

MANUAL OF PROCEDURES

PSAB SUPPLEMENT 5

FINANCIAL STATEMENTS

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MANUAL OF PROCEDURES

PSAB SUPPLEMENT 5

FINANCIAL STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL STATEMENTS

In Chapter 22, Article 8, Sections 4, 5, and 6, the department (PED) is charged with developing and providing the form, format and rules for the accounting and budgeting of all public schools funds and supervising and controlling the preparation of all public school budgets. Additionally the department is instructed to compile accurate information and data regarding public school finance. The department and the state auditor's rule further define the rules for preparing financial statements.

The State Auditor Rule (2.2.2, NMAC) requires that the school district shall maintain adequate accounting records to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP), and cooperate with the Independent Public Accountant (IPA) by providing in a **timely** manner the information required to express an opinion on the agency's financial statements. It is recommended that districts prepare their own financial statements. Districts should familiarize themselves with the contents of the annual audit. If the IPA prepares the financial statements, this fact must be disclosed in notes to the financial statements and may result in an audit finding if there is "ineffective oversight of the financial reporting and internal control processes by those charged by governance". (Statement of Auditing Standards, SAS 115)

Section 22-8-5, NMSA 1978. Rules; procedures

A. The department, in consultation with the state auditor, shall establish rules and procedures for a uniform system of accounting and budgeting of funds for all public schools and school districts of the state. The rules, including revisions or amendments, shall become effective only upon approval by the state board [department] and filing with the state records center and publication. A copy shall also be filed with the department of finance and administration.

B. All public schools and school districts shall comply with the rules and procedures prescribed and shall, upon request, submit additional reports concerning finances to the reports with the department containing pertinent details regarding applications for federal money or federal grants-in-aid or regarding federal money or federal grants-in-aid received, including details of programs, matching funds, personnel requirements, salary provisions and program numbers, as indicated in the catalog of federal domestic assistance, of the federal funds applied for and of those received.

C. Upon request by the department of finance and administration, the legislative finance committee or the legislative education study committee, the department shall timely furnish information and data obtained from public schools and school districts pursuant to Subsection B of this section.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)

The Governmental Accounting Standards Board (GASB) is the standard-setting body for accounting and financial reporting by state and local governments, including local educational agencies (LEAs). GASB establishes Generally Accepted Accounting Principles (GAAP) for governments including school districts and charter schools in its authoritative statements, interpretations, and technical bulletins. GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, provides the governmental financial reporting model to integrate traditional fund statements with a new set of consolidated government-wide (district-wide) financial statements prepared on the **accrual basis** of accounting. GASB 54 , *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes additional rules and changes for fiscal years beginning after July 15, 2010.

1. Fund statements address fiscal accountability and are a **short-run** view of basic education services provided with current assets and liabilities.
2. Government-wide statements address operational accountability and are both **long-run** and short run containing details of all of a districts assets and liabilities connected with delivering basic public education services.

The two levels of financial reporting are intended to achieve greater accountability by governments and to enhance the understandability and usefulness of financial reports so that users of these statements are better able to make more informed economic and political decisions.

The GASB Statement 34 reporting model requires the following financial statements and related information:

- Management Discussion & Analysis (MD&A) as Required Supplementary Information;
- Basic Financial Statements;
- Government wide (District-wide) Financial Statements;
- Fund Financial Statements;
- Notes to the Financial Statements;
- Required Supplementary Information (RSI) other Than MD&A.

The MD&A, Basic Financial Statements, and Required Supplementary Information other than MD&A represent the minimum standard for governmental financial reporting in conformity with GAAP.

MANAGEMENT DISCUSSION & ANALYSIS (MD &A)

A discussion and analysis of a District's financial performance is prepared by management of the district or charter school. It presents an overview and financial

highlights of the year ended and presents an opportunity for the district or charter school to provide interpretation of financial and other information to the public in a simplified manner.

Possible **TOPICS FOR MD&A** include, but are not limited to

- Mission and Organizational Structure
- Discussion and Analysis of the Financial Statements
- Financial Results
- Budgetary Integrity
- Use of Estimates
- Current Demands
- Risks, Uncertainties, Events, Conditions, and Trends
- Future Effects of Current Demands, Risks, Uncertainties, Events, Conditions and Trends
- Future Effects of Anticipated Future Events, Conditions, and Trends
- Understanding Financial Reporting
- Discussion and Analysis of Systems, Controls and Legal Compliance
- Discussion and Analysis of Performance
- Performance Measurement Understanding
- Performance Reporting

While the MD & A is Required Supplementary Information (RSI), it is presented at the beginning of the audited statements rather than at the end. This statement reflects management's and the school board's perspective only and is **not** audited.

DISTRICT-WIDE FINANCIAL STATEMENTS

District-wide or government-wide financial statements report information about the district as a whole. The accounting methods used are similar to those of private sector companies. There are two statements that make up the district-wide statements.

1. **THE STATEMENT OF NET ASSETS** includes all of the district's assets and liabilities, both current and long-term. (Exhibit 5-1, appendix to this supplement)
2. **THE STATEMENT OF ACTIVITIES** accounts for the current year's revenues and expenses, regardless of when cash is received or paid (Exhibit 5-2, appendix to this supplement). Note the use of the term "Expenses" rather than "Expenditures" in this statement. Expenditures have been adjusted to accrue assets and liabilities, leaving only traditional expenses related to the year ended in this statement. The statement is prepared on the **full accrual** method of accounting. These activities are divided into two categories.
 - a. **Governmental activities** include most of the services provided by the district. These services include regular and special education, transportation and administration. Most of these services are funded

through the State Equalization Guarantee, local taxes, and Federal and State grants.

- b. **Business type activities** include programs which the district charges a fee for the service provided, such as the Student Nutrition Program, Athletic Events, or rental of the district's or charter school's facilities.

FUND FINANCIAL STATEMENTS

Principles for governmental accounting and financial reporting are somewhat different from principles for private-sector accounting and financial reporting because of the underlying differences between the governmental and private sector environments. These differences may include but are not limited to the following:

- Governments generally receive significant amounts of their resources from taxes which are not necessarily tied to the level of services received.
- Private-sector companies derive most of their revenues through sales or services which reflect value determined by the success of the company.
- The primary objective of most governmental activities is service to the public, not profit. The primary objective of private-sector companies is maximization of profits for owners or shareholders.
- Governments have a duty to demonstrate that they have complied with budgetary and other legal restrictions in the use of their resources. This duty is referred to as *fiscal accountability*.

The fund financial statements provide more detailed information about the district's funds. The statements are focused on the most significant or **major funds**, not on the district as a whole. These statements are presented on a **modified accrual basis** (Exhibit 5-3).

GOVERNMENTAL FUND TYPES:

1. **The General Fund is used to account for all financial resources except those required to be accounted for in another fund.** [GASB Codification Section 1100.103a (1)]. The General Fund is financed from local, county, state, and federal sources. These revenues are generally used for financing the current, ordinary, normal and recurring operations of the school district such as instructional programs for the students, food services, maintenance, data processing, printing, and pupil transportation. Totals on the General Fund Balance Sheet include but are not limited to a total of Operational, Teacherage, Transportation, and Instructional Materials funds. These fund account codes begin with a "1" in the Uniform Chart of Accounts, UCOA.
2. **Special Revenue Funds account for the proceeds of specific revenue sources (other than trusts or for major capital projects) that are restricted or committed for**

specific purposes other than debt service and capital projects. (*School Business Affairs, Tips for School Districts: GASB's New Fund Balance Statements*, Dean Michael Mead). Totals from the Special Revenue Funds Combining Balance Sheet include but are not limited to a total of all Federal and State Project Funds, Cafeteria and Athletic Funds. These fund account codes begin with a "2" in the Uniform Chart of Accounts, UCOA.

3. **Debt service funds account for the accumulation of resources for, and the payment of, long-term debt principal and interest.** (GASB Codification Section 100.103a[4]. The use of a Debt Service Fund is required by GAAP if legally mandated, or if financial resources are being accumulated for principal and interest payments maturing in future years. These fund account codes begin with a "4" in the Uniform Chart of Accounts, UCOA.
4. **Capital Projects Funds** may be used for the acquisition of land or existing facilities, construction of buildings, purchase of equipment, conducting energy audits, and making capital improvements, improvements to buildings and/or grounds, remodeling of buildings, and the replacement of roofs, carpets, service systems, technology, and buses are included in the Capital Projects Fund. Totals from Capital Projects Funds Combining Balance Sheet include but are not limited to, SB-9, Critical Capital Outlay, and Bond Building Funds. These fund account codes begin with a "3" in the Uniform Chart of Accounts, UCOA.

PROPRIETARY FUND TYPES:

Totals from Enterprise and Internal Service Statements (most school districts will not have entries here. No Exhibits).

FIDUCIARY FUND TYPES:

Totals from the Trust and Agency Funds Combining Statements include but are not limited to, Expendable Trusts, Nonexpendable Trusts, and Student Activity Agency Funds.

ACCOUNT GROUPS:

Account Groups are not specific funds, but are groups of accounts used to account for Long-term Assets and Liabilities of many funds which are not booked at the time of purchase or acquisition as Assets or Liabilities, but rather as expenditures. Prior to the institution of district wide statements and capital asset reporting, these groups were reported in the fund financial statements combined balance sheets for all funds. These groups of accounts do not reflect available financial resources and related liabilities, but are an accounting record of general long-term assets, or of debt and certain associated information including bond principal and interest as well as **compensated absences** for personnel. (See also PSAB Supplement 14, Payroll.)

1. Statement of General Fixed Assets; (totals of General Fixed Assets). Refer to Exhibit 5-6.
2. Statement of General Long-Term Debt; (totals of General Long Term Debt).

