

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 JUNE 30, 2010

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OFFICIAL ROSTER

BOARD OF EDUCATION

Leon Nall	President
Jim Chandler	Vice President
Jeff Essary	Secretary
James Love	Member
Clovis Grey	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 were engaged to audit 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, 2010, which collectively comprise the Floyd Municipal Schools' basic financial statements as listed in the table of contents. We also were engaged to audit 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, 2010, 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.

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.

Adjustments proposed by the District's outside consultant to bring the books into balance were not made. Beginning cash balances on the District's books were zero across all funds. Therefore, cash began the fiscal year out of balance. Bank reconciliations have not been performed on District's accounting system for the fiscal year ended June 30, 2010.

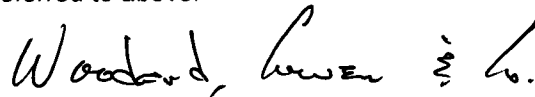
The findings 07-02 and 08-08 discussed in the Schedule of Findings and Responses were deemed to material. Finding 07-02 is a repeated finding with a decreased amount of discrepancy over the prior year. These findings constitute a breakdown of internal controls which could have a material effect on the 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.

Because we were unable to satisfy ourselves concerning the balance of cash and the accuracy of the recording of revenues and expenditures, and the balance in the inventory of capital assets and related depreciation, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

In accordance with Government Auditing Standards, we have also issued our report dated June 11, 2012, 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.

We were engaged for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the matters described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

A handwritten signature in cursive script that reads "Woodward, Lewis & Co." with a stylized flourish at the end.

June 11, 2012
Portales, New Mexico

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 STATEMENT OF NET ASSETS

June 30, 2010

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 267,894
Property Taxes Receivable	513
Due From Other Agencies	132,038
Inventory	2,253
Non-current:	
Capital assets, net	<u>1,471,098</u>
Total assets	<u>1,873,796</u>
<u>LIABILITIES</u>	
Current:	
Accounts payable	1,196
Deferred Revenue	19,580
Non Current:	
Compensated Leave	<u>24,120</u>
Total liabilities	<u>44,896</u>
<u>NET ASSETS</u>	
Invested in capital assets	1,471,098
Restricted for:	
Capital Projects	674
Inventory	2,253
Cafeteria	2,460
Athletics	12,162
Senate Bill Nine	69,114
Unrestricted	<u>271,139</u>
Total net assets	<u>\$ 1,828,900</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, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Assets
					Primary Governmental Activities
Primary government:					
Governmental activities:					
Instruction	\$ 1,881,902	\$ 14,751	\$ 402,251	\$ -	\$ (1,464,900)
Support Services					
Support Services-Students	252,299	-	109,183	-	(143,116)
Support Services-Instruction	141,014	-	8,578	-	(132,436)
Support Services-General Administration	146,038	-	1,250	-	(144,788)
Support Services-School Administration	75,683	-	-	-	(75,683)
Central Services	38,152	-	-	-	(38,152)
Operation & Maintenance of Plant	385,592	-	49,891	-	(335,701)
Student Transportation	165,063	-	126,859	-	(38,204)
Other Support Services	-	-	-	-	-
Food Services-Operations	149,663	15,086	103,597	-	(30,980)
Community Services-operations	-	-	-	-	-
Depreciation-unallocated	150,590	-	-	-	(150,590)
Unallocated	-	6,402	-	-	6,402
Total governmental activities	\$ 3,385,996	\$ 36,239	\$ 801,609	\$ -	\$ (2,548,148)

General revenues:

Property taxes:

Levied for General purpose	\$ 6,741
Levied for Capital Projects	28,166
Rent	13,639
PED Equalization Guarantee	2,235,731
Refunds	1,688
Unrestricted interest income	988
Donations	800
Miscellaneous	305
Federal Programs	-
Total general revenues	\$ 2,288,058

Change in net assets	\$ (260,090)
Net assets - beginning	1,910,077
Restatement	178,913
Restated Balance	2,088,990
Net assets - ending	\$ 1,828,900

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

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2010

	GENERAL	TITLE I	SEG FEDERAL STIMULUS	SENATE BILL 9	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
ASSETS						
Cash on Deposit	\$ 164,379	\$ -	\$ -	\$ 68,951	\$ 34,563	\$ 267,893
Due from Other Funds	133,264	-	-	-	-	133,264
Due from Other Governments	-	40,952	47,311	-	43,775	132,038
Property Taxes Receivable	99	-	-	414	-	513
Inventory	-	-	-	-	2,253	2,253
TOTAL ASSETS	\$ 297,742	\$ 40,952	\$ 47,311	\$ 69,365	\$ 80,591	\$ 535,961
LIABILITIES AND FUND BALANCE						
Accounts Payable	\$ 1,196	\$ -	\$ -	\$ -	\$ -	\$ 1,196
Deferred Revenue	-	-	-	-	19,268	19,268
Delinquent Property taxes	61	-	-	251	-	312
Due to Other Funds	-	40,952	47,311	-	45,001	133,264
TOTAL LIABILITIES	1,257	40,952	47,311	251	64,269	154,040
FUND BALANCE						
Nonspendable	-	-	-	-	2,253	2,253
Restricted	17,065	-	-	-	14,069	31,134
Unassigned	279,420	-	-	69,114	-	348,534
TOTAL FUND BALANCE	296,485	-	-	69,114	16,322	381,921
TOTAL LIABILITIES AND FUND BALANCE	\$ 297,742	\$ 40,952	\$ 47,311	\$ 69,365	\$ 80,591	\$ 535,961

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, 2010

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

Fund Balances - total governmental funds	\$	381,921
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		1,471,098
Compensated leave		(24,120)
Net assets of governmental activities	\$	<u>1,828,899</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, 2010

	GENERAL	TITLE I	SEG FEDERAL STIMULUS	SENATE BILL 9	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
REVENUE						
Residential/Non-Residential Taxes	6,741	\$ -	\$ -	\$ 28,166	\$ -	\$ 34,907
Fees - Educational	1,212	-	-	-	-	1,212
Rent and Leases	13,639	-	-	-	-	13,639
Refunds	1,687	-	-	-	-	1,687
Fees Activities	-	-	-	-	14,691	14,691
Fees-Users	-	-	-	-	20,337	20,337
Interest Income	784	-	-	172	32	988
State Equalization	2,235,731	-	-	-	-	2,235,731
State Flow Through Grants	-	-	-	-	3,210	3,210
State Programs	136,759	-	-	-	82,861	219,620
Donations	800	-	-	-	-	800
Special Assessments (REC)	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Federal Program	-	104,221	216,782	-	257,776	578,779
TOTAL REVENUES	2,397,658	104,221	216,782	28,338	378,907	3,125,906
EXPENDITURES						
Current						
Instruction	1,474,785	104,221	160,365	-	142,531	1,881,902
Support Services						
Support Services-Students	143,116	-	6,526	-	102,657	252,299
Support Services-Instruction	132,436	-	-	-	8,578	141,014
Support Services-General Administration	144,602	-	-	186	1,250	146,038
Support Services-School Administration	75,683	-	-	-	-	75,683
Central Services	38,152	-	-	-	-	38,152
Operation & Maintenance of Plant	291,834	-	49,891	-	759	342,484
Student Transportation	165,063	-	-	-	-	165,063
Food Services-Operations	30,980	-	-	-	118,683	149,663
Acquisition & Construction	-	-	-	49,260	-	49,260
TOTAL EXPENDITURES	2,496,651	104,221	216,782	49,446	374,458	3,241,558
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(98,993)	-	-	(21,108)	4,449	(115,652)
Other Financing Sources						
Transfers In<Out>	16,984	-	-	-	(16,984)	-
Total Other Financial Sources	16,984	-	-	-	(16,984)	-
Net Change In Fund Balances	(82,009)	-	-	(21,108)	(12,535)	(115,652)
FUND BALANCE						
June 30, 2009	175,461	-	-	90,222	28,857	294,540
Restatement	203,033	-	-	-	-	203,033
Restated Fund Balance June 30, 2009	378,494	-	-	90,222	28,857	497,573
FUND BALANCE June 30, 2010	\$ 296,485	\$ -	\$ -	\$ 69,114	\$ 16,322	\$ 381,921

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, 2010

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

Net change in fund balance - total governmental funds	\$	(115,652)
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		(144,439)
		<hr/>
Change in Net Assets	\$	<u>(260,091)</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, 2010

