

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS**

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION  
JUNE 30, 2008**

---

---

**WOODARD, COWEN & CO.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 JUNE 30, 2008

TABLE OF CONTENTS

Table of Contents	i – iii
Official Roster	iv
Independent Auditor’s Report	v – vi

FINANCIAL SECTION

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets	1
Statement of Activities	2

Fund Financial Statements:

Balance Sheet – Governmental Funds	3 – 4
Reconciliation of the Balance Sheet – All Governmental Funds to The Statement of Net Assets	5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	6 – 7
Reconciliation of the Statements of Revenue, Expenditures, and Changes In Fund Balance – All Governmental Funds to the Statement of Activities	8

Major Funds:

Combined Statements of Revenues, Expenditures – Budget (Non-GAAP) And Actual – General Fund	9
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual- Special Revenue Fund – Title I	10
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual- Special Revenue Fund – Reading First	11
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual- Special Revenue Fund – SB-9	12
Statement of Fiduciary Net Assets	13

NOTES TO FINANCIAL STATEMENTS	14 – 25
-------------------------------	---------

NON-MAJOR FUNDS

Capital Projects Fund – Fund Description	26
Special Revenue Funds – Fund Descriptions	26 – 27
Combining Balance Sheet – Capital Project Funds – Non-Major Governmental Funds	28
Combining Statements of Revenue, Expenditures, and Changes in Fund Balance – Capital Project Funds – Non-Major Governmental Funds	29
Combining Balance Sheet – Non-Major Governmental Funds – Special Revenue Funds	30 – 33
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds – Special Revenue Funds	34 – 37
Cafeteria – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	38
Athletics – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	39
Title IV-Safe and Drug Free Schools – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	40
Rural Education – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	41

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 JUNE 30, 2008

TABLE OF CONTENTS

NON-MAJOR FUNDS (continued)

Entitlement – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	42
Idea B-Discretionary – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	43
Idea B Preschool – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	44
Microsoft Settlement – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	45
Beginning Teacher Mentoring – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	46
Technology for Education – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	47
Library GO Bonds – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	48
Breakfast For Elementary-Special Revenue Fund Statement of Revenue & Expenditures - Budget (Non-GAAP) and Actual	49
Reading Materials Fund – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	50
Teacher/Principal Training – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	51

Major Funds

Combining Balance Sheet – General Fund	52
Combining Statement of Revenue, Expenditure and Changes in Fund Balance – General Fund	53
Statement of Revenue & Expenditures – Budget & Actual (Non-GAAP) Budgetary Basis – General Fund – Operational	54
Statement of Revenue & Expenditures – Budget & Actual (Non-GAAP) Budgetary Basis – General Fund – Transportation	55
Statement of Revenue & Expenditures – Budget & Actual (Non-GAAP) Budgetary Basis – General Fund – Instructional Materials	56
Statement of Revenue & Expenditures – Budget & Actual (Non-GAAP) Budgetary Basis – General Fund – Teacherage	57

OTHER SUPPLEMENTAL INFORMATION

Schedule of Changes in Assets and Liabilities – Agency Fund	58
Schedule of Pledged Collateral	59 – 60
Bank Summary	61
Bank Reconciliation	62 – 63

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
JUNE 30, 2008

TABLE OF CONTENTS

OTHER SUPPLEMENTAL INFORMATION (continued)

Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	64 - 65
Prior Year Audit Findings	66
Schedule of Findings and Responses	67 - 74
Exit Conference	75

## **OFFICIAL ROSTER**

### **BOARD OF EDUCATION**

Leon Nall	President
Jim Chandler	Vice President
Jeff Essary	Secretary
James Love	Member
Clovis Gray	Member

### **SCHOOL OFFICIALS**

Paul Benoit	Superintendent
Margie Plummer	Business Manager

# Woodard, Cowen & Co.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Hector Balderas, State Auditor  
The Board of Education  
Floyd Municipal Schools  
Floyd, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons of the general fund and the major special revenue funds and the aggregate remaining fund information of the Floyd Municipal Schools, as of and for the year ended June 30, 2008, which collectively comprise the Floyd Municipal Schools' basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Floyd Municipal Schools' nonmajor governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of Floyd Municipal Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in note IV paragraph E to the financial statements, management did not maintain a listing of capital assets and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated, which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect assets and expense of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, government-wide financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Floyd Municipal Schools, New Mexico, as of June 30, 2008, and the changes in financial position thereof for the year then ended.

The findings 07-02, 08-07, and 08-08 discussed in the Schedule of Findings and Responses were deemed to material. Finding 07-02 is a repeated finding with increased amount of discrepancy over the prior year. These findings constitute a breakdown of internal controls which could have a material effect on the amounts and balances reported on the financial statements. The nature and the amount of the adjustments needed to bring the accounts of the District within balance leave a significant amount of uncertainty that the financial statements are accurate and free of material misstatement.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Floyd Municipal Schools, as of June 30, 2008, and the respective changes in financial position and the budgetary comparisons for the General Fund, Title I, Reading First and Senate Bill 9 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 do not present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Floyd Municipal Schools as of June 30, 2008 and the respective changes in financial position and the respective budgetary comparisons for the major capital project funds and all nonmajor governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 20, 2011, on our consideration of Floyd Municipal Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

Floyd Municipal Schools has not presented the managements discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements, and the budgetary comparisons. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Floyd Municipal Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.



January 20, 2011  
Portales, New Mexico

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 STATEMENT OF NET ASSETS

June 30, 2008

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 273,060
Property Taxes Receivable	2,417
Due From Other Agencies	174,946
Inventory	2,253
Non-current:	
Capital assets, net	<u>1,729,972</u>
Total assets	<u>2,182,648</u>
<u>LIABILITIES</u>	
Accounts payable	55,015
Deferred Revenue	<u>72,924</u>
Total liabilities	<u>127,939</u>
<u>NET ASSETS</u>	
Invested in capital assets	1,729,972
Restricted for:	
Capital Projects	3,929
Unrestricted	<u>320,808</u>
Total net assets	<u>\$ 2,054,709</u>

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



STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Assets
	\$	\$	\$	\$	\$
Primary government:					
Governmental activities:					
Instruction	1,771,675	14,121	39,573	-	(1,717,981)
Support Services					
Support Services-Students	225,556	-	193,255	-	(32,301)
Support Services-Instruction	107,904	-	52,435	-	(55,469)
Support Services-General Administration	138,978	-	4,381	-	(134,597)
Support Services-School Administration	73,912	-	-	-	(73,912)
Central Services	48,717	-	-	-	(48,717)
Operation & Maintenance of Plant	361,654	-	12,834	-	(348,820)
Student Transportation	132,924	-	142,556	-	9,632
Food Services-Operations	151,811	10,663	111,045	-	(30,103)
Depreciation-unallocated	162,710	-	-	-	(162,710)
Unallocated	-	-	-	-	-
Total governmental activities	\$ 3,175,841	\$ 24,784	\$ 556,079	\$ -	\$ (2,594,978)

General revenues:

Property taxes:

Levied for General purpose	\$ 6,399
Levied for Capital Projects	26,258
Rent	12,556
PED Equalization Guarantee	2,379,675
State Programs	53,202
Unrestricted interest income	10,024
Donations	1,881
Miscellaneous	4,749
Federal Programs	92,945

Total general revenues 2,587,689

Change in net assets	(7,289)
Net assets - beginning	2,158,976
Restatement	(96,978)
Restated Balance	<u>2,061,998</u>
Net assets - ending	<u>\$ 2,054,709</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2008

	<u>GENERAL</u>	<u>TITLE I</u>	<u>READING FIRST</u>
<b>ASSETS</b>			
Cash on Deposit	\$ 93,030	\$ 20,010	\$ -
Due from Other Funds	158,737	-	-
Due from Other Governments	34,777	33,686	74,648
Property Taxes Receivable	477	-	-
Inventory	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 287,021</u>	<u>\$ 53,696</u>	<u>\$ 74,648</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts Payable	\$ 55,015	\$ -	\$ -
Deferred Revenue	-	-	-
Delinquent Property taxes	398	-	-
Due to Other Funds	<u>24,382</u>	<u>53,696</u>	<u>74,648</u>
<b>TOTAL LIABILITIES</b>	79,795	53,696	74,648
<b>Fund Balance</b>			
Reserved for Inventory	-	-	-
Unreserved reported in:			
General Fund	207,226	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
<b>TOTAL FUND BALANCE</b>	<u>207,226</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 287,021</u>	<u>\$ 53,696</u>	<u>\$ 74,648</u>

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

SENATE BILL NINE	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ 93,060	\$ 66,960	\$ 273,060
-	29,043	187,780
-	31,835	174,946
1,940		2,417
	2,253	2,253
<u>\$ 95,000</u>	<u>\$ 130,091</u>	<u>\$ 640,456</u>
\$ -	\$ -	\$ 55,015
-	70,922	70,922
1,604		2,002
-	35,054	187,780
<u>1,604</u>	<u>105,976</u>	<u>315,719</u>
	2,253	2,253
	-	207,226
93,396	17,933	111,329
	3,929	3,929
<u>93,396</u>	<u>24,115</u>	<u>324,737</u>
<u>\$ 95,000</u>	<u>\$ 130,091</u>	<u>\$ 640,456</u>

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

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
RECONCILIATION OF THE BALANCE SHEET  
ALL GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET ASSETS

June 30, 2008

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

Fund Balances - total governmental funds	\$	324,737
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		1,729,972
Net assets of governmental activities	\$	<u>2,054,709</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND  
 CHANGES IN FUND BALANCE-- GOVERNMENTAL FUNDS

