

**STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS**

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
JUNE 30, 2011**

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

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 JUNE 30, 2011

TABLE OF CONTENTS

Table of Contents	i – ii
Official Roster	iii
Independent Auditor's Report	iv – vv

FINANCIAL SECTION

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets	1
Statement of Activities	2

Fund Financial Statements:

Balance Sheet – Governmental Funds	3-4
Reconciliation of the Balance Sheet – All Governmental Funds to The Statement of Net Assets	5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	6-7
Reconciliation of the Statements of Revenue, Expenditures, and Changes In Fund Balance – All Governmental Funds to the Statement of Activities Major Funds:	8
Combined Statements of Revenues, Expenditures – Budget (Non-GAAP) And Actual – General Fund	9
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual- Special Revenue Fund – Title I	10
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual- Special Revenue Fund – IDEA-B Entitlement	11
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual- Special Revenue Fund – Entitlement Stimulus	12
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual- Special Revenue Fund – Senate Bill 9	13
Statement of Fiduciary Net Assets	14

NOTES TO FINANCIAL STATEMENTS	15 – 27
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NON-MAJOR FUNDS

Capital Projects Fund – Fund Description	28
Special Revenue Funds – Fund Descriptions	28 – 29
Combining Balance Sheet – Capital Project Funds – Non-Major Governmental Funds	30
Combining Statements of Revenue, Expenditures, and Changes in Fund Balance – Capital Project Funds – Non-Major Governmental Funds	31
Combining Balance Sheet – Non-Major Governmental Funds – Special Revenue Funds	32 – 35
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds – Special Revenue Funds	36 – 39
Cafeteria – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	40
Athletics – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	41
IDEA-B Preschool – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	42
Teacher/Principal Training – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	43

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 JUNE 30, 2011

TABLE OF CONTENTS

NON-MAJOR FUNDS (continued)

Title IV-Safe and Drug Free Schools – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	44
Title I Stimulus – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	45
Preschool Federal Stimulus – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	46
Elementary Breakfast Federal Stimulus – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	47
Rural Education – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	48
SEG Stimulus – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	49
Education Job Fund – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	50
State Directed Activities – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	51
 Major Funds	
Combining Balance Sheet – General Fund	52
Combining Statement of Revenue, Expenditure and Changes in Fund Balance – General Fund	53
Statement of Revenue & Expenditures – Budget & Actual (Non-GAAP) Budgetary Basis – General Fund – Operational	54
Statement of Revenue & Expenditures – Budget & Actual (Non-GAAP) Budgetary Basis – General Fund – Transportation	55
Statement of Revenue & Expenditures – Budget & Actual (Non-GAAP) Budgetary Basis – General Fund – Instructional Materials	56
Statement of Revenue & Expenditures – Budget & Actual (Non-GAAP) Budgetary Basis – General Fund – Teacherage	57
 OTHER SUPPLEMENTAL INFORMATION	
Schedule of Changes in Assets and Liabilities – Agency Fund	58
Schedule Expenditures of Federal Awards	59
Schedule of Pledged Collateral	60
Bank Summary	61
Bank Reconciliation	62 – 63
 Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	 64 - 65
 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	 66 - 67
 Prior Year Audit Findings	 68 - 70
Schedule of Findings and Responses	71 – 77
Exit Conference	78

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, 2011, 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, 2011, 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.

The cash accounts of seven funds could not be determined. A restatement to the District's operating account had to be made to bring the cash into balance.

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 29, 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.

Woodard, Lewis & Co.

June 29, 2012
Portales, New Mexico

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 312,513
Property Taxes Receivable	849
Due From Other Agencies	154,099
Inventory	2,285
Non-current:	
Capital assets, net	<u>1,361,019</u>
Total assets	<u>1,830,765</u>
<u>LIABILITIES</u>	
Current:	
Accounts payable	-
Deferred Revenue	19,756
Non Current:	
Compensated Leave	<u>27,481</u>
Total liabilities	<u>47,237</u>
<u>NET ASSETS</u>	
Invested in capital assets	1,361,019
Restricted for:	
Capital Projects	208
Inventory	2,285
Instructional Materials	21,386
Cafeteria	21,500
Athletics	13,784
Senate Bill Nine	107,331
Unrestricted	<u>256,015</u>
Total net assets	<u>\$ 1,783,528</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, 2011

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	\$ 1,802,336	\$ 9,710	\$ 358,755	\$ -	\$ (1,433,871)
Support Services					
Support Services-Students	245,194	13	70,421	-	(174,760)
Support Services-Instruction	70,780	-	1,931	-	(68,849)
Support Services-General Administration	142,240	-	2,792	-	(139,448)
Support Services-School Administration	142,208	-	-	-	(142,208)
Central Services	29,055	-	-	-	(29,055)
Operation & Maintenance of Plant	401,291	-	24,852	98,557	(277,882)
Student Transportation	130,204	-	118,196	-	(12,008)
Other Support Services	-	-	-	-	-
Food Services-Operations	150,639	-	100,595	-	(50,044)
Community Services-operations	-	-	-	-	-
Depreciation-unallocated	150,590	-	-	-	(150,590)
Unallocated	-	16,630	7,379	18,375	42,384
Total governmental activities	\$ 3,264,537	\$ 26,353	\$ 684,921	\$ 116,932	\$ (2,436,331)

General revenues:

Property taxes:		
Levied for General purpose		\$ 3,926
Levied for Capital Projects		15,741
Rent		15,174
PED Equalization Guarantee		2,341,977
Refunds		82
Unrestricted interest income		672
Donations		1,101
Miscellaneous		378
Insurance Recovery		4,662
Sale of Property, Plant, & Equipment		590
Federal Programs		-
	Total general revenues	\$ 2,384,303
	Change in net assets	\$ (52,028)
	Net assets - beginning	1,828,899
	Restatement	6,657
	Restated Balance	1,835,556
	Net assets - ending	\$ 1,783,528

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

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2011

	<u>GENERAL</u>	<u>TITLE I</u>	<u>IDEA-B ENTITLEMENT</u>	<u>ENTITLEMENT STIMULUS</u>
ASSETS				
Cash on Deposit	\$ 154,178	\$ -	\$ -	\$ -
Due from Other Funds	154,099	-	-	-
Due from Other Governments	-	17,994	60,440	36,746
Property Taxes Receivable	167	-	-	-
Inventory	-	-	-	-
TOTAL ASSETS	<u>\$ 308,444</u>	<u>\$ 17,994</u>	<u>\$ 60,440</u>	<u>\$ 36,746</u>
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	95	-	-	-
Delinquent Property taxes	-	-	-	-
Due to Other Funds	-	17,994	60,440	36,746
TOTAL LIABILITIES	95	17,994	60,440	36,746
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	21,386	-	-	-
Unassigned	286,963	-	-	-
TOTAL FUND BALANCE	<u>308,349</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 308,444</u>	<u>\$ 17,994</u>	<u>\$ 60,440</u>	<u>\$ 36,746</u>

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

SENATE BILL 9	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ 107,042	\$ 51,293	\$ 312,513
-	-	154,099
-	38,919	154,099
682	-	849
-	2,285	2,285
<u>\$ 107,724</u>	<u>\$ 92,497</u>	<u>\$ 623,845</u>
\$ -	\$ -	\$ -
393	19,268	19,756
-	-	-
-	38,919	154,099
393	58,187	173,855
-	2,285	2,285
-	32,025	53,411
107,331	-	394,294
<u>107,331</u>	<u>34,310</u>	<u>449,990</u>
<u>\$ 107,724</u>	<u>\$ 92,497</u>	<u>\$ 623,845</u>