The general long-term debt of a school district is secured by the general credit and revenue-raising powers of the school district within statutory limitations, rather than by the assets acquired or specific fund resources. Just as general fixed assets do not represent financial resources available for appropriation and expenditure, the unmatured principal of general long-term debt does not require current appropriation and expenditure of school district's fund financial resources. To include it as a governmental fund liability would be misleading and dysfunctional to the current period management control (for example, budgeting) and accountability functions. Therefore, general long-term debt is not accounted for in the governmental fund financial statements but is reported in the district wide financial statements.

COMPENSATED ABSENCES

NCGA-1 (Governmental Accounting and Financial Reporting Principles) notes that general long-term debt may include items that are not debt issuances per se. An item that can either be reported (1) as a liability of a specific governmental fund, or (2) as part of the General Long-Term Debt Account Group is an obligation that arises from compensated absences policies adopted by state and local governments. NCGA-4 (Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences) addressed the issue by requiring that accounting and reporting standards established by FASB-43 (Accounting for Compensated Absences) be followed by state and local governments.

Accrual of Compensated Absences

When all of the following four conditions exist, a school district must accrue a liability for employees' compensation for future absences:

- The employer's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- The obligation relates to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be a reasonable estimate.

The first of the four criteria recognizes the need to record a liability in the period in which the benefit was earned by the employee. For example, if an employee has a vested right to a three-week vacation during the second year of employment, the actual

benefit is earned and should be accrued during the first year of employment subject to reductions due to expected turnover rates.

In order for the compensated absences to be accrued the payments must be probable. FASB-5 (Accounting for Contingencies) defines probable as the "future event or events that are likely to occur."

The final criterion for accrual states that the future payments under the benefits plan must be subject to reasonable estimation. Guidance in estimating the amount of the compensated absences to be accrued can be found in FASB Interpretation-14 (Reasonable Estimation of the Amount of a Loss). This interpretation concludes that when a range (rather than a single point estimate) for an accrual is estimated, the amount within the range with the greatest probability of occurrence should be the basis for accrual. For example, assume that the following range for possible accrual of compensated absences has been developed:

<u>Reasonable Estimate of Future Benefits earned under Compensated Absences Plan</u>	<u>Probability of Payment</u>
\$1,000,000	20%
1,400,000	40%
1,600,000	25%
1,900,000	15%

The amount of accrual should be \$1,400,000. If all point estimates within the range have the same probability of occurrence; the minimum amount of the range should be accrued. In the above example, if all four point estimates had a 25% probability of occurrence, the accrual would be \$1,000,000 with the disclosure of possible additional losses of \$900,000.

NCGA-4 requires that the governmental unit **inventory** liabilities for compensated absences at the end of each accounting period and prepare an adjustment based on current salary costs. Thus, accruals made in prior years would have to be increased to reflect increases in the annual compensation base of employees.

COMPONENT UNITS AND CHARTER SCHOOLS

A component unit is an organization that is legally distinct from the school district, but for which the elected officials of the district (the school board) are financially accountable. Component units may have their own managers and governing boards, but the management of the school district is accountable for them. In New Mexico locally chartered Charter Schools are a component unit of the primary unit and as such are included with the financial statements of the sponsoring district. State chartered Charter Schools are a component unit of PED, and their financial information is shown as component units on the financial statements of PED. Financial information for the

component unit is typically aggregated in a single column on the district-wide financial statements (discrete presentation). However, combining statements of component units, units may be presented as a basic financial statement after the fund financial statements, or as condensed financial statements in the notes to the financial statements (2.2.2.10, NMAC).

(Exhibit 5-1, appendix to this supplement)

REGIONAL EDUCATION COOPERATIVES (RECS)

For accounting purposes, REC's are considered joint ventures. A separate financial and compliance audit is required. The IPA will provide a copy of this report to the participating school districts and to the PED once the report has been released by the state auditor. The audit report of each REC shall include a cash reconciliation schedule reconciling the cash balance at the end of the previous year to the cash balance of the current year. (2.2.2.12(C), NMAC).

NOTES TO FINANCIAL STATEMENTS

Generally Accepted Accounting Principles (GAAP) require that "Notes to Financial Statements" be prepared and contain all disclosures necessary to prevent the financial statements from being misleading. A suggested order sequence in preparing the Notes to Financial Statements is outlined below (financial statement preparers are free to modify this suggested sequence, as needed, to provide the most meaningful disclosure in a given set of circumstances).

❖ Summary of significant accounting policies (including departures from GAAP, if any)

- Principles used in determining the scope of the entity for financial reporting purposes
- Basis of presentation (fund accounting)
- Basis of accounting (modified accrual/accrual)
- Budgetary data (policies, encumbrances, budgetary accounting)
- Cash and investments (collateral)
- Receivables
- Payables
- Salaries and wages payable
- Advances due from (due to) other funds
- Inventories
- Restricted assets
- Prepaid items
- Fixed assets
- Operating and capital leases
- Long term obligations
- Indirect costs
- Pension plan obligations

- Compensated absences
- Fund Balances (see new rules in GASB 54)
- Bond discounts, premiums, and issuance costs
- Interfund transactions
- Comparative data, memorandum totals

❖ Stewardship, compliance and responsibility

- Material violations of finance-related legal and contractual provisions;
- Deficit fund balance or retained earnings of individual funds;
- Excess of expenditures over revenues in individual funds, if any, and explanations; thereof, including remedial action planned by or required of the issuer;
- Non-compliance with State Auditor Rule (most recent).

❖ Budget/GAAP reporting differences not otherwise reconciled in CAFR

❖ Detail notes on all funds and account groups

➤ Assets

- Cash deposits; pooling of cash investments, and pledged collateral;
- Investments and pledged collateral;
- Property taxes;
- Due from other governments--grants receivable;
- Joint ventures;
- Changes in general fixed assets; and
- Summary of proprietary fund fixed assets including CIP.

➤ Liabilities

- Pension plan obligations and post employment benefits other than pension benefits;
- Other employee benefits;
- Construction and other significant commitments;
- Claims and judgments;
- Lease obligations (capital and operating);
- Long-term debt;
- Description of individual bond issues and leases outstanding;
- Changes in general long-term debt;
- Summary of debt service requirements to maturity;
- Disclosure of legal debt margin;
- Bonds authorized but unissued;
- Synopsis of revenue bond covenants;
- Special assessment debt and related activities;
- Debt extinguishment;
- Demand bonds; and,

- Bond, tax and revenue anticipation notes;
 - Short-term debt and liquidity; and,
 - Encumbrances outstanding.
- Interfund receivables and payables and interfund eliminations
 - Fund Balance (see exhibit 5-8)
 - Nonspendable
 - Committed
 - Restricted
 - Assigned
 - Unassigned
 - ❖ Segment information -- enterprise funds. (Usually not applicable for New Mexico schools)
 - ❖ Related party transactions
 - ❖ Summary disclosure of significant contingencies
 - Litigation
 - Federally assisted programs -- compliance audits
 - ❖ Significant effects of subsequent events

OTHER SUPPLEMENTARY INFORMATION

Rather than publishing these reports as a complete document, many districts publish them as a part of a larger **comprehensive annual financial report** or **CAFR**. A CAFR is composed of three sections:

- Introductory section including a letter of transmittal;
- Listing of principal officers and an organizational chart;
- Financial section.

The Financial section contains the Auditor's Report, the MD & A, basic financial statements, required schedules and notes, combining and individual fund statements and schedules as minimally required, and **statistical tables**. These tables contain financial, economic and demographic data. The schedules may contain information for the most recent ten years. These schedules may be divided into schedules of revenues and expenditures, property tax information, debt and debt service information, demographic and economic information and other operating information.

The next three levels of the CAFR include financial information to support the general purpose financial statements (combined financial statements).

COMBINING STATEMENTS BY FUND TYPE--Where a school district has more than one fund of a given type, combining statements for all non major funds of that type should be presented in a columnar format. Those statements include a Combining Balance Sheet; a Combining Statement of Revenues, Expenditures and Changes in Fund Balances; (GASB 2200.609) a Combining Statement of Changes in Assets and Liabilities--all agency or fiduciary funds (GASB 2200.610) are required. For example, a Combining Balance Sheet for Special Revenue Funds would reflect separate columns for each Federal or State Grant, Food Services and Athletics Fund that is used to report the proceeds of specific revenue sources that are restricted or committed for specific purposes other than debt service and capital projects. GASB 54 sets new criteria for classifying Special Revenue Funds based on the source of the funds and the specific purposes that are restricted or committed within the fund. Additionally, the fund balance classifications have changed to now include

- Nonspendable amounts include amounts that cannot be spent because they are not in spendable form such as inventory, or they are contractually required to be maintained intact.
- Committed fund balance is limited to a specific purpose by the school board such as for the purpose of special education or transportation. This purpose may only be changed by the school board.
- Restricted amounts are resources that are restricted by an external party such as a donor or other government unit. This definition is the same as it is in GASB 34.
- Assigned amounts are those a district intends to use for a specific purpose as proposed by the finance officer or the finance committee, and may be reassigned without taking formal action.
- Unassigned includes all resources not reported in the other four classifications and reported **only** in the General Fund. These are the only funds reported on the balance sheet that are available for any purpose.

INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS--These statements present information on the individual funds and account groups and include a Balance Sheet, a Statement of Revenues, Expenditures and Changes in Fund Balances, a Budget (Non-GAAP Budgetary Basis) vs. Actual Statement of Revenue and Expenditure. If a school district has only one fund of a specific type, the authority for creation of a special revenue fund, or detail to assure disclosure sufficient to meet CAFR reporting objectives it is not presented in the combining statements. However, these statements are routinely included in the financial statements of the New Mexico districts in order to tie the **cash basis** information to the accrual statements.