Year Ended June 30, 2008

	GENERAL	TITLE I	READING FIRST
<b>REVENUE</b>			
Residential/Non-Residential Taxes	\$ 6,399	\$ -	\$ -
Fees - Educational	547	-	-
Rent and Leases	12,556	-	-
Refunds	3,965	-	7
Fees-Users	-	-	-
Interest Income	9,659	-	-
State Equalization	2,379,675	-	-
State Programs	176,825	-	-
Donations	1,881	-	-
Miscellaneous	232	-	-
Insurance Recoveries	-	-	-
Federal Program	92,945	67,234	66,551
TOTAL REVENUES	<u>2,684,684</u>	<u>67,234</u>	<u>66,558</u>
<b>EXPENDITURES</b>			
Current			
Instruction	1,612,860	67,234	3,031
Support Services			
Support Services-Students	170,544	-	-
Support Services-Instruction	103,523	-	-
Support Services-General Administration	138,894	-	-
Support Services-School Administration	73,912	-	-
Central Services	48,717	-	-
Operation & Maintenance of Plant	326,058	-	-
Student Transportation	132,924	-	-
Food Services-Operations	17,376	-	-
Acquisition & Construction	3,509	-	-
TOTAL EXPENDITURES	<u>2,628,317</u>	<u>67,234</u>	<u>3,031</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	56,367	-	63,527
Other Financing Sources			
Transfers In<Out>	44,497	-	(63,527)
Total Other Financial Sources	<u>44,497</u>	<u>-</u>	<u>(63,527)</u>
<b>Net Change In Fund Balances</b>	100,864	-	-
<b>FUND BALANCE</b>			
June 30, 2007	204,441	-	-
Restatement	(98,079)	-	-
Restated Fund Balance June 30, 2007	<u>106,362</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>			
June 30, 2008	<u>\$ 207,226</u>	<u>\$ -</u>	<u>\$ -</u>

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

SENATE BILL NINE	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ 26,258	\$ -	\$ 32,657
-	-	547
-	-	12,556
-	14,121	18,093
-	10,663	10,663
326	39	10,024
-	-	2,379,675
53,202	19,378	249,405
-	-	1,881
-	-	232
-	-	-
-	226,089	452,819
<u>79,786</u>	<u>270,290</u>	<u>3,168,552</u>
-	88,550	1,771,675
-	55,012	225,556
-	4,381	107,904
84	-	138,978
-	-	73,912
-	-	48,717
-	-	326,058
-	-	132,924
-	134,435	151,811
79,665	-	83,174
<u>79,749</u>	<u>282,378</u>	<u>3,060,709</u>
37	(12,088)	107,843
-	19,030	-
<u>-</u>	<u>19,030</u>	<u>-</u>
37	6,942	107,843
92,360	17,071	313,872
999	102	(96,978)
<u>93,359</u>	<u>17,173</u>	<u>216,894</u>
<u>\$ 93,396</u>	<u>\$ 24,115</u>	<u>\$ 324,737</u>

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

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE -  
ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

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

Net change in fund balance - total governmental funds	\$	107,843
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. This is the amount by which capital outlays exceeded depreciation in the current year		(115,132)
Decrease in Delinquent Property Taxes		-
		<hr/>
Change in Net Assets	\$	<u><u>(7,289)</u></u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 COMBINED STATEMENT OF REVENUE AND EXPENDITURES--BUDGET  
 (NON-GAAP) AND ACTUAL-GENERAL FUND  
 Year Ended June 30, 2008

	General Fund			VARIANCE
	ORIGINAL BUDGET	BUDGET	ACTUAL	Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 6,407	\$ 6,407	\$ 6,339	\$ (68)
Rent and Leases	10,800	10,800	12,556	1,756
Fees-Users	-	-	547	547
Interest Income	7,400	7,400	9,659	2,259
State Equalization	2,361,353	2,379,843	2,379,675	(168)
State Flow Through Grants	159,898	158,057	253,433	95,376
Impact Aid	1,640	1,640	232	(1,408)
Rent	-	741	-	(741)
Refunds	-	-	3,965	3,965
Local Grants	-	-	1,881	1,881
Indirect Cost - (Flow Through Grants)	-	-	16,337	16,337
<b>TOTAL REVENUE</b>	<u>2,547,498</u>	<u>2,564,888</u>	<u>\$ 2,684,624</u>	<u>\$ 119,736</u>
Cash Balance Budgeted	<u>181,649</u>	<u>181,649</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 2,729,147</u>	<u>\$ 2,746,537</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 1,637,512	\$ 1,626,935	\$ 1,615,665	\$ 11,270
Support Services-Students	174,896	174,896	166,584	8,312
Support Services-Instruction	63,455	63,455	103,523	(40,068)
Support Services-General Administration	151,397	151,397	130,605	20,792
Support Services-School Administration	73,798	73,798	73,912	(114)
Central Services	49,000	49,000	45,595	3,405
Operation & Maintenance of Plant	422,054	440,544	326,058	114,486
Student Transportation	135,268	144,745	132,924	11,821
Other Support Services	1,156	1,156	-	1,156
Food Services-Operations	17,611	17,611	17,376	235
Acquisition & Construction	3,000	3,000	748	2,252
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,729,147</u>	<u>\$ 2,746,537</u>	<u>\$ 2,612,990</u>	<u>\$ 133,547</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 2,684,624
Differences-Budget to GAAP	
Property tax Receivable	477
Prior Year Tax Receivables	(417)
Total Revenues (GAAP Basis)	<u>\$ 2,684,684</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 2,612,990
Differences-budget to GAAP	
Prior Year Accounts Payable	(4,567)
Current Year Accounts Payable	19,894
Total Expenditures (GAAP Basis)	<u>\$ 2,628,317</u>

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



STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--TITLE I

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 70,485	\$ 70,973	\$ 85,246	\$ 14,273
TOTAL REVENUE	<u>70,485</u>	<u>70,973</u>	<u>85,246</u>	<u>14,273</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 70,485</u>	<u>\$ 70,973</u>		
EXPENDITURES				
Current				
Instruction	\$ 70,485	\$ 70,973	\$ 67,234	\$ 3,739
TOTAL EXPENDITURES	<u>70,485</u>	<u>70,973</u>	<u>67,234</u>	<u>3,739</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 85,246
Differences-Budget to GAAP	
Current Year Deferral	33,686
Prior Year Deferral	(53,696)
Total Revenues (GAAP Basis)	<u>\$ 65,236</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 67,234
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 67,234</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--READING FIRST

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Refunds	\$ -	\$ -	\$ 7	\$ 7
Federal Revenue	131,720	129,166	165,009	35,843
<b>TOTAL REVENUE</b>	<u>131,720</u>	<u>129,166</u>	<u>\$ 165,016</u>	<u>\$ 35,850</u>
Cash Balance Budgeted	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 131,720</u>	<u>\$ 129,166</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 131,720	\$ 129,166	\$ 129,734	\$ (568)
Support Services-General Administration	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 131,720</u>	<u>\$ 129,166</u>	<u>\$ 129,734</u>	<u>\$ (568)</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 165,016
Differences-Budget to GAAP	
Current Year Receivable	74,648
Prior Year Receivable	(46,403)
Total Revenues (GAAP Basis)	<u>\$ 193,261</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 129,734
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 129,734</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--SENATE BILL 9

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 26,978	\$ 26,978	\$ 26,011	\$ (967)
Interest Income	-	-	326	326
State Flow Through Grants	-	-	53,202	53,202
Refunds	-	-	-	-
<b>TOTAL REVENUE</b>	<u>26,978</u>	<u>26,978</u>	<u>\$ 79,539</u>	<u>\$ 52,561</u>
Cash Balance Budgeted	<u>83,488</u>	<u>83,488</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 110,466</u>	<u>\$ 110,466</u>		
<b>EXPENDITURES</b>				
Current				
Support Services	\$ 267	\$ 267	\$ 84	\$ 183
Acquisition & Construction	110,199	110,199	79,665	30,534
<b>TOTAL EXPENDITURES</b>	<u>\$ 110,466</u>	<u>\$ 110,466</u>	<u>\$ 79,749</u>	<u>\$ 30,717</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 79,539
Differences-Budget to GAAP	
Property tax Receivable	1,940
Prior Year Tax Receivables	(89)
Current Year Deferral	(1,604)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 79,786</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 79,749
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 79,749</u>

The accompanying footnotes are integral part of these financial statements.

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2008

	<u>AGENCY FUNDS</u>
<b>ASSETS</b>	
Cash	\$ 58,493
<b>TOTAL ASSETS</b>	<u>\$ 58,493</u>
<b>LIABILITIES</b>	
Due To Student Groups	\$ 58,493
<b>TOTAL LIABILITIES</b>	<u>\$ 58,493</u>

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

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

I. Summary of Significant Accounting Policies

A. Reporting Entity

Floyd 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 Village of Floyd 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.

There were no component units.

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 Floyd 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.

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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, and financial statement presentation

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 uncollectable amounts, in the year for which they are levied. 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 so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash. Grant revenues and deferrals are recognized in accordance with GASB 33.

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

I. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The district reports the following major governmental funds:

General Funds – 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 Federal Government through the New Mexico State Department of Education under the Elementary funds the project and Secondary Education Act of 1965, Title I, Chapter I, part A, 20 U.S.C. 2701 et seq. Reported as a special revenue fund.

READING FIRST (Special Revenue Fund) – To account for the federal grant assistance to provide support for high quality, scientifically based classroom reading instruction from kindergarten through grade three. Authority for this fund comes from the No Child Left Behind Act.

SB-9 (Special Revenue 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.

The government also reports the following fund types:

Governmental Funds:

Nonmajor Special Revenue Funds – The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund.

Nonmajor Capital Project Funds – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Fiduciary Funds:

Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund.

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, and then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

I. Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

1. Deposits and investments (continued)

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds of the District must follow the above investment policies.

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 State Board of Finance shall set the rate of interest in non-demand interest-bearing accounts, 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.

2. 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" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. 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. The assessed valuation for the 2008 fiscal year was \$14,512,913. Mill levy rates are set by the State of New Mexico each year for the General Fund, and SB – 9,. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days

3. Inventories

The food inventories are valued at cost using the first-in/first-out (FIFO) method. USDA Commodities are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. 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 initial useful life extending beyond a single reporting period. 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.

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

I. Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

4. Capital assets (continued)

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. Construction expenditures paid by the New Mexico Public Facilities Authority are included in the District's disclosures and financial statements when appropriate. For the fiscal year ended June 30, 2008, there were no projects paid by the New Mexico Public Facilities Authority.

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

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	25 to 50
Equipment	5 to 10

5. Compensated absences

The District does not offer a compensated absence benefit to its employees.

6. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

7. Comparative data/reclassifications

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

8. Indirect Costs

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.

9. Salaries and Wages

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

10. 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.



STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

I. Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

11. Revenues

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program 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-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$2,379,675 in state equalization guarantee distributions during the year ended June 30, 2008.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to and from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$142,556 in transportation distributions during the year ended June 30, 2008.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "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." The details of this (\$102,641) difference are as follows:

Capital Outlay	\$ 47,578
Depreciation expense	<u>(162,710)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	\$ <u>(115,132)</u>

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS

June 30, 2008

III. Stewardship, compliance, and accountability

A. Budgetary information

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be reappropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

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

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

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

- 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.
- In May or June, the budget is approved by the Board of Education
- The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, the school board and the State of New Mexico Department of Education must approve any revisions that alter the total expenditures of any fund.
- 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.

A. Budgetary information (continued)

- 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, 2008 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 2,729,147	\$ 2,746,537
Special Revenue Fund	672,637	742,882
Capital Projects Fund	48,965	48,965
Totals	<u>\$ 3,450,749</u>	<u>\$ 3,538,384</u>

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

III. Stewardship, compliance, and accountability (continued)

B. Deficit fund equity

There were no deficit fund balances at June 30, 2008.

IV. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2008, the carrying amount of the District's deposits was \$331,553 and the bank balance was \$542,858. Of this balance \$200,000 was covered by federal depository insurance and \$308,283 was covered by collateral held in joint safekeeping by a third party in the entity's name.

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 District for at least one half of the amount on deposit with the institution.

The collateral pledged is shown as listed in the table of contents of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing Now accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution

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 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.

For the year ended June 30, 2008, the investments held in the LGIP had an interest risk (WAM) of 46 days and a Standard and Poor's Rating of AAAM.

B. Custodial Credit Risk - Deposits

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.

Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$34,575 of the government's deposits totaling \$542,858 was exposed to custodial credit risk.

Uninsured and Uncollateralized	<u>\$34,575</u>
--------------------------------	-----------------

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS

June 30, 2008

IV. Detailed notes on all funds (continued)

C. Due To and From Other Funds

Interfund loans as of year end for the government's individual major funds and non-major funds in the aggregate, including the following:

Interfund Payables:

Due to Operational Fund	
Reading First	\$ 74,648
Title I	49,035
Safe & Drug Free Schools	2,019
Rural Education	1,745
Technology for Education	2,380
Beginning Teacher Mentoring	2,481
Teacher/Principal Training	1,998
Total due to Operational Fund	\$ 134,306
Due to Transportation Fund	
Entitlement	\$ 15,355
Discretionary	5,847
Preschool	3,229
Total due to Transportation Fund	24,431
Due to Beginning Teacher Monitoring	
Operational	929
Due to MicroSoft Settlement	
Title I	4,661
Total Due to Other Funds	\$ 187,780

The balance of \$141,013 resulted from loans made to establish working capital for the individual funds. All loans are considered to be repaid within one year.

Governmental funds reported *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>
Grant draw downs prior to meeting	
All eligibility requirements	\$ 70,922
Delinquent Property Taxes	2,002
Total deferred/unearned revenue	
For governmental funds	\$ <u>72,924</u>

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS

June 30, 2008

IV. Detailed notes on all funds (continued)

D. Receivables

Due from other governments:

Operational	\$	34,777
Title I		33,686
Reading First		74,648
Entitlement		15,355
Discretionary		5,847
Pre-School		3,229
Rural Education		5,441
Beginning Teacher Mentoring		623
Teacher/Principal Training		1,340
Total due from other governments	\$	<u>174,946</u>

Due from local taxes

General	\$	477
Senate Bill Nine		1,940
Total Property Tax Receivable	\$	<u>2,417</u>

E. Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Total Capital Assets not being depreciated	60,000	-	-	-
Capital assets, being depreciated				
Buildings & Improvements	9,636,328	47,578	-	9,683,906
Equipment	1,505,895	-	-	1,505,895
Total Capital assets being depreciated	11,142,223	47,578	-	11,142,223
Less accumulated depreciation for:				
Buildings & Improvements	9,357,119	12,120	-	9,369,239
Equipment	-	150,590	-	150,590
Total accumulated depreciation	-	162,710	-	9,519,829
Total Capital assets, being depreciated, net	1,785,104	(115,132)	-	1,669,973
Governmental activities capital assets, net	\$ 1,845,104	\$ (115,132)	\$ -	\$ 1,729,973

The District has not prepared the listing of capital assets in accordance to GASB 34, nor has the land and equipment been adjusted to cost or estimated cost. In addition the depreciation and accumulated depreciation has not been calculated. The depreciation disclosed above is an estimate.

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

IV. Detailed notes on all funds (continued)

E. Capital Assets (continued)

Depreciation expense was not charged to function/programs of the District because the detail information was not available.

F. Long-Term Debt

The District had no long-term debt.

V. Other information

A. 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 (NMSIA) 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 retentions 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, 2008.

B. 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.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

V. Other information (continued)

C. Employee retirement plan

**Plan Description** - Substantially all of Floyd Municipal School District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERA) is the administrator of the plan, which is a cost sharing multiple employer defined benefit retirement plan. The plan provides for retirement, disability benefits and cost-of-living adjustments to plan members and beneficiaries. ERA issues a separate, publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to ERA, P.O. Box 26129, Santa Fe, New Mexico 87502-6129.

**Funding Policy** - Plan members are required to contribute 7.75% of their gross salary. Floyd Municipal School District is required to contribute 10.15% of the gross covered salary. The contribution requirements of plan members and the Floyd Municipal School District are established in Chapter 22, Article 11, and NMSA 1978. The requirements may be amended by acts of legislature. The Floyd Municipal School District's contributions to the ERA for the years ended June 30, 2008, 2007, and 2006 were: \$200,557 \$298,049, and \$266,500 respectively, equal to the amount of the required contribution for the year.

D. Post-retirement health care benefits

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS

June 30, 2008

V. Other information (continued)

D. Post-retirement health care benefits (continued)

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

The District's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$23,652, \$22,700 and \$20,707, respectively, which equal the required contributions for each year.

E. Restatement of Beginning Net Assets for Governmental Funds

	Governmental Activities	Individual Funds
Net Assets – Governmental Funds at July 1, 2007	\$ 2,158,976	313,872
Operational:		
Prior year revenue recorded as a transfer	7,959	7,959
Prior year expenditures not recorded	1,880	1,880
Tie transfers to non-fund clearing accounts	(98,012)	(98,012)
Prior year receivable recorded incorrectly	(9,906)	(9,906)
Senate Bill – 9:		
Prior year payable incorrectly recorded	999	999
Cafeteria:		
Prior year check redeposited	102	102
Restated balance at July 1, 2007	\$ <u>2,061,998</u>	<u>216,894</u>

F. Overspent Budget Line Items

As stated in the finding 06-03 on page 68 the District had the overspent budget line items as listed in the finding. The overspent line items were the result of expenditures were not maintained on the District's books in the function line items as required by the PED.



## CAPITAL PROJECTS FUNDS

Public School Capital Outlay 20% – To account for monies to be set aside out of Impact Aid, Forest Reserve, and Local taxes for capital improvements in public schools. Authority for the creation of this fund is Section 22-8-5 NMSA 1978.

## NON-MAJOR SPECIAL REVENUE FUNDS

FOOD SERVICES – to account for 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, New Mexico Statutes Annotated, State Law 22-13-13.

ATHLETICS – to account for revenues received from non-instructional activities for use in the district's athletic and other non-instructional programs. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund. Authority for this fund is the New Mexico Administrative Code 6.20.2.

SAFE AND DRUG FREE SCHOOLS— 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.

RURAL EDUCATION – To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

IDEA B – ENTITLEMENT BUDGET – 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.

IDEA B-DISCRETIONARY – 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.

IDEA B PRESCHOOL – 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 Law 105-17.

MICROSOFT SETTLEMENT – Funding for this fund is provided by the antitrust settlement between the State of New Mexico and Microsoft Corporation. The purpose of this program is to help New Mexico school districts to purchase a wide variety of computer hardware, software, and professional development services.

ENHANCING EDUCATION THROUGH TECHNOLOGY – To account for grant revenue and expenditures used to improve student academic achievement through the use of technology in schools, to assist all students in becoming technologically literate by the end of the eighth grade, and to encourage the effective integration of technology with teacher training and curriculum development to establish successful research-based instructional methods. Authority to create this fund is given under the Elementary and Secondary Education Act of 1965, Title II, Part D, Subparts 1 and 2, as amended.

TITLE V — To assist state and local educational agencies in the reform of elementary and secondary education. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965, Title VI, as amended, 20 U.S.C. 7301-7373.

BEGINNING TEACHER MENTORING PROGRAM—To account for funds used to pay stipends to teachers as mentors and to hire new teachers. This fund was created by the authority of the State Legislature.

NON-MAJOR SPECIAL REVENUE FUNDS (continued)

TECHNOLOGY FOR EDUCATION – To account for distributions received from the Educational Technology fund for the expansion and improvement of technology in education. These funds are restricted to expenditure by New Mexico Statutes and the schools approved long-term technology plan. Authority for the creation of this fund is NMSA 22-15A-1 to 22-15A-10.

INCENTIVES FOR SCHOOL IMPROVEMENT AWARD – to account for a legislative appropriation to recognize top improving schools in New Mexico which provided funds for supplies, materials, and/or purchased services, excluding salaries and benefits. Required by the State Department of Education Manual of Procedures for New Mexico School districts to be accounted for as a separate fund. The authority for this fund is NMSA 22-13A-5.

LIBRARY GO BONDS LAWS 2004 – This fund is used to account for the revenue and expenditures to acquire supplementary library books, equipment, and library resources for public school and juvenile detention libraries statewide.