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

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

June 30, 2011

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

Fund Balances - total governmental funds	\$	449,990
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		1,361,019
Compensated leave		(27,481)
Net assets of governmental activities	\$	<u>1,783,528</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, 2011

	GENERAL	TITLE I	IDEA-B ENTITLEMENT	ENTITLEMENT STIMULUS
REVENUE				
Residential/Non-Residential Taxes	3,926	\$ -	\$ -	\$ -
Rent and Leases	15,174	-	-	-
Refunds	82	-	-	-
Fees Activities	1,275	-	-	-
Fees-Users	-	-	-	-
Interest Income	630	-	-	-
State Equalization	2,341,977	-	-	-
State Flow Through Grants	127,284	-	-	-
State Programs	-	-	-	-
Sale of Property/Equipment	590	-	-	-
Refunds	378	-	-	-
Donations	1,101	-	-	-
Insurance Recoveries	455	-	-	-
Federal Program	-	97,230	95,605	58,856
TOTAL REVENUES	2,492,872	97,230	95,605	58,856
EXPENDITURES				
Current				
Instruction	1,435,278	97,230	52,290	58,856
Support Services				
Support Services-Students	174,760	-	43,315	-
Support Services-Instruction	68,848	-	-	-
Support Services-General Administration	139,448	-	-	-
Support Services-School Administration	142,069	-	-	-
Central Services	29,055	-	-	-
Operation & Maintenance of Plant	317,927	-	-	-
Student Transportation	130,204	-	-	-
Food Services-Operations	50,076	-	-	-
Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	2,487,665	97,230	95,605	58,856
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	5,207	-	-	-
Other Financing Sources				
Transfers In<Out>	-	-	-	-
Total Other Financial Sources	-	-	-	-
Net Change In Fund Balances	5,207	-	-	-
FUND BALANCE				
June 30, 2010	296,485	-	-	-
Restatement	6,657	-	-	-
Restated Fund Balance June 30, 2009	303,142	-	-	-
FUND BALANCE June 30, 2011	\$ 308,349	\$ -	\$ -	\$ -

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

SENATE BILL 9	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ 15,741	\$ -	\$ 19,667
-	-	15,174
-	-	82
-	11,336	12,611
-	13,742	13,742
33	9	672
-	-	2,341,977
-	-	127,284
116,932	51,309	168,241
-	-	590
-	-	378
-	-	1,101
4,207	-	4,662
-	254,637	506,328
<u>136,913</u>	<u>331,033</u>	<u>3,212,509</u>
-	155,321	1,798,975
-	27,119	245,194
-	1,932	70,780
-	2,792	142,240
139	-	142,208
-	-	29,055
-	24,852	342,779
-	-	130,204
-	100,563	150,639
98,557	466	99,023
<u>98,696</u>	<u>313,045</u>	<u>3,151,097</u>
38,217	17,988	61,412
-	-	-
-	-	-
38,217	17,988	61,412
69,114	16,322	381,921
-	-	6,657
<u>69,114</u>	<u>16,322</u>	<u>388,578</u>
<u>\$ 107,331</u>	<u>\$ 34,310</u>	<u>\$ 449,990</u>

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

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

Year Ended June 30, 2011

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

Net change in fund balance - total governmental funds	\$	61,412
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		(110,079)
Increase in compensated absences		(3,361)
		<hr/>
Change in Net Assets	\$	<u>(52,028)</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, 2011

	General Fund			VARIANCE
	ORIGINAL BUDGET	BUDGET	ACTUAL	Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 7,825	\$ 7,825	\$ 3,892	\$ (3,933)
Rent and Leases	24,600	24,600	14,300	(10,300)
Fees-Users	-	-	1,275	1,275
Interest Income	550	550	630	80
State Equalization	2,406,921	2,339,680	2,341,977	2,297
State Flow Through Grants	134,143	132,773	127,284	(5,489)
Impact Aid	2,400	2,400	874	(1,526)
Rent	-	-	1,101	1,101
Sale of Property/Equipment	-	-	590	590
Special Assessments (REC)	-	-	378	378
Refunds	1,100	1,100	82	(1,018)
Insurance Recoveries	-	-	455	455
TOTAL REVENUE	<u>2,577,539</u>	<u>2,508,928</u>	<u>\$ 2,492,838</u>	<u>\$ (16,090)</u>
Cash Balance Budgeted	<u>181,040</u>	<u>187,044</u>		
TOTAL REVENUE & CASH	<u>\$ 2,758,579</u>	<u>\$ 2,695,972</u>		
EXPENDITURES				
Current				
Instruction	\$ 1,646,890	\$ 1,568,809	\$ 1,435,278	\$ 133,531
Support Services	-	-	-	-
Support Services-Students	151,250	151,250	174,760	(23,510)
Support Services-Instruction	62,338	62,338	68,848	(6,510)
Support Services-General Administration	160,617	171,457	139,448	32,009
Support Services-School Administration	159,704	159,704	142,069	17,635
Central Services	31,200	31,200	29,055	2,145
Operation & Maintenance of Plant	376,810	376,810	317,927	58,883
Student Transportation	125,570	130,204	130,204	-
Other Support Services	975	975	-	975
Food Services-Operations	43,225	43,225	50,076	(6,851)
TOTAL EXPENDITURES	<u>\$ 2,758,579</u>	<u>\$ 2,695,972</u>	<u>\$ 2,487,665</u>	<u>\$ 208,307</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 2,492,838
Differences-Budget to GAAP	
Property tax Receivable	167
Prior Year Tax Receivables	(99)
Current Year Deferral	(95)
Prior Year Deferral	61
Total Revenues (GAAP Basis)	<u>\$ 2,492,872</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 2,487,665
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 2,487,665</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, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 88,076	\$ 97,743	\$ 120,188	\$ 22,445
TOTAL REVENUE	<u>88,076</u>	<u>97,743</u>	<u>\$ 120,188</u>	<u>\$ 22,445</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 88,076</u>	<u>\$ 97,743</u>		
EXPENDITURES				
Current				
Instruction	\$ 88,076	\$ 97,743	\$ 97,230	\$ 513
TOTAL EXPENDITURES	<u>\$ 88,076</u>	<u>\$ 97,743</u>	<u>\$ 97,230</u>	<u>\$ 513</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 120,188
Differences-Budget to GAAP	
Current Year Receivable	17,994
Prior Year Receivable	(40,952)
Total Revenues (GAAP Basis)	<u>\$ 97,230</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 97,230
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 97,230</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, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 67,144	\$ 134,343	\$ 42,879	\$ (91,464)
TOTAL REVENUE	<u>67,144</u>	<u>134,343</u>	<u>42,879</u>	<u>(91,464)</u>
 Cash Balance Budgeted	 -	 -		
TOTAL REVENUE & CASH	<u>\$ 67,144</u>	<u>\$ 134,343</u>		
 EXPENDITURES				
Current				
Instruction	\$ 30,271	\$ 74,201	\$ 52,290	\$ 21,911
Support Services				-
Support Services-Students	36,873	60,142	43,315	16,827
TOTAL EXPENDITURES	<u>\$ 67,144</u>	<u>\$ 134,343</u>	<u>\$ 95,605</u>	<u>\$ 38,738</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 42,879
Differences-Budget to GAAP	
Current Year Receivable	60,440
Prior Year Receivable	(7,714)
Total Revenues (GAAP Basis)	<u>\$ 95,605</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 95,605
Total Expenditures (GAAP Basis)	<u>\$ 95,605</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 ENTITLEMENT STIMULUS