Journal entries are required to be made either inside or outside of the computerized financial management system (FMS) for the accrual entries necessary to convert cash

basis accounting records to the accrual basis required for financial statements. Examples of journal entries (JEs) required are presented in Schedule 5-9 in this supplement which assumes that the districts' financial management systems are used for **cash basis** accounting only.

FINANCIAL REPORTING OBJECTIVES

Financial reporting should assist users in assessing the level of services that can be provided by the school district and its ability to meet obligations as they become due. Financial reporting should also assist in fulfilling the school district's duty to be publicly accountable and should enable users to assess that accountability. Most districts utilize accounting software designed specifically for fund accounting which integrates budget ledgers and encumbrances of the budget to measure the effect of transactions recorded to the general ledger. The New Mexico Public Education Department (PED) requires interim and final reports on a strictly cash basis. Most districts do not utilize their automated accounting system to post accrual transactions required to produce Financial Statements on the accrual basis, but rather maintain worksheets for preparing and recording the information.

RECORDING FINANCIAL TRANSACTIONS

The standard accounting model for accumulating financial data is a general ledger that utilizes the double-entry system based on the fundamental accounting equation that "assets equal liabilities plus fund balance". (For further discussion on the general ledger refer to PSAB Supplement 3, Uniform Chart of Accounts). Each entry includes a balancing set of debits and credits. Each fund must stand alone; thus, entries may not be made across funds without consideration for the credits and debits balancing in each fund separately.

A basic overview of the double-entry system is that assets and liabilities are independent variables and Fund Balance is a calculated dependent variable; i.e., "Fund Balance would equal Assets minus Liabilities". Revenue accounts measure the inflow of resources, while expenditure accounts measure the outflow of resources; the net change in Revenues, Expenditures and Fund Balance is a result of these two flows being "closed" into Fund Balance at Year End.

PERMANENT ACCOUNTS are also called "Balance Sheet" accounts. These accounts are permanent because the balances in them roll over from year to year as one year is closed and another year opens.

Asset accounts normally carry a debit balance:

Increases are recorded by debits

Decreases are recorded by credits

Liability & Fund Balance accounts normally carry a credit balance:

Increases are recorded by credits

Decreases are recorded by debits

TEMPORARY/NOMINAL ACCOUNTS reflect the activity of revenues received and funds expended during a certain period of time. Expenditures are different from “expenses” in that all cash outflows in fund accounted are recorded in these temporary accounts. These accounts are temporary in nature in that the difference between revenue and expenditure accounts is closed into Fund Balance at year end.

Revenue accounts:

Increases are recorded by credits

Decreases are recorded by debits

Expenditure accounts:

Increases are recorded by debits

Decreases are recorded by credits

INTERIM FINANCIAL REPORTING

Districts and charter schools should report to the school board and to the public periodically throughout the school year regarding the financial progress of the entity. These reports may consist of but are not limited to the quarterly reports to PED that can be made available on the district’s web site. Many samples of reports to be made available to the school board are included in the appendix to this PSAB Manual of Procedures under the heading of Reports and Forms and are labeled for their intended use. It is important that districts and charter schools report in a consistent and understandable manner using standardized reporting to ensure that information is relevant for all users.

The Transaction Cycle				
Account type	Normal Balance	Transactions		
		Debit	Credit	
Assets	+	+	-	Cash & Receivables
Liabilities	-	+	-	Payables
Beginning Fund Balance	-	+	-	Calculated
Revenues	-		-	Cash
Expenditures	+	+		Cash
Ending Fund Balance	-		-	Calculated

Close
into Fund
Balance

NOTE: The exhibits included herein are for illustrative purposes only and are not intended to be a complete presentation. The exhibits were taken from different sources; therefore, amounts throughout may not agree.

JOURNAL ENTRIES

Schedule 5-9 in this supplement contains examples of accrual or reclassifying journal entries and GASB journal entries needed for the fund financial statements and the district-wide statements respectively. These examples are taken directly from auditors' actual closing entries and are explained more fully as part of the exhibit. Journal entries made by the automated accounting system that are made from Journals such as a Payroll Journal or an Accounts Payable Journal as part of day-to-day cash basis accounting will be discussed more fully in the Supplement 7, Cash Controls and other supplements, as they apply to specific processes. Adjusting entries for corrections or proper recording will also be discussed in those supplements.

TRIAL BALANCE

The trial balance consists of a listing of all accounts and their balances from the general ledger. It provides evidence that an equality of debits and credits exist in the general ledger. It is suggested that school districts prepare a preliminary Trial Balance on a worksheet (prior to reclassifying accrual journal entries), and post those entries (subsequent to creating the final Trial Balance) to adjust preliminary Trial Balance to determine if the accounts remain in balance.

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SAMPLE TRIAL BALANCE

Account Number	Description	Beginning 6/30/2010	Reclassifying		Adjusted 6/30/2010
			RJE Debit	RJE Credit	
26179-00-11011	A+ Energy Grant-CASH WFB	9,811.84	-	-	9,811.84
26179-00-13100	A+ Energy Grant-Intergovernmental Accounts Receivable		-	-	-
26179-00-21011	A+ Energy Grant-Accounts Payable		-	872.55	(872.55)
26179-00-25000	Deferred Revenue	-	1,149.84	10,089.13	(8,939.29)
26179-00-32300	A+ Energy Grant-Unreserved Fund Balance	(1,149.84)	1,149.84	-	-
26179-00-41500	A+ Energy Grant-Interest on Investments	(2.14)	-	-	(2.14)
26179-00-41921	A+ Energy Grant-Instructional - Categorical	(10,000.00)	-	1,149.84	(11,149.84)
26179-00-41922	A+ Energy Grant-Instructional Support - Categorical		8,939.29	-	8,939.29
26179-00-44500	A+ Energy Grant-PED Federal Flowthrough Grants		-	-	-
26179-10-51100	A+ Energy Grant-Salaries Expense	-	-	-	-
26179-10-52210	A+ Energy Grant-FICA Payments	-	-	-	-
26179-10-52220	A+ Energy Grant-Medicare Payments	-	-	-	-
26179-10-52500	A+ Energy Grant-Unemployment Insurance Premium	-	-	-	-
26179-10-53711	A+ Energy Grant-Other Charges	-	-	-	-
26179-10-54311	A+ Energy Grant-Maintenance	-	-	-	-
26179-10-55817	A+ Energy Grant-Student Travel	500.00	500.00	-	1,000.00
26179-10-56118	A+ Energy Grant-General Supplies and Materials	305.18	-	-	305.18
26179-10-57332	A+ Energy Grant-Supply Assets (\$5,000 Or Less)	405.00	-	-	405.00
26179-21-56118	A+ Energy Grant-General Supplies and Materials	129.96	372.55	-	502.51
26179-24-51100	A+ Energy Grant-Salaries Expense	-	-	-	-
26179-24-56118	A+ Energy Grant-General Supplies and Materials	-	-	-	-
26179-40-57112	A+ Energy Grant-Land Improvements	-	-	-	-
Totals		0.00	12,111.52	12,111.52	0.00

This additional document is in addition to the financial management system general ledger, and is needed in order to prepare fund financial statements. This Trial Balance may consist of summarized account totals and be rolled up to the required reporting level for Financial Statements. A full trial balance contains all accounts and the accounts are not rolled up. In a well set up system, the relationship to the accounts

needs to be set with “control” or summary accounts to facilitate usefulness. See PSAB Supplement 3, Uniform Chart of Accounts.

BUDGETARY COMPARISON

The accounting system provides the basis for appropriate budgetary control. (GASB Codification Section 1100.109b). See also Supplement I, Budget Planning, Preparation, and Maintenance, of this manual. Budgets are required for all funds and should incorporate budgetary accounts in the budget ledger. An encumbrance ledger is also required to provide appropriate budgetary control. These ledgers in addition to the general ledger must be supported by subsidiary ledger detail. Budgetary detail accounts for revenue are required in both the budget and accounting systems and reports.

An appropriation is an authorization for the district to incur expenditures in the amounts specified in the district’s budget for the fiscal year. In the state of New Mexico, by law, total estimated expenditures may not exceed the sum of estimated revenues and the beginning *Unreserved Cash Balance*. The resulting Unreserved Cash Balance account, after recording Estimated Revenues and Expenditures, must have a zero balance.

The use of an encumbrance accounting system as an element of control in formal budgetary integration is widespread in governments. Such a system controls expenditure commitments and thereby reduces the opportunity to over-expend at the function level. Encumbrances are defined in the 1987 GASB Codification Section 1700.129 as “commitments related to unperformed contracts for goods or services.” They are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures that will result when unperformed contracts in process are completed. When these commitments are realized, a liability or **accounts payable** is recognized for the goods and services received prior to payment.

Budgetary comparisons should be included in the appropriate financial statements and schedules for governmental funds for which an annual budget has been adopted. (GASB Codification Section 1100.109c).

GAAP requires budgetary comparison schedules that include original budget as well as the final budget for the General Fund and each Major special revenue fund.

INTERFUND PERMANENT TRANSFERS

An interfund permanent transfer occurs when funds are shifted from one fund to another. Fund shifts of this type require signed authority from the Public Education Department. A shift of this type will require a journal entry which debits the cash of the receiving fund and credits its fund balance (equity) account, and a corresponding journal entry debiting the fund balance (equity) and crediting the cash of the transferring fund. See PSAB Supplement 7, Cash Controls; (6.20.2.12, NMAC).