TEACHER/PRINCIPAL TRAINING – To provide grants to State Education Agencies on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--CAPITAL PROJECT FUNDS  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2008

	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash on Deposit	\$ 3,929	\$ 3,929	\$ 63,031	\$ 66,960
Due from Other Governments	-	-	31,835	31,835
Due from other Funds	-	-	29,043	29,043
Inventory	-	-	2,253	2,253
<b>TOTAL ASSETS</b>	<b>\$ 3,929</b>	<b>\$ 3,929</b>	<b>\$ 126,162</b>	<b>\$ 130,091</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Due to Other Funds	\$ -	\$ -	\$ 35,054	\$ 35,054
Accounts Payable	-	-	-	-
Deferred Revenue	-	-	70,922	70,922
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>105,976</b>	<b>105,976</b>
<b>FUND BALANCE</b>				
Reserved for Inventory	-	-	2,253	2,253
Unreserved-Designated for Subsequent Years	-	-	-	-
Expenditures	3,929	3,929	17,933	21,862
<b>TOTAL FUND BALANCE</b>	<b>3,929</b>	<b>3,929</b>	<b>20,186</b>	<b>24,115</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 3,929</b>	<b>\$ 3,929</b>	<b>\$ 126,162</b>	<b>\$ 130,091</b>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES  
 IN FUND BALANCE --CAPITAL PROJECT FUNDS  
 NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUE</b>				
Fees Activities	\$ -	\$ -	\$ 14,121	\$ 14,121
Fees-Users	-	-	10,663	10,663
Interest Income	-	-	39	39
State Programs	-	-	19,378	19,378
Federal Program	-	-	226,089	226,089
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>270,290</u>	<u>270,290</u>
<b>EXPENDITURES</b>				
Current				
Instruction	-	-	88,550	88,550
Support Services	-	-	-	-
Support Services-Students	-	-	55,012	55,012
Support Services-Instruction	-	-	4,381	4,381
Support Services-General Administration	-	-	-	-
Food Services-Operations	-	-	134,435	134,435
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>282,378</u>	<u>282,378</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ -	\$ (12,088)	\$ (12,088)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	-	-	19,030	19,030
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>19,030</u>	<u>19,030</u>
<b>Net Change In Fund Balance</b>	\$ -	\$ -	\$ 6,942	\$ 6,942
<b>FUND BALANCE</b>				
June 30, 2007	3,929	3,929	13,142	17,071
Restatement	-	-	102	102
Restated Fund Balance June 30, 2007	<u>3,929</u>	<u>3,929</u>	<u>13,244</u>	<u>17,173</u>
<b>FUND BALANCE June 30, 2008</b>	<u>\$ 3,929</u>	<u>\$ 3,929</u>	<u>\$ 20,186</u>	<u>\$ 24,115</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2008

	CAFETERIA	ATHLETICS	SAFE & DRUG FREE SCHOOLS	RURAL EDUCATION	IDEA-B ENTITLEMENT
<b>ASSETS</b>					
Cash on Deposit	\$ 9,839	\$ 8,094	\$ 2,311	\$ -	\$ -
Due from Other Governments			-	5,441	15,355
Due From Other Funds				23,453	
Inventory	2,253	-		-	-
<b>TOTAL ASSETS</b>	<b>\$ 12,092</b>	<b>\$ 8,094</b>	<b>\$ 2,311</b>	<b>28,894</b>	<b>\$ 15,355</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Due to other Funds			\$ 2,019	\$ 1,745	\$ 15,355
Accounts Payable	-	-	-	-	-
Deferred Revenue	-	-	292	27,149	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>2,311</b>	<b>28,894</b>	<b>15,355</b>
<b>FUND BALANCE</b>					
Reserved for Inventory	2,253	-		-	-
Unreserved-Designated for Subsequent Years	-	-		-	-
Expenditures	9,839	8,094	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>12,092</b>	<b>8,094</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 12,092</b>	<b>\$ 8,094</b>	<b>\$ 2,311</b>	<b>\$ 28,894</b>	<b>\$ 15,355</b>

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

	IDEA-B DISCRETIONARY	IDEA-B PRESCHOOL	MICROSOFT SETTLEMENT	ENHANCING ED THRU TECHNOLOGY	TITLE V
\$	-	\$ -	\$ 6,560	\$ 10,866	\$ -
	5,847	3,229	4,661		-
	-		-	-	-
\$	<u>5,847</u>	<u>3,229</u>	<u>11,221</u>	<u>10,866</u>	<u>-</u>
\$	5,847	\$ 3,229	\$	\$	\$ -
	-		-		-
	-	-	11,221	10,866	-
	<u>5,847</u>	<u>3,229</u>	<u>11,221</u>	<u>10,866</u>	<u>-</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	<u>5,847</u>	<u>3,229</u>	<u>11,221</u>	<u>10,866</u>	<u>-</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2008

	BEGINNING TEACHER MENTORING	TECHNOLOGY FOR EDUCATION	INCENTIVES FOR SCHOOL IMPROVEMENT	LIBRARY GO BONDS LAWS 2004
<b>ASSETS</b>				
Cash on Deposit	\$ 929	\$ 18,989	\$ 4,331	\$ 454
Due from other Governments	623	-	-	-
Due From Other Funds	929	-	-	-
Inventory	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,481</b>	<b>\$ 18,989</b>	<b>\$ 4,331</b>	<b>\$ 454</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Due to other Funds	\$ 2,481	\$ 2,380	\$ -	\$ -
Accounts Payable	-	-	-	-
Deferred Revenue	-	16,609	4,331	454
<b>TOTAL LIABILITIES</b>	<b>2,481</b>	<b>18,989</b>	<b>4,331</b>	<b>454</b>
<b>FUND BALANCE</b>				
Reserved for Inventory	-	-	-	-
Unreserved-Designated for Subsequent Years	-	-	-	-
Expenditures	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,481</b>	<b>\$ 18,989</b>	<b>\$ 4,331</b>	<b>\$ 454</b>

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

BREAKFAST FOR ELEMENTARY	READING MATERIALS	TEACHER/PRINCIPAL TRAINING	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ 658	\$ 63,031
-	-	1,340	31,835
			29,043
			2,253
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,998</u>	<u>\$ 126,162</u>
\$ -	\$ -	\$ 1,998	\$ 35,054
-	-	-	-
			70,922
		1,998	105,976
			2,253
			-
			17,933
			20,186
<u>-</u>	<u>\$ -</u>	<u>\$ 1,998</u>	<u>\$ 126,162</u>

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



STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2008

	CAFETERIA	ATHLETICS	SAFE & DRUG FREE SCHOOLS	RURAL EDUCATION	IDEA-B ENTITLEMENT
<b>REVENUE</b>					
Fees Activities	\$	\$ 14,121	\$	\$	\$
Fees-Users	10,663				
Interest Income	-	39			
State Programs					
Federal Program	106,441		15	27,634	58,427
<b>TOTAL REVENUES</b>	<u>117,104</u>	<u>14,160</u>	<u>15</u>	<u>27,634</u>	<u>58,427</u>
<b>EXPENDITURES</b>					
Current					
Instruction		10,943	15	27,634	23,471
Support Services					
Support Services					
Support Services-Students		2,578	-		34,956
Support Services-Instruction					
Other Support Services	-	-	-	-	-
Food Services-Operations	129,831	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>129,831</u>	<u>13,521</u>	<u>15</u>	<u>27,634</u>	<u>58,427</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ (12,727)	\$ 639	\$ -	\$ -	\$ -
<b>OTHER FINANCING SOURCES (USES)</b>					
TRANSFERS IN/ TRANSFERS OUT	19,030	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>19,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change In Fund Balance</b>	\$ 6,303	\$ 639	\$ -	\$ -	\$ -
<b>FUND BALANCE</b>					
June 30, 2007	5,687	7,455	-	-	-
Restatement	102	-	-	-	-
Restated Fund Balance June 30, 2007	5,789	7,455	-	-	-
<b>FUND BALANCE June 30, 2008</b>	<u>\$ 12,092</u>	<u>\$ 8,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>IDEA-B DISCRETIONARY</u>	<u>IDEA B PRESCHOOL</u>	<u>MICROSOFT SETTLEMENT</u>	<u>ENHANCING ED THRU TECHNOLOGY</u>	<u>TITLE V</u>
\$	\$	\$	\$	\$
	-			
	-			
	-			
17,478	12,834	3,260	-	-
<u>17,478</u>	<u>12,834</u>	<u>3,260</u>	<u>-</u>	<u>-</u>
-	12,834	3,260	-	-
17,478	-			
-	-			
-	-			
<u>17,478</u>	<u>12,834</u>	<u>3,260</u>	<u>-</u>	<u>-</u>
\$	\$	\$	\$	\$
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-			
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	\$	\$	\$	\$
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2008

	BEGINNING TEACHER MENTORING	TECHNOLOGY FOR EDUCATION	INCENTIVES FOR SCHOOL IMPROVEMENT	LIBRARY GO BONDS LAWS 2004
<b>REVENUE</b>				
Fees Activities	\$	\$	\$	\$
Fees-Users				
Interest Income				
State Programs	0	4,856	-	4,381
Federal Program		-		
<b>TOTAL REVENUES</b>	<u>-</u>	<u>4,856</u>	<u>-</u>	<u>4,381</u>
<b>EXPENDITURES</b>				
Current				
Instruction	-	4,856	-	
Support Services				
Support Services		-		
Support Services-Students	-	-		
Support Services-Instruction				4,381
Other Support Services	-	-	-	
Food Services-Operations	-	-	-	
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>4,856</u>	<u>-</u>	<u>4,381</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -
<b>OTHER FINANCING SOURCES (USES)</b>				
TRANSFERS IN/ TRANSFERS (OUT)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change In Fund Balance</b>	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCE</b>				
June 30, 2007	-	-	-	-
Restatement	-	-	-	-
Restated Fund Balance June 30, 2007	-	-	-	-
<b>FUND BALANCE June 30, 2008</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

BREAKFAST FOR ELEMENTARY	READING MATERIALS	TEACHER/PRINCIPAL TRAINING	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$	\$	\$	\$
			14,121
			10,663
			39
4,604	5,537	-	19,378
-	-	-	226,089
<u>4,604</u>	<u>5,537</u>	<u>-</u>	<u>270,290</u>
-	5,537	-	88,550
-	-	-	-
-	-	-	55,012
-	-	-	4,381
-	-	-	-
4,604	-	-	134,435
<u>4,604</u>	<u>5,537</u>	<u>-</u>	<u>282,378</u>
\$	\$	\$	\$
-	-	-	(12,088)
-	-	-	-
-	-	-	19,030
-	-	-	6,942
\$	\$	\$	\$
-	-	-	6,942
-	-	-	13,142
-	-	-	102
-	-	-	13,244
<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,186</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--CAFETERIA