Year Ended June 30, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 30,003	\$ 58,856	\$ 22,110	\$ (36,746)
TOTAL REVENUE	<u>30,003</u>	<u>58,856</u>	<u>22,110</u>	<u>(36,746)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 30,003</u>	<u>\$ 58,856</u>		
EXPENDITURES				
Current				
Instruction	\$ 30,003	\$ 58,856	\$ 58,856	\$ -
TOTAL EXPENDITURES	<u>\$ 30,003</u>	<u>\$ 58,856</u>	<u>\$ 58,856</u>	<u>\$ -</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 22,110
Differences-Budget to GAAP	36,746
Current Year Receivable	-
Prior Year Receivable	-
Total Revenues (GAAP Basis)	<u>\$ 58,856</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 58,856
Differences-budget to GAAP	-
Total Expenditures (GAAP Basis)	<u>\$ 58,856</u>

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

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 32,694	\$ 32,694	\$ 15,615	\$ (17,079)
Interest Income	164	164	33	(131)
State Flow Through Grants	245,894	245,894	116,932	(128,962)
Insurance Recoveries			4,207	4,207
TOTAL REVENUE	<u>278,752</u>	<u>278,752</u>	<u>\$ 136,787</u>	<u>\$ (141,965)</u>
Cash Balance Budgeted	<u>68,880</u>	<u>68,880</u>		
TOTAL REVENUE & CASH	<u>\$ 347,632</u>	<u>\$ 347,632</u>		
EXPENDITURES				
Current				
Instruction				-
Support Services	\$ -	\$ -	\$ 139	\$ (139)
Acquisition & Construction	347,632	347,632	98,557	249,075
TOTAL EXPENDITURES	<u>\$ 347,632</u>	<u>\$ 347,632</u>	<u>\$ 98,696</u>	<u>\$ 248,936</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 136,787
Differences-Budget to GAAP	
Property tax Receivable	682
Prior Year Tax Receivables	(414)
Current Year Deferral	(393)
Prior Year Deferral	251
Total Revenues (GAAP Basis)	<u>\$ 136,913</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 98,696
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 98,696</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, 2011

ASSETS

Pooled cash	\$ 70,016
Due from other Governments	-
Total Assets	<u>\$ 70,016</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Due to Student Groups	<u>\$ 70,016</u>
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The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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, 2011

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.

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.

ENTITLEMENT FEDERAL STIMULUS – Additional funding provided by the federal stimulus funds under the American Recovery and Reinvestment Act to supplement the District's IDEA-B programs.

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.

STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

I. Summary of Significant Accounting Policies (continued)

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 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 2011 fiscal year was \$16,486,867. 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.

STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

1. Summary of Significant Accounting Policies (continued)

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

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.

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, 2011, 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.

STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

I. Summary of Significant Accounting Policies (continued)

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

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.

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 \$2,341,977 in state equalization guarantee distributions during the year ended June 30, 2011.

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 \$118,196 in transportation distributions during the year ended June 30, 2011.

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 (\$110,079) difference are as follows:

Capital Outlay	\$ 40,511
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>(110,079)</u>

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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., each 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, 2011 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 2,758,579	\$ 2,695,972
Special Revenue Fund	796,234	909,857
Capital Projects Fund	674	674
Totals	<u>\$ 3,555,487</u>	<u>\$ 3,606,503</u>

STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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, 2011, the carrying amount of the District's deposits was \$321,637 and the bank balance was \$371,930. Of this balance \$250,000 was covered by federal depository insurance and \$60,965 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, 2011, the investments held in the LGIP had an interest risk (WAM) of 36 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, 2011, \$0 of the District's deposits totaling \$371,930 was exposed to custodial credit risk.

Uninsured and Uncollateralized

\$0

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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	\$ 17,994
IDEA-B Entitlement	60,440
Entitlement Stimulus	36,746
IDEA-B Preschool	2,506
Teacher/Principal Training	13,821
Title I Stimulus	2,627
Preschool Federal Stimulus	1,110
Incentives for School Improvement	3,427
Library GO Bonds	9,651
State Directed Activities	<u>5,777</u>
Total due to Operational Fund	\$ 154,099
Total Due to/Due From	\$ <u>154,099</u>

The balance of \$154,099 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	488
Total deferred/unearned revenue	
For governmental funds	\$ <u>19,756</u>

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2011

IV. Detailed notes on all funds (continued)

D. Receivables

Due from other governments:

Title I	\$ 17,994
IDEA-B Entitlement	60,440
Entitlement Stimulus	36,746
IDEA-B Preschool	2,506
Teacher/Principal Training	13,821
Title I Stimulus	2,627
Preschool Federal Stimulus	1,110
Incentives for School Improvement	3,427
Library GO Bonds	9,651
State Directed Activities	5,777
Total due from other governments	<u>\$ 154,099</u>

Due from local taxes

General	\$ 167
Senate Bill Nine	682
Total Property Tax Receivable	<u>\$ 849</u>

E. Capital Assets

Capital asset activity for the year ended June 30, 2011, 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	9,726,212	14,510	-	9,740,722
Equipment	1,505,895	26,001	-	1,531,896
Total Capital assets being depreciated	11,232,107	40,511	-	11,272,618
Less accumulated depreciation for:				
Buildings & Improvements	9,369,239	-	-	9,369,239
Equipment	451,770	150,590	-	602,360
Total accumulated depreciation	9,821,009	150,590	-	9,971,599
Total Capital assets, being depreciated, net	1,411,098	(110,079)	-	1,301,019
Governmental activities capital assets, net	<u>\$ 1,471,098</u>	<u>\$ (110,079)</u>	<u>\$ -</u>	<u>\$ 1,361,019</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, 2011

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 was the first year that the District reported its compensated absences. The initial accrual was \$24,120 and is considered by management as payable within one year. The activity for compensated leave is as follows.

<u>Balance</u> <u>June 30, 2010</u>	<u>Leave</u> <u>Used</u>	<u>Leave</u> <u>Accrued</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Amount Due in</u> <u>One Year</u>
\$24,120	\$10,321	\$13,682	\$27,481	\$27,481

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, 2011.

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, 2011

V. Other information (continued)

C. Employee retirement plan

Plan Description. Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (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 through June 30, 2011, , plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The District was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. Effective July 1, 2011 plan members are required by statute to contribute 7.9% of their salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.12% of their gross salary. The District is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the Cooperative are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2011, 2010, and 2009, were \$210,801, \$214,552, and \$209,124, respectively, which equal the amount of the required contributions for each fiscal year.

D. Post-retirement health care benefits

Plan Description. The Cooperative 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, 2011

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, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 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:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
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 District's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$29,906, \$23,654 and \$22,888, respectively, which equal the required contributions for each year.

E. Restatement of Beginning Net Assets for Governmental Funds

	<u>Governmental Activities</u>	<u>Individual Funds</u>
Net Assets – Governmental Funds at July 1, 2010	\$ 1,828,899	366,273
Operational:		
Prior year payable no longer due or payment expensed	1,196	1,196
Correction to bring book cash to reconciled bank balance	5,461	5,461
Restated balance at July 1, 2010	\$ <u>1,835,556</u>	<u>372,930</u>

F. Overspent Budget Line Items

As stated in the finding 06-03 on page 72 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, 2011

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	Senate Bill Nine	Other Governmental Funds	Total
Non-Spendable:				
Inventory	\$ -	\$ -	\$ 2,285	\$ 2,285
Total Non-spendable	-	-	2,285	2,285
Restricted for:				
Capital Improvements	-	-	208	208
Athletics	-	-	13,784	13,784
Cafeteria	-	-	19,214	19,214
Instructional Materials	21,386	-	-	21,386
Senate Bill Nine	-	107,331	-	107,331
Total Restricted	21,386	107,331	33,206	161,923
Unassigned	286,963	-	(1,181)	285,782
Total Fund Balances	\$ 308,349	\$ 107,331	\$ 34,310	\$ 449,990

The major funds Title I, IDEA-B Entitlement, and Entitlement Stimulus had no fund balance at year end.