General Fund				VARIANCE
	ORIGINAL BUDGET	BUDGET	ACTUAL	Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 9,118	\$ 9,118	\$ 6,754	\$ (2,364)
Rent and Leases	24,600	24,600	12,400	(12,200)
Fees-Users	1,200	1,200	1,212	12
Interest Income	3,200	3,200	784	(2,416)
State Equalization	2,331,266	2,235,156	2,235,731	575
State Flow Through Grants	141,619	141,619	136,759	(4,860)
Impact Aid	-	-	1,239	1,239
Rent	-	800	800	-
Refunds	-	-	1,687	1,687
TOTAL REVENUE	<u>2,511,003</u>	<u>2,415,693</u>	<u>\$ 2,397,671</u>	<u>\$ (18,022)</u>
Cash Balance Budgeted	<u>254,604</u>	<u>305,326</u>		
TOTAL REVENUE & CASH	<u>\$ 2,765,607</u>	<u>\$ 2,721,019</u>		
EXPENDITURES				
Current				
Instruction	\$ 1,490,442	\$ 1,490,442	\$ 1,474,785	\$ 15,657
Support Services				
Support Services-Students	157,618	157,618	143,116	14,502
Support Services-Instruction	135,556	136,356	132,436	3,920
Support Services-General Administration	157,607	157,607	144,602	13,005
Support Services-School Administration	84,292	84,292	75,683	8,609
Central Services	42,400	42,400	38,152	4,248
Operation & Maintenance of Plant	446,085	349,975	291,834	58,141
Student Transportation	136,245	186,967	170,279	16,688
Other Support Services	910	910	-	910
Food Services-Operations	56,210	56,210	30,980	25,230
Acquisition & Construction	21,826	21,826	-	21,826
TOTAL EXPENDITURES	<u>\$ 2,751,017</u>	<u>\$ 2,706,429</u>	<u>\$ 2,501,867</u>	<u>\$ 204,562</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
Sources/inflows of resources				
Actual amounts (budgetary basis)			\$ 2,397,671	
Differences-Budget to GAAP				
Property tax Receivable			99	
Prior Year Tax Receivables			(170)	
Current Year Deferral			(61)	
Prior Year Deferral			119	
Total Revenues (GAAP Basis)			<u>\$ 2,397,658</u>	
Uses/outflows of resources				
Actual amounts (budgetary basis)			\$ 2,501,867	
Differences-budget to GAAP				
Prior Year Accounts Payable			(5,216)	
Current Year Accounts Payable			-	
Total Expenditures (GAAP Basis)			<u>\$ 2,496,651</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 92,713	\$ 113,887	\$ 97,614	\$ (16,273)
TOTAL REVENUE	<u>92,713</u>	<u>113,887</u>	<u>97,614</u>	<u>\$ (16,273)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 92,713</u>	<u>\$ 113,887</u>		
EXPENDITURES				
Current				
Instruction	92,713	113,887	104,221	9,666
TOTAL EXPENDITURES	<u>\$ 92,713</u>	<u>\$ 113,887</u>	<u>\$ 104,221</u>	<u>\$ 9,666</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 97,614
Differences-Budget to GAAP	
Current Year Receivable	40,952
Prior Year Receivable	(34,345)
Total Revenues (GAAP Basis)	<u>\$ 104,221</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 104,221
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 104,221</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--SEG STIMULUS

Year Ended June 30, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 167,364	\$ 216,782	\$ 169,471	\$ (47,311)
TOTAL REVENUE	<u>167,364</u>	<u>216,782</u>	<u>\$ 169,471</u>	<u>\$ (47,311)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 167,364</u>	<u>\$ 216,782</u>		
EXPENDITURES				
Current				
Instruction	\$ 146,077	\$ 146,077	\$ 160,365	\$ (14,288)
Support Services-Students	20,814	20,814	6,526	14,288
Operation & Maintenance of Plant	473	49,891	49,891	-
TOTAL EXPENDITURES	<u>\$ 167,364</u>	<u>\$ 216,782</u>	<u>\$ 216,782</u>	<u>\$ -</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 169,471
Differences-Budget to GAAP	
Current Year Receivable	47,311
Total Revenues (GAAP Basis)	<u>\$ 216,782</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 216,782
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 216,782</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--SENATE BILL 9

Year Ended June 30, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 29,026	\$ 29,026	\$ 28,214	\$ (812)
Interest Income	-	-	172	172
TOTAL REVENUE	<u>29,026</u>	<u>29,026</u>	<u>\$ 28,386</u>	<u>\$ (640)</u>
 Cash Balance Budgeted	 -	 -		
TOTAL REVENUE & CASH	<u>\$ 29,026</u>	<u>\$ 29,026</u>		
EXPENDITURES				
Current				
Support Services	\$ -	\$ -	\$ 186	\$ (186)
Acquisition & Construction	29,026	29,026	49,260	(20,234)
TOTAL EXPENDITURES	<u>\$ 29,026</u>	<u>\$ 29,026</u>	<u>\$ 49,446</u>	<u>\$ (20,420)</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 28,386
Differences-Budget to GAAP	
Property tax Receivable	414
Prior Year Tax Receivables	(703)
Current Year Deferral	(251)
Prior Year Deferral	492
Total Revenues (GAAP Basis)	<u>\$ 28,338</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 49,446
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 49,446</u>

The accompanying footnotes are integral part of these financial statements.

STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2010

ASSETS

Pooled cash	\$ 66,293
Due from other Governments	-
Total Assets	<u>\$ 66,293</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Due to Student Groups	<u>\$ 66,293</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, 2010

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, 2010

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 – 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.

SEG FEDERAL STIMULUS – Fund was created to account for the allocation received by the District from the American Recovery and Reinvestment Act.

SB-9 – 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, 2010

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 2010 fiscal year was \$16,360,289. 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, 2010

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, 2010, there were no projects paid by the New Mexico Public Facilities Authority.

Property, plant, and equipment of the primary government are 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 has provided a compensated leave program to its twelve month employees. Upon severance, a qualifying employee may receive payment for unused leave up to the amount accrued in each of the two prior years.

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, 2010

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 \$2,235,731 in state equalization guarantee distributions during the year ended June 30, 2010.

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 \$126,859 in transportation distributions during the year ended June 30, 2010.

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 (\$144,439) difference are as follows:

Capital Outlay	\$ 6,151
Depreciation expense	<u>(150,590)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	\$ <u>(144,439)</u>

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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.
- 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, 2010 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:

	Original Budget	Final Budget
General Fund	\$ 2,729,191	\$ 2,684,603
Special Revenue Fund	979,574	1,018,206
Capital Projects Fund	0	0
Totals	<u>\$ 3,708,765</u>	<u>\$ 3,702,809</u>

STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2010

III. Stewardship, compliance, and accountability (continued)

B. Deficit fund equity

The District's Microsoft Settlement fund (26107) had a deficit fund balance of \$1,226 at year end. This was the result of spending in excess of the award amount. The District's Operational Fund (11000) will have to cover this deficit with operational cash.

IV. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2010, the carrying amount of the District's deposits was \$290,819 and the bank balance was \$321,222. Of this balance \$250,000 was covered by federal depository insurance and \$71,222 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 \$250,000 in aggregate and separate from the \$250,000 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, 2010, the investments held in the LGIP had an interest risk (WAM) of 56 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, 2010, \$0 of the District's deposits totaling \$395,936 was exposed to custodial credit risk.

Uninsured and Uncollateralized \$0

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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	
Title I	\$ 40,952
SEG Federal Stimulus	47,311
IDEA-B Entitlement	7,714
Teacher/Principal Training	11,575
Safe & Drug Free Schools	1,371
Title I Stimulus	10,037
Microsoft Settlement	1,226
Incentives for School Improvement	3,427
Library GO Bonds	9,651
Total due to Operational Fund	\$ 133,264
Total Due to/Due From	\$ <u>133,264</u>

The balance of \$133,264 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	\$ 19,268
Delinquent Property Taxes	313
Total deferred/unearned revenue	
For governmental funds	\$ <u>19,581</u>

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2010

IV. Detailed notes on all funds (continued)

D. Receivables

Due from other governments:

Title I	\$ 40,952
SEG Federal Stimulus	47,311
IDEA-B Entitlement	7,714
Teacher/Principal Training	11,575
Safe & Drug Free Schools	1,371
Title I Stimulus	10,037
Incentives for School Improvement	3,427
Library GO Bonds	9,651
Total due from other governments	<u>\$ 132,038</u>

Due from local taxes

General	\$ 99
Senate Bill Nine	414
Total Property Tax Receivable	<u>\$ 513</u>

E. Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 60,000	-	-	\$ 60,000
Total Capital Assets not being depreciated	60,000	-	-	60,000
Capital assets, being depreciated				
Buildings & Improvements	9,720,061	6,151	-	9,726,212
Equipment	1,505,895	-	-	1,505,895
Total Capital assets being depreciated	11,225,956	6,151	-	11,232,107
Less accumulated depreciation for:				
Buildings & Improvements	9,369,239	-	-	9,369,239
Equipment	301,180	150,590	-	451,770
Total accumulated depreciation	9,670,419	150,590	-	9,821,009
Total Capital assets, being depreciated, net	<u>1,555,537</u>	<u>(144,439)</u>	<u>-</u>	<u>1,411,098</u>
Governmental activities capital assets, net	<u>\$ 1,615,537</u>	<u>\$ (144,439)</u>	<u>\$ -</u>	<u>\$ 1,471,098</u>

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, 2010

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.