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Fees-Users	\$ 19,000	\$ 19,000	\$ 10,663	\$ (8,337)
Federal Revenue	91,000	91,000	100,506	9,506
<b>TOTAL REVENUE</b>	<u>110,000</u>	<u>110,000</u>	<u>\$ 111,169</u>	<u>\$ 1,169</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 110,000</u>	<u>\$ 110,000</u>		
<b>EXPENDITURES</b>				
Current				
Food Services-Operations	\$ 110,000	\$ 110,000	\$ 121,288	\$ (11,288)
<b>TOTAL EXPENDITURES</b>	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 121,288</u>	<u>\$ (11,288)</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 111,169
Differences-Budget to GAAP	
Commodities Received	5,935
Total Revenues (GAAP Basis)	<u>\$ 117,104</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 121,288
Differences-budget to GAAP	
Cost of Commodities Used	5,935
Inventory Adjustment	2,608
Total Expenditures (GAAP Basis)	<u>\$ 129,831</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--ATHLETICS

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Fees Activities	\$ 11,000	\$ 11,000	\$ 14,121	\$ 3,121
Interest Income	35	35	39	4
<b>TOTAL REVENUE</b>	<u>11,035</u>	<u>11,035</u>	<u>\$ 14,160</u>	<u>\$ 3,125</u>
Cash Balance Budgeted	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 11,035</u>	<u>\$ 11,035</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 19,133	\$ 19,133	\$ 10,943	\$ 8,190
Support Services-Students			2,578	(2,578)
<b>TOTAL EXPENDITURES</b>	<u>\$ 19,133</u>	<u>\$ 19,133</u>	<u>\$ 13,521</u>	<u>\$ 5,612</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 14,160
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 14,160</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 13,521
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 13,521</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--TITLE IV-A SAFE & DRUG FREE SCHOOLS

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ 2,034	\$ 2,034
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>2,034</u>	<u>2,034</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ -	\$ 15	\$ (15)
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>15</u>	<u>(15)</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 2,034
Differences-Budget to GAAP	
Prior Year Receivable	(2,019)
Total Revenues (GAAP Basis)	<u>15</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 15
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>15</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--RURAL EDUCATION

Year Ended June 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ 28,211	\$ 22,193	\$ (6,018)
<b>TOTAL REVENUE</b>	<u>-</u>	<u>28,211</u>	<u>22,193</u>	<u>(6,018)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 28,211</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 28,211	\$ 27,634	\$ 577
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>28,211</u>	<u>27,634</u>	<u>577</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 22,193
Differences-Budget to GAAP	
Current Year Receivable	5,441
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 27,634</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 27,634
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 27,634</u>

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



STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--ENTITLEMENT

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 63,850	\$ 67,461	\$ 43,189	\$ (24,272)
<b>TOTAL REVENUE</b>	<u>63,850</u>	<u>67,461</u>	<u>43,189</u>	<u>(24,272)</u>
Cash Balance Budgeted	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 63,850</u>	<u>\$ 67,461</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 37,180	\$ 37,180	\$ 23,471	\$ 13,709
Support Services-Students	26,670	30,281	34,956	(4,675)
<b>TOTAL EXPENDITURES</b>	<u>\$ 63,850</u>	<u>\$ 67,461</u>	<u>\$ 58,427</u>	<u>\$ 9,034</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 43,189
Differences-Budget to GAAP	
Current Year Receivable	15,238
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 58,427</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 58,427
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 58,427</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B DISCRETIONARY

Year Ended June 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Federal Revenue	\$ 17,609	\$ 17,609	\$ 11,631	\$ (5,978)
<b>TOTAL REVENUE</b>	<u>17,609</u>	<u>17,609</u>	<u>11,631</u>	<u>(5,978)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 17,609</u>	<u>\$ 17,609</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Support Services-Students	\$ 17,609	\$ 17,609	\$ 17,478	\$ 131
<b>TOTAL EXPENDITURES</b>	<u>17,609</u>	<u>17,609</u>	<u>17,478</u>	<u>131</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 11,631
Differences-Budget to GAAP	
Current Year Receivable	5,847
Total Revenues (GAAP Basis)	<u>\$ 17,478</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 17,478
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 17,478</u>

The accompanying footnotes are integral part of these financial statements.

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--IDEA B PRESCHOOL

Year Ended June 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 13,633	\$ 13,636	\$ 9,605	\$ (4,031)
<b>TOTAL REVENUE</b>	<u>13,633</u>	<u>13,636</u>	<u>9,605</u>	<u>(4,031)</u>
Cash Balance Budgeted	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 13,633</u>	<u>\$ 13,636</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 13,633	\$ 13,636	\$ 12,834	\$ 802
<b>TOTAL EXPENDITURES</b>	<u>13,633</u>	<u>13,636</u>	<u>12,834</u>	<u>802</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 9,605
Differences-Budget to GAAP	
Current Year Receivable	3,229
Total Revenues (GAAP Basis)	<u>\$ 12,834</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 12,834
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 12,834</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--MICROSOFT SETTLEMENT

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 14,481	\$ -	\$ (14,481)
<b>TOTAL REVENUE</b>	<u>-</u>	<u>14,481</u>	<u>-</u>	<u>(14,481)</u>
Cash Balance Budgeted	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 14,481</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 14,481	\$ 3,260	\$ 11,221
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>14,481</u>	<u>3,260</u>	<u>11,221</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Current Year Deferral	(11,221)
Prior Year Deferral	14,481
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 3,260</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 3,260
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 3,260</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--BEGINNING TEACHER MENTORING PROGRAM

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 929	\$ 929	\$ -
<b>TOTAL REVENUE</b>	<u>-</u>	<u>929</u>	<u>929</u>	<u>-</u>
 Cash Balance Budgeted	 -	 -		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 929</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 929	\$ -	\$ 929
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>929</u>	<u>-</u>	<u>929</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 929
Differences-Budget to GAAP	
Current Year Receivable	1,552
Prior Year Receivable	(2,481)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ -</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ -
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ -</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--TECHNOLOGY FOR EDUCATION

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 4,805	\$ 23,845	\$ 19,040
<b>TOTAL REVENUE</b>	<u>-</u>	<u>4,805</u>	<u>23,845</u>	<u>19,040</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 4,805</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 4,805	\$ 4,856	\$ (51)
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>4,805</u>	<u>4,856</u>	<u>(51)</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 23,845
Differences-Budget to GAAP	
Prior Year Receivable	(2,380)
Current Year Deferral	(16,609)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 4,856</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 4,856
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 4,856</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--LIBRARY GO BONDS

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ -</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-Instruction	\$ -	\$ -	\$ 4,381	\$ (4,381)
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>4,381</u>	<u>(4,381)</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Current Year Deferral	(454)
Prior Year Deferral	4,835
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 4,381</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 4,381
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 4,381</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--BREAKFAST FOR ELEMENTARY

Year Ended June 30 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ 4,604	\$ 4,604	\$ 4,604	\$ -
<b>TOTAL REVENUE</b>	<u>4,604</u>	<u>4,604</u>	<u>4,604</u>	<u>-</u>
Cash Balance Budgeted	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 4,604</u>	<u>\$ 4,604</u>		
<b>EXPENDITURES</b>				
Current				
Food Services-Operations	\$ 4,604	\$ 4,604	\$ 4,604	\$ -
<b>TOTAL EXPENDITURES</b>	<u>4,604</u>	<u>4,604</u>	<u>4,604</u>	<u>-</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 4,604
Differences-Budget to GAAP	
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 4,604</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 4,604
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 4,604</u>

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



STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--READING MATERIALS FUND

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 7,717	\$ 5,537	\$ (2,180)
TOTAL REVENUE	\$ -	\$ 7,717	\$ 5,537	\$ (2,180)
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 7,717		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 7,717	\$ 5,537	\$ 2,180
TOTAL EXPENDITURES	\$ -	\$ 7,717	\$ 5,537	\$ 2,180

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 5,537
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	\$ 5,537

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 5,537
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 5,537

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--TEACHER/PRINCIPAL TRAINING

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ 658	\$ 658
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>658</u>	<u>658</u>
Cash Balance Budgeted	_____	_____		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$	\$	-	-
Support Services-Students			-	-
Support Services-School Administration			-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 658
Differences-Budget to GAAP	
Current Year Receivable	1,340
Prior Year Receivable	(1,998)
Total Revenues (GAAP Basis)	<u>\$ -</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ -
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ -</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET -- GENERAL FUND

June 30, 2008

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
<b>ASSETS</b>					
Cash on Deposit	\$ 29,906	\$ 15,259	\$ 27,839	\$ 20,026	\$ 93,030
Due from Other Funds	134,306	24,431	-	-	158,737
Due From Other Governments	34,777	-	-	-	34,777
Taxes Receivable	477	-	-	-	477
<b>TOTAL ASSETS</b>	<b>\$ 199,466</b>	<b>\$ 39,690</b>	<b>\$ 27,839</b>	<b>\$ 20,026</b>	<b>\$ 287,021</b>
<b>Liabilities</b>					
Due to Other Funds	24,382	-	-	-	24,382
Delinquent Property Taxes	398	-	-	-	398
Accounts Payable	52,762	2,253	-	-	55,015
	77,542	2,253	-	-	79,795
<b>FUND BALANCE</b>					
Fund Balance					
Reserved for Text Books	-	-	-	-	-
Unreserved-Designated for Subsequent Years Expenditures	\$ 121,924	\$ 37,437	\$ 27,839	\$ 20,026	\$ 207,226
<b>TOTAL FUND BALANCE</b>	<b>121,924</b>	<b>37,437</b>	<b>27,839</b>	<b>20,026</b>	<b>207,226</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 199,466</b>	<b>\$ 39,690</b>	<b>\$ 27,839</b>	<b>\$ 20,026</b>	<b>\$ 287,021</b>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES  
 IN FUND BALANCE -- GENERAL FUND