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 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.

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.

PRESCHOOL FEDERAL STIMULUS – Additional funding provided by federal stimulus funds under the American Recovery and Reinvestment Act to supplement the District's preschool program under IDEA-B.

ELEMENTARY SCHOOL BREAKFAST STIMULUS – Additional funding provided by federal stimulus funds under the American Recovery and Reinvestment act to supplement the District's breakfast for elementary students program.

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)

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

EDUCATION JOB FUND – This fund was created to account for the District's allocation of funds intended to give the District a boost to save teacher jobs. Funding and authority for this fund comes from the American Recovery and Reinvestment Act.

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.

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.

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--CAPITAL PROJECT FUNDS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash on Deposit	\$ 208	\$ 208	\$ 51,085	\$ 51,293
Due from Other Governments	-	-	38,919	38,919
Inventory	-	-	2,285	2,285
TOTAL ASSETS	<u>\$ 208</u>	<u>\$ 208</u>	<u>\$ 92,289</u>	<u>\$ 92,497</u>
LIABILITIES AND FUND BALANCE				
Due to Other Funds	\$ -	\$ -	\$ 38,919	\$ 38,919
Accounts Payable	-	-	-	-
Deferred Revenue	-	-	19,268	19,268
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>58,187</u>	<u>58,187</u>
FUND BALANCE				
Unspendable	-	-	2,285	2,285
Restricted	208	208	31,817	32,025
TOTAL FUND BALANCE	<u>208</u>	<u>208</u>	<u>34,102</u>	<u>34,310</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 208</u>	<u>\$ 208</u>	<u>\$ 92,289</u>	<u>\$ 92,497</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, 2011

	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUE				
Residential/Non-Residential Taxes	\$ -	\$ -	\$ -	\$ -
Fees Activities	-	-	11,336	11,336
Fees-Users	-	-	13,742	13,742
Interest Income	-	-	9	9
State Flow Through Grants	-	-	-	-
State Programs	-	-	51,309	51,309
Federal Program	-	-	254,637	254,637
TOTAL REVENUES	-	-	331,033	331,033
EXPENDITURES				
Current				
Instruction	-	-	155,321	155,321
Support Services	-	-	-	-
Support Services-Students	-	-	27,119	27,119
Support Services-Instruction	-	-	1,932	1,932
Support Services-General Admin	-	-	2,792	2,792
Operation & Maintenance of Plant	-	-	24,852	24,852
Food Services-Operations	-	-	100,563	100,563
Community Services-operations	-	-	-	-
Acquisition & Construction	466	466	-	466
TOTAL EXPENDITURES	466	466	312,579	313,045
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(466)	(466)	18,454	17,988
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(466)	(466)	18,454	17,988
FUND BALANCE				
June 30, 2010	674	674	15,648	16,322
Restatement	-	-	-	-
Restated Fund Balance June 30, 2009	674	674	15,648	16,322
FUND BALANCE June 30, 2011	\$ 208	\$ 208	\$ 34,102	\$ 34,310

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, 2011

	CAFETERIA	ATHLETICS	IDEA-B PRESCHOOL	ENHANCING ED THRU TECHNOLOGY
ASSETS				
Cash on Deposit	\$ 19,214	\$ 13,784	\$ -	\$ 728
Due from Other Governments	-	-	2,506	-
Due From Other Funds	-	-	-	-
Inventory	2,285	-	-	-
TOTAL ASSETS	\$ 21,499	\$ 13,784	\$ 2,506	\$ 728
LIABILITIES AND FUND BALANCE				
Due to other Funds	\$ -	\$ -	\$ 2,506	\$ -
Accounts Payable	-	-	-	-
Deferred Revenue	-	-	-	728
TOTAL LIABILITIES	-	-	2,506	728
FUND BALANCE				
Unspendable	2,285	-	-	-
Restricted	19,214	13,784	-	-
TOTAL FUND BALANCE	21,499	13,784	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 21,499	\$ 13,784	\$ 2,506	\$ 728

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

TEACHER/ PRINCIPAL TRAINING	SAFE & DRUG FREE SCHOOLS	TITLE I STIMULUS	PRESCHOOL FEDERAL STIMULUS	ELEMENTARY BREAKFAST FEDERAL STIMULUS	RURAL EDUCATION	SEG STIMULUS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13,821	-	2,627	1,110	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 13,821</u>	<u>\$ -</u>	<u>\$ 2,627</u>	<u>\$ 1,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 13,821	\$ -	\$ 2,627	\$ 1,110	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>13,821</u>	<u>-</u>	<u>2,627</u>	<u>1,110</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 13,821</u>	<u>\$ -</u>	<u>\$ 2,627</u>	<u>\$ 1,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS
 JUNE 30, 2011

	EDUCATION JOB FUND	MICROSOFT SETTLEMENT	TECHNOLOGY FOR EDUCATION	INCENTIVES FOR SCHOOL IMPROVEMENT
ASSETS				
Cash on Deposit	\$ 45	\$ (1,226)	\$ 14,788	\$ -
Due from Other Governments	-	-	-	3,427
Due From Other Funds	-	-	-	-
Inventory	-	-	-	-
TOTAL ASSETS	\$ 45	\$ (1,226)	\$ 14,788	\$ 3,427
LIABILITIES AND FUND BALANCE				
Due to other Funds	\$ -	\$ -	\$ -	\$ 3,427
Accounts Payable	-	-	-	-
Deferred Revenue	-	-	14,788	-
TOTAL LIABILITIES	-	-	14,788	3,427
FUND BALANCE				
Unspendable	-	-	-	-
Restricted	45	(1,226)	-	-
TOTAL FUND BALANCE	45	(1,226)	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 45	\$ (1,226)	\$ 14,788	\$ 3,427

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

LIBRARY GO BONDS	BEGINNING TEACHER MENTORING	READING MATERIALS	STATE DIRECTED ACTIVITIES	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ 3,659	\$ 93	\$ -	\$ 51,085
9,651	-	-	5,777	38,919
-	-	-	-	-
-	-	-	-	2,285
<u>\$ 9,651</u>	<u>\$ 3,659</u>	<u>\$ 93</u>	<u>\$ 5,777</u>	<u>\$ 92,289</u>
\$ 9,651	\$ -	\$ -	\$ 5,777	\$ 38,919
-	-	-	-	-
-	3,659	93	-	19,268
<u>9,651</u>	<u>3,659</u>	<u>93</u>	<u>5,777</u>	<u>58,187</u>
-	-	-	-	2,285
-	-	-	-	31,817
-	-	-	-	34,102
<u>\$ 9,651</u>	<u>\$ 3,659</u>	<u>\$ 93</u>	<u>\$ 5,777</u>	<u>\$ 92,289</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, 2011