G. Liability for Compensated Leave

June 30, 2010 is the first year that the District reported its compensated absences. The initial accrual is \$24,120 and is considered by management as payable within one year.

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, 2010.

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, 2010

V. Other information (continued)

C. Employee retirement plan

Plan Description. Substantially all of the Cooperative's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy. Effective July 1, 2009, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The (name of employer) was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The employer contribution on is increasing by .75% each year until effective July 1, 2011, the employer contribution will be 13.9% of the gross covered salary. The contribution requirements of plan members and the Cooperative are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The (name of employer)'s contributions to ERB for the fiscal years ending June 30, 2010, 2009, and 2008, were \$214,552, \$209,124, and \$200,557, respectively, which equal the amount of the required contributions for each fiscal year.

D. Post-retirement health care benefits

Plan Description. (Name of Agency) 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 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.

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2010

V. Other information (continued)

D. Post-retirement health care benefits (continued)

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. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

Fiscal Year Employer Contribution Rate Employee Contribution Rate

FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals. The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. The (Name of Agency)'s contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$23,654, \$22,888 and \$22,700, 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, 2009	\$ 1,910,077	294,540
Operational:		
Prior year transfer recorded as revenue in Operational	37,662	37,662
Prior year transfer recorded as revenue in Operational Fed		
Account	(28,066)	(28,066)
Prior year receivable recorded in error	(8,542)	(8,542)
Initial reporting of compensated leave	(24,120)	-
Prior year payables recorded in the clearing accounts	201,979	201,979
Restated balance at July 1, 2009	\$ 2,088,990	241,521

F. Overspent Budget Line Items

As stated in the finding 06-03 on page 71 the Districted had the overspent budget line items as listed in the finding. The overspent line items were the result of expenditures not maintained on the District's books in the function line items as required by the PED.

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2010

V. Other information (continued)

G. Fund Balances Classified

Fund Balance: In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications. In the governmental financial statements, fund balance is classified and is displayed in five components:

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed: Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned: Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned: Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Detail relating to the fund balance classifications is displayed below:

Fund Balance	General Fund	Title I	SEG Federal Stimulus	Senate Bill Nine	Other Governmental Funds	Total
Non-Spendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 2,253	\$ 2,253
Total Non-spendable	-	-	-	-	2,253	2,253
Restricted for:						
Capital Improvements	-	-	-	-	674	674
Athletics	-	-	-	-	12,162	12,162
Cafeteria	-	-	-	-	2,460	2,460
Instructional Materials	17,065	-	-	-	-	17,065
Senate Bill Nine	-	-	-	69,114	-	69,114
Total Restricted	17,065	-	-	69,114	15,296	101,475
Unassigned	279,420	-	-	-	(1,226)	278,194
Total Fund Balances	\$ 296,485	\$ -	\$ -	\$ 69,114	\$ 16,323	\$ 381,922

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

CAFETERIA – 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.

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.

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.

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.

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.

READING FIRST – 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.

TITLE I STIMULUS – Additional funding provided by federal stimulus funds under the American Recovery and Reinvestment Act to supplement the District's Title I funds.

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.

NON-MAJOR SPECIAL REVENUE FUNDS (continued)

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.

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 – 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.

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.

BREAKFAST FOR ELEMENTARY STUDENTS – To account for funds used to provide elementary students with breakfast in the classroom. Creation authorized by the Child Nutrition Act of the United States Department of Agriculture.

READING MATERIALS – This fund is used to account for the revenues and expenditures used to assist schools in improving their reading materials to more scientifically researched materials. Funding and authority for this program was provided by HB 225 passed by the New Mexico Legislature.

STATE DIRECTED ACTIVITIES – The purpose of this fund is used to account for a program funded by a State grant to assist the REC in providing free appropriate public education to all handicapped children. Funding authorized by the individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 936-380 ,94-142 ,98-199 ,99-457, 100-639, and 101-476, 20 U.S.C. 1411-1420. The fund was created by the authority of federal grant provisions.

RURAL REVITALIZATION – To account for the monies received from the Rural Education Bureau to support the vocational program. Authority for creation of this fund is the New Mexico Rural Revitalization Initiative (Laws of 2008, Chapter 3, Section 4 Item I (k).

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--CAPITAL PROJECT FUNDS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010

	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash on Deposit	\$ 674	\$ 674	\$ 33,889	\$ 34,563
Due from Other Governments	-	-	43,775	43,775
Inventory	-	-	2,253	2,253
TOTAL ASSETS	<u>\$ 674</u>	<u>\$ 674</u>	<u>\$ 79,917</u>	<u>\$ 80,591</u>
LIABILITIES AND FUND BALANCE				
Due to Other Funds	\$ -	\$ -	\$ 45,001	\$ 45,001
Accounts Payable	-	-	-	-
Deferred Revenue	-	-	19,268	19,268
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>64,269</u>	<u>64,269</u>
FUND BALANCE				
Unspendable	-	-	2,253	2,253
Restricted	674	674	13,395	14,069
TOTAL FUND BALANCE	<u>674</u>	<u>674</u>	<u>15,648</u>	<u>16,322</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 674</u>	<u>\$ 674</u>	<u>\$ 79,917</u>	<u>\$ 80,591</u>

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, 2010

	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUE				
Residential/Non-Residential Taxes	\$ -	\$ -	\$ -	\$ -
Fees Activities	-	-	14,691	14,691
Fees-Users	-	-	20,337	20,337
Interest Income	-	-	32	32
State Flow Through Grants	-	-	3,210	3,210
State Programs	-	-	82,861	82,861
Federal Program	-	-	257,776	257,776
TOTAL REVENUES	-	-	378,907	378,907
EXPENDITURES				
Current				
Instruction	-	-	142,531	142,531
Support Services	-	-	-	-
Support Services-Students	-	-	102,657	102,657
Support Services-Instruction	-	-	8,578	8,578
Support Services-General Admin	-	-	1,250	1,250
Operation & Maintenance of Plant	759	759	-	759
Food Services-Operations	-	-	118,683	118,683
Community Services-operations	-	-	-	-
Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	759	759	373,699	374,458
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(759)	(759)	5,208	4,449
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	-	-	(16,984)	(16,984)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(16,984)	(16,984)
Net Change In Fund Balance	(759)	(759)	(11,776)	(12,535)
FUND BALANCE				
June 30, 2009	1,433	1,433	27,424	28,857
Restatement	-	-	-	-
Restated Fund Balance June 30, 2009	1,433	1,433	27,424	28,857
FUND BALANCE June 30, 2010	\$ 674	\$ 674	\$ 15,648	\$ 16,322

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, 2010

	CAFETERIA	ATHLETICS	IDEA-B ENTITLEMENT	IDEA-B DISCRETIONARY	IDEA-B PRESCHOOL
ASSETS					
Cash on Deposit	\$ 2,459	\$ 12,162	\$ -	\$ -	\$ -
Due from Other Governments			7,714	-	-
Due From Other Funds			-	-	-
Inventory	2,253	-	-	-	-
TOTAL ASSETS	\$ 4,712	\$ 12,162	\$ 7,714	\$ -	\$ -
LIABILITIES AND FUND BALANCE					
Due to other Funds	\$ -	\$ -	\$ 7,714	\$ -	\$ -
Accounts Payable	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	-	7,714	-	-
FUND BALANCE					
Unspendable	2,253	-	-	-	-
Restricted	2,459	12,162	-	-	-
TOTAL FUND BALANCE	4,712	12,162	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,712	\$ 12,162	\$ 7,714	\$ -	\$ -

