year ended June 30, 2013.

#### 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 \$105,251 in transportation distribution during the year ended June 30, 2013.

#### 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, 2013, 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. UNEARNED 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, 2013.

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. Deficit fund balance of individual funds. There following funds reported a deficit fund balance at June 30, 2013:

**Major Funds:**

Title I	\$ 23,766
Entitlement	<u>13,728</u>
Total	37,494

A. Excess of expenditures over appropriations. The following fund had exceeded approved budgetary authority for the year ended June 30, 2013.

Budgeted deficit fund balance. The following fund had budgeted a deficit fund balance for the year ended June 30, 2013:

REAP	\$ 19,527
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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 some state agency employees) 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](http://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, 2013, 2012, and 2011, were \$78,912, \$65,998, and \$140,710, 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](http://www.nmchca.state.nm.us).

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and employees. During the fiscal year ended June 30, 2013, the statute requires each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee is required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

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>
2014	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>
FY14	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, 2013, 2012 and 2011 were \$21,390, \$19,245, and \$15,974, respectively, which equal the required contributions for each year.

**SUPPLEMENTARY INFORMATION**

**NONMAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Total</b>
<b>ASSETS</b>				
Cash on deposit	\$ 28,900	\$ 8,031	\$ 40,020	\$ 76,951
Taxes receivable	-	-	1,671	1,671
Inventory, at cost	916	-	-	916
Due from other funds	673	-	-	673
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<b>\$ 30,489</b>	<b>\$ 8,031</b>	<b>\$ 41,691</b>	<b>\$ 80,211</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 20,738	\$ 20,738
Due to other funds	673	-	-	673
Unearned revenue	16,412	-	-	16,412
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	17,085	-	20,738	37,823
Fund balances:				
Nonspendable - inventory	916	-	-	916
Restricted, reported in:	12,488	8,031	20,953	41,472
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balance	13,404	8,031	20,953	42,388
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<b>\$ 30,489</b>	<b>\$ 8,031</b>	<b>\$ 41,691</b>	<b>\$ 80,211</b>

See accompanying notes to financial statements and independent auditors' report

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Total</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 37,975	\$ 37,975
Charges for services	11,169	-	-	11,169
State sources	13,115	-	-	13,115
Federal sources	35,202	-	-	35,202
Earnings from investments	178	-	-	178
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	59,664	-	37,975	97,639
<b>Expenditures:</b>				
<b>Current:</b>				
Direct instruction	4,542	-	-	4,542
Support service - students	1,394	-	-	1,394
Support service - general administration	-	-	1,310	1,310
Operation & maintenance of plant	-	-	-	-
Medicaid expenses	26,924	-	-	26,924
Food services	22,080	-	-	22,080
Capital outlay	11,506	-	-	11,506
Debt services	-	-	-	-
Bonds	-	-	30,000	30,000
Interest	-	-	11,590	11,590
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	66,446	-	42,900	109,346
Net changes in fund balances	(6,782)	-	(4,925)	(11,707)
Fund balance - beginning of year	20,186	8,031	25,878	54,095
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - end of year	<u>\$ 13,404</u>	<u>\$ 8,031</u>	<u>\$ 20,953</u>	<u>\$ 42,388</u>

See accompanying notes to financial statements and independent auditors' report



**SPECIAL REVENUE FUNDS**

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**DESCRIPTION OF NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013**

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**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, 2013

		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
<b>ASSETS</b>							
Cash on deposit	\$ 8,214	\$ 1,240	\$ 467	\$ 218	\$ 201	\$ -	\$ 1,611
Inventory, at cost	916	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	673	-
<b>Total assets</b>	<b>\$ 9,130</b>	<b>\$ 1,240</b>	<b>\$ 467</b>	<b>\$ 218</b>	<b>\$ 201</b>	<b>\$ 673</b>	<b>\$ 1,611</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Due to other fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 673	\$ -
Unearned revenue	-	-	467	218	-	-	2,038
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>467</b>	<b>218</b>	<b>-</b>	<b>673</b>	<b>2,038</b>
Fund balances:							
Nonspendable - inventory	916	-	-	-	-	-	-
Restricted, reported in:							
Special revenue funds	8,214	1,240	-	-	201	-	(427)
<b>Total fund balance</b>	<b>9,130</b>	<b>1,240</b>	<b>-</b>	<b>-</b>	<b>201</b>	<b>-</b>	<b>(427)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,130</b>	<b>\$ 1,240</b>	<b>\$ 467</b>	<b>\$ 218</b>	<b>\$ 201</b>	<b>\$ 673</b>	<b>\$ 1,611</b>