Year Ended June 30, 2008

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
<b>REVENUE</b>					
Residential/Non-Residential Taxes	\$ 6,399	\$ -	\$ -	\$ -	\$ 6,399
Fees - Educational	547	-	-	-	547
Rents & Leases	1,500	-	-	11,056	12,556
Refunds	3,965	-	-	-	3,965
Interest Income	9,659	-	-	-	9,659
State Equalization	2,379,675	-	-	-	2,379,675
State Programs	-	142,556	34,269	-	176,825
Donations	1,881	-	-	-	1,881
Miscellaneous	232	-	-	-	232
Federal Revenue	92,945	-	-	-	92,945
Forest Reserve	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>2,496,803</b>	<b>142,556</b>	<b>34,269</b>	<b>11,056</b>	<b>2,684,684</b>
<b>EXPENDITURES</b>					
Instruction	1,591,641	-	21,219	-	1,612,860
Support Services	-	-	-	-	-
Support Services-Students	170,544	-	-	-	170,544
Support Services-Instruction	103,523	-	-	-	103,523
Support Services-General Administration	138,894	-	-	-	138,894
Support Services-School Administration	73,912	-	-	-	73,912
Central Services	48,717	-	-	-	48,717
Operation & Maintenance of Plant	320,681	-	-	5,377	326,058
Student Transportation	-	132,924	-	-	132,924
Other Support Services	-	-	-	-	-
Food Services-Operations	17,376	-	-	-	17,376
Acquisition & Construction	3,509	-	-	-	3,509
<b>TOTAL EXPENDITURES</b>	<b>2,468,797</b>	<b>132,924</b>	<b>21,219</b>	<b>5,377</b>	<b>2,628,317</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>28,006</b>	<b>9,632</b>	<b>13,050</b>	<b>5,679</b>	<b>56,367</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
TRANSFERS IN/ TRANSFERS OUT	44,497	-	-	-	44,497
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>44,497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,497</b>
<b>Net Change In Fund Balance</b>	<b>72,503</b>	<b>9,632</b>	<b>13,050</b>	<b>5,679</b>	<b>100,864</b>
<b>FUND BALANCE</b>					
June 30, 2007	147,500	27,805	14,789	14,347	204,441
Restatement	(98,079)	-	-	-	(98,079)
Restated Fund Balance June 30, 2007	49,421	27,805	14,789	14,347	106,362
<b>FUND BALANCE June 30, 2008</b>	<b>\$ 121,924</b>	<b>\$ 37,437</b>	<b>\$ 27,839</b>	<b>\$ 20,026</b>	<b>\$ 207,226</b>

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

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--GENERAL FUND--OPERATIONAL

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 6,407	\$ 6,407	\$ 6,339	\$ (68)
Rent and Leases	-	-	1,500	1,500
Fees-Users	-	-	547	547
Interest Income	7,400	7,400	9,659	2,259
State Equalization	2,361,353	2,379,843	2,379,675	(168)
State Flow Through Grants	-	-	76,608	76,608
Royalties	1,640	1,640	232	(1,408)
Donations	-	741	-	(741)
Refunds	-	-	3,965	3,965
Capital Contributions	-	-	1,881	1,881
Indirect Cost - (Flow Through Grants)	-	-	16,337	16,337
<b>TOTAL REVENUE</b>	<u>2,376,800</u>	<u>2,396,031</u>	<u>\$ 2,496,743</u>	<u>\$ 100,712</u>

Cash Balance Budgeted	<u>169,772</u>	<u>169,772</u>
-----------------------	----------------	----------------

<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 2,546,572</u>	<u>\$ 2,565,803</u>
---------------------------------	---------------------	---------------------

**EXPENDITURES**

<b>Current</b>				
Instruction	\$ 1,614,876	\$ 1,615,617	\$ 1,594,446	\$ 21,171
Support Services	-	-	-	-
Support Services-Students	174,896	174,896	166,584	8,312
Support Services-Instruction	61,461	61,461	103,523	(42,062)
Support Services-General Administration	151,397	151,397	130,605	20,792
Support Services-School Administration	73,798	73,798	73,912	(114)
Central services	49,000	49,000	45,595	3,405
Operation & Maintenance of Plant	402,377	420,867	320,681	100,186
Other Support Services	1,156	1,156	-	1,156
Food Services-Operations	17,611	17,611	17,376	235
Acquisition & Construction	-	-	748	(748)
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,546,572</u>	<u>\$ 2,565,803</u>	<u>\$ 2,453,470</u>	<u>\$ 112,333</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 2,496,743
Differences-Budget to GAAP	
Property tax Receivable	477
Prior Year Tax Receivables	(417)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 2,496,803</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 2,453,470
Differences-budget to GAAP	
Prior Year Accounts Payable	(4,567)
Current Year Accounts Payable	19,894
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 2,468,797</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--GENERAL FUND--TRANSPORTATION FUND

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ 135,268	\$ 144,745	\$ 142,556	\$ (2,189)
<b>TOTAL REVENUE</b>	<u>135,268</u>	<u>144,745</u>	<u>142,556</u>	<u>(2,189)</u>
Cash Balance Budgeted	_____	_____		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 135,268</u>	<u>\$ 144,745</u>		
<b>EXPENDITURES</b>				
Current				
Student Transportation	\$ 135,268	\$ 144,745	\$ 132,924	\$ 11,821
<b>TOTAL EXPENDITURES</b>	<u>135,268</u>	<u>144,745</u>	<u>132,924</u>	<u>11,821</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 142,556
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 142,556</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 132,924
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 132,924</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--GENERAL FUND--INSTRUCTIONAL MATERIALS FUND

Year Ended June 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
<b>REVENUE</b>				
State Flow Through Grants	\$ 24,630	\$ 13,312	\$ 34,269	\$ 20,957
<b>TOTAL REVENUE</b>	<u>24,630</u>	<u>13,312</u>	<u>34,269</u>	<u>20,957</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 24,630</u>	<u>\$ 13,312</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 22,636	\$ 11,318	\$ 21,219	\$ (9,901)
Support Services-Instruction	1,994	1,994	-	1,994
<b>TOTAL EXPENDITURES</b>	<u>\$ 24,630</u>	<u>\$ 13,312</u>	<u>\$ 21,219</u>	<u>\$ (7,907)</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 34,269
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 34,269</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 21,219
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 21,219</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--GENERAL FUND--TEACHERAGE

Year Ended June 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Rent and Leases	\$ 10,800	\$ 10,800	\$ 11,056	\$ 256
TOTAL REVENUE	<u>10,800</u>	<u>10,800</u>	<u>11,056</u>	<u>256</u>
Cash Balance Budgeted	<u>11,877</u>	<u>11,877</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 22,677</u>	<u>\$ 22,677</u>		
<b>EXPENDITURES</b>				
Current				
Operation & Maintenance of Plant	\$ 19,677	\$ 19,677	\$ 5,377	\$ 14,300
Acquisition & Construction	3,000	3,000	-	3,000
TOTAL EXPENDITURES	<u>22,677</u>	<u>22,677</u>	<u>5,377</u>	<u>17,300</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 11,056
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 11,056</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 5,377
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 5,377</u>

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



STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES-- AGENCY FUNDS

Year Ended June 30, 2008

	Balance 6/30/2007	ADDITIONS	DEDUCTIONS	Balance 6/30/2008
Goff Memorial	\$ -	\$ 1,509	\$ -	\$ 1,509
Davis Memorial	-	50	-	50
Student Council	524	710	438	796
Yearbook	2,735	6,082	4,814	4,003
FCCLA	176	-	-	176
FFA	5,089	15,734	16,903	3,920
FCA	131	275	253	153
Cheerleaders	4,539	7,999	8,966	3,572
Book Fair	5,564	6,323	6,855	5,032
NHS	11	131	142	-
A/R Prize Fund	193	-	-	193
Elementary Cheerleaders	120	390	364	146
BPA	33	-	-	33
HS Basketball-Girls	745	5,333	3,099	2,979
Football	-	3,402	2,863	539
Activity Account Super	720	362	916	166
Volleyball	1,534	4,072	4,562	1,044
HS Basketball-Boys	283	-	150	133
Elem Basketball	-	-	-	-
Track	105	-	-	105
Girls Fund RA	-	5,869	5,869	-
Boys Fund Ra	-	2,745	2,745	-
Baseball	440	20	440	20
Booster Club	5,199	14,249	8,587	10,861
Poetry	-	1,460	811	649
Golf Tourney	-	118	118	-
Employee Donations	131	2,779	2,910	-
Concession Fund	200	13,868	14,068	-
Elementary Fund	280	540	605	215
Music Booster Club	1,740	-	396	1,344
Class of 2008	3,662	7,910	10,340	1,232
Class of 2009	6,462	11,231	10,135	7,558
Class of 2010	1,998	1,735	1,576	2,157
Class of 2011	2,744	1,076	589	3,231
Class of 2012	1,682	690	729	1,643
Class of 2013	477	500	325	652
Class of 2014	1,209	-	244	965
Class of 2015	675	1,295	840	1,130
Class of 2016	197	744	635	306
Class of 2017	620	424	273	771
Class of 2018	117	332	377	72
Kindergarten	206	258	52	412
PreSchool	-	723	472	251
PreSchool	-	384	384	-
Special Ed	475	-	-	475
Reading First	(34,776)	161,479	126,703	-
REC funds	-	-	-	-
Total	\$ <u>16,240</u>	\$ <u>282,801</u>	\$ <u>240,548</u>	\$ <u>58,493</u>

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

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2008

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS
PORTALES NATIONAL BANK	\$ <u>334,689</u>	\$ <u>200,000</u>	\$ <u>134,689</u>
COLLATERAL		MATURES	
Municipal 891341AZ2	100,181		
	\$ <u>100,181</u>		

COLLATERAL IS HELD AT

NEW MEXICO STATE TREASURER	\$ <u>208,102</u>	\$ <u>-</u>	\$ <u>208,102</u>
----------------------------	-------------------	-------------	-------------------

SECURITIES HELD BY CHASE BANK, NEW YORK CITY

See Independent Auditor's Report

COLLATERAL REQUIRED	COLLATERAL PLEGDED	UNINSURED & UNCOLLATERALIZED DEPOSITS	PLEGDED COLLATERAL DEFICIT
\$ <u>67,345</u>	\$ <u>100,181</u>	\$ <u>0</u>	\$ <u>32,837</u>

\$ <u>208,102</u>	\$ <u>208,102</u>	\$ <u>-</u>	\$ <u>-</u>
-------------------	-------------------	-------------	-------------