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

ENHANCING ED THRU TECHNOLOGY	TEACHER/ PRINCIPAL TRAINING	SAFE & DRUG FREE SCHOOLS	READING FIRST	TITLE I STIMULUS	RURAL EDUCATION	MICROSOFT SETTLEMENT
\$ 10,866	\$ - 11,575	\$ - 1,371	\$ -	\$ - 10,037	\$ -	\$ -
\$ 10,866	\$ 11,575	\$ 1,371	\$ -	\$ 10,037	\$ -	\$ -
\$ -	\$ 11,575	\$ 1,371	\$ -	\$ 10,037	\$ -	\$ 1,226
-	-	-	-	-	-	-
10,866	-	-	-	-	-	-
10,866	11,575	-	-	10,037	-	1,226
-	-	-	-	-	-	-
-	-	-	-	-	-	(1,226)
-	-	-	-	-	-	(1,226)
\$ 10,866	\$ 11,575	\$ -	\$ -	\$ 10,037	\$ -	\$ -

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, 2010

	TECHNOLOGY FOR EDUCATION	INCENTIVES FOR SCHOOL IMPROVEMENT	LIBRARY GO BONDS	BEGINNING TEACHER MENTORING
ASSETS				
Cash on Deposit	\$ 4,650	\$ -	\$ -	\$ 3,659
Due from Other Governments		3,427	9,651	-
Due From Other Funds		-		
Inventory	-			
TOTAL ASSETS	\$ 4,650	\$ 3,427	\$ 9,651	\$ 3,659
LIABILITIES AND FUND BALANCE				
Due to other Funds	\$ -	\$ 3,427	\$ 9,651	\$ -
Accounts Payable	-	-	-	-
Deferred Revenue	4,650	-	-	3,659
TOTAL LIABILITIES	4,650	3,427	9,651	3,659
FUND BALANCE				
Unspendable	-	-	-	-
Restricted	-	-	-	-
TOTAL FUND BALANCE	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,650	\$ 3,427	\$ 9,651	\$ 3,659

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

<u>BREAKFAST FOR ELEMENTARY</u>	<u>READING MATERIALS</u>	<u>STATE DIRECTED ACTIVITIES</u>	<u>RURAL REVITALIZATION</u>	<u>TOTAL NONMAJOR SPECIAL REVENUE FUNDS</u>
\$ -	\$ 93	\$ -	\$ -	\$ 33,889
				43,775
				-
				2,253
<u>\$ -</u>	<u>\$ 93</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,917</u>
\$ -	\$ -	\$ -	\$ -	\$ 45,001
-	-	-	-	-
-	93	-	-	19,268
<u>-</u>	<u>93</u>	<u>-</u>	<u>-</u>	<u>64,269</u>
				2,253
				13,395
				15,648
<u>\$ -</u>	<u>\$ 93</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,917</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, 2010

	CAFETERIA	ATHLETICS	IDEA-B ENTITLEMENT	IDEA-B DISCRETIONARY	IDEA-B PRESCHOOL
REVENUE					
Residential/Non-Residential Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fees Activities	-	14,691	-	-	-
Fees-Users	20,337	-	-	-	-
Interest Income	-	32	-	-	-
State and Local Grants	-	-	-	-	-
State Programs	-	-	-	-	-
Federal Program	101,225	-	49,104	-	13,648
TOTAL REVENUES	121,562	14,723	49,104	-	13,648
EXPENDITURES					
Current					
Instruction	748	12,792	12,719	-	13,648
Support Services-Students	-	-	36,385	-	-
Support Services-Instruction	-	-	-	-	-
Support Services-General Administration	-	-	-	-	-
Food Services-Operations	116,311	-	-	-	-
Community Services-operations	-	-	-	-	-
Acquisition & Construction	-	-	-	-	-
TOTAL EXPENDITURES	117,059	12,792	49,104	-	13,648
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,503	1,931	-	-	-
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN/ TRANSFERS OUT	(16,984)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(16,984)	-	-	-	-
Net Change In Fund Balance	(12,481)	1,931	-	-	-
FUND BALANCE					
June 30, 2009	17,193	10,231	-	-	-
Restatement	-	-	-	-	-
Restated Fund Balance June 30, 2009	17,193	10,231	-	-	-
FUND BALANCE June 30, 2010	\$ 4,712	\$ 12,162	\$ -	\$ -	\$ -

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

ENHANCING ED THRU TECHNOLOGY	TEACHER/ PRINCIPAL TRAINING	SAFE & DRUG FREE SCHOOLS	READING FIRST	TITLE I STIMULUS	RURAL EDUCATION	MICROSOFT SETTLEMENT
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,210
-	-	-	-	-	-	-
-	20,342	1,371	41,417	10,037	20,632	-
-	20,342	1,371	41,417	10,037	20,632	3,210
-	18,763	-	41,417	10,037	20,632	4,436
-	-	1,371	-	-	-	-
-	329	-	-	-	-	-
-	1,250	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	20,342	1,371	41,417	10,037	20,632	4,436
-	-	-	-	-	-	(1,226)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(1,226)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,226)

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, 2010

	TECHNOLOGY FOR EDUCATION	INCENTIVES FOR SCHOOL IMPROVEMENT	LIBRARY GO BONDS	BEGINNING TEACHER MENTORING
REVENUE				
Residential/Non-Residential Taxes	\$ -	\$ -	\$ -	\$ -
Fees Activities	-	-	-	-
Fees-Users	-	-	-	-
Interest Income	-	-	-	-
State and Local Grants	-	-	-	-
State Programs	6,680	-	8,249	659
Federal Program	-	-	-	-
TOTAL REVENUES	6,680	-	8,249	659
EXPENDITURES				
Current				
Instruction	6,680	-	-	659
Support Services-Students	-	-	-	-
Support Services-Instruction	-	-	8,249	-
Support Services-General Administration	-	-	-	-
Food Services-Operations	-	-	-	-
Community Services-operations	-	-	-	-
Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	6,680	-	8,249	659
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change In Fund Balance	-	-	-	-
FUND BALANCE				
June 30, 2009	-	-	-	-
Restatement	-	-	-	-
Restated Fund Balance June 30, 2009	-	-	-	-
FUND BALANCE June 30, 2010	\$ -	\$ -	\$ -	\$ -

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

BREAKFAST FOR ELEMENTARY	READING MATERIALS	STATE DIRECTED ACTIVITIES	RURAL REVITALIZATION	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	14,691
-	-	-	-	20,337
-	-	-	-	32
-	-	-	-	3,210
2,372	-	64,901	-	82,861
-	-	-	-	257,776
<u>2,372</u>	<u>-</u>	<u>64,901</u>	<u>-</u>	<u>378,907</u>
-	-	-	-	142,531
-	-	64,901	-	102,657
-	-	-	-	8,578
-	-	-	-	1,250
2,372	-	-	-	118,683
-	-	-	-	-
-	-	-	-	-
<u>2,372</u>	<u>-</u>	<u>64,901</u>	<u>-</u>	<u>373,699</u>
-	-	-	-	5,208
-	-	-	-	(16,984)
-	-	-	-	(11,776)
-	-	-	-	(11,776)
-	-	-	-	27,424
-	-	-	-	-
-	-	-	-	27,424
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,648</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees-Users	\$ 19,000	\$ 19,000	\$ 20,337	\$ 1,337
Federal Revenue	91,000	91,000	93,663	2,663
TOTAL REVENUE	<u>110,000</u>	<u>110,000</u>	<u>\$ 114,000</u>	<u>\$ 4,000</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 110,000</u>	<u>\$ 110,000</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ 747	\$ (747)
Food Services-Operations	110,000	110,000	109,080	920
TOTAL EXPENDITURES	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 109,827</u>	<u>\$ 173</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 114,000
Differences-Budget to GAAP	
Commodities Received	7,562
Total Revenues (GAAP Basis)	<u>\$ 121,562</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 109,827
Differences-budget to GAAP	
Cost of Commodities Used	7,562
Inventory Adjustment	(330)
Total Expenditures (GAAP Basis)	<u>\$ 117,059</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees Activities	\$ 14,675	\$ 14,675	\$ 14,691	\$ 16
Interest Income	25	25	32	7
TOTAL REVENUE	<u>14,700</u>	<u>14,700</u>	<u>\$ 14,723</u>	<u>\$ 23</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 14,700</u>	<u>\$ 14,700</u>		
EXPENDITURES				
Current				
Instruction	\$ 25,977	\$ 25,977	\$ 12,792	\$ 13,185
TOTAL EXPENDITURES	<u>\$ 25,977</u>	<u>\$ 25,977</u>	<u>\$ 12,792</u>	<u>\$ 13,185</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 14,723
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 14,723</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 12,792
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 12,792</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 65,466	130,932	\$ 50,414	\$ (80,518)
TOTAL REVENUE	<u>65,466</u>	<u>130,932</u>	<u>\$ 50,414</u>	<u>\$ (80,518)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 65,466</u>	<u>\$ 130,932</u>		
EXPENDITURES				
Current				
Instruction	\$ 29,081	\$ 29,081	\$ 12,719	\$ 16,362
Support Services-Students	36,385	36,385	36,385	-
TOTAL EXPENDITURES	<u>\$ 65,466</u>	<u>\$ 65,466</u>	<u>\$ 49,104</u>	<u>\$ 16,362</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 50,414
Differences-Budget to GAAP	
Current Year Receivable	7,714
Prior Year Receivable	(9,024)
Total Revenues (GAAP Basis)	<u>\$ 49,104</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 49,104
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 49,104</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 5,847	\$ 5,847
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>5,847</u>	<u>5,847</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Support Services-Students	\$ -	\$ -	\$ -	\$ -
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)	\$ 5,847
Differences-Budget to GAAP	-
Current Year Receivable	-
Prior Year Receivable	(5,847)
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 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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 13,598	\$ 27,196	\$ 18,866	\$ (8,330)
TOTAL REVENUE	<u>13,598</u>	<u>27,196</u>	<u>\$ 18,866</u>	<u>\$ (8,330)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 13,598</u>	<u>\$ 27,196</u>		
EXPENDITURES				
Current				
Instruction	\$ 13,598	\$ 13,598	\$ 13,648	\$ (50)
TOTAL EXPENDITURES	<u>\$ 13,598</u>	<u>\$ 13,598</u>	<u>\$ 13,648</u>	<u>\$ (50)</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 18,866
Differences-Budget to GAAP	
Prior Year Receivable	(5,218)
Total Revenues (GAAP Basis)	<u>\$ 13,648</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 13,648
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 13,648</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--TEACHER/PRINCIPAL TRAINING