Continued

See accompanying notes to financial statements and independent auditors' report

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013

		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	
<b>ASSETS</b>								
Cash on deposit	\$ -	\$ 1,245	\$ -	\$ -	\$ 365	\$ 3	\$ 4,918	
Inventory, at cost	-	-	-	-	-	-	-	
Due from other funds	-	-	-	-	-	-	-	
<b>Total assets</b>	\$ -	\$ 1,245	\$ -	\$ -	\$ 365	\$ 3	\$ 4,918	
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Unearned revenues	\$ -	\$ 1,245	\$ -	\$ -	\$ 365	\$ 3	\$ 4,918	
Total liabilities	-	1,245	-	-	365	3	4,918	
Fund balances:								
Nonspendable - inventory	-	-	-	-	-	-	-	
Restricted, reported in:								
Special revenue funds	-	-	-	-	-	-	-	
Total fund balance	-	-	-	-	-	-	-	
Total liabilities and fund balances	\$ -	\$ 1,245	\$ -	\$ -	\$ 365	\$ 3	\$ 4,918	

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See accompanying notes to financial statements and independent auditors' report

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	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 Safety 28146	Energy Efficiency Measurers NMEMNR - ARRA 28187	School Based Health Center 29130				
<b>ASSETS</b>											
Cash on deposit	\$ 176	\$ -	\$ 2,791	\$ 88	\$ 904	\$ 2,500	\$ 3,959				\$ 28,900
Inventory, at cost	-	-	-	-	-	-	-				916
Due from other funds	-	-	-	-	-	-	-				673
<b>Total assets</b>	<b>\$ 176</b>	<b>\$ -</b>	<b>\$ 2,791</b>	<b>\$ 88</b>	<b>\$ 904</b>	<b>\$ 2,500</b>	<b>\$ 3,959</b>				<b>\$ 30,489</b>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				\$ 673
Unearned revenue	176	-	2,031	88	904	-	3,959				16,412
<b>Total liabilities</b>	<b>176</b>	<b>-</b>	<b>2,031</b>	<b>88</b>	<b>904</b>	<b>-</b>	<b>3,959</b>				<b>17,085</b>
Fund balances:											
Nonspendable - inventory	-	-	-	-	-	-	-				916
Restricted, reported in:											
Special revenue funds	-	-	760	-	-	2,500	-				12,488
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>760</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>-</b>				<b>13,404</b>
<b>Total liabilities and fund balances</b>	<b>\$ 176</b>	<b>\$ -</b>	<b>\$ 2,791</b>	<b>\$ 88</b>	<b>\$ 904</b>	<b>\$ 2,500</b>	<b>\$ 3,959</b>				<b>\$ 30,489</b>

Concluded

See accompanying notes to financial statements and independent auditors' report

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013

		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		8,074	3,095	-	-	-	-	-
State share of taxes		-	-	-	-	-	-	-
Local sources		-	-	-	-	-	-	-
State sources		-	-	-	-	-	-	-
Federal sources		8,278	-	-	-	-	26,924	-
Earnings from investments		-	178	-	-	-	-	-
Total revenues		16,352	3,273	-	-	-	26,924	-
Expenditures:								
Current:								
Direct instruction		-	3,900	-	-	-	-	427
Medicaid expenses		-	-	-	-	-	26,924	-
Food services		22,080	-	-	-	-	-	-
Capital outlay		-	-	-	-	-	-	-
Total expenditures		22,080	3,900	-	-	-	26,924	427
Net changes in fund balances		(5,728)	(627)	-	-	-	-	(427)
Fund balance - beginning of year		14,858	1,867	-	-	201	-	-
Fund balance - end of year	\$	9,130	1,240	\$	\$	201	\$	(427)

See accompanying notes to financial statements and independent auditors' report



STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013

		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		-	215	-	-	-	-	-
Federal sources		-	-	-	-	-	-	-
Earnings from investments		-	-	-	-	-	-	-
Total revenues		-	215	-	-	-	-	-
Expenditures:								
Current:								
Direct instruction		-	215	-	-	-	-	-
Support services - students		-	-	-	-	-	-	-
Operation & maintenance of plant		-	-	-	-	-	-	-
Food services		-	-	-	-	-	-	-
Capital outlay		-	-	-	-	-	-	-
Total expenditures		-	215	-	-	-	-	-
Net changes in fund balances		-	-	-	-	-	-	-
Fund balance - beginning of year		-	-	-	-	-	-	-
Fund balance - end of year	\$	-	\$	-	\$	-	\$	-