	CAFETERIA	ATHLETICS	IDEA-B PRESCHOOL	ENHANCING ED THRU TECHNOLOGY
REVENUE				
Residential/Non-Residential Taxes	\$ -	\$ -	\$ -	\$ -
Fees Activities	-	11,336	-	-
Fees-Users	13,742	-	-	-
Interest Income	-	9	-	-
State and Local Grants	-	-	-	-
State Programs	-	-	-	-
Federal Program	101,108	-	13,921	-
TOTAL REVENUES	114,850	11,345	13,921	-
EXPENDITURES				
Current				
Instruction	-	9,710	13,921	-
Support Services-Students	-	13	-	-
Support Services-Instruction	-	-	-	-
Support Services-General Administration	-	-	-	-
Support Services-School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services-Operations	98,063	-	-	-
Community Services-operations	-	-	-	-
Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	98,063	9,723	13,921	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	16,787	1,622	-	-
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change In Fund Balance	16,787	1,622	-	-
FUND BALANCE				
June 30, 2010	4,712	12,162	-	-
Restatement	-	-	-	-
Restated Fund Balance June 30, 2010	4,712	12,162	-	-
FUND BALANCE June 30, 2011	\$ 21,499	\$ 13,784	\$ -	\$ -

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

TEACHER/ PRINCIPAL TRAINING	SAFE & DRUG FREE SCHOOLS	TITLE I STIMULUS	PRESCHOOL FEDERAL STIMULUS	ELEMENTARY BREAKFAST FEDERAL STIMULUS	RURAL EDUCATION	SEG STIMULUS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,683	1,371	2,822	2,215	2,500	21,206	24,852
<u>17,683</u>	<u>1,371</u>	<u>2,822</u>	<u>2,215</u>	<u>2,500</u>	<u>21,206</u>	<u>24,852</u>
12,959	-	2,822	2,215	-	21,206	-
-	1,371	-	-	-	-	-
1,932	-	-	-	-	-	-
2,792	-	-	-	-	-	-
-	-	-	-	-	-	24,852
-	-	-	-	-	-	-
-	-	-	-	2,500	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>17,683</u>	<u>1,371</u>	<u>2,822</u>	<u>2,215</u>	<u>2,500</u>	<u>21,206</u>	<u>24,852</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2011

	EDUCATION JOB FUND	MICROSOFT SETTLEMENT	TECHNOLOGY FOR EDUCATION	INCENTIVES FOR SCHOOL IMPROVEMENT
REVENUE				
Residential/Non-Residential Taxes	\$ -	\$ -	\$ -	\$ -
Fees Activities	-	-	-	-
Fees-Users	-	-	-	-
Interest Income	-	-	-	-
State and Local Grants	-	-	-	-
State Programs	-	-	-	-
Federal Program	66,959	-	-	-
TOTAL REVENUES	66,959	-	-	-
EXPENDITURES				
Current				
Instruction	66,914	-	-	-
Support Services-Students	-	-	-	-
Support Services-Instruction	-	-	-	-
Support Services-General Administration	-	-	-	-
Support Services-School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services-Operations	-	-	-	-
Community Services-operations	-	-	-	-
Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	66,914	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	45	-	-	-
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change In Fund Balance	45	-	-	-
FUND BALANCE				
June 30, 2010	-	(1,226)	-	-
Restatement	-	-	-	-
Restated Fund Balance June 30, 2010	-	(1,226)	-	-
FUND BALANCE June 30, 2011	\$ 45	\$ (1,226)	\$ -	\$ -

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

LIBRARY GO BONDS	BEGINNING TEACHER MENTORING	READING MATERIALS	STATE DIRECTED ACTIVITIES	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	11,336
-	-	-	-	13,742
-	-	-	-	9
-	-	-	-	-
-	-	-	51,309	51,309
-	-	-	-	254,637
-	-	-	51,309	331,033
-	-	-	25,574	155,321
-	-	-	25,735	27,119
-	-	-	-	1,932
-	-	-	-	2,792
-	-	-	-	-
-	-	-	-	24,852
-	-	-	-	-
-	-	-	-	-
-	-	-	-	100,563
-	-	-	-	-
-	-	-	51,309	312,579
-	-	-	-	18,454
-	-	-	-	-
-	-	-	-	18,454
-	-	-	-	18,454
-	-	-	-	15,648
-	-	-	-	-
-	-	-	-	15,648
\$ -	\$ -	\$ -	\$ -	\$ 34,102

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, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees-Users	\$ 19,275	\$ 19,275	\$ 13,742	\$ (5,533)
Federal Revenue	95,000	95,000	94,155	(845)
TOTAL REVENUE	<u>114,275</u>	<u>114,275</u>	<u>\$ 107,897</u>	<u>\$ (6,378)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 114,275</u>	<u>\$ 114,275</u>		
EXPENDITURES				
Current				
Food Services-Operations	\$ 114,275	\$ 114,275	\$ 91,142	\$ 23,133
TOTAL EXPENDITURES	<u>\$ 114,275</u>	<u>\$ 114,275</u>	<u>\$ 91,142</u>	<u>\$ 23,133</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 107,897
Differences-Budget to GAAP	
Commodities Received	6,953
Total Revenues (GAAP Basis)	<u>\$ 114,850</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 91,142
Differences-budget to GAAP	
Cost of Commodities Used	6,953
Inventory Adjustment	(32)
Total Expenditures (GAAP Basis)	<u>\$ 98,063</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--SPECIAL REVENUE FUND--ATHLETICS

Year Ended June 30, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees Activities	\$ -	\$ -	\$ 11,336	\$ 11,336
Interest Income	-	-	9	9
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 11,345</u>	<u>\$ 11,345</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ 9,710	\$ (9,710)
Support Services				
Support Services-Students	-	-	13	(13)
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,723</u>	<u>\$ (9,723)</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 11,345
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 11,345</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 9,723
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 9,723</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 PRESCHOOL

Year Ended June 30, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 13,784	\$ 13,921	\$ 11,415	\$ (2,506)
TOTAL REVENUE	<u>13,784</u>	<u>13,921</u>	<u>\$ 11,415</u>	<u>\$ (2,506)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 13,784</u>	<u>\$ 13,921</u>		
EXPENDITURES				
Current				
Instruction	\$ 13,784	\$ 13,921	\$ 13,921	\$ -
TOTAL EXPENDITURES	<u>\$ 13,784</u>	<u>\$ 13,921</u>	<u>\$ 13,921</u>	<u>\$ -</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 11,415
Differences-Budget to GAAP	
Current Year Receivable	2,506
Prior Year Receivable	-
Total Revenues (GAAP Basis)	<u>\$ 13,921</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 13,921
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 13,921</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, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 10,349	\$ 20,746	\$ 15,438	\$ (5,308)
TOTAL REVENUE	<u>10,349</u>	<u>20,746</u>	<u>\$ 15,438</u>	<u>\$ (5,308)</u>
Cash Balance Budgeted	<u>-</u>	<u>9,635</u>		
TOTAL REVENUE & CASH	<u>\$ 10,349</u>	<u>\$ 30,381</u>		
EXPENDITURES				
Current				
Instruction	\$ 7,942	\$ 15,421	\$ 12,959	\$ 2,462
Support Services				-
Support Services-Instruction	1,013	2,531	1,932	599
Support Services-General Administration	1,394	2,794	2,792	2
TOTAL EXPENDITURES	<u>\$ 10,349</u>	<u>\$ 20,746</u>	<u>\$ 17,683</u>	<u>\$ 3,063</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 15,438
Differences-Budget to GAAP	
Current Year Receivable	13,820
Prior Year Receivable	(11,575)
Total Revenues (GAAP Basis)	<u>\$ 17,683</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 17,683
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 17,683</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, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 1,509	\$ 1,509	\$ 2,742	\$ 1,233
TOTAL REVENUE	<u>1,509</u>	<u>1,509</u>	<u>\$ 2,742</u>	<u>\$ 1,233</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 1,509</u>	<u>\$ 1,509</u>		
EXPENDITURES				
Current				
Support Services-Students	\$ 1,509	\$ 1,509	\$ 1,371	\$ 138
TOTAL EXPENDITURES	<u>\$ 1,509</u>	<u>\$ 1,509</u>	<u>\$ 1,371</u>	<u>\$ 138</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 2,742
Differences-Budget to GAAP	
Prior Year Tax Receivables	(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--TITLE I STIMULUS