Year Ended June 30, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 10,394	\$ 10,394	\$ 8,857	\$ (1,537)
TOTAL REVENUE	<u>10,394</u>	<u>10,394</u>	<u>8,857</u>	<u>(1,537)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 10,394</u>	<u>\$ 10,394</u>		
EXPENDITURES				
Current				
Instruction	\$ 6,750	\$ 19,249	\$ 18,763	\$ 486
Support Services-Instruction	2,250	330	329	1
Support Services-General Administration	1,394	450	1,250	(800)
TOTAL EXPENDITURES	<u>\$ 10,394</u>	<u>\$ 20,029</u>	<u>\$ 20,342</u>	<u>\$ (313)</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 8,857
Differences-Budget to GAAP	
Current Year Receivable	11,575
Prior Year Receivable	-
Total Revenues (GAAP Basis)	<u>\$ 20,432</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 20,342
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 20,342</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 1,371	\$ 1,371	\$ -	\$ (1,371)
Forest Reserve				-
TOTAL REVENUE	<u>1,371</u>	<u>1,371</u>	<u>\$ -</u>	<u>\$ (1,371)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 1,371</u>	<u>\$ 1,371</u>		
EXPENDITURES				
Current				
Support Services-Students	\$ 1,371	\$ 1,371	\$ 1,371	\$ -
TOTAL EXPENDITURES	<u>\$ 1,371</u>	<u>\$ 1,371</u>	<u>\$ 1,371</u>	<u>\$ -</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 Receivable	1,371
Total Revenues (GAAP Basis)	<u>\$ 1,371</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 1,371
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 1,371</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 82,835	\$ 41,417	\$ 60,909	\$ 19,492
TOTAL REVENUE	<u>82,835</u>	<u>41,417</u>	<u>60,909</u>	<u>19,492</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 82,835</u>	<u>\$ 41,417</u>		
EXPENDITURES				
Current				
Instruction	\$ 82,835	\$ 41,417	\$ 41,417	\$ -
TOTAL EXPENDITURES	<u>\$ 82,835</u>	<u>\$ 41,417</u>	<u>\$ 41,417</u>	<u>\$ -</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 60,909
Differences-Budget to GAAP	
Current Year Receivable	-
Prior Year Receivable	(19,492)
Total Revenues (GAAP Basis)	<u>\$ 41,417</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 41,417
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 41,417</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 STIMULUS

Year Ended June 30, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 5,182	\$ 5,182
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>5,182</u>	<u>5,182</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ 13,137	\$ 13,137	\$ 10,037	\$ 3,100
TOTAL EXPENDITURES	<u>\$ 13,137</u>	<u>\$ 13,137</u>	<u>\$ 10,037</u>	<u>\$ 3,100</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 5,182
Differences-Budget to GAAP	
Current Year Receivable	10,037
Prior Year Receivable	(5,182)
Total Revenues (GAAP Basis)	<u>\$ 10,037</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 10,037
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 10,037</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 20,632	\$ 20,632	\$ 20,632	\$ -
TOTAL REVENUE	<u>20,632</u>	<u>20,632</u>	<u>20,632</u>	<u>\$ -</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 20,632</u>	<u>\$ 20,632</u>		
EXPENDITURES				
Current				
Instruction	\$ 20,632	\$ 20,632	\$ 20,632	\$ -
TOTAL EXPENDITURES	<u>\$ 20,632</u>	<u>\$ 20,632</u>	<u>\$ 20,632</u>	<u>\$ -</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 20,632
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 20,632</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 20,632
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 20,632</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ 4,436	\$ (4,436)
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,436</u>	<u>\$ (4,436)</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	-
Prior Year Deferral	3,210
Total Revenues (GAAP Basis)	<u>\$ 3,210</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 4,436
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 4,436</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ 6,680	\$ (6,680)
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,680</u>	<u>\$ (6,680)</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	(4,650)
Prior Year Deferral	11,330
Total Revenues (GAAP Basis)	<u>\$ 6,680</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 6,680
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 6,680</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--INCENTIVES FOR SCHOOL IMPROVEMENT

Year Ended June 30, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
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)	\$ -
Differences-Budget to GAAP	
Current Year Receivable	3,427
Prior Year Receivable	(3,427)
Current Year Deferral	-
Prior Year Deferral	-
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

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

Year Ended June 30, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Support Services-Instruction	\$ -	\$ -	\$ 8,249	\$ (8,249)
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,249</u>	<u>\$ (8,249)</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 Receivable	9,651
Prior Year Receivable	(1,402)
Total Revenues (GAAP Basis)	<u>\$ 8,249</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 8,249
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 8,249</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ 659	\$ (659)
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 659</u>	<u>\$ (659)</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	(3,659)
Prior Year Deferral	4,318
Total Revenues (GAAP Basis)	<u>\$ 659</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 659
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 659</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 2,549	\$ 2,549	\$ 2,372	\$ (177)
TOTAL REVENUE	<u>2,549</u>	<u>2,549</u>	<u>\$ 2,372</u>	<u>\$ (177)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 2,549</u>	<u>\$ 2,549</u>		
EXPENDITURES				
Current				
Food Services-Operations	\$ 2,372	\$ 2,372	\$ 2,372	\$ -
TOTAL EXPENDITURES	<u>\$ 2,372</u>	<u>\$ 2,372</u>	<u>\$ 2,372</u>	<u>\$ -</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 2,372
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 2,372</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 2,372
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 2,372</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--STATE DIRECTED ACTIVITIES

Year Ended June 30, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 68,935	\$ 68,935	\$ 64,901	\$ (4,034)
TOTAL REVENUE	<u>68,935</u>	<u>68,935</u>	<u>64,901</u>	<u>(4,034)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 68,935</u>	<u>\$ 68,935</u>		
EXPENDITURES				
Current				
Instruction	\$ 43,435	\$ 43,435	\$ -	\$ 43,435
Support Services-Students	25,500	25,500	64,901	(39,401)
TOTAL EXPENDITURES	<u>\$ 68,935</u>	<u>\$ 68,935</u>	<u>\$ 64,901</u>	<u>\$ 4,034</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 64,901
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 64,901</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 64,901
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 64,901</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 REVITALIZATION

Year Ended June 30, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ -	\$ 10,000	\$ 10,000
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
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)	\$ 10,000
Differences-Budget to GAAP	
Current Year Receivable	-
Prior Year Receivable	(10,000)
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, 2010