See accompanying notes to financial statements and independent auditors' report

Continued

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	Special Revenue Funds										Total
	School Library Material 27549	NM Highway Department 28120	Coordinate Approach to Child Health 28140	DWINM Local Grant 28145	Sun Safe 28146	Energy Efficiency Measurers NMEMNR - ARRA 28187	School Based Health Center 29130				Total Special Revenue Funds
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-	-	-	11,169
State share taxes	-	-	-	-	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	11,506	-	-	1,394	-	-	-	-	-	13,115
Federal sources	-	-	-	-	-	-	-	-	-	-	35,202
Earnings form investments	-	-	-	-	-	-	-	-	-	-	178
Total revenues	-	11,506	-	-	1,394	-	-	-	-	-	59,664
Expenditures:											
Current:											
Direct instruction	-	-	-	-	-	-	-	-	-	-	4,542
Support service - students	-	-	-	-	1,394	-	-	-	-	-	1,394
Operation & maintenance of plant	-	-	-	-	-	-	-	-	-	-	-
Medicaid expenses	-	-	-	-	-	-	-	-	-	-	26,924
Food services	-	-	-	-	-	-	-	-	-	-	22,080
Capital outlay	-	11,506	-	-	-	-	-	-	-	-	11,506
Total expenditures	-	11,506	-	-	1,394	-	-	-	-	-	66,446
Net changes in fund balances	-	-	-	-	-	-	-	-	-	-	(6,782)
Fund balance - beginning of year	-	-	760	-	-	-	-	-	-	2,500	20,186
Fund balance - end of year	\$ -	\$ -	\$ 760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ 13,404

Concluded

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Charge for services	\$ -	\$ -	\$ 8,074	\$ 8,074
Federal sources	24,868	24,868	8,278	(16,590)
Total revenues	24,868	24,868	16,352	(8,516)
Expenditures:				
Current:				
Food service	24,868	24,868	22,080	2,788
Net change in fund balance	-	-	(5,728)	(5,728)
Fund balance - beginning of year	14,858	14,858	14,858	-
Fund balance - end of year	\$ 14,858	\$ 14,858	\$ 9,130	\$ (5,728)
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (5,728)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (5,728)	

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 3,120	\$ 3,120	\$ 3,095	\$ (25)
Earnings form investments	-	-	178	178
Total revenue	3,120	3,120	3,273	153
Expenditures:				
Current:				
Direct instruction	5,988	5,988	3,900	2,088
Excess (deficiency) of revenues over expenditures	(2,868)	(2,868)	(627)	2,241
Other financing sources (uses)				
Designated cash	3,095	3,095	-	(3,095)
Total other financing sources (uses)	3,095	3,095	-	(3,095)
Net change in fund balance	227	227	(627)	(854)
Fund balance - beginning of year	1,867	1,867	1,867	-
Fund balance - end of year	<u>\$ 2,094</u>	<u>\$ 2,094</u>	<u>\$ 1,240</u>	<u>\$ (854)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (627)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (627)</u>	

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

	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	467	467	467	-
Fund balance - end of year	\$ 467	\$ 467	\$ 467	\$ -
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 and independent auditors' report

**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, 2013**

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	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 4	\$ 7	\$ -	\$ (7)
Expenditures:				
Current:				
Direct instructional	<u>4</u>	<u>7</u>	<u>-</u>	<u>7</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	<u>377</u>	<u>377</u>	<u>377</u>	<u>-</u>
Fund balance - end of year	<u>\$ 377</u>	<u>\$ 377</u>	<u>\$ 377</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 and independent auditors' report

**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, 2013**

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	<hr/> 201	<hr/> 201	<hr/> 201	<hr/> -
Fund balance - end of year	<hr/> <b>\$ 201</b>	<hr/> <b>\$ 201</b>	<hr/> <b>\$ 201</b>	<hr/> <b>\$ -</b>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			<hr/> -	
Net changes in fund balance GAAP basis			<hr/> <b>\$ -</b>	

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

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	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 30,000	\$ 30,000	\$ 26,924	\$ (3,076)
Expenditures:				
Current:				
Food services	<u>30,000</u>	<u>30,000</u>	<u>26,924</u>	<u>3,076</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			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements and independent auditors' report



**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, 2013**

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	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 21,000	\$ 17,706	\$ -	\$ (17,706)
Expenditures:				
Current:				
Direct instruction	<u>21,000</u>	<u>37,233</u>	<u>427</u>	<u>36,806</u>
Net change in fund balance	-	(19,527)	(427)	(19,100)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ (19,527)</u>	<u>\$ (427)</u>	<u>\$ 19,100</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (427)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (427)</u>	

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal 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 and independent auditors' report