Year Ended June 30, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 3,101	\$ 3,100	\$ 10,232	\$ 7,132
TOTAL REVENUE	<u>3,101</u>	<u>3,100</u>	<u>10,232</u>	<u>7,132</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 3,101</u>	<u>\$ 3,100</u>		
EXPENDITURES				
Current				
Instruction	\$ 3,101	\$ 3,100	\$ 2,822	\$ 278
TOTAL EXPENDITURES	<u>\$ 3,101</u>	<u>\$ 3,100</u>	<u>\$ 2,822</u>	<u>\$ 278</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 10,232
Differences-Budget to GAAP	
Current Year Receivable	2,627
Prior Year Receivable	(10,037)
Total Revenues (GAAP Basis)	<u>\$ 2,822</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 2,822
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 2,822</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--PRESCHOOL FEDERAL STIMULUS

Year Ended June 30, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 1,124	\$ 2,215	\$ 1,105	\$ (1,110)
TOTAL REVENUE	<u>1,124</u>	<u>2,215</u>	<u>1,105</u>	<u>(1,110)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 1,124</u>	<u>\$ 2,215</u>		
EXPENDITURES				
Current				
Instruction	\$ 1,124	\$ 2,215	\$ 2,215	\$ -
TOTAL EXPENDITURES	<u>\$ 1,124</u>	<u>\$ 2,215</u>	<u>\$ 2,215</u>	<u>\$ -</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 1,105
Differences-Budget to GAAP	1,110
Current Year Receivable	<u>2,215</u>
Total Revenues (GAAP Basis)	<u>\$ 2,215</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 2,215
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 2,215</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--ELEMENTARY BREAKFAST FEDERAL STIMULUS

Year Ended June 30, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
TOTAL REVENUE	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 2,500</u>	<u>\$ 2,500</u>		
EXPENDITURES				
Current				
Food Services-Operations	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
TOTAL EXPENDITURES	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>-</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 2,500
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 2,500</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 2,500
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 2,500</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, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 25,281	\$ 21,206	\$ 21,206	\$ -
TOTAL REVENUE	<u>25,281</u>	<u>21,206</u>	<u>21,206</u>	<u>-</u>
 Cash Balance Budgeted	 <u>-</u>	 <u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 25,281</u>	<u>\$ 21,206</u>		
EXPENDITURES				
Current				
Instruction	\$ 25,281	\$ 21,206	\$ 21,206	\$ -
TOTAL EXPENDITURES	<u>\$ 25,281</u>	<u>\$ 21,206</u>	<u>21,206</u>	<u>-</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 21,206
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 21,206</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 21,206
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 21,206</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, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 24,753	\$ 24,852	\$ 72,163	\$ 47,311
TOTAL REVENUE	<u>24,753</u>	<u>24,852</u>	<u>72,163</u>	<u>47,311</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 24,753</u>	<u>\$ 24,852</u>		
EXPENDITURES				
Current				
Operation & Maintenance of Plant	\$ 24,753	\$ 24,852	\$ 24,852	\$ -
TOTAL EXPENDITURES	<u>\$ 24,753</u>	<u>\$ 24,852</u>	<u>\$ 24,852</u>	<u>\$ -</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 72,163
Differences-Budget to GAAP	
Prior Year Receivable	(47,311)
Total Revenues (GAAP Basis)	<u>\$ 24,852</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 24,852
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 24,852</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--EDUCATION JOB FUND

Year Ended June 30, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 66,703	\$ 66,959	\$ 66,959	\$ -
TOTAL REVENUE	<u>66,703</u>	<u>66,959</u>	<u>66,959</u>	<u>-</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 66,703</u>	<u>\$ 66,959</u>		
EXPENDITURES				
Current				
Instruction	\$ 66,703	\$ 66,959	\$ 66,914	\$ 45
TOTAL EXPENDITURES	<u>\$ 66,703</u>	<u>\$ 66,959</u>	<u>\$ 66,914</u>	<u>\$ 45</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 66,959
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 66,959</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 66,914
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 66,914</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, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ -	\$ 45,532	\$ 45,532
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 45,532</u>	<u>\$ 45,532</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ 25,574	\$ (25,574)
Support Services	-	-		-
Support Services-Students	-	-	25,735	(25,735)
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,309</u>	<u>\$ (51,309)</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 45,532
Differences-Budget to GAAP	
Current Year Receivable	5,777
Total Revenues (GAAP Basis)	<u>\$ 51,309</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 51,309
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 51,309</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, 2011

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
ASSETS					
Cash on Deposit	\$ 108,472	\$ 1	\$ 21,386	\$ 24,319	\$ 154,178
Due from Other Funds	154,099			-	154,099
Due From Other Governments	-			-	-
Taxes Receivable	167			-	167
TOTAL ASSETS	\$ 262,738	\$ 1	\$ 21,386	\$ 24,319	\$ 308,444
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent Property Taxes	95	-	-	-	95
Accounts Payable	-	-	-	-	-
	95	-	-	-	95
FUND BALANCE					
Restricted	-	-	21,386	-	21,386
Unassigned	262,643	1	-	24,319	286,963
TOTAL FUND BALANCE	262,643	1	21,386	24,319	308,349
TOTAL LIABILITIES AND FUND BALANCE	\$ 262,738	\$ 1	\$ 21,386	\$ 24,319	\$ 308,444

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, 2011

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
REVENUE					
Residential/Non-Residential Taxes	\$ 3,926	\$ -	\$ -	\$ -	\$ 3,926
Rents & Leases	4,474	-	-	10,700	15,174
Refunds	82	-	-	-	82
Fees Activities	1,275	-	-	-	1,275
Interest Income	630	-	-	-	630
State Equalization	2,341,977	-	-	-	2,341,977
State Flow Through Grants	-	118,196	9,088	-	127,284
Sale of Property/Equipment	590	-	-	-	590
Local Source Revenue	378	-	-	-	378
Donations	1,101	-	-	-	1,101
Insurance Recoveries	455	-	-	-	455
TOTAL REVENUES	2,354,888	118,196	9,088	10,700	2,492,872
EXPENDITURES					
Instruction	1,430,511	-	4,767	-	1,435,278
Support Services					
Support Services-Students	174,760	-	-	-	174,760
Support Services-Instruction	68,848	-	-	-	68,848
Support Services-General Administration	139,448	-	-	-	139,448
Support Services-School Administration	142,069	-	-	-	142,069
Central Services	29,055	-	-	-	29,055
Operation & Maintenance of Plant	309,667	-	-	8,260	317,927
Student Transportation	-	130,204	-	-	130,204
Food Services-Operations	50,076	-	-	-	50,076
Acquisition & Construction	-	-	-	-	-
TOTAL EXPENDITURES	2,344,434	130,204	4,767	8,260	2,487,665
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,454	(12,008)	4,321	2,440	5,207
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Net Change In Fund Balance	10,454	(12,008)	4,321	2,440	5,207
FUND BALANCE					
June 30, 2010	245,532	12,009	17,065	21,879	296,485
Restatement	6,657	-	-	-	6,657
Restated Fund Balance June 30, 2010	252,189	12,009	17,065	21,879	303,142
FUND BALANCE June 30, 2011	\$ 262,643	\$ 1	\$ 21,386	\$ 24,319	\$ 308,349