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
ASSETS					
Cash on Deposit	\$ 113,426	\$ 12,009	\$ 17,065	\$ 21,879	\$ 164,379
Due from Other Funds	133,264				133,264
Due From Other Governments	-				-
Taxes Receivable	99				99
TOTAL ASSETS	\$ 246,789	\$ 12,009	\$ 17,065	\$ 21,879	\$ 297,742
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent Property Taxes	61	-	-	-	61
Accounts Payable	1,196	-	-	-	1,196
	1,257	-	-	-	1,257
FUND BALANCE					
Restricted	-	-	17,065	-	17,065
Unassigned	245,532	12,009	-	21,879	279,420
TOTAL FUND BALANCE	245,532	12,009	17,065	21,879	296,485
TOTAL LIABILITIES AND FUND BALANCE	\$ 246,789	\$ 12,009	\$ 17,065	\$ 21,879	\$ 297,742

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, 2010

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
REVENUE					
Residential/Non-Residential Taxes	\$ 6,741	\$ -	\$ -	\$ -	\$ 6,741
Fees - Educational	1,212	-	-	-	1,212
Rents & Leases	4,839	-	-	8,800	13,639
Refunds	1,687	-	-	-	1,687
Interest Income	784	-	-	-	784
State Equalization	2,235,731	-	-	-	2,235,731
State Programs	-	126,859	9,900	-	136,759
Sale of Property/Equipment	305	-	-	-	305
Donations	800	-	-	-	800
TOTAL REVENUES	2,252,099	126,859	9,900	8,800	2,397,658
EXPENDITURES					
Instruction	1,450,793	-	23,992	-	1,474,785
Support Services					
Support Services-Students	143,116	-	-	-	143,116
Support Services-Instruction	132,436	-	-	-	132,436
Support Services-General Administration	144,602	-	-	-	144,602
Support Services-School Administration	75,683	-	-	-	75,683
Central Services	38,152	-	-	-	38,152
Operation & Maintenance of Plant	281,942	-	-	9,892	291,834
Student Transportation	-	165,063	-	-	165,063
Food Services-Operations	30,980	-	-	-	30,980
Acquisition & Construction	-	-	-	-	-
TOTAL EXPENDITURES	2,297,704	165,063	23,992	9,892	2,496,651
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(45,605)	(38,204)	(14,092)	(1,092)	(98,993)
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN/ TRANSFERS OUT	16,984	-	-	-	16,984
TOTAL OTHER FINANCING SOURCES (USES)					
Net Change In Fund Balance	(28,621)	(38,204)	(14,092)	(1,092)	(82,009)
FUND BALANCE					
June 30, 2009	71,120	50,213	31,157	22,971	175,461
Restatement	203,033	-	-	-	203,033
Restated Fund Balance June 30, 2009	274,153	50,213	31,157	22,971	378,494
FUND BALANCE June 30, 2010	\$ 245,532	\$ 12,009	\$ 17,065	\$ 21,879	\$ 296,485

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, 2010

	General Fund			VARIANCE
	ORIGINAL BUDGET	BUDGET	ACTUAL	Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 9,118	\$ 9,118	\$ 6,754	\$ (2,364)
Rent and Leases	24,600	24,600	12,400	(12,200)
Fees-Users	1,200	1,200	1,212	12
Interest Income	3,200	3,200	784	(2,416)
State Equalization	2,331,266	2,235,156	2,235,731	575
State Flow Through Grants	141,619	141,619	136,759	(4,860)
Impact Aid	-	-	1,239	1,239
Rent	-	800	800	-
Sale of Property/Equipment	-	-	305	305
Refunds	-	-	1,687	1,687
TOTAL REVENUE	<u>2,511,003</u>	<u>2,415,693</u>	<u>\$ 2,397,671</u>	<u>\$ (18,022)</u>
Cash Balance Budgeted	254,604	305,326		
TOTAL REVENUE & CASH	<u>\$ 2,765,607</u>	<u>\$ 2,721,019</u>		
EXPENDITURES				
Current				
Instruction	\$ 1,490,442	\$ 1,490,442	\$ 1,474,785	\$ 15,657
Support Services				
Support Services-Students	157,618	157,618	143,116	14,502
Support Services-Instruction	135,556	136,356	132,436	3,920
Support Services-General Administration	157,607	157,607	144,602	13,005
Support Services-School Administration	84,292	84,292	75,683	8,609
Central Services	42,400	42,400	38,152	4,248
Operation & Maintenance of Plant	446,085	349,975	291,834	58,141
Student Transportation	136,245	186,967	170,279	16,688
Other Support Services	910	910	-	910
Food Services-Operations	56,210	56,210	30,980	25,230
Community Services-operations	-	-	-	-
Acquisition & Construction	21,826	21,826	-	21,826
Principal	21,826	21,826	-	21,826
TOTAL EXPENDITURES	<u>\$ 2,751,017</u>	<u>\$ 2,706,429</u>	<u>\$ 2,501,867</u>	<u>\$ 204,562</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 2,397,671
Differences-Budget to GAAP	
Property tax Receivable	99
Prior Year Tax Receivables	(170)
Current Year Receivable	-
Prior Year Receivable	-
Current Year Deferral	(61)
Prior Year Deferral	119
Commodities Received	-
Total Revenues (GAAP Basis)	<u>\$ 2,397,658</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 2,501,867
Differences-budget to GAAP	
Prior Year Accounts Payable	(5,216)
Total Expenditures (GAAP Basis)	<u>\$ 2,496,651</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 131,245	\$ 131,245	\$ 126,859	\$ (4,386)
TOTAL REVENUE	<u>131,245</u>	<u>131,245</u>	<u>126,859</u>	<u>(4,386)</u>
Cash Balance Budgeted	-	50,722		
TOTAL REVENUE & CASH	<u>\$ 131,245</u>	<u>\$ 181,967</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 131,245	\$ 181,967	\$ 170,279	\$ 11,688
TOTAL EXPENDITURES	<u>\$ 131,245</u>	<u>\$ 181,967</u>	<u>\$ 170,279</u>	<u>\$ 11,688</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 126,859
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 126,859</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 170,279
Differences-budget to GAAP	
Prior Year Accounts Payable	(5,216)
Current Year Accounts Payable	-
Total Expenditures (GAAP Basis)	<u>\$ 165,063</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 10,374	\$ 10,374	\$ 9,900	\$ (474)
TOTAL REVENUE	<u>10,374</u>	<u>10,374</u>	<u>9,900</u>	<u>(474)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 10,374</u>	<u>\$ 10,374</u>		
EXPENDITURES				
Current				
Instruction	\$ 9,221	\$ 9,221	\$ 23,992	\$ (14,771)
Support Services-Instruction	1,153	1,153	-	1,153
TOTAL EXPENDITURES	<u>\$ 10,374</u>	<u>\$ 10,374</u>	<u>23,992</u>	<u>(13,618)</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 9,900
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 9,900</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 23,992
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 23,992</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, 2010

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Rent and Leases	\$ 21,600	\$ 21,600	\$ 8,800	\$ (12,800)
TOTAL REVENUE	<u>\$ 21,600</u>	<u>\$ 21,600</u>	<u>\$ 8,800</u>	<u>\$ (12,800)</u>
Cash Balance Budgeted	\$ 49,052	\$ 49,052		
TOTAL REVENUE & CASH	<u>\$ 70,652</u>	<u>\$ 70,652</u>		
EXPENDITURES				
Current				
Operation & Maintenance of Plant	13,500	13,500	9,892	3,608
Acquisition & Construction	21,826	21,826	-	21,826
TOTAL EXPENDITURES	<u>35,326</u>	<u>35,326</u>	<u>9,892</u>	<u>25,434</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 8,800
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 8,800</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 9,892
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 9,892</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, 2010