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

BANK SUMMARY

JUNE 30, 2008

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING CHECKS	OUTSTANDING DEPOSITS	NET CASH BALANCE
PORTALES NATIONAL BANK	Checking	Operational	* \$ 100,564	\$ 192,889		\$ (92,325)
	Checking	Capital Improvement	* 46,990	768	50,767	96,989
	Checking	Cafeteria	9,973	133		9,840
	Checking	Athletics	* 8,377	283		8,094
	Checking	Activities	* 63,867	5,440	-	58,427
	Checking	Federal tax withheld	84,253	35,953		48,300
	Checking	Federal Programs	18,895	9,138	929	10,686
	Checking	Payroll Clearing	1,770	18,397	-	(16,627)
Total PORTALES NATIONAL BANK			<u>334,689</u>	<u>263,001</u>	<u>-</u>	<u>123,384</u>
New Mexico State Treasurer	C.D.	Activity	* 66			66
New Mexico State Treasurer	C.D.	Operational	* 208,103	-		208,103
Total New Mexico Treasurer			<u>208,169</u>			<u>208,169</u>
Total All Accounts			<u>\$ 542,858</u>	<u>\$ 263,001</u>	<u>\$ -</u>	<u>\$ 331,553</u>

\* Interest Bearing

See Independent Auditor's Report

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS

BANK RECONCILIATION

June 30, 2008

	OPERATIONAL	TRANSP.	FOOD SERVICES	ATHLETICS	FEDERAL PROJECTS	LOCAL/STATE ACCOUNT
Audited Net Cash						
JUNE 30, 2007	\$ 24,181	\$ 28,500	\$ 827	\$ 7,455	\$ 14,763	\$ 17,787
Investments on hand/Loans	-	-	-	-	-	-
TOTAL CASH BALANCE						
JUNE 30, 2007	24,181	28,500	827	7,455	14,763	17,787
2007-2008 Revenue	2,496,743	142,556	111,170	14,160	342,890	34,916
Transfers In & Due From	495,304	-	24,030	-	111,469	-
TOTAL AVAILABLE CASH	3,016,228	171,056	136,027	21,615	469,122	52,703
2007-2008 Expenditures	2,453,471	131,366	121,187	13,521	313,504	22,638
Loans to other funds						
Transfers Out & Due To	450,807	-	5,000	-	174,997	-
	2,904,278	131,366	126,187	13,521	488,501	22,638
Reconciling Items	(98,012)					
Cash in Clearing Accounts	31,672					
Restated Cash Balance	14,285					
NET CASH, JUNE 30, 2008	59,895	39,690	9,840	8,094	(19,379)	30,065

See Independent Auditor's Report

<u>SB-9</u>	<u>ACTIVITIES</u>	<u>INSTRUCTIONAL MATERIALS</u>	<u>PSCO 20%</u>	<u>TEACHERAGE</u>
\$ 93,269	\$ 51,016	\$ 15,077	\$ 3,929	\$ 14,436
-	-	-	-	-
93,269	51,016	15,077	3,929	14,436
79,540	247,993	34,269	-	11,057
-	-	-	-	-
172,809	299,009	49,346	3,929	25,493
79,749	240,548	21,507	-	5,467
-	-	-	-	-
79,749	240,548	21,507	-	5,467
	32			
<u>93,060</u>	<u>58,493</u>	<u>27,839</u>	<u>3,929</u>	<u>20,026</u>

# Woodard, Cowen & Co.

Certified Public Accountants

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

Mr. Hector H Balderas, State Auditor  
The Board of Directors  
Floyd Municipal Schools  
Floyd, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of Floyd Municipal Schools as of and for the year ended June 30, 2008, and have issued our report thereon dated January 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 07-02, 08-07, and 08-08.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. 06-01, 06-02, 06-03, 07-01, 08-01, 08-02, 08-03, 08-04, 08-05, 08-06, 08-09, and 08-10.

**Portales:** PO Box 445, 305 S. Avenue B Portales NM, 88130 Phone: 575-356-8564 Fax: 575-356-2453  
**Clovis:** PO Box 1874, 116 E. Grand Avenue Clovis NM, 88101 Phone: 575-762-3811 Fax: 575-762-3866

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 06-01, 06-02, 06-03, 07-02 and 08-07.

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

This report is intended solely for the information and use of management, the board of education, the New Mexico Public Education Department, 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.

*Woodard, Lewis & Lo*

Portales, New Mexico  
January 20, 2011



STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2008

PRIOR YEAR AUDIT FINDINGS

**LATE REPORT 06-01**

Statement of Condition: The report was submitted to the State Auditor's office August 19, 2008 which is after the due date.

Recommendation: Work diligently to catch up the delinquent audits and restore the District to compliance with the audit deadline.

Status: Revised and Repeated.

**CAPITAL ASSETS NOT BEING INVENTORIED 06-02**

Statement of Condition: The District has not completed a listing of its capital assets nor has the District calculated depreciations for its capital assets.

Recommendation: The District should complete its listing of capital assets and input the results of that listing into the accounting system. Once the capital assets have been input, the listing should be maintained for additions and retirements and depreciation should be calculated and accumulated.

Status: Revised and Repeated.

**EXPENDITURES EXCEED BUDGET 06-03**

Statement of Condition: The District had several overspent budget line items.

Recommendation: District personnel in charge of maintaining budget data should ensure that appropriate budget amounts are maintained at each function level.

Status: Revised and Repeated.

**Bank Statements not reconciled in a timely manner 07-01**

Statement of Condition: It was noted that a few bank transactions were not recorded in the District's books until the month following the receipt of the bank statement.

Recommendation: The bank statements should be reconciled upon receipt from the bank and all bank transactions should be recorded in the month in which they occur. In addition the District should use the bank reconciliation utility in the District's accounting system to ensure the system balance agrees with the reconciled cash balance.

Status: Revised and repeated.

**Bank Transfers are not recorded on the District's books 07-02**

Statement of Condition: Temporary transfers between bank accounts are not being recorded to the District's accounting system. There were 36 transfers totaling \$149,000.

Recommendation: All cash transactions must be recorded to the District's accounting system including interfund transfers.

Status: Revised and repeated.

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2008

I FINANCIAL STATEMENT FINDINGS:

**LATE REPORT 06-01 (Repeated & Revised)**

Statement of Condition: The report was submitted to the State Auditor's office January 21, 2010 which is after the due date.

Criteria: NMAC 2.2.2.9 A (1)(C) establishes November 15 as the due date for school district audit reports.

Cause: The bank and cash accounts of the District did not balance and contained multiple errors that rendered the accounts unauditible. The District hired an outside consultant to review and correct the bank accounts which took considerable time.

Effect: Users of the financial statements such as legislators, creditors, state and federal grantors do not have access to timely audit reports. The lack of timely audit reports can have a negative effect on state and federal funding.

Recommendation: Work diligently to catch up the delinquent audits and restore the District to compliance with the audit deadline.

Response: Management concurs with recommendation.

**CAPITAL ASSETS NOT BEING INVENTORIED 06-02 (Repeated & Revised)**

Statement of Condition: The District has not completed a listing of its capital assets nor has the District calculated depreciations for its capital assets.

Criteria: Section 12-6-10.B NMSA 1978 and GASB 34 require that a listing of capital assets be maintained and depreciation be calculated and recognized.

Cause: District personnel have been unable to complete an inventory of capital assets in order to create a listing of capital assets.

Effect: The financial statements of the District can not be presented in accordance to GAAP. The financials statements could potentially be misstated in regards to capital assets, accumulated depreciation, and depreciation.

Recommendation: The District should complete its listing of capital assets and input the results of that listing into the accounting system. Once the capital assets have been input, the listing should be maintained for additions and retirements and depreciation should be calculated and accumulated.

Response: Management has completed an estimated cost inventory of the District's buildings and building improvements. The District will move forward with completing an inventory of land and equipment and inputting results in the accounting system.

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND REPOSSES

JUNE 30, 2008

III FINANCIAL STATEMENT FINDINGS (continued):

**CAPITAL ASSETS NOT BEING INVENTORIED 06-02 (Repeated & Revised) (continued)**

**EXPENDITURES EXCEED BUDGET 06-03 (Repeated & Revised)**

Statement of Condition: The following funds and function lines had expenditures that exceed the budget for that function. Operating Support Services Instruction \$42,062, Operating Support Services – School Administration \$114, Operating Acquisition & Construction \$748, Instructional Materials Instruction \$9,901, Cafeteria Food Services Operations \$11,288, Athletics Support Services – Students \$2,578, IDEA B Entitlement Support Services - Students \$4,675, Title IV-A Safe and Drug Free Schools Instruction \$15, Reading First – Instruction \$568, Technology for Education Instruction \$51, and Library GO Bonds Support Services – Instruction \$4,381.

Criteria: According to 6.20.2.10 NMAC and the manual of procedures of the Public Education Department a school district is to control expenditures from the budget function level.

Cause: Per the review of the budget procedures of the District the budget was not broken down to the required function level.

Effect: By not following the regulatory guidelines the District is not able to control adequately the expenditures charged to the individual function levels.

Recommendation: District personnel in charge of maintaining budget data should ensure that appropriate budget amounts are maintained at each function level.

Response: Management concurs and will diligently work to correct its procedures.

**BANK STATEMENTS NOT RECONCILED IN A TIMELY MANNER 07-01 (Repeated and Revised)**

Statement of Condition: It was noted that a few bank transactions were not recorded in the District's books until the month following the receipt of the bank statement.

Criteria: This is not a good accounting practice as the cash accounts on the books should be reconciled shortly after receipt of the bank statements.

Cause: The bank reconciliations are not being performed upon receipt of the bank statements. In addition, bank transactions are not being recorded in the month in which they take place.

Effect: The cash balance may not be accurately reflected in the District's financial records from month to month. This can adversely effect management spending decisions.

Recommendation: The bank statements should be reconciled upon receipt from the bank and all bank transactions should be recorded in the month in which they occur. In addition the District should use the bank reconciliation utility in the District's accounting system to ensure the system balance agrees with the reconciled cash balance.

Response: Management concurs with the recommendation.

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2008

III FINANCIAL STATEMENT FINDINGS (continued):

**BANK TRANSFERS ARE NOT RECORDED ON THE DISTRICT'S BOOKS 07-02 (Repeated and Revised)**

Statement of Condition: Temporary transfers between bank accounts are not being recorded to the District's accounting system. Transfers totaling \$548,819 were not recorded.

Criteria: This is a violation of good accounting practice and 6.20.2.14 NMAC under the cash control standards which states "temporary transfers of cash are to be posted as due to and due from to indicate interfund transfers".

Cause: The District makes transfers between bank accounts without recording the transfer to its accounting system.

Effect: Cash balances are not correctly reflected in the District's accounting system. This can adversely effect management's spending decisions and could result in negative cash balances.