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

STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 7,825	\$ 7,825	\$ 3,892	\$ (3,933)
Rent and Leases	3,600	3,600	3,600	-
Fees-Users	-	-	1,275	1,275
Interest Income	550	550	630	80
State Equalization	2,406,921	2,339,680	2,341,977	2,297
Royalties	2,400	2,400	874	(1,526)
Donations	-	-	1,101	1,101
Sale of Property/Equipment	-	-	590	590
Special Assessments (REC)	-	-	378	378
Refunds	1,100	1,100	82	(1,018)
Insurance Recoveries	-	-	455	455
TOTAL REVENUE	<u>2,422,396</u>	<u>2,355,155</u>	<u>\$ 2,354,854</u>	<u>\$ (301)</u>
Cash Balance Budgeted	<u>142,469</u>	<u>142,469</u>		
TOTAL REVENUE & CASH	<u>\$ 2,564,865</u>	<u>\$ 2,497,624</u>		
EXPENDITURES				
Current				
Instruction	\$ 1,638,317	\$ 1,560,236	\$ 1,430,511	\$ 129,725
Support Services				
Support Services-Students	151,250	151,250	174,760	(23,510)
Support Services-Instruction	62,338	62,338	68,848	(6,510)
Support Services-General Administration	160,617	171,457	139,448	32,009
Support Services-School Administration	159,704	159,704	142,069	17,635
Central services	31,200	31,200	29,055	2,145
Operation & Maintenance of Plant	317,239	317,239	309,667	7,572
Other Support Services	975	975	-	975
Food Services-Operations	43,225	43,225	50,076	(6,851)
TOTAL EXPENDITURES	<u>\$ 2,564,865</u>	<u>\$ 2,497,624</u>	<u>\$ 2,344,434</u>	<u>\$ 153,190</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 2,354,854
Differences-Budget to GAAP	
Property tax Receivable	167
Prior Year Tax Receivables	(99)
Current Year Deferral	(95)
Prior Year Deferral	61
Total Revenues (GAAP Basis)	<u>\$ 2,354,888</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 2,344,434
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 2,344,434</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, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 125,570	\$ 124,200	\$ 118,196	\$ (6,004)
TOTAL REVENUE	<u>125,570</u>	<u>124,200</u>	<u>118,196</u>	<u>(6,004)</u>
Cash Balance Budgeted	<u>-</u>	<u>6,004</u>		
TOTAL REVENUE & CASH	<u>\$ 125,570</u>	<u>\$ 130,204</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 125,570	\$ 130,204	\$ 130,204	\$ -
TOTAL EXPENDITURES	<u>\$ 125,570</u>	<u>\$ 130,204</u>	<u>\$ 130,204</u>	<u>\$ -</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 118,196
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 118,196</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 130,204
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 130,204</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, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 8,573	\$ 8,573	\$ 9,088	\$ 515
TOTAL REVENUE	<u>8,573</u>	<u>8,573</u>	<u>9,088</u>	<u>515</u>
Cash Balance Budgeted				
TOTAL REVENUE & CASH	<u>\$ 8,573</u>	<u>\$ 8,573</u>		
EXPENDITURES				
Current				
Instruction	\$ 8,573	\$ 8,573	\$ 4,767	\$ 3,806
TOTAL EXPENDITURES	<u>8,573</u>	<u>8,573</u>	<u>4,767</u>	<u>3,806</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 9,088
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 9,088</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 4,767
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 4,767</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, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Rent and Leases	\$ 21,000	\$ 21,000	\$ 10,700	\$ (10,300)
TOTAL REVENUE	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ 10,700</u>	<u>\$ (10,300)</u>
Cash Balance Budgeted	\$ 38,571	\$ 38,571		
TOTAL REVENUE & CASH	<u>\$ 59,571</u>	<u>\$ 59,571</u>		
EXPENDITURES				
Current				
Operation & Maintenance of Plant	\$ 59,571	\$ 59,571	\$ 8,260	\$ 51,311
TOTAL EXPENDITURES	<u>\$ 59,571</u>	<u>\$ 59,571</u>	<u>\$ 8,260</u>	<u>\$ 51,311</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 10,700
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 10,700</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 8,260
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 8,260</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, 2011

	Balance 6/30/2009	ADDITIONS	DEDUCTIONS	Balance 6/30/2010
Goff Memorial	\$ 2,841	\$ -	\$ -	\$ 2,841
Davis Memorial	50	-	-	50
Tisthammer Scholarship	-	1,000	-	1,000
Recycle	10	-	-	10
Student Council	516	251	54	713
Yearbook	2,563	5,909	5,580	2,892
Bread Breakers	4,930	5,979	7,029	3,880
FFA	731	10,281	9,270	1,742
FCA	720	2,081	1,630	1,171
Cheerleaders	2,762	4,832	3,929	3,665
Book Fair	5,072	2,124	1,882	5,314
Poster	89	269	-	358
A/R Prize Fund	193	-	-	193
Elementary Cheerleaders	106	-	-	106
BPA	33	-	-	33
HS Basketball-Girls	9,008	769	2,482	7,295
Football	-	1,409	1,251	158
Activity Account Super	166	1,995	2,731	(570)
Volleyball	990	3,283	4,008	265
HS Basketball-Boys	133	1,179	903	409
Track	70	-	-	70
Baseball	1,362	1,553	2,675	240
Music Booster Club	1,775	52	785	1,042
Booster Club	13,381	4,249	4,734	12,896
Pre Calculus	-	918	841	77
Employee Donations	-	-	49	(49)
Vending	1,947	11,464	10,383	3,028
Elementary Fund	11	700	644	67
Floyd Beautification	-	2,500	1,735	765
Class of 2010	1,647	-	1,647	-
Class of 2011	6,693	15,776	19,197	3,272
Class of 2012	1,436	14,315	9,549	6,202
Class of 2013	725	1,398	801	1,322
Class of 2014	920	929	-	1,849
Class of 2015	1,124	1,054	597	1,581
Class of 2016	867	871	264	1,474
Class of 2017	1,159	675	320	1,514
Class of 2018	156	537	420	273
Class of 2019	219	753	484	488
Class of 2020	761	412	552	621
Class of 2021	293	402	97	598
Class of 2022	263	285	213	335
Class of 2023	96	399	269	226
Class of 2024	-	1,149	1,024	125
Special Ed	475	-	-	475
Total	\$ 66,293	\$ 101,752	\$ 98,029	\$ 70,016

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, 2011

	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	84.010	24101	\$ 97,230
SEG Federal Stimulus	84.394	25250	24,852
IDEA-B Entitlement	<1> 84.027	24106	95,605
IDEA-B Preschool	84.027	24109	13,921
Teacher/Principal Training	84.367	24154	17,683
Safe & Drug Free Schools	84.186	24157	1,371
Title I Federal Stimulus	84.389	24201	2,822
Entitlement Stimulus	<1> 84.0270	24206	58,856
Preschool Federal Stimulus	84.1730	24209	2,215
Elementary Breakfast Federal Stimulus	84.394	24290	2,500
Rural Education	84.358	25233	21,206
Education Job Fund	<1> 84.410	25255	66,914
TOTAL PASS THROUGH GRANTS			<u>405,175</u>
TOTAL DEPARTMENT OF EDUCATION			<u>405,175</u>
<u>US DEPARTMENT OF AGRICULTURE</u>			
Passed Through State Department of Education			
National School Lunch Program	<1> 10.555	21000	94,155
Commodities Received	<1> 10.555	21000	6,953
TOTAL DEPARTMENT OF AGRICULTURE			<u>101,108</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 506,283</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, 2011