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 215	\$ 215	\$ -
Expenditures:				
Current:				
Support services - students	-	215	215	-
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 and independent auditors' report

**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, 2013**

	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 and independent auditors' report

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 1	\$ 1	\$ -	\$ (1)
Expenditures:				
Current:				
Support services - students	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</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			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

---

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

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

	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 and independent auditors' report

**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, 2013**

	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	\$ -	\$ -	\$ -	\$ -
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 and independent auditors' report



**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, 2013**

---

	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	\$ -	\$ -	\$ -	\$ -
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 and independent auditors' report

**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, 2013**

---

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 11,506	\$ 11,506	\$ -
Expenditures:				
Capital outlays	-	11,506	11,506	-
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 and independent auditors' report

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 760	\$ 760	\$ -	\$ (760)
Expenditures:				
Current:				
Support services - students	760	760	-	760
Excess (deficiency of revenues over expenditures)	-	-	-	-
Other financing sources (uses)				
Designated cash	2,791	2,791	-	-
Total other financing sources (uses)	2,791	2,791	-	-
Net change in fund balance	2,791	2,791	-	-
Fund balance - beginning of year	760	760	760	-
Fund balance - end of year	\$ 3,551	\$ 3,551	\$ 760	\$ -
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 and independent auditors' report

**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, 2013**

---

	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	\$ -	\$ -	\$ -	\$ -
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 and independent auditors' report

**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, 2013**

---

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 1,394	\$ 1,394	\$ -
Expenditures:				
Current:				
Support services - students	-	1,394	1,394	-
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 and independent auditors' report

**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, 2013**

---

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Direct instructional	-	-	-	-
Operating and maintenance of plant	-	2,500	-	2,500
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	(2,500)	-	2,500
Fund balance - beginning of year	2,500	2,500	2,500	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 2,500	\$ -	\$ 2,500	\$ 2,500
	<hr/>	<hr/>	<hr/>	<hr/>
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			<hr/>	
			\$ -	
			<hr/>	

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

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

See accompanying notes to financial statements and independent auditors' report

## **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, 2013**

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

See accompanying notes to financial statements and independent auditors' report

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2013**

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

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

	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>2,897</u>	<u>-</u>	<u>2,897</u>
Net change in fund balance	(2,897)	(2,897)	-	2,897
Fund balance, beginning of year	<u>2,897</u>	<u>2,897</u>	<u>2,897</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,897</u>	<u>\$ (2,897)</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 and independent auditors' report

**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, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
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	\$ 5,107	\$ 5,107	\$ 5,107	\$ -
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 and independent auditors' report

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Operating & maintenance of plant	-	27	-	27
Net change in fund balance	-	(27)	-	27
Fund balance, beginning of year	27	27	27	-
Fund balance, end of year	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ (27)</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 and independent auditors' report

## **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, 2013**

---

	<b>Debt Service 41000</b>	<b>Total</b>
<b>ASSETS</b>		
Cash on deposit	\$ 40,020	\$ 40,020
Taxes receivable	1,671	1,671
Accounts receivable	-	-
Inventory, at cost	-	-
Due from grantors	-	-
	<hr/>	<hr/>
Total assets	<b>\$ 41,691</b>	<b>\$ 41,691</b>
	<hr/>	<hr/>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 20,738	\$ 20,738
Unearned revenue	-	-
	<hr/>	<hr/>
Total liabilities	20,738	20,738
Fund balances:		
Restricted, reported in:		
Reserved for retirement of long-term debt	20,953	20,953
	<hr/>	<hr/>
Total fund balance	20,953	20,953
	<hr/>	<hr/>
Total liabilities and fund balances	<b>\$ 41,691</b>	<b>\$ 41,691</b>
	<hr/>	<hr/>

See accompanying notes to financial statements and independent auditors' report

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
NONMAJOR DEBT SERVICE FUND  
JUNE 30, 2013**

---

	<b>Debt Service 41000</b>	<b>Total</b>
Revenues:		
Taxes	\$ 37,975	\$ 37,975
Charge for services	-	-
State shared taxes	-	-
Local sources	-	-
State sources	-	-
Federal sources	-	-
Earnings form investments	-	-
	<hr/>	<hr/>
Total revenues	37,975	37,975
Expenditures:		
Current:		
Direct instruction	-	-
Support service - students	-	-
Support service - general administration	1,310	1,310
Central services	-	-
Operating & maintenance of plant	-	-
Food services	-	-
Student transportation	-	-
Debt services:		
Reserve	-	-
Bonds	30,000	30,000
Interest	11,590	11,590
	<hr/>	<hr/>
Total expenditures	42,900	42,900
Net changes in fund balances	(4,925)	(4,925)
Fund balance - beginning of year	25,878	25,878
	<hr/>	<hr/>
Fund balance - end of year	<u>\$ 20,953</u>	<u>\$ 20,953</u>