Recommendation: All cash transactions must be recorded to the District's accounting system including interfund transfers.

Response: Management concurs with the recommendation.

**NO INVOICE TO SUBSTANTIATE EXPENDITURE 08-01**

Statement of Condition: During the test of expenditures, an expenditure was found that lacked an invoice to support the expenditure.

Criteria: Expenditures should be supported by vendor invoice.

Cause: An invoice for hotel rooms was not returned to the business office to be attached with the check copy, purchase order, and travel request.

Effect: Funds were disbursed without proof of expenditure. The expenditure could not be proven as to the necessity or purpose or allowability.

Recommendation: Expenditures should be supported by vendor invoice.

Response: Management concurs with the recommendation.

**INVOICE DATE PRECEDES PURCHASE ORDER DATE 08-02**

Statement of Condition: Fourteen of the expenditures reviewed had invoices with dates that preceded the purchase order date.

Criteria: Expenditure was made without determining that funds were available and that the expenditure would be within budget. 6.20.2.14.E NMSA states the District shall verify that there is sufficient cash and budget available prior to disbursement of cash.

Cause: Invoices appear to have been presented for payment prior to a purchase order being executed.

Effect: Such a lapse in control can lead to cash shortages and overspent budgets as noted in finding 06-03.

Recommendation: A purchase order must be obtained prior to any purchase being made. This will ensure that the District has the funds to make the purchase.

Response: Management concurs with the recommendation.

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2008

III FINANCIAL STATEMENT FINDINGS (continued):

**INVOICE AMOUNT EXCEEDS PURCHASE ORDER AMOUNT 08-03**

Statement of Condition:	Fourteen of the disbursements reviewed had invoice amounts that exceeded the purchase order amounts. Two of these were minor (less than \$20), but twelve of these were substantial. Many of these were in the Cafeteria fund for food purchases. The purchase order would be made for \$2 and the invoice would be greater than \$1,000.
Criteria:	6.20.2.14.E NMSA states the District shall verify that there is sufficient cash and budget available prior to disbursement of cash. By encumbering an amount substantially below the actual amount, the District can not verify that sufficient funds and budget are available for the expenditure.
Cause:	The purchase order amount was input at an amount that was significantly below the actual purchase. Purchase orders were not revised to reflect changes in purchase amount.
Effect:	The District's budgets are subject to being overspent. The auditor's review of the District's budgets did reveal several overspent budget line items.
Recommendation:	Purchase orders should be completed prior to purchase and made for an amount sufficient to encumber enough available funds to cover the expenditure.
Response:	Management concurs with the recommendation.

**BLANKET PURCHASE ORDERS ARE NOT DECREASING WITH EXPENDITURES 08-04**

Statement of Condition:	The review of expenditures for recurring charges for utilities and telephone services revealed blanket purchase orders with encumbrances that did not decrease with subsequent disbursements.
Criteria:	The District should have in place and utilize purchase controls that accurately reflect the expenditures and the decrease reflected to available funds and budget.
Cause:	Purchase orders were not applied in the accounting software when funds were disbursed, therefore the encumbrance amount did not decrease with subsequent disbursements.
Effect:	The carrying amount of available budget was not decreased as funds were disbursed for utility and telephone services.
Recommendation:	Purchases on blanket purchase orders should be applied with each disbursement in order to accurately track available budget amounts.
Response:	Management concurs with the recommendation.

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2008

III FINANCIAL STATEMENT FINDINGS (continued):

**PURCHASE ORDERS CHANGED BY HAND 08-05**

Statement of Condition: Purchase orders were changed in hand writing through cross outs and over written to match the corresponding invoice.

Criteria: 6.20.2.11 D NMSA states that appropriate control procedures shall be adopted by the local board within a school district to safeguard its assets, check the accuracy and reliability of its accounting data, promote operating efficiency, and encourage adherence to prescribed managerial policies. The internal control structure shall address all school transactions.

Cause: A District employee, without authority, hand wrote changes to purchase orders to match the actual expenditure and even in one instance changed the vendor. The changes were not input into the District's accounting software.

Effect: The budget of the District was not accurately recorded as these changes were never input into the accounting software. The result could be overspent budget line items.

Recommendation: Any changes to the purchase orders should be revised in the accounting software and the revised purchase order attached to the expenditure record.

Response: Management concurs with the recommendation.

**NO PURCHASE ORDERS ON ATHLETIC EXPENDITURES 08-06**

Statement of Condition: Disbursements for referee services and athletic district fees did not have accompanying purchase orders.

Criteria: 6.20.2.14.E NMSA states the District shall verify that there is sufficient cash and budget available prior to disbursement of cash.

Cause: Purchase orders for the above referenced expenditures were not prepared.

Effect: The District can not ensure that funds and budget are available for disbursement.

Recommendation: Purchase orders should be prepared and should accompany every expenditure made on any District fund.

Response: Management concurs with the recommendation.

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2008

III FINANCIAL STATEMENT FINDINGS (continued):

**CLEARING ACCOUNT TRANSACTIONS NOT RECORDED 08-07**

Statement of Condition: Deposits and checks written on the District's payroll clearing and federal withholding clearing bank accounts were not recorded in the accounting software. The District's clearing accounts did not appear to have been properly reconciled.

Criteria: 6.20.2.14 G NMSA Clearing accounts shall reconcile to zero at the end of each month. Bank reconciliations for clearing accounts shall be completed on a monthly basis.

Cause: Clearing account activity was not recorded in those accounts in the District's accounting software. Monthly reconciliations were not properly completed as noted by cash reports from the District's Software.

Effect: The clearing accounts do not balance to zero and the District is blindly transferring funds to the clearing accounts to cover checks written out of the clearing accounts.

Recommendation: Deposits to the clearing accounts should only be made for the amount of the disbursements to be made from the clearing accounts. Those deposits and subsequent should be recorded in the District's accounting system and maintained like any other bank account. The clearing accounts should be reconciled every month. The reconciled balance for clearing accounts should always be zero.

Response: Management concurs with the recommendation.

**CASH ACCOUNTS ARE NOT BEING MONITORED 08-08**

Statement of Condition: Negative cash balances and lack of funds in the operating account caused the District to borrow funds from SB-9.

Criteria: The levy as proposed to the voters in the District was for the purpose of acquiring capital assets.

Cause: Lack of monitoring of cash balances plus the amount of time it took to receive reimbursement from federal programs created cash restraints on the District. The District had to use whatever cash balances that were available to cover expenditures.

Effect: The District has borrowed money from a fund which has a designated purpose other than operations.

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2008

III FINANCIAL STATEMENT FINDINGS (continued):

**CASH ACCOUNTS ARE NOT BEING MONITORED 08-08 continued**

Recommendation: The District needs to practice some intense cash management, improve on its purchasing practices, and balance bank accounts on a timelier manner so that management has a better understanding of its cash position.

Response: Management concurs with the recommendation.

**PREPARATION OF FINANCIAL STATEMENTS 08-09**

Statement of Condition: The financial statements and related disclosures are not being prepared by the District, but by the auditor.

Criteria: According to the American Institute of Certified Public Accountants' Statement on auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well designed systems include controls over financial statement preparation.

Cause: The District's personnel do not have the training to understand the elements of external financial reporting including the preparation of financial statements and related footnotes. Without this understanding, the District does not have the personnel with the capability to review and approve the financial statements and related disclosures prepared by the auditor.

Effect: Without the controls over the preparation of financial statements and related disclosures, the District's ability to detect and prevent misstatements in the financial statements is limited.

Recommendation: District personnel should receive the training necessary to gain an understanding of the elements of external reporting. Not only should District personnel receive training in financial statement preparation and footnote disclosure, but in addition gain an understanding of the pronouncement produced by GASB, GAAS, and FASB and the requirements of the Office of the State Auditor and PED.

Response: Management concurs with the recommendation.

**VIOLATION OF THE 24-HOUR RULE – 2008-10**

Statement of Condition: Upon review of Activity Funds deposits, it was discovered that three of the activity fund collections in October 2007 were not being deposited within the required 24-hour period. This determination was made by comparing the date of the receipt with the date stamped by the bank on the deposit slip. Each deposit included receipts that were dated more than 24 hours prior to the deposit. In addition, during the review of bank transactions, a deposit was found to have been deposited two months after collection.

Criteria: NMAC 6.20.2.14 Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.

Cause: In the case of the activity fund deposits, the deposits simply were not taken to the bank. There is a 15 to 20 minute drive to the District's bank, but no explanation was given. In the case of the deposit being made two months later, the "lost" deposit was found a clerk's desk and deposited immediately upon discovery.



STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2008

III FINANCIAL STATEMENT FINDINGS (continued):

**VIOLATION OF THE 24-HOUR RULE – 2008-10 (continued)**

Effect:	Holding money subjects the money to loss, theft, or misappropriation. This also subjects the District, District employees, parents and students to possible loss and liability.
Recommendation:	Fundraiser money collected should be deposited with the bank the day it is collected and receipted. Teachers and sponsors should submit all money the day it is collected to the campus secretary to avoid possible loss and theft. District personnel in charge of collecting, receipting and depositing money should pay closer attention to what they are doing and not lose deposits in their desks. Timely bank reconciliations would have caught this error sooner, as the deposit was entered into the accounting software when it was collected.
Response:	The District personnel will monitor deposits more closely so that staff making collections will be aware that the 24-hour rule is being enforced at all times.

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS

Year Ended June 30, 2008

EXIT CONFERENCE

AUDITOR PREPARED FINANCIAL STATEMENTS

These financial statements and related footnotes and supplemental information were prepared by the auditor. The auditor cannot be a part of the District's internal control, thus the preparation of the report is not a substitute for managements internal control and is not considered in the auditors evaluation of the severity of the internal control deficiency.

We prepared the draft financial statements based on management's chart of accounts and trial balances and any adjusting, correcting, and closing entries have been approved by management. We also have prepared the draft footnotes based on the information determined and approved by management. These services are allowable under SAS 112.

EXIT CONFERENCE

An Exit Conference was held on January 20, 2011. Present were Paul Benoit, Superintendent; Margie Plummer, Business Manager; Damon Terry, Principal; Leon Nall, Board of Education Member and Clovis Gray, Board of Education Member. Our firm was represented by Gayland Cowen, CPA.