	Balance 6/30/2009	ADDITIONS	DEDUCTIONS	Balance 6/30/2010
Goff Memorial	\$ 2,841	\$ -	\$ -	\$ 2,841
Davis Memorial	50	-	-	50
Recycle	10	-	-	10
EPAC	11,025	-	11,025	-
Student Council	1,531	-	1,015	516
Yearbook	3,154	8,099	8,690	2,563
FCCLA	2,710	6,305	4,085	4,930
FFA	5,484	14,027	18,780	731
FCA	838	1,466	1,584	720
Cheerleaders	621	12,577	10,436	2,762
Book Fair	5,018	3,142	3,088	5,072
Jostens	-	334	334	-
Poster	-	560	471	89
A/R Prize Fund	193	-	-	193
Elementary Cheerleaders	306	-	200	106
BPA	33	-	-	33
HS Basketball-Girls	4,297	10,441	5,730	9,008
Football	779	3,501	4,280	-
Activity Account Super	166	-	-	166
Volleyball	1,802	1,906	2,718	990
HS Basketball-Boys	133	-	-	133
Track	105	-	35	70
Baseball	192	1,951	781	1,362
Booster Club	16,065	5,122	7,806	13,381
Poetry	649	-	649	-
Vending	2,048	13,214	13,315	1,947
Elementary Fund	825	578	1,392	11
Music Booster Club	1,856	392	473	1,775
Class of 2010	5,037	11,761	15,151	1,647
Class of 2011	3,119	8,709	5,135	6,693
Class of 2012	1,016	1,092	672	1,436
Class of 2013	224	551	50	725
Class of 2014	154	791	25	920
Class of 2015	950	1,060	886	1,124
Class of 2016	92	775	-	867
Class of 2017	766	786	393	1,159
Class of 2018	71	785	700	156
Class of 2019	213	511	505	219
Class of 2020	481	647	367	761
Class of 2021	55	348	110	293
Class of 2022	-	515	252	263
Class of 2023	-	503	407	96
Special Ed	475	-	-	475
Returned Check	80	-	80	-
Total	\$ 75,464	\$ 112,449	\$ 121,620	\$ 66,293

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

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2010

	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM EXPENDITURES
<u>US DEPARTMENT OF EDUCATION</u>			
Passed through the State Department of Education			
Title I	<1> 84.010	24101	\$ 104,221
SEG Federal Stimulus	<1> 84.394	25250	216,782
IDEA-B Entitlement	84.027	24106	49,104
IDEA-B Preschool	84.027	24109	13,648
Teacher/Principal Training	84.367	24154	20,342
Safe & Drug Free Schools	84.186	24157	1,371
Reading First	93.7780	24167	41,417
Title I Federal Stimulus	84.389	24201	10,037
Rural Education	84.358	25233	20,632
TOTAL PASS THROUGH GRANTS			<u>477,554</u>
TOTAL DEPARTMENT OF EDUCATION			<u>477,554</u>
<u>US DEPARTMENT OF AGRICULTURE</u>			
Passed Through State Department of Education			
National School Lunch Program	10.555	21000	110,897
Commodities Received	10.555	21000	7,562
TOTAL DEPARTMENT OF AGRICULTURE			<u>118,459</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 596,013</u>

<1> Major Program

Note 1 This schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2 Non-Monetary assistance is reported in the schedule at the fair market value of the commodities received.

See Independent Auditor's Report

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2010

	Total Deposits	FDIC Insurance	Uninsured Deposits	Collateral Required	Collateral Pledged	Uninsured/ Uncollateralized Deposits	Pledged Collateral Deficit
PORTALES NATIONAL BANK	\$ 335,320	\$ 250,000	\$ 85,320	\$ 42,660	\$ 153,198	\$ -	\$ -
COLLATERAL		MATURES					
FHLMC - 3128X9KL3	\$ 100,489	11/5/2012					
FHLMC - 3128X3K69	52,709	11/15/2011					
	<u>\$ 153,198</u>						
COLLATERAL IS HELD AT							
NEW MEXICO STATE TREASURY	\$ 60,613	\$ -	\$ 60,613	\$ 60,613	\$ 60,613	\$ -	\$ -

SECURITIES HELD BY THE INDEPENDENT BANKERS BANK

See Independent Auditor's Report

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS

BANK SUMMARY

JUNE 30, 2010

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING CHECKS	OUTSTANDING DEPOSITS	NET CASH BALANCE
PORTALES NATIONAL BANK	Checking	Operational	* \$ 86,210	\$ 58,328	\$ -	\$ 27,882
	Checking	Capital Improvement	* 70,119	493	-	69,626
	Checking	Cafeteria	2,547	87	-	2,460
	Checking	Athletics	* 12,162	-	-	12,162
	Checking	Activities	* 69,066	3,264	425	66,227
	Checking	Federal tax withheld	99,945	-	-	99,945
	Checking	Federal Programs	-	-	-	-
	Checking	Payroll Clearing	(4,729)	-	-	(4,729)
Total PORTALES NATIONAL BANK			<u>335,320</u>	<u>62,172</u>	<u>-</u>	<u>273,573</u>
New Mexico State Treasurer	C.D.	Activity	* 66			66
New Mexico State Treasurer	C.D.	Operational	* 60,547	-		60,547
Total New Mexico Treasurer			<u>60,613</u>			<u>60,613</u>
Total All Accounts			<u>\$ 395,933</u>	<u>\$ 62,172</u>	<u>\$ -</u>	<u>\$ 334,186</u>

* Interest Bearing

See Independent Auditor's Report

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS

BANK RECONCILIATION

June 30, 2010

	OPERATIONAL	TRANSP.	FOOD SERVICES	ATHLETICS	FEDERAL PROJECTS	LOCAL/STATE ACCOUNT
Audited Net Cash						
JUNE 30, 2009	\$ 323,209	\$ 55,429	\$ 16,950	\$ 10,231	\$ (113,927)	\$ (11,135)
Investments on hand/Loans	-	-	-	-	-	-
TOTAL CASH BALANCE						
JUNE 30, 2009	323,209	55,429	16,950	10,231	(113,927)	(11,135)
2009-2010 Revenue	2,252,099	126,859	121,562	14,723	341,925	77,273
Transfers In & Due From	16,984	-	-	-	-	-
TOTAL AVAILABLE CASH	2,592,292	182,288	138,512	24,954	227,998	66,138
2009-2010 Expenditures	2,297,704	165,063	117,059	12,792	470,327	87,297
Loans to other funds	-	-	16,984	-	-	-
Transfers Out & Due To	-	-	-	-	-	-
	2,297,704	165,063	134,043	12,792	470,327	87,297
Reconciling Items	(47,898)	(5,216)	(2,010)	-	134,235	15,257
Cash in Clearing Accounts	-	-	-	-	-	-
Restated Cash Balance	-	-	-	-	-	-
NET CASH, JUNE 30, 2010	\$ 246,690	\$ 12,009	\$ 2,459	\$ 12,162	\$ (108,094)	\$ (5,902)

See Independent Auditor's Report

SB-9	ACTIVITIES	INSTRUCTIONAL MATERIALS	PSCO 20%	TEACHERAGE
\$ 90,010	\$ 75,533	\$ 31,177	\$ 1,433	\$ 22,971
-	-	-	-	-
90,010	75,533	31,177	1,433	22,971
28,428	112,449	9,900	-	8,800
-	-	-	-	-
118,438	187,982	41,077	1,433	31,771
49,446	121,620	23,992	759	9,892
-	-	-	-	-
49,446	121,620	23,992	759	9,892
(41)	(69)	(20)	-	-
<u>\$ 68,951</u>	<u>\$ 66,293</u>	<u>\$ 17,065</u>	<u>\$ 674</u>	<u>\$ 21,879</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 were engaged to audit the financial statements of the governmental activities, the business-type 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 the *agency* as of and for the year ended June 30, 2010, and have issued our report thereon dated June 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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 questioned costs to be material weaknesses. 07-02 and 08-07.

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, 08-02, 08-03, 08-05, 08-09, 08-10, 2010-01, 2010-02, and 2010-03.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Districts 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 questioned costs as items 06-01, 06-02, 06-03, 07-02 08-07 and 10-04.

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 *agency'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.

A handwritten signature in black ink that reads "Woodard, Lewis & Co." The signature is written in a cursive style with a small "i" above the "s" in "Lewis".

Portales, New Mexico
June 11, 2012

Woodard, Cowen & Co.

Certified Public Accountants

OMB Circular A-133 Report on Compliance and Internal Control over Compliance—with Qualified Opinion on Compliance; Material Weaknesses and Significant Deficiencies

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

We have audited the compliance of Floyd Municipal Schools with the types of compliance requirement described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Floyd Municipal Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Floyd Municipal Schools' management. Our responsibility is to express an opinion on Floyd Municipal Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Floyd Municipal Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Floyd Municipal Schools' compliance with those requirements.

As described in item 2010-04 in the accompanying schedule of findings and questioned costs, the District, did not comply with requirements regarding the timely submission of the data collection form and the reporting package to the federal clearing house that are applicable to its major program SEG Federal Stimulus. Compliance with such requirements is necessary, in our opinion, for the District, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Floyd Municipal Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Floyd Municipal Schools' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Floyd Municipal Schools' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We were engaged to audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund. This report is intended solely for the information and use of Management, School Board, others within the entity, the Office of the State Auditor, the New Mexico Public Education Department, the New Mexico State Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Portales, New Mexico
June 11, 2012

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

June 30, 2010

PRIOR YEAR AUDIT FINDINGS

LATE REPORT 06-01

Statement of Condition: The report was submitted to the State Auditor's office March 20, 2012 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. Transfers totaling \$518,791 were not recorded.