See accompanying notes to financial statements and independent auditors' report



**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 38,719	\$ 38,719	\$ 37,975	\$ (744)
Expenditures:				
Current:				
Support services - general administration	288	1,288	1,310	(22)
Debt service				
Reserve	22,772	22,772	-	22,772
Bond	34,735	34,735	30,000	4,735
Interest	8,719	8,719	11,590	(2,871)
Total expenditures	<u>66,514</u>	<u>67,514</u>	<u>42,900</u>	<u>24,614</u>
Excess (deficiency) of revenues over expenditures	<u>(27,795)</u>	<u>(28,795)</u>	<u>(4,925)</u>	<u>23,870</u>
Other financing sources (uses)				
Designated cash	<u>40,020</u>	<u>40,020</u>	<u>-</u>	<u>(40,020)</u>
Total other financing sources (uses)	<u>40,020</u>	<u>40,020</u>	<u>-</u>	<u>(40,020)</u>
Net change in fund balance	12,225	11,225	(4,925)	(16,150)
Fund balance - beginning of year	<u>25,878</u>	<u>25,878</u>	<u>25,878</u>	<u>-</u>
Fund balance - end of year	<u>\$ 38,103</u>	<u>\$ 37,103</u>	<u>\$ 20,953</u>	<u>\$ (16,150)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (4,925)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (4,925)</u>	

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 13,073	\$ 13,073	\$ 28,629	\$ 15,556
Miscellaneous	3,132	3,132	-	(3,132)
Total revenues	16,205	16,205	28,629	12,424
Expenditures:				
Current:				
Support services - general administration	721	721	129	592
Capital Outlay	15,484	28,646	24,457	4,189
Total expenditures	16,205	29,367	24,586	(4,781)
Excess (deficiency) of revenues over expenditures	-	(13,162)	4,043	(17,205)
Other financing sources(uses)				
Designated cash	70,730	70,730	-	(4,781)
Total other financing sources (uses)	70,730	70,730	-	(4,781)
Net change in fund balance	70,730	57,568	4,043	12,424
Fund balance - beginning of year	67,412	67,412	67,412	-
Fund balance - end of year	\$ 208,872	\$ 195,710	\$ 71,455	\$ 7,643
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 4,043	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 4,043	

See accompanying notes to financial statements and independent auditors' report

**GENERAL FUNDS**

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2013

	Operational 11000	Teachage 12000	Transportation 13000	Instructional Material 14000	Total
<b>ASSETS</b>					
Cash	\$ 26,131	\$ 11,514	\$ 20,763	\$ 679	\$ 59,087
Taxes receivable	161	-	-	-	161
Due from other fund	41,166	-	-	-	41,166
Total assets	\$ 67,458	\$ 11,514	\$ 20,763	\$ 679	\$ 100,414

**LIABILITIES AND FUND BALANCES**

Liabilities:					
Accounts payable	\$ 369	\$ -	\$ (1)	\$ -	\$ 368
Total liabilities	369	-	(1)	-	368
Fund balances:					
Unassigned, reported in:					
General fund	67,089	11,514	20,764	679	100,046
Total fund balances	67,089	11,514	20,764	679	100,046
Total liabilities and fund balances	\$ 67,458	\$ 11,514	\$ 20,763	\$ 679	\$ 100,414

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

	Operational 11000	Teachage 12000	Transportation 13000	Instructional Material 14000	Total
<b>REVENUES</b>					
Taxes	\$ 3,656	\$ -	\$ -	\$ -	\$ 3,656
Charges for services	636	1,100	-	2,576	4,312
State sources	497,314	-	105,251	-	602,565
Earnings from investments	3,999	-	-	-	3,999
Miscellaneous	-	-	-	-	-
Total revenues	505,605	1,100	105,251	2,576	614,532
<b>EXPENDITURES</b>					
Current:					
Direct instruction	671,755	-	-	2,539	674,294
Support services - students	77,850	-	-	-	77,850
Instruction support - general administration	128,979	-	-	-	128,979
Central services	85,252	-	-	-	85,252
Operation & maintenance of plant	194,742	2,370	-	-	197,112
Food services	22,168	-	-	-	22,168
Student transportation	-	-	94,422	-	94,422
Total expenditures	1,180,746	2,370	94,422	2,539	1,280,077
Net change in fund balance	(675,141)	(1,270)	10,829	37	(665,545)
Fund balance at beginning of year	742,230	12,784	9,935	642	765,591
Fund balance at end of year	\$ 67,089	\$ 11,514	\$ 20,764	\$ 679	\$ 100,046