INTERFUND LOANS

Transfers should be recognized in the accounting period in which the interfund receivable and payable arise. (GASB Codification Section 1100.108d) These transfers are temporary in nature and **must** be recorded in the due to/due from accounts when they occur. Only the Operational account may make these temporary transfers to other funds. See PSAB Supplement 7, Cash Controls.

BASIS OF ACCOUNTING

CASH BASIS

Under this basis of accounting, revenue means the receipt of cash or noncash donations and expenditure means the **disbursement** of cash or noncash donations when the receipt or expenditure occurs. Since receipts or disbursements must be recorded when the receipt or expenditure occurs, a current receivable or current payable will result if the cash is not immediately expended. An example is an expenditure recorded for payroll salaries and benefits, but checks to vendors for certain payroll benefits including amounts withheld from payroll earnings not being immediately written. These expenditures are generally not accrued as expenditures or receipts occurring in another period under, but rather remain a payroll expense payable until paid. Districts in New Mexico use this cash basis method of accounting for their day to day operations and the resulting totals from this basis of accounting are reported to PED on a monthly or quarterly and an annual basis. These totals are shown in the Districts' financial statements as "Non-GAAP, Budgetary Basis Statements". The audit report contains reconciling schedules to reconcile these Non-GAAP Statements to the accrual basis.

6.20.2.13 FINANCIAL STANDARDS:

*B. Funds and account groups: **School** districts shall use funds and account groups to report their financial position and operating results. Funds are classified into three broad categories: a) governmental funds, b) proprietary funds and c) fiduciary funds. There are two account groups: a) general fixed assets and b) general long-term debt.*

*D. Basis of accounting: In accordance with GASB 34, **school** districts shall use a **full accrual basis** of accounting in preparation of annual financial statements and **cash basis of accounting** for budgeting and reporting*

MODIFIED ACCRUAL AND ACCRUAL BASIS

Accrual accounting means that:

- Revenues should be recorded in the period in which the goods and/or services are provided, although payment is received in a prior or subsequent period.
- Expenses should be recorded in the period in which the benefit is received, although payment is made in a prior or subsequent period.

In business enterprise accounting, the accrual basis is employed to provide a matching of costs against the revenue flowing from those costs, thereby producing a more useful income a more useful income statement for the user.

In fund accounting there is not a concern with income determination. Instead, the concern is with matching expenditures of legal appropriations or legal authorizations with revenues available to finance those expenditures.

Therefore, standards recommend that the “governmental” funds use the “modified accrual” basis of accounting for the governmental **FUND FINANCIAL STATEMENTS**. The modified accrual basis recognizes that it is not practicable to account on an accrual basis for revenues like property taxes. For such taxes, recognition of revenue is ordinarily made at the time of collection (i.e., when it is measurable **and** available); thus the fund is partially on a cash basis in respect to revenue recognition. Expenditure recognition using the modified accrual basis is almost identical with the accrual basis. An exception to the general rule of expenditure accrual relates to unmatured principal and interest on long-term debt, which should be recognized when due. (GASB Codification Section 1100.108a.) **DISTRICT WIDE STATEMENTS** use the accrual basis of accounting.

District wide statements report all transactions occurring during the year having an impact on its finances regardless of cash being exchanged. Therefore all financial and capital resources that flow in and out and all changes in net assets as long as monetary value can be placed on them are reported. The inclusion of capital assets is the most noticeable difference between fund financial statements and district wide statements. These statements also include depreciation, and long-term obligations.

Reconciliation between the modified accrual fund financial statements and accrual based district-wide statements is required. GASB journal entries are required to make the transition between the two statement categories. These reconciling statements are further addressed in the Schedule 5-4 and Schedule 5-6 in this Supplement. Sample journal entries are also found in Schedule 5-9, Journal Entries.

FUND ACCOUNTING SYSTEMS

Governmental accounting systems are organized in a manner to report on an individual fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. (GASB Codification Section 1100.102.)

Because all governmental units receive financial resources that may be used only in accordance with restrictions established by law or by agreements with donors or

grantors, their financial management systems must enable officials to demonstrate compliance with these restrictions. This need led to the development of the fund accounting concept as a **control** device.

Each fund must be accounted for in a separate self-balancing set of accounts for its assets, liabilities, equity, revenues, expenditures or expenses (as appropriate), and transfers. This requirement refers to identification of accounts in the accounting records but does not necessarily extend to physical segregation of assets or liabilities. For example, ***it is not necessary to have a separate bank account for each fund unless required by law, bond indenture, or other reason.*** Governmental units using computer software and account coding (see Supplement 3, Uniform Chart of Accounts) may treat these separate accounting entities as independent subcomponents of a unified governmental financial management system. (GASB Codification Section 1300.109.)

An individual Federal or State grant fund should not be established unless there is a grant award. Likewise, when the grant is expended and all revenues are received the fund should be terminated and any remaining monies disposed of in accordance with the requirements of the grant. When a fund is terminated, care should be taken to ensure that all claims on the fund have been cleared.

AUDITS

School districts should become familiar with the specific criteria for conducting an audit and standards the district's auditor is required to adhere to in performing the audit. (NMAC, 2.2.2) Statutory authority regarding the audits of school districts in the State of New Mexico is detailed in Sections 12-6-1 through 12-6-14, NMSA, 1978. Specific rules regarding audits of school districts are updated annually by the Office of the State Auditor.

School district audits include tests for compliance with Public Education Department (PED) regulation 6.20.2, NMAC, and with procedures in this manual (primarily PSAB Supplement 7, Cash Controls). See further discussion on this subject under PSAB Supplement 6, Financial and Compliance Audits.

Section 12-6-3, NMSA 1978. Annual and special audits.

A. The financial affairs of every agency shall be thoroughly examined and audited each year by the state auditor, personnel of the state auditor's office designated by the state auditor or independent auditors approved by the state auditor. The comprehensive annual financial report for the state shall be thoroughly examined and audited each year by the state auditor, personnel of the state auditor's office designated by the state auditor or independent auditors approved by the state auditor. The audits shall be conducted in accordance with generally accepted auditing standards and rules issued by the state auditor.

SCHEDULES--Data presented in schedules are not necessary for fair presentation in conformity with GAAP unless referenced in the notes to the financial statements. Schedules are used (1) to demonstrate finance-related legal and contractual compliance

(for example, where bond indentures require specific data to be presented); (2) to present other information deemed useful (for example, combined and combining schedules that encompass more than one fund or account group, such as a Combined Schedule of Cash Receipts, Disbursements, and Balances--All Funds); and (3) to provide details of data summarized in the financial statements (for example, schedules of revenues, expenditures, transfers). Examples of schedules that may be included are:

- Pledged collateral schedules
- Schedule of cash accounts
- Joint Powers Agreements schedule
- Schedule of Individual Activity Funds; or,
- Schedule of Federal Financial Assistance

The audit report of each school district shall include as supplementary information a cash reconciliation schedule which reconciles the cash balance of the previous fiscal year to the cash balance as of the end of the current fiscal year. This schedule will account for cash in the same categories as used by the district in its periodic (monthly or quarterly) reports to PED. In accordance with 6.20.2.12(D) and (E), NMAC, the financial statements are prepared on the accrual basis of accounting. If there are differences between the cash records of the school district and the required cash schedule, adjusting entries should be provided to reconcile the report to school district records. If the differences are not reconcilable, a finding shall be issued stating PED reports do not reconcile to the district's records.

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For single audits performed under OMB Circular 133-A, Audits of States, Local Governments and Non Profit Organizations, an additional financial schedule called a Schedule of Federal Financial Assistance is required. There are several government pronouncements which establish requirements and give guidance for "Yellow Book" and single audits. A list is included in the appendix to this document. (See Schedule 5-6)

The Schedule of Federal Financial Assistance is prepared by the recipient of the federal assistance or the auditor, and contains the following information in tabular format:

- Identification of each program (by program name or grant title, and federal agency)
- A Catalog of Federal Domestic Assistance (CFDA) number assigned to each program
- Identification of all federal programs that have not been assigned a CFDA number as "Other Federal Financial Assistance"
- Total expenditures for each federal financial assistance program, classified by grantor, department, or agency

- Total federal financial assistance expended for all the programs listed at the end of the Schedule

Other information may be presented at the option of the school district, or based on other requirements or circumstances. The auditor should encourage the inclusion of the following types of information:

- **Matching contributions** - Normally, matching contributions are not included in the Schedule because they represent local funding efforts. If they are included, the matching portion should be clearly labeled as such and reported separately from the other required information.
- **Amount of the program award and time period of award** - The amount of the program award may not bear a close relationship to the cash received, revenue recognized, or expenditures made. If the amount of the program award is included in the Schedule, it should also be clearly labeled as such and reported separately from the other required information.
- **Receipts or revenue recognized** - The school district or the auditor may desire to report the cash receipts or the revenue recognized for the single audit period. Since this information is optional, it should also be clearly labeled as such and reported separately from the other required information. If this information is reported, the Schedule should disclose the basis of accounting (cash, modified accrual, or accrual) that was used in reporting the information.
- **Beginning and ending balances** - This information includes the amount of the grant that has not been expended at the end of the reporting period, and/or the amount of any accruals made at the end of the reporting period.
- **Subtotals by federal grantor agency** - A subtotal of the grants by federal agency is often helpful so that the individual districts can reconcile the information reported with their own internal records.
- **Footnotes** - Notes should be presented whenever certain optional information, such as basis of accounting, is being reported. Other information that may be disclosed is the make-up of the included reporting entity, which is usually included in the financial statement disclosures, and the basis for valuing noncash programs.