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

Status: Revised and repeated.

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.

Recommendation: Expenditures should be supported by vendor invoice.

Status: Resolved.

INVOICE DATE PRECEDES PURCHASE ORDER DATE 08-02

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

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.

Status: Revised and repeated.

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

June 30, 2010

PRIOR YEAR AUDIT FINDINGS

INVOICE AMOUNT EXCEEDS PURCHASE ORDER AMOUNT 08-03

Statement of Condition: Eighteen of the disbursements reviewed had invoice amounts that exceeded the purchase order amounts.

Recommendation: Purchase orders should be completed prior to purchase and made for an amount sufficient to encumber enough available funds to cover the expenditure.

Status: Revised and repeated.

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.

Recommendation: Purchases on blanket purchase orders should be applied with each disbursement in order to accurately track available budget amounts.

Status: Revised and repeated.

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.

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

Status: Revised and repeated.

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.

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

Status: Revised and repeated.

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.

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.

Status: Revised and repeated.

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

June 30, 2010

PRIOR YEAR AUDIT FINDINGS

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.

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.

Status: Revised and repeated.

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.

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.

Status: Revised and repeated.

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 February 2009 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.

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.

Status: Revised and repeated.

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

JUNE 30, 2010

I. SUMMARY OF AUDITOR'S RESULTS:

Report on Financial Statements	Disclaimer of Opinion
Reportable Conditions on GAGAS	06-01, 06-02, 06-03, 07-01, 08-02, 08-03, 08-05, 08-09, 08-10, 10-01, 10-02 & 10-03.
Material Weakness involving Reportable Condition	07-02, and 08-07.
Material Noncompliance	None
Questioned Cost	None
Type A & Type B Dollar Threshold	\$300,000
Entity Risk	High Risk
Report on Compliance with Major Programs	Qualified
II FEDERAL PROGRAM FINDINGS:	10-04

III FINANCIAL STATEMENT FINDINGS:

LATE REPORT 06-01 (Repeated & Revised)

Statement of Condition:	The report was submitted to the State Auditor's office March 20, 2012 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.

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

JUNE 30, 2010

III FINANCIAL STATEMENT FINDINGS (continued):

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

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.

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. SEG Stimulus Instruction \$14,288, Senate Bill Nine Support Services \$186, Senate Bill Nine Acquisition & Construction \$20,234 Cafeteria Instruction \$747, IDEA-B Preschool Instruction \$50, Teacher/Principal Training Support Services \$799, Microsoft Settlement – Instruction \$4,436, Technology for Education Instruction \$6,680 Library GO Bonds Support Services \$8,249, Beginning Teacher Mentoring Instruction \$659, State Directed Activities Support Services \$39,401, and Instructional Materials Instruction \$14,771.

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.

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

JUNE 30, 2010

III FINANCIAL STATEMENT FINDINGS (continued):

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.

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 \$16,984 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.

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

JUNE 30, 2010

III FINANCIAL STATEMENT FINDINGS (continued):

INVOICE DATE PRECEDES PURCHASE ORDER DATE 08-02 (Repeated and revised)

Statement of Condition: Three 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.

INVOICE AMOUNT EXCEEDS PURCHASE ORDER AMOUNT 08-03 (Repeated and revised)

Statement of Condition: Twenty-one of the disbursements reviewed had invoice amounts that exceeded the purchase order amounts.

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.

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

JUNE 30, 2010

III FINANCIAL STATEMENT FINDINGS (continued):

PURCHASE ORDERS CHANGED BY HAND 08-05 (Repeated and revised)

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.

CLEARING ACCOUNT TRANSACTIONS NOT RECORDED 08-07 (Repeated and revised)

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.

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

JUNE 30, 2009

III FINANCIAL STATEMENT FINDINGS (continued):

PREPARATION OF FINANCIAL STATEMENTS 08-09 (Repeated and revised)

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.

POSSIBLE VIOLATION OF THE 24-HOUR RULE – 2008-10 (Repeated and revised)

Statement of Condition: Upon review of Activity Funds deposits of the activity fund collections in January 2010 we were not able to determine that deposits were being deposited within the required 24-hour period. The District does not require each teacher or sponsor that collects funds to receipt the student or individual giving the funds. Therefore the collection date is not documented

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 documented by receipt at the collection point. There is no documentation to support the District's assertion that deposits are made timely.

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

JUNE 30, 2010

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. Teachers and sponsors should give a receipt to each student or individual from whom they collect funds. 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 will implement a procedure for receipting of activity funds for the 2012-2013 school year.

NO BUDGET AUTHORITY – 2010-01

Statement of Condition: The following funds had expenditures yet no budget or budget adjustment request was made: Microsoft Settlement, Technology for Education, Library GO Bonds, and Beginning Teacher Mentoring Program.

Criteria: NMAC 6.20.2.9 requires that school districts have budget authority for all spending.

Cause: District administration failed to budget available cash or submit a budget adjustment request when notified by PED regarding unspent funds.

Effect: The District spent funds without proper authority and in one instance (See finding 2010-02) spent money it did not have.

Recommendation: District administration should budget available cash balances and submit budget adjustment request when new funding becomes available. District personnel should also pay attention to the District's accounting software which alerts when an expenditure is charged to a fund without an available budget.

Response: Management concurs with the recommendation.

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

JUNE 30, 2010

III FINANCIAL STATEMENT FINDINGS (continued):

DEFICIENT FUND BALANCE – 2010-02

Statement of Condition: The fund Microsoft Settlement had a deficient fund balance at the end of the year.

Criteria: 6.20.2 NMAC and other state statute prohibits any governmental agency from encumbering future funds.

Cause: The District did not have a budget in place for this fund, nor had the District maintained adequate cash records to know how much was available for this fund.

Effect: The District spent funds that were not available for this fund. The operational fund will have to cover the negative balance.

Recommendation: The District should submit budgets as required and adhere to the controls built into the accounting software. The software alerts the user when there is no budget for an expenditure.

Response: Management concurs with the recommendation.

INADEQUATE SCHEDULE FOR CHANGES IN ACTIVITY FUND BALANCES – 2010-03

Statement of Condition: The handwritten schedule of changes in activity fund balances did not agree to the beginning balance, was not mathematically accurate, and did not agree to the ending balance. However the trial balances in the accounting software did agree.

Criteria: 6.20.2.14 (F) NMAC requires that adequate cash ledgers be maintained for all District funds.

Cause: District personnel relied on handwritten records rather than the records maintained in the accounting software.

Effect: There is an initial appearance that activity fund records are not being maintained accurately. District personnel are taking unnecessary steps to maintain records by hand that are maintained automatically through the accounting software.

Recommendation: District personnel should not maintain any cash records by hand, but should use the accounting software which has controls in place and is more accurate. District personnel can summarize the activity fund detailed trial balance data to assist in preparing the necessary reports. Any summary should however agree with the accounting software data.

Response: District personnel have already discontinued the practice of handwritten records and are fully utilizing the tools available in the accounting software.

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

JUNE 30, 2010

III FINANCIAL STATEMENT FINDINGS (continued):

LATE SUBMISSION OF THE DATA COLLECTION FORM 09-01

Statement of Condition:	The data collection form and reporting package will not be submitted to the federal clearinghouse or to federal agencies within nine months of the fiscal year end.
Criteria:	OMB Circular A-133 requires the data collections form and reporting package to be submitted to the federal clearinghouse and federal agencies nine months after the entity's year end for entities receiving federal funding.
Cause:	The June 30, 2010 audit was not completed in time to submit the data collection form within the nine month time frame.
Effect:	The data collection form and reporting package will not be submitted by the nine month deadline. Therefore the Department of Education will not have the data available to evaluate subsequent years' needs or to evaluate performance of the program.
Recommendation:	The District should work diligently to correct its records and improve its controls so that an audit can be completed in a timely manner.
Response:	Management concurs with recommendation.

STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS

Year Ended June 30, 2010

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 June 11, 2012. Present were Paul Benoit, Superintendent; Margie Plummer, Business Manager; and Leon Nall, Board of Education President. Our firm was represented by Gayland Cowen, CPA and John P. McKinley, Jr., CPA.