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Taxes	\$ 3,654	\$ 3,654	\$ 3,656	\$ 2
Charges for services	2,000	2,000	636	(1,364)
State sources	511,732	491,886	497,314	5,428
Earnings from investments	9,130	9,130	3,999	(5,131)
Sale of personal property	-	-	-	-
Miscellaneous	-	900	-	(900)
<b>Total revenues</b>	<b>526,516</b>	<b>507,570</b>	<b>505,605</b>	<b>(1,965)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Direct instruction	656,823	677,723	671,755	5,968
Support services- students	82,903	78,903	77,850	1,053
Support services - general administration	130,635	130,635	128,979	1,656
Central services	86,943	86,943	85,252	1,691
Operation & maintenance of plant	216,009	195,415	194,742	673
Student transportation	4,000	-	-	-
Other support services	7,620	120	-	120
Food services	29,635	26,659	22,168	4,491
<b>Total expenditures</b>	<b>1,214,568</b>	<b>1,196,398</b>	<b>1,180,746</b>	<b>15,652</b>
<b>Net change in fund balance</b>	<b>(688,052)</b>	<b>(688,828)</b>	<b>(675,141)</b>	<b>13,687</b>
<b>Fund balance - beginning of year</b>	<b>742,230</b>	<b>742,230</b>	<b>742,230</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 54,178</b>	<b>\$ 53,402</b>	<b>\$ 67,089</b>	<b>\$ 13,687</b>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ (675,141)	
Net revenue accruals			-	
Net expenditure accruals			-	
<b>Net changes in fund balance GAAP basis</b>			<b>\$ (675,141)</b>	

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 16,200	\$ 16,200	\$ 1,100	\$ (15,100)
Expenditures:				
Current:				
Operation & maintenance of plant	<u>16,200</u>	<u>16,200</u>	<u>2,370</u>	<u>13,830</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(1,270)</u>	<u>(1,270)</u>
Other financing sources(uses)				
Designated cash	<u>12,784</u>	<u>12,784</u>	<u>-</u>	<u>12,784</u>
Total other financing sources (uses)	<u>12,784</u>	<u>12,784</u>	<u>-</u>	<u>12,784</u>
Net change in fund balance	12,784	12,784	(1,270)	11,514
Fund balance - beginning of year	<u>12,784</u>	<u>12,784</u>	<u>12,784</u>	<u>-</u>
Fund balance - end of year	<u>\$ 25,568</u>	<u>\$ 25,568</u>	<u>\$ 11,514</u>	<u>\$ 11,514</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (1,270)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (1,270)</u>	

See accompanying notes to financial statements and independent auditors' report

**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, 2013**

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
Revenues:				
State sources	\$ 105,452	\$ 105,251	\$ 105,251	\$ -
Expenditures:				
Current:				
Student transportation	<u>105,452</u>	<u>105,251</u>	<u>94,422</u>	<u>10,829</u>
Net change in fund balance	-	-	10,829	10,829
Fund balance - beginning of year	<u>9,935</u>	<u>9,935</u>	<u>9,935</u>	-
Fund balance - end of year	<u>\$ 9,935</u>	<u>\$ 9,935</u>	<u>\$ 20,764</u>	<u>\$ 10,829</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 10,829	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ 10,829</u>	

See accompanying notes to financial statements and independent auditors' report



**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, 2013**

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	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 2,576	\$ 2,576	\$ 2,576	\$ -
Expenditures:				
Current:				
Direct instruction	<u>2,576</u>	<u>2,576</u>	<u>2,539</u>	<u>37</u>
Net change in fund balance	-	-	37	37
Fund balance - beginning of year	<u>642</u>	<u>642</u>	<u>642</u>	<u>-</u>
Fund balance - end of year	<u>\$ 642</u>	<u>\$ 642</u>	<u>\$ 679</u>	<u>\$ 37</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 37	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ 37</u>	

See accompanying notes to financial statements and independent auditors' report

**OTHER SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

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	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Assets				
Cash	\$ 64,036	\$ 78,167	\$ 71,528	\$ 70,675
Total assets	<u>\$ 64,036</u>	<u>\$ 78,167</u>	<u>\$ 71,528</u>	<u>\$ 70,675</u>
Liabilities				
Deposits held for others	\$ 64,036	\$ 78,167	\$ 71,528	\$ 70,675
Total liabilities	<u>\$ 64,036</u>	<u>\$ 78,167</u>	<u>\$ 71,528</u>	<u>\$ 70,675</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**SCHEDULE OF PLEDGED COLLATERAL  
JUNE 30, 2013**