Sub-recipients of federal financial assistance should identify on the Schedule which funds came directly from the federal government and which were received as pass-through grants from another governmental entity, such as a state or local government. For programs that are funded through another governmental unit, that government's identifying program number should be included on the Schedule, in addition to the federal CFDA number.

Basis for valuing noncash programs:

1. Loan (except guaranteed student loan programs and loan guarantees) - Total value of new loans made during the year, plus the balance of loans for previous years for which the federal government is at risk, plus interest subsidy, cash, or administrative cost allowance received.
2. Commodities - Value of commodities issued during the year.
3. Insurance - Value of insurance contract.

REVIEW OF ANNUAL AUDIT REPORT

The financial statements are the responsibility of the district. The IPA must provide the adjusting entries and supporting documentation to the district for any differences between the district's records and the financial reports in the audit. The district should review and approve the audit draft prior to it being submitted to the state auditor.

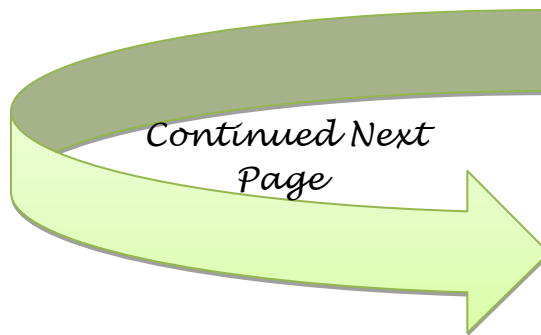
Section 12-6-14(B), NMSA requires that the state auditor or his designee examine all audit reports for school districts. Progress payments up to sixty-nine percent of the IPA's contract may be made pursuant to subsection A of 2.2.2.16, NMAC. The district is responsible for monitoring the progress of the audit and making payments only up to the percentage of the audit that has been completed. Final payment may be made only after the state auditor has notified the district in a letter stating that the audit has been made in a competent manner and in accordance with the contract and this rule, and that the audit is released to the district. Neither the IPA nor the district shall release any information to the public until the report has been officially released by the state auditor. No payment may be made to an independent auditor unless a contract is entered into and approved as provided in 2.2.2.8, NMAC.

The following schedules are based on GASB publication The Quick Guide to School District Financial Statements, Dean Michael Mead, with the permission of the Governmental Accounting Standards Board (GASB), but modified for New Mexico specific requirements and GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

1. District-wide Statement of Net Assets (Schedule 5-1)
2. District-wide Statement of Activities (Schedule 5 -2)
3. Government Funds Balance Sheet (Schedule 5-3)
4. Reconciliation of Governmental Fund Balances to District-Wide Government Activities Net Assets (Schedule 5-4)
5. Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Schedule 5-5)
6. Reconciliation of Net Change in Governmental Fund Balances to Governmental Activities Change in Net Assets (Schedule 5-6)
7. Budgetary Comparison Schedule (Schedule 5-7)

Other schedules include:

1. Schedule of Expenditures of Federal Awards and Notes to the Schedule (Schedule 5-8)
2. Selected Journal Entries from Cash Basis to Accrual Basis (Schedule 5-9)



ILLUSTRATIVE DISTRICT-WIDE STATEMENT OF NET ASSETS

Schedule 5-1

Page 1 of 2

ABC Independent School District Statement of Net Assets As of June 30, 2011

Assets are presented in order of how readily they can be converted to cash; cash is the most liquid, capital assets the least liquid.

The statement of net assets reports what the school district owns and owes at a given point in time, usually the end of the fiscal year

Liabilities are shown in the order of maturity or when cash is expected to be used to pay them.

Deferred revenue represents resources received that have not yet met the criteria for being recorded as revenues

ASSETS

Cash and cash equivalents
Property taxes receivable (net)
Due from other governments
Other receivables
Inventories and prepaid expenses
Bond Costs (Net of accumulated amortization)
Capital assets
Less: Accumulated depreciation
Total Assets

LIABILITIES

Accounts payable and other current liabilities
Deferred revenues
Long-term obligations:
 Due in one year:
 Bonds, capital leases, and contracts
 Due beyond one year:
 Bonds, capital leases, and contracts
 Compensated Absences
 Other
Total liabilities

NET ASSETS

Invested in capital assets, net of related debt
 Restricted for
 Debt Service
Unrestricted
Total net assets

:

Governmental Activities	Component Unit	Total
\$ 20,932,531	\$ 209,638	\$ 21,142,169
10,685	-	10,685
2,452,919		2,452,919
72,825	3,502	76,327
1,165,182		1,165,182
150,386	-	150,386
105,129,123	510,767	105,639,890
(37,419,827)	(167,962)	(37,587,789)
<u>\$ 92,493,824</u>	<u>\$ 555,945</u>	<u>\$ 93,049,769</u>
5,716,768	31,693	5,748,461
535,517	110,760	646,277
		-
		-
3,505,000	-	3,505,000
		-
21,705,000	-	21,705,000
510,008	-	510,008
126,832	-	126,832
<u>32,099,125</u>	<u>142,453</u>	<u>32,241,578</u>
42,499,296	342,805	42,842,101
4,015,008	-	4,015,008
13,880,395	2,558,703	16,439,098
<u>\$ 60,394,699</u>	<u>\$ 413,492</u>	<u>\$ 63,296,207</u>

Component Unit may be a district chartered Charter School

One way to judge a school districts ability to continue financing services in the future is to compare its cash and other current assets with its current liabilities.

ILLUSTRATIVE DISTRICT-WIDE STATEMENT OF ACTIVITIES

SCHEDULE 5-2

Page 1 of 2

State of New Mexico ABC Independent School District Statement of Activities For Year Ended June 30, 2011

Functions/Programs	Program Revenues			
	Expenses	Charge for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Instruction	\$ 49,816,316	\$ 238,068	\$ 6,474,394	
Support services- students	10,137,908		3,535,129	
Support services- instruction	1,501,637		13,517	
Support service- general administration	1,822,664		169,171	
Support service- school administration	5,203,888		525,576	
Central Services	2,616,910		979	
Operation & maintenance of plant	7,733,375		7,515	
Student Transportation	2,815,888		2,702,855	
Food service operations	5,158,055	701,859	4,320,802	
Facilities acquisition & construction	2,916,187			13,513,113
Debt service	785,245			
Total primary government	\$ 90,508,073	\$ 939,927	\$ 17,749,938	\$ 13,513,113

Component Unit

At a minimum district's report expenses at the same level of detail they do in the governmental funds statements.

An example of how this statement works: The total cost of the district's food service operations was \$5,158,055. The district raised \$701,859 from lunch fees paid by students and teachers. Another \$4,320,802 was in the form of the federal USDA funding. When these program revenues are subtracted from total expenses, a net expense of \$135,394 remains. This is the portion that is borne by the public, rather than generated by the services themselves. Taxes & other general revenues were used to finance this cost. Food services may be classified as a business-type activity in some districts.

General Revenues

State Equalization Guarantee
Property Taxes Levied for:
General Purposes
Capital Projects
Debt Service
Oil & Gas Taxes levied for:
General Purposes
Capital Projects
Debt Service
Unrestricted investment earnings
Miscellaneous Income
Total general revenues & transfers

Change in Net assets

Net Assets - Beginning

Net Assets - Ending

The statement of activities reports financial results during a given period; in this case a year.

Net (Expenses) Revenue and Changes in Net Assets	
Primary Government	Component Unit
Governmental Activities	Charter School
\$ (43,103,854)	
(6,602,779)	
(1,488,120)	
(1,653,493)	
(4,678,312)	
(2,615,931)	
(7,725,860)	
(113,033)	
(135,394)	
10,596,926	
(785,245)	
\$ (58,305,095)	
	\$ (526,845)
66,723,876	545,801
276,240	
1,566,651	
3,889,689	
40,287	
160,323	
427,367	
118,329	1,461
494,320	1,218
73,697,082	548,480
15,391,987	21,635
45,002,712	391,857
60,394,699	413,492

Columns on this page are obtained by subtracting program revenues from expenses. A (negative) figure is a net expense to the public, or financed with taxes & other general revenues. Governmental activities generally have a net expense. A positive figure is net revenue and made a net contribution to the general revenues. In New Mexico the state "donates" a portion of the cost of school construction and renovation.

When numbers in this row are positive, revenues exceeded expenses and net assets increased; therefore the district's financial health increased.

These net asset figures appear as the total net assets amounts at the bottom of the statement of net assets.

The balance sheet serves a purpose similar to the statement of net assets, reporting what is owned or controlled and owed. However, its focus is on *short-term* assets & liabilities

STATE OF NEW MEXICO
ABC INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

The funds that are not major are aggregated in a single column.

A district must be reasonably certain that it can collect the taxes recorded here.