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Community 1st Bank - Las Vegas

Description of Pledge Collateral	CUSIP	Maturity	Market Value
FNMA - #25419	31371KJY8	12/01/2021	\$ 22,356
FHLMC E01377	31394HQ65	05/01/2018	131,485
GNMA-II 005201	36202FX68	10/20/2041	<u>98,328</u>
		Total:	<u>\$ 252,169</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS  
JUNE 30, 2013**

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<b>Bank Account Type/Name</b>	<b>Total</b>
Community 1st Bank	
Checking - General Operational	<u>\$ 404,986</u>
Total On Demand	404,986
Reconciling items	<u>(138,102)</u>
Reconciled Balance June 30, 2013	266,884
Plus: LGIP	2,981
Less: Fiduciary Funds Cash	<u>(70,675)</u>
Balance Sheet Total June 30, 2013	<u>\$ 199,190</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

CASH RECONCILIATION  
JUNE 30, 2013

	Operational 11000	Teacherege 12000	Transportation 13000	Instructional Materials 14000	Food Services 21000	Athletics Account 22000	Student Activities 2300	Federal Flowthrough 24000	Federal Direct 25000
Cash, June 30, 2012	\$ 701,112	\$ 12,784	\$ 9,935	\$ 642	\$ 14,593	\$ 1,867	\$ 64,036	\$ 886	\$ 2,038
Cash receipts, 2012-2013	546,828	1,100	105,251	2,576	16,352	3,273	78,167	32,791	26,251
Cash disbursements, 2012-2013	(1,179,230)	(2,370)	(94,177)	(2,539)	(22,731)	(3,900)	(71,528)	(44,856)	(26,924)
Cash balance, June 30, 2013	\$ 68,710	\$ 11,514	\$ 21,009	\$ 679	\$ 8,214	\$ 1,240	\$ 70,675	\$ (11,179)	\$ 1,365
	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, 2012	\$ 6,600	\$ 6,283	\$ 3,959	\$ 2,897	\$ 5,107	\$ 67,953	\$ 27	\$ 42,984	\$ 943,703
Cash receipts, 2012-2013	4,926	12,900	-	-	-	(17,444)	-	37,067	850,038
Cash disbursements, 2012-2013	(215)	(12,900)	-	-	-	(25,457)	-	(40,030)	(1,526,857)
Cash balance, June 30, 2013	\$ 11,311	\$ 6,283	\$ 3,959	\$ 2,897	\$ 5,107	\$ 25,052	\$ 27	\$ 40,021	\$ 266,884

See accompanying notes to financial statements.

**COMPLIANCE SECTION**

**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the budgetary comparisons of the general fund, and the budgetary comparisons of the general fund and major special revenue funds presented as supplemental information of the Roy Municipal Schools as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the basic financial statements, and the combining and individual funds and related budgetary comparisons of Roy Municipal Schools presented as supplemental information, and have issued our report thereon dated November 11, 2013.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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. (2010-02, 2013-01, 2013-02 and 2013-04)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given the limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roy Municipal Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result 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 items 2005-04, 2012-01 and 2013-03.

### **Response to Findings**

Roy Municipal Schools' response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Roy Municipal Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

This report is intended solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. This report is for the information and use of management, Board of Directors, others within the entity, DFA, NMFA, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

*White + Samaniego + Campbell, LLP*

El Paso, Texas  
November 11, 2013

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2013**

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**CURRENT YEAR AUDIT FINDINGS**

**Accounting Policies and Procedures for Student Activity (2013-01) - Significant Deficiency**

<b>CONDITION</b>	The District does not have policies or written operating procedures to provide guidance to sponsors and others managing student activities.
<b>CRITERIA</b>	<p>The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. "Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements."</p> <p>The SAS No. 112 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of components of internal control" SAS 112 paragraph 19 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.</p>
<b>CAUSE</b>	Management did not have a policy to ensure internal controls were in place and working properly. Due to the size of the District, written policies and procedures have not been a priority.
<b>EFFECT</b>	Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and process to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.
<b>RECOMMENDATION</b>	The District should ensure that a comprehensive internal control structure is designed, documented, and implemented with the management of Agency funds. The body charged with governance should provide effective oversight of the internal control and financial reporting process.
<b>RESPONSE</b>	The District will develop policies and procedures for student activities to help provide guidance with student activities and the senior class fundraising.