	General	Bond Building	Debt Service	Title I	Other Governmental Funds	Total Governmental Funds
ASSETS						
Current Assets						
Cash & Cash Equivalents	\$ 8,052,679	\$ 4,312,984	\$ 3,901,581	\$ 131,360	\$ 3,976,791	\$ 20,375,395
Investments	226,567	17,976	312,593			557,136
Accounts Receivable						-
Taxes	17,150		234,223		93,632	345,005
Due from Other governments	48,776			195,559	1,947,099	2,191,434
Interfund Receivables	1,342,743					1,342,743
Inventory	980,498				184,684	1,165,182
Total Assets	<u>\$ 10,668,413</u>	<u>\$ 4,330,960</u>	<u>\$ 4,448,397</u>	<u>\$ 326,919</u>	<u>\$ 6,202,206</u>	<u>\$ 25,976,895</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities						
Accounts Payable	422,221	148,129		15,727	593,380	1,179,457
Accrued expenses	3,625,893			132,289	373,272	4,131,454
Interfund Payables				178,903	1,163,840	1,342,743
Deferred revenue	9,414		138,085		590,235	737,734
Total Liabilities	<u>\$ 4,057,528</u>	<u>\$ 148,129</u>	<u>\$ 138,085</u>	<u>\$ 326,919</u>	<u>\$ 2,720,727</u>	<u>\$ 7,391,388</u>
Fund Balances						
Fund Balance:						
Non-spendable	980,498				184,684	1,165,182
Restricted			4,310,312			4,310,312
Committed						
General Fund	4,957,056					4,957,056
Special Revenue Funds					1,516,344	1,516,344
Capital Projects Funds		1,796,619			1,017,149	2,813,768
Assigned						-
General Fund	673,331					673,331
Special Revenue Funds					871,215	871,215
Capital Projects Funds		2,386,212			(107,923)	2,278,289
Total Fund Balances	<u>6,610,885</u>	<u>4,182,831</u>	<u>4,310,312</u>	<u>-</u>	<u>3,481,469</u>	<u>18,585,497</u>
Total Liabilities and fund balances	<u>\$ 10,668,413</u>	<u>\$ 4,330,960</u>	<u>\$ 4,448,397</u>	<u>\$ 326,919</u>	<u>\$ 6,202,196</u>	<u>\$ 25,976,885</u>

The Government funds statements present the most significant or "major" funds individually

STATE OF NEW MEXICO
 ABC INDEPENDENT SCHOOL DISTRICT
 GOVERNMENTAL FUNDS
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 June 30, 2011

Amounts reported for governmental activities in the Statement of Net Assets are different because:	<u>District</u>
Fund Balances - total governmental funds	\$ 18,585,497
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets	67,709,296
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Property taxes	202,217
Bond issue costs	150,386
Other liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued Interest Payable	(405,857)
Bond Premium liability (net of amortization)	(126,832)
Long-term liabilities including bonds payable, capital leases payable and compensated absences are not due and payable in the current period and therefore are not reported in the fund financial statement	(25,720,008)
Net Assets of Governmental Activities in the Statement of Net Assets	<u>\$ 60,394,699</u>

School districts reconcile or explain the reasons that total fund balances in this statement differ from total net assets for governmental activities in the district-wide statement of net assets. Many of the explanations relate to the fact that the governmental funds primarily report short-term financial information whereas the district-wide statements report both short and long term.

This statement compares the flows of short-term resources into and out of a district, unlike the district-wide statement of activities which includes both short-term and long term.

STATE OF NEW MEXICO
ABC INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General	Bond Building	Debt Service	Title I	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes - property	\$ 296,489		\$ 3,889,689		\$ 1,566,651	\$ 5,752,829
Taxes - Oil and Gas	40,287		427,367		160,323	627,977
Federal Flowthrough	186,561			3,447,517	8,035,186	11,669,264
Federal Direct					699,398	699,398
Local grants					234,213	234,213
State flowthrough	67,943,505				14,570,431	82,513,936
State direct					167,261	167,261
Transportation distribution	2,702,855					2,702,855
Charges for services	29,740				910,187	939,927
Investment income	68,365	24,562	8,572		16,830	118,329
Miscellaneous	319,071		3,408		171,841	494,320
Total Revenues	71,586,873	24,562	4,329,036	3,447,517	26,532,321	105,920,309
Expenditures						
Current						
Instruction	42,959,270			2,597,105	2,629,758	48,186,133
Support services -students	6,118,404			443,687	3,168,246	9,730,337
Support services- instruction	1,427,750			7,679	5,838	1,441,267
Support service- general administration	1,524,720		38,729	83,217	102,722	1,749,388
Support service- school administration	4,469,034			307,886	217,758	4,994,678
Central Services	2,510,724				979	2,511,703
Operation & maintenance of plant	7,414,044			5,894	2,535	7,422,473
Student Transportation	2,702,682					2,702,682
Food service operations	28,023				4,922,665	4,950,688
Facilities acquisition & construction	1,733,832	7,155,202		2,049	15,215,790	24,106,873
Debt service						-
Principal			2,920,000			2,920,000
Interest			761,631			761,631
Total Expenditures	70,888,483	7,155,202	3,720,360	3,447,517	26,266,291	111,477,853
Excess (deficiency) of revenues over expenses						
Other financing sources (uses)						
Sale of Bonds		6,100,000				6,100,000
Transfers in (out)	(1,416)	108,628	(115,133)		7,921	-
Total other financing sources (uses)	(1,416)	6,208,628	(115,133)	-	7,921	6,100,000
Net changes in fund balances	696,974	(922,012)	493,543	-	273,951	542,456
Fund balances - beginning of year	5,599,139	5,104,843	3,816,769		3,134,121	17,654,872
Change in inventory	314,772				73,397	388,169
Fund balances - end of year	\$ 6,610,885	\$ 4,182,831	\$ 4,310,312	\$ -	\$ 3,481,469	\$ 18,585,497

In governmental funds, revenues are included only if cash received is received during the year or soon enough thereafter to be used to pay off current liabilities.

Only interest expense is shown on district wide statement of net assets

These are the fund balances that appear in the balance

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
June 30, 2011

Schedule 5-6 Page 1 of 1

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

	District
Net Change in fund balances - total governmental funds	542,456
Difference in inventory due to method of accounting	388,169
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital expenditures	21,190,686
Depreciation expense	(2,964,322)
Disposal of Capital Assets	(480,999)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Property taxes	(20,249)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the net assets. Government funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Net Assets of Governmental Activities in the Statement of Net Assets	
(Increase) Decrease in accrued interest payable	(68,774)
Increase (Decrease) in capitalized bond issue cost	(60,140)
(Increase)Decrease in bond premium liability	13,761
Increase (Decrease) in capitalized bond issue cost	31,399
Proceeds on bonds	(6,100,000)
Principal payments on bonds	2,920,000
Change in Assets of Governmental Activities in the Statement of Activities	\$ 15,391,987

From the governmental funds statement of revenues, expenditures, and changes in fund balance

This is the amount of change from the Statement of Activities

The budgetary comparison is prepared as a schedule in the government's required supplementary information. Government's have an option to present it with the basis financial statements instead. This comparison should be for each major fund

STATE OF NEW MEXICO
ABC INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
NON-GAAP BUDGETARY BASIS AND ACTUAL AND RECONCILIATION TO GAAP BASIS
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes - property	258,315.00	258,315.00	292,569.00	34,254.00
Taxes - Oil and Gas	40,265	40,265	49,394	9,129
Federal Flowthrough	154,192	154,192	186,334	32,142
State flowthrough	66,232,576	67,987,013	67,943,505	(43,508)
Transportation distribution	2,559,899	2,702,855	2,702,855	-
Charges for services	30,000	30,000	29,740	(260)
Investment income	255,000	105,000	68,365	(36,635)
Miscellaneous	163,366	163,366	277,419	114,053
Total Revenues	69,693,613	71,441,006	71,550,181	109,175
EXPENDITURES				
Current:				
Instruction	44,929,465	46,269,149	43,044,773	3,224,376
Support services -students	7,048,343	7,307,810	6,122,843	1,184,967
Support services- instruction	1,486,646	1,693,229	1,399,321	293,908
Support service- general administration	1,380,057	1,598,872	1,500,480	98,392
Support service- school administration	4,575,449	4,687,576	4,472,210	215,366
Central Services	2,598,892	2,783,251	2,511,111	272,140
Operation & maintenance of plant	8,084,016	8,009,040	7,410,609	598,431
Student Transportation	2,559,899	2,702,855	2,702,855	-
Food service operations		29,498	28,023	1,475
Facilities acquisition and construction	1,267,067	1,867,067	1,731,975	135,092
Total Expenditures	73,929,834	76,948,347	70,924,200	6,024,147
Excess (deficiency) of revenues over expenditures	(4,236,221)	(5,507,341)	625,981	6,133,322
Other financing sources (uses)				
Designated cash balance	4,236,221	5,507,341		(5,507,341)
Transfers in (out)			(1,416)	(1,416)
Total other financing sources (uses)	4,236,221	5,507,341	(1,416)	(5,508,757)
Excess (deficiency) of revenues and other sources over expenditures			624,565	624,565
Fund balances - beginning of year			5,508,492	5,508,492
Fund balances - end of year			<u>\$ 6,133,057</u>	<u>\$ 6,133,057</u>
Reconciliation to GAAP basis				
Change in fund balance - GAAP Basis			\$ 696,974	
(Increase) decrease in accounts receivable			(35,415)	
Increase (decrease) in accounts payable			(53,554)	
Increase (decrease) in accrued expenses			17,836	
(Increase) (decrease) in deferred revenue			(1,276)	
Change in fund balance - non-GAAP budgetary basis			<u>\$ 624,565</u>	

STATE OF NEW MEXICO
ABC INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2011

Schedule 5-8
(Page 1 of 2)

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures
Direct Programs:			
U. S. Department of Health and Human Services	93.590	25149	\$ 5,000
GRADS Child Care CYFD	93.558	25162	16,000
TANF/GRADS HSD			21,000
U. S. Department of Agriculture			
Passed through State Public Education Department			
Commodities Program (1)	10.550	21000	327,088
School Breakfast Program (1)	10.553	21000	1,246,189
National School Lunch Program (1)	10.555	21000	2,719,401
Snack Program	10.556	21000	3,802
Total U. S. Department of Agriculture			4,296,480
U. S. Department of Education			
Passed through the state Education Department			
Title I - IASA	84.010	24101	4,748,029
IDEA B Entitlement (1)	84.027	24106	2,533,286
IDEA B Preschool (1)	84.173	24109	101,973
Title 1003g	84.337	24124	169,494
Title I Family Literacy	84.213	24125	52,998
Partnership in Character Ed.	84.215.V	24129	13,759
Technology Literacy	84.318X	24133	110
Title III - NCLB	84.365A	24143	462
Enhancing Education Thru Technology	84.318X	24149	40,226
Title V-A	84.298	24150	1,923
English Language Acquisition	84.365A	24153	169,512
Teacher/Principal Training and Recruiting (1)	84.367A	24154	1,089,151
Safe and Drug Free Schools	84.186A	24157	71,848
21st Century Community Living	84.287C	24159	33,257
Title 1 School Improvement	84.0100	24162	22,700
Immigrant Funding Title III	84.365A	24163	86,599
Reading First	84.357A	24167	68,715
Carl Perkins Vocational Ed.	84.048	24174	185,503
Total U. s. Department of Education Passthrough			9,389,545
Other Programs			
Corporation for National & Community Service			
AmeriCorp			25,167
U. S. Department of Agriculture			
Forest Reserve			28,161
Total Other Programs			53,328
Total Federal Assistance			\$ 13,760,353

(1) Denotes Major Program

Schedule 5-8
Page 2 of 2

State of New Mexico
ABC Independent School District
Schedule of Expenditures of Federal Awards
June 30, 2011

Note 1. Basis of Presentation of Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of ABC Independent School District and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in, or used in the preparation of the governmental fund financial statements may not be consistent with amounts used in the Schedule of Expenditures of Federal Awards.

Note 2. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast Programs. The value of commodities received for the year ended June 30, 2002 was \$327,088 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program number 10.550.

SCHEDULE 5-9 JOURNAL ENTRIES

ADJUSTING JOURNAL ENTRIES

Adjusting Journal Entries may be needed at year end to correct errors in the District's Cash basis financial statements. These journal entries affect the district's balance sheet and cash report for the year ended and must be posted to the district's general ledger. If the district's General Ledger has already been closed, the entries that affect revenue and/or expenditures must be posted to fund balance in the current year. For instance, if the auditor's discover that revenues of \$30,000 received by the bank were recorded twice by the district in fund 24000 resulting in an overstatement of cash and revenues. To correct this error a journal entry debiting fund balance and crediting cash needs to be prepared and recorded by the district in the current year.

RECLASSIFYING ENTRIES

Because a school district's primary working general ledger is on a cash basis for the year ended, it is necessary to adjust the ending trial balance to reflect transactions necessary for preparing the **fund financial statements** on a modified accrual basis. These transactions include but are not limited to

- Entries necessary to "roll forward" reclassifying entries from the previous year and reflected on that year's financial statements, but that are not reflected on the district's cash basis general ledger. These entries are made to the proper asset or liability account and offset to fund balance.
-

RJE 101 Roll Forward Fund Balance @ 6/30/Previous Year

11000-00-11012	Operational-Payroll Cash		716,535.37	
11000-00-13011	Taxes Receivable		2,711.37	
11000-00-13100	Accounts Receivable		41,879.50	
11000-00-32300	Operational-Unreserved Fund Balance		91,777.35	
11000-00-21011	Operational-Accounts Payable			8,526.98
11000-00-23011	Operational-Accrued Salaries			116,227.94
11000-00-23103	Operational-FICA Payable			919.47
11000-00-23103	Operational-FICA Payable			6,286.74
11000-00-23104	Operational-ERA Payable			1,695.72
11000-00-23105	Operational-Insurance Payable			716,535.37
11000-00-25000	Deferred Revenue			2,711.37
Totals			852,903.59	852,903.59

- Entries necessary to reverse the prior year accrual entries to revenue and expenditure accounts (as rolled forward in the prior example) in order to offset the cash basis entries booked in the current year, but also recorded in the published financial statements of the prior year. The following entries are

examples only and do not include the total entries necessary to reverse the effect of the preceding entry.

RJE 102 Reverse Prior Year 6/30 Accrual

11000-00-23011	Operational-Accrued Salaries	116,227.94	
11000-00-23103	Operational-FICA PAYABLE	919.47	
11000-00-23103	Operational-FICA PAYABLE	6,286.74	
11000-00-23104	Operational-ERA PAYABLE	1,695.72	
11000-10-51300	Operational-Additional Compensation		480.00
11000-21-51300	Operational-Additional Compensation		420.00
11000-23-51300	Operational-Additional Compensation		585.00
11000-10-52111	Operational-Educational Retirement		52.32
11000-21-52111	Operational-Educational Retirement		68.34
11000-23-52111	Operational-Educational Retirement		196.55
11000-26-52111	Operational-Educational Retirement		1,378.51
11000-10-52210	Operational-FICA Payments		29.76
11000-10-52210	Operational-FICA Payments		148.49
11000-21-52210	Operational-FICA Payments		1.86
11000-21-52210	Operational-FICA Payments		26.04
11000-22-52210	Operational-FICA Payments		21.70
11000-23-52210	Operational-FICA Payments		36.04
11000-23-52210	Operational-FICA Payments		111.80
11000-23-52210	Operational-FICA Payments		219.86
11000-24-52210	Operational-FICA Payments		59.52
11000-25-52210	Operational-FICA Payments		130.35
11000-26-52210	Operational-FICA Payments		751.87
11000-26-52210	Operational-FICA Payments		5,668.92
11000-23-51200	Operational-Overtime Expense		1,218.20
11000-26-51200	Operational-Overtime Expense		1,478.75
11000-10-51100	Operational-Salaries Expense		2,395.00
11000-21-51100	Operational-Salaries Expense		30.00
11000-22-51100	Operational-Salaries Expense		350.00
11000-23-51100	Operational-Salaries Expense		4,127.44
11000-24-51100	Operational-Salaries Expense		960.00
11000-25-51100	Operational-Salaries Expense		2,102.38
11000-26-51100	Operational-Salaries Expense		10,648.00
11000-26-51100	Operational-Salaries Expense		91,433.17
Total		125,129.87	125,129.87

Debit colors
equal
Credit Colors

RJE 103 Reverse Prior Year 6/30 Accrual

11000-00-41910	Operational-Rentals		1,200.00	
11000-00-41953	Operational-Insurance Recoveries		3,848.76	
11000-00-41980	Operational-Refund of Prior Year/Expenditures		36,603.30	
11000-00-44709	Operational-Department of Interior		227.44	
11000-00-13100	Accounts Receivable			41,879.50
Total			41,879.50	41,879.50

RJE 104 Reverse Prior Year 6/30 Accrual

11000-00-21011	Operational-Accounts Payable		8,526.98	
11000-10-57332	Operational-Supply Assets (5,000 Or Less)			2,425.00
11000-21-53214	Operational-Therapists - Contracted			2,265.70
11000-21-54311	Operational-Maintenance & Repair Furniture/Fixtures			15.75
11000-21-56118	Operational-General Supplies and Materials			1,216.52
11000-22-53330	Operational-Professional Development			150.00
11000-22-55813	Operational-Employee Travel - Non-Teachers			933.90
11000-22-55915	Operational-Other Contract Services			1,520.11
Total			8,526.98	8,526.98

- Accounts payable for expenditures occurring after year end for goods or services received by the districted prior to year end.

RJE 106 Record Accounts Payable Current Year

24101-10-56118	Title I IASA-General Supplies and Materials		302.62	
24101-21-54620	Title I IASA-Rental of Equipment and Vehicles		3,392.87	
24101-26-54416	Title I IASA-Communications		3.38	
24106-10-55819	Entitlement IDEA B -Employee Travel - Teachers		275.00	
24106-21-53214	Entitlement IDEA B -Therapists - Contracted		5,564.00	
24106-21-54620	Entitlement IDEA B -Rental of Equipment and Vehicles		767.47	
24101-00-21011	Title I - IASA-Accounts Payable			3,698.87
24106-00-21011	Entitlement IDEA-B -Accounts Payable			6,331.47
Totals			10,305.34	10,030.34

RJE 107 Record Deferred Revenue Current Year

24101-00-44500	Title I IASA-PED Federal Flowthrough Grants		3,698.87	
24106-00-44500	Entitlement IDEA B -PED Federal Flowthrough Grants		6,331.47	
24101-00-25000	Deferred Revenue			3,698.87
24106-00-25000	Deferred Revenue			6,331.47
Totals			10,030.34	10,030.34

- Payroll payables for employee services which were paid after year end for services which occurred prior to year end.