## **Improper Use and Disbursement of Student Activity Funds (2013-02) - Significant Deficiency**

---

<b>CONDITION</b>	Activities including fundraisers for the District's senior class are not in conformance with state regulation: sponsors do not have proper record of amounts fundraised by each student, money fundraised not properly allocated among students, and the fundraised money left over after all senior activities is disbursed among the seniors and the sponsor.
<b>CRITERIA</b>	Section 6-10-2 NMSA states that it is the duty of every public official or agency that receives or disburses public money to maintain a cash record which is entered daily, in detail, including all items of receipts and disbursements of public money. Monies from fundraising activities (agency funds) are considered to be legally owned and under the discretionary control of school districts. The monies generated are considered public funds and are subject to all applicable rules and regulations established by local governing boards. The management of student activity funds shall be in accordance with sound business practices, including budgetary procedures and thorough audits. An authorized representative, faculty advisor, and principal should approve all expenditures.
<b>CAUSE</b>	Management did not have a documented policy to ensure proper procedures and documentation are in place. Also, the governing body was unaware of requirements under section 6-10-2 NMSA to provide effective oversight of internal control and the financial reporting.
<b>EFFECT</b>	The District has not complied with state regulation pertaining to student activities because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and process to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.
<b>RECOMMENDATION</b>	The District should ensure that a comprehensive internal control structure is designed, documented, and implemented with the management of Agency funds. The body charged with governance should provide effective oversight of the internal control and financial reporting process.
<b>RESPONSE</b>	The District will develop policies and procedures for student activities to help provide guidance with student activities and the senior class fundraising.

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**Agency Funds with Negative Balance (2013-03) - Other**

---

<b>CONDITION</b>	The District posted an adjustment to a student activity account that had a zero balance, thereby creating a deficit.
<b>CRITERIA</b>	Section 6-10-2 of NMSA states that no activity funds shall ever be permitted to incur a deficit. Financial records of student activity funds must be in accordance with generally accepted accounting principles and an adequate internal control structure established and maintained, as well as audit trails, in the same manner as the school district's regular funds.
<b>CAUSE</b>	The District erroneously posted an expense to the wrong account, once the District noticed the account number used was incorrect, an adjustment was posted to correct the amount; however, the balance of the agency fund where the adjustment was made had a zero balance, consequently it created a negative balance once the adjustment was posted.
<b>EFFECT</b>	The District has not complied with state regulation pertaining to student activities because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and process to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.
<b>RECOMMENDATION</b>	The District should ensure that a comprehensive internal control structure is designed, documented, and implemented with the management of Agency funds. Furthermore, the district should verify account information when making transactions and not allow activity to incur a deficit.
<b>RESPONSE</b>	The District made an error when the transaction was originally posted to the wrong account. This is an isolated event.

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**Segregation of Duties (2013-04) - Significant Deficiency**

---

<b>CONDITION</b>	Due to limited staff available, the Business Manager is the main administrative employee. The Business Manager is the main person in charge of preparing bank reconciliations, recording transactions, requesting and preparing purchase orders which are used to control cash and the budget.
<b>CRITERIA</b>	Section 6.20.2.11 of NMAC requires each school district to develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.
<b>CAUSE</b>	The District does not maintain a structure of internal accounting controls and a system of authorization and recording procedures.
<b>EFFECT</b>	Any transactions made without prior authorization have the potential to cause cash deficits and/or over expenditure of budgets in the funds from which they are made.

**RECOMMENDATION** We recommend that the District fully staff the administrative functions of the District. We further recommend that management structure operating procedures such that no one person has complete responsibility for any transaction.

**RESPONSE** Management is in the process of implementing procedures to correct this finding.

**PRIOR YEAR AUDIT FINDINGS**

**Budget Adjustment Requests (2012-01) - Other**

---

**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.

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

---

**CONDITION** Deficit fund balance of individual funds. There following funds reported a deficit fund balance at June 30, 2013:

**Major Funds**

Title I	23,766
Entitlement	13,728

The following fund had budgeted a deficit fund balance for the year ended June 30, 2013:

REAP	\$	19,527
------	----	--------

**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) - Other**

---

**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.

**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
2012-1	Budget Adjustment Requests	Revised and Repeated

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2013**

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The financial statements of Roy Municipal Schools as of, and for the year ended June 30, 2013 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, 2013**

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An exit conference was conducted on August 29, 2013 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  
Edward DeHerrera  
Paige Wilson  
Secundino Esquibel Jr.  
Sherrita Fluhman

Board Vice President  
Secretary  
Audit Committee  
Superintendent  
Business Manager

**White + Samaniego + Campbell, LLP**

Dahlia Garcia  
Gaby Cohen

Supervisor  
Staff