RJE 108	Record Payroll Accrual at 6/30/2010	Debit	Credit
11000-10-51100	Operational-Salaries Expense	595.00	
11000-10-52111	Operational-Educational Retirement	120.79	
11000-10-52112	Operational-ERA - Retiree Health	9.91	
11000-10-52210	Operational-FICA Payments	36.89	
11000-10-52220	Operational-Medicare Payments	8.63	
11000-10-52500	Operational-Unemployment Insurance Premium	1.19	
11000-23-51200	Operational-Overtime Expense	77.04	
11000-23-51300	Operational-Additional Compensation	3,583.21	
11000-23-52111	Operational-Educational Retirement	8.40	
11000-23-52112	Operational-ERA - Retiree Health	1.28	
11000-23-52210	Operational-FICA Payments	226.94	
11000-23-52220	Operational-Medicare Payments	53.07	
11000-23-52500	Operational-Unemployment Insurance Premium	7.32	
11000-25-51100	Operational-Salaries Expense	182.16	
11000-25-51200	Operational-Overtime Expense	191.54	
11000-25-51300	Operational-Additional Compensation	3,213.23	
11000-25-52111	Operational-Educational Retirement	40.74	
11000-25-52112	Operational-ERA - Retiree Health	6.22	
11000-25-52210	Operational-FICA Payments	222.39	
11000-25-52220	Operational-Medicare Payments	52.01	
11000-25-52500	Operational-Unemployment Insurance Premium	6.15	
11000-26-51200	Operational-Overtime Expense	9,889.00	
11000-26-51300	Operational-Additional Compensation	89,683.11	
11000-26-52111	Operational-Educational Retirement	1,447.19	
11000-26-52112	Operational-ERA - Retiree Health	211.22	
11000-26-52210	Operational-FICA Payments	6,173.50	
11000-26-52220	Operational-Medicare Payments	1,443.94	
11000-26-52500	Operational-Unemployment Insurance Premium	196.22	
11000-00-23011	Operational-Accrued Salaries		91,860.72
11000-00-23101	Operational-FEDERAL TAXES PAYABLE		3,544.43
11000-00-23102	Operational-STATE TAXES PAYABLE		1,339.00
11000-00-23103	Operational-FICA PAYABLE		13,319.44
11000-00-23104	Operational-ERA PAYABLE		2,785.98
11000-00-23106	Operational-OTHER DEDUCTS PAYABLE		1,723.42
11000-90-23107	Operational-MEDICARE PBLE		3,115.30
Total		117,688.29	117,688.29

- Accounts Payable, Accounts Receivable and Deferred Revenue for Special Revenue Funds

The nature of Special Revenue Funds which are funded by PED on a reimbursement basis creates the need for additional reclassifying entries as shown in example RJE 107 to record the effect of the recording of an Accounts Payable entry to a special revenue fund. Because the recording of a payable also creates an expenditure, then likewise an accounts receivable and a deferred revenue is also created to record the reimbursement due from PED.

- The reversal of the previous year end journal entry to record inventory and a new entry for the current year. It is recommended to make two entries rather than netting the result in order to preserve the beginning inventory balance.

RJE 109 To Reverse Inventory @ 6/30/2009

11000-90-32011	Reserve for Inventory		980,498.00		
21000-90-32011	Reserve for Inventory		184,683.67		
11000-90-16011	Inventory				980,498.00
21000-90-16011	Inventory				184,683.67
Total			1,165,181.67		1,165,181.67

RJE 110 To Record Inventory @ 6/30/2010

11000-90-16011	Inventory		647,089.48		
21000-90-16011	Inventory		202,421.93		
11000-90-32011	Reserve for Inventory				647,089.48
21000-90-32011	Reserve for Inventory				202,421.93
Total			849,511.41		849,511.41

GASB JOURNAL ENTRIES

GASB journal entries are required to interface between the fund financial statements and the district wide financial statements. The major differences in the statements are measurement focus and the basis of accounting. All **economic resources** and the **accrual basis of accounting** are used in the preparation of district wide statements. The following entries deal primarily with capital assets and depreciation, amortization of bond costs, debt repayment, and compensated absences, and deferred property taxes.

Districts must obtain tax records for the past ten years from their county tax assessor to determine the additional adjustment that needs to be made for deferred taxes. As the district will have already made an accrual adjustment made for revenue received within sixty days after the close of the year for the fund statements, only the remaining accrual needs to be recorded in this entry. See Schedule 5-10 in this supplement.

Relating to property taxes

		Debit	Credit
GASB 34 Entries JE # 50	To record Deferred taxes for District Wide Statements		
11000-00-25000	Deferred Revenue	17,001.77	
31700-00-25000	Deferred Revenue	86,302.82	
41000-00-25000	Deferred Revenue	226,434.80	
11000-00-41110	Operational-Ad Valorem Taxes - School District		17,001.77
31700-00-41110	Capital Improvements SB9-Ad Valorem Taxes - School District		86,302.82
41000-00-41110	Debt Services-Ad Valorem Taxes - School District		226,434.80
Total		329,739.39	329,739.39

Relating to Capital Assets

These GASB adjustments use a group fund number of "99991" to indicate that the totals posted are not to funds, but rather to a group of accounts.

GASB 34 Entries JE # 51	To restore fixed asset group @ 6/30/09		
31100-00-17011	Land	2,276,624.00	
31100-00-17021	Site Improvements	12,196,193.00	
31100-00-17111	Buildings & Improvements	58,284,969.00	
31100-00-17211	Equipment	9,520,210.00	
31100-00-17511	Construction in Process	3,369,623.00	
31100-00-32400	Investment in Fixed Assets		85,647,619.00
Total		85,647,619.00	85,647,619.00

GASB 34 Entries JE # 52	To record fixed assets addtions for 6/30/09		
31100-00-17021	Site Improvements	1,675,987.71	
31100-00-17111	Buildings & Improvements	9,478,531.12	
31100-00-17211	Equipment	689,752.99	
31100-00-17511	Construction in Process	9,346,414.08	
31100-00-32400	Investment in Fixed Assets		21,190,685.90
Total		21,190,685.90	21,190,685.90

GASB 34 Entries JE # 53	To zero capital outlay			
99991-00-32400	Net Asset reduction for Accumulated Depreciation	21,190,685.90		
99991-10-57000	Instruction Capital Outlay GASB 34 Adjustment			23,141.78
99991-21-57000	Non Instructional Capital Outlay			55,900.45
99991-25-57000	Non Instructional Capital Outlay			17,790.00
99991-26-57000	Non Instructional Capital Outlay			7,981.00
99991-31-57000	Instruction Capital Outlay GASB 34 Adjustment			217,456.51
99991-40-57000	Other Capital Outlay GASB 34 Adjustment			20,868,416.16
Total		21,190,685.90		21,190,685.90

GASB 34 Entries JE # 54	To record accumulated depreciation			
99991-00-32400	Net Asset reduction for Accumulated Depreciation	35,683,688.00		
99991-00-17112	Accumulated Depreciation - Land Improvements			4,968,012.00
99991-00-17212	Accumulated Depreciation - Building & Improvements			23,164,893.00
99991-00-17312	Accumulated Depreciation - Equipment			7,550,783.00
Total		35,683,688.00		35,683,688.00

GASB 34 Entries JE # 55	To record fixed assets disposal for the year			
99991-00-17112	Accumulated Depreciation - Land Improvements	35,889.00		
99991-00-17212	Accumulated Depreciation - Building & Improvements	298,084.00		
99991-00-17312	Accumulated Depreciation - Equipment	782,294.00		
99991-00-41000	Gain on Disposition of Assets	590,916.09		
99991-00-17011	Land			50,100.00
99991-00-17021	Site Improvements			68,399.73
99991-99-17111	Buildings & Improvements			746,567.86
99991-99-17211	Equipment			842,115.50
Total		1,707,183.09		1,707,183.09

GASB 34 Entries JE # 56	To record depreciation for the year			
99991-10-3003	Depreciation Expense - Direct Instruction	2,885,085.00		
99991-00-17021	Accumulated Depreciation - Site Improvements			585,970.00
99991-99-17111	Accumulated Depreciation - Building & Improvements			1,701,785.00
99991-99-17211	Accumulated Depreciation - Equipment			597,330.00
Total		2,885,085.00		2,885,085.00

Relating to Long Term Debt

		Debit	Credit
GASB 34 Entries JE # 58	To record bond amortization of bond premiums and bond insurance costs		
31100-50-58350	Amortization Expense - Bond Issue Costs	17,412.00	
31100-90-26013	Accumulated Amortization - Bond Premium	16,885.00	
41000-90-26103	Accumulated Amortization - Bond Premium	284.00	
31100-50-45120	Amortization Expense - Bond Premium		16,885.00
31100-90-19013	Accumulated Amortization - Bond Issue Costs		17,412.00
41000-50-45120	Amortization Expense - Bond Premium		284.00
Total		34,581.00	34,581.00

GASB 34 Entries JE # 59	To restore prior year bond cost & premiums		
31100-90-19013	Accumulated Amortization - Bond Issue Costs	118,987.00	
31100-90-32300	Bond Building-Unreserved Fund Balance	21,606.00	
31100-90-26013	Accumulated Amortization - Bond Premium		140,593.00
Total		140,593.00	140,593.00

GASB 34 Entries JE # 60	To restore prior year long term liability @ 6/30/09		
41000-90-32300	Debt Services-Unreserved Fund Balance	22,030,000.00	
99995-90-32300	Reserve for Compensated Absences	449,868.00	
41000-90-21011	Debt Service for General Obligation Bonds		22,030,000.00
99995-90-21011	Compensated Absences		449,868.00
Total		22,479,868.00	22,479,868.00

GASB 34 Entries JE # 61	To record current year bond payments		
41000-90-21011	Debt Service for General Obligation Bonds	2,920,000.00	
99995-90-21011	Compensated Absences	520,290.77	
41000-50-58311	Debt Services-Bond Principal Payment		2,920,000.00
99995-10-52300	Unknown		520,290.77
Total		3,440,290.77	3,440,290.77

GASB 34 Entries JE # 62	To record amounts due in one year		
41000-90-21011	Debt Service for General Obligation Bonds	3,505,000.00	
99995-10-52300	Unknown	580,430.40	
41000-90-21012	Unknown		3,505,000.00
99995-90-21011	Compensated Absences		580,430.40
Total		4,085,430.40	4,085,430.40

GASB 34 Entries JE # 63	To record interest due on bond debt			
41000-50-58322	Debt Services-Bond Interest Payment		405,856.77	
41000-90-23031	Accounts Payable			405,856.77
Total			405,856.77	405,856.77

GASB 34 Entries JE # 64	To reverse Prior Year			
41000-90-32300	Debt Services-Unreserved Fund Balance		337,083.33	
41000-50-58322	Debt Services-Bond Interest Payment			337,083.33
Total			337,083.33	337,083.33

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