	Total Deposits	FDIC Insurance	Uninsured Deposits	Collateral Required	Collateral Pledged	Uninsured/ Uncollateralized Deposits	Pledged Collateral Deficit
PORTALES NATIONAL BANK	<u>\$ 371,930</u>	<u>\$ 250,000</u>	<u>\$ 121,930</u>	<u>\$ 60,965</u>	<u>\$ 304,566</u>	<u>\$ -</u>	<u>\$ -</u>
COLLATERAL							
		MATURES					
FHLMC - 3128X3K69	\$ 50,861	11/15/2011					
FNMA - 3136FMZ80	50,042	4/29/2013					
FNMA - 3136FPS57	100,404	6/27/13					
SAN JUAN CNTY NM ISD - 798359JCO	103,259	8/1/14					
	<u>\$ 304,566</u>						
COLLATERAL IS HELD AT							
NEW MEXICO STATE TREASURER	<u>\$ 60,893</u>	<u>\$ -</u>	<u>\$ 60,893</u>	<u>\$ 60,893</u>	<u>\$ 60,893</u>	<u>\$ -</u>	<u>\$ -</u>

SECURITIES HELD BY THE INDEPENDENT BANKERS BANK

See Independent Auditor's Report

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS

BANK SUMMARY

JUNE 30, 2011

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING CHECKS	OUTSTANDING DEPOSITS	NET CASH BALANCE
PORTALES NATIONAL BANK	Checking	Operational	* \$ 269,020	\$ 50,293	\$ -	\$ 218,727
	Checking	Capital Improvement	* -	-	-	-
	Checking	Cafeteria	-	-	-	-
	Checking	Athletics	* -	-	-	-
	Checking	Activities	* 1,485	-	-	1,485
	Checking	Federal tax withheld	105,124	-	-	105,124
	Checking	Federal Programs	-	-	-	-
	Checking	Payroll Clearing	(3,699)	-	-	(3,699)
Total PORTALES NATIONAL BANK			<u>371,930</u>	<u>50,293</u>	<u>-</u>	<u>321,637</u>
New Mexico State Treasurer	C.D.	Activity	* -	-	-	-
New Mexico State Treasurer	C.D.	Operational	* 60,893	-	-	60,893
Total New Mexico Treasurer			<u>60,893</u>			<u>60,893</u>
Total All Accounts			<u>\$ 432,823</u>	<u>\$ 50,293</u>	<u>\$ -</u>	<u>\$ 382,530</u>

* Interest Bearing

See Independent Auditor's Report

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS

BANK RECONCILIATION

June 30, 2011

	OPERATIONAL	TRANSP.	FOOD SERVICES	ATHLETICS	FEDERAL PROJECTS	LOCAL/STATE ACCOUNT
Audited Net Cash JUNE 30, 2010	\$ 246,690	\$ 12,009	\$ 2,459	\$ 12,162	\$ (108,094)	\$ (5,902)
Investments on hand/Loans	-	-	-	-	-	-
TOTAL CASH BALANCE JUNE 30, 2010	246,690	12,009	2,459	12,162	(108,094)	(5,902)
2010-2011 Revenue	2,354,888	118,196	114,851	11,345	388,935	45,531
Transfers In & Due From	-	-	-	-	-	-
TOTAL AVAILABLE CASH	2,601,578	130,205	117,310	23,507	280,841	39,629
2010-2011 Expenditures	2,344,434	130,204	98,063	9,723	405,174	51,309
Loans to other funds	-	-	-	-	-	-
Transfers Out & Due To	-	-	-	-	-	-
	2,344,434	130,204	98,063	9,723	405,174	51,309
Reconciling Items	(34)		(32)			
Cash Restatement	5,461					
NET CASH, JUNE 30, 2011	\$ 262,571	\$ 1	\$ 19,215	\$ 13,784	\$ (124,333)	\$ (11,680)

See Independent Auditor's Report

SB-9	ACTIVITIES	INSTRUCTIONAL MATERIALS	PSCO 20%	TEACHERAGE
\$ 68,951	\$ 66,293	\$ 17,065	\$ 674	\$ 21,879
68,951	66,293	17,065	674	21,879
136,913	101,752	9,088	-	10,700
-	-	-	-	-
205,864	168,045	26,153	674	32,579
98,696	98,029	4,767	466	8,260
-	-	-	-	-
98,696	98,029	4,767	466	8,260
(126)				
<u>\$ 107,042</u>	<u>\$ 70,016</u>	<u>\$ 21,386</u>	<u>\$ 208</u>	<u>\$ 24,319</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, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of Floyd Municipal Schools (District) as of and for the year ended June 30, 2011, and have issued our report thereon dated June 29, 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.

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

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.

Woodard, Lewis & Looney

Portales, New Mexico
June 29, 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, 2011. 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 programs IDEA-B, Entitlement, Entitlement Stimulus, Education Job Fund, National School Lunch Program and Food Commodities. 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, 2011.

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 29, 2012

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

June 30, 2011

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: Resolved.

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 \$16,984 were not recorded.

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

Status: Resolved.

INVOICE DATE PRECEDES PURCHASE ORDER DATE 08-02

Statement of Condition: Three 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, 2011

PRIOR YEAR AUDIT FINDINGS

INVOICE AMOUNT EXCEEDS PURCHASE ORDER AMOUNT 08-03

Statement of Condition: Twenty-one 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.

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: Resolved

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.

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

June 30, 2011

PRIOR YEAR AUDIT FINDINGS

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 January 2010 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.

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.

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.

Status: Revised and repeated.

DEFICIENT FUND BALANCE – 2010-02

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

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.

Status: Revised and repeated.

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.

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.

Status: Revised and repeated.

STATE OF NEW MEXICO
 FLOYD MUNICIPAL SCHOOLS
 SCHEDULE OF FINDINGS AND QUESTIONED COST

JUNE 30, 2011

I. SUMMARY OF AUDITOR'S RESULTS:

Report on Financial Statements	Disclaimer of Opinion
Reportable Conditions on GAGAS	06-01, 06-02, 06-03, 08-02 08-03, 08-05, 08-09, 08-10 10-01, 10-02 & 10-03.
Material Weakness involving Reportable Condition	None
Material Noncompliance	None
Questioned Cost	None
Type A & Type B Dollar Threshold	\$300,000
Entity Risk	High Risk
Major Federal Programs	IDEA-B Entitlement CFDA# 84.027 Entitlement Stimulus CFDA# 84.0270 Education Job Fund CFDA# 84.410 National School Lunch Program CFDA# 10.555 Food Commodities CFDA# 10.555
Significant Deficiencies on Internal control Over Major Programs	
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 July 13, 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.

STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COST

JUNE 30, 2011

III FINANCIAL STATEMENT FINDINGS (continued):

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

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

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

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

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

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

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

EXPENDITURES EXCEED BUDGET 06-03 (Repeated & Revised)

Statement of Condition: The following funds and function lines had expenditures that exceed the budget for that function. Operating Food Service Operations \$6,851, Senate Bill Nine Support Services \$139, Athletics Instruction \$9,710, Athletics Support Services \$13 State Directed Activities Instruction \$25,574, and State Directed Activities Support Services \$25,735.

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 QUESTIONED COST

JUNE 30, 2011

III FINANCIAL STATEMENT FINDINGS (continued):

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

Statement of Condition: One 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: 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 QUESTIONED COST

JUNE 30, 2011

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.

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.

STATE OF NEW MEXICO
FLOYD MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COST

JUNE 30, 2011

III FINANCIAL STATEMENT FINDINGS (continued):

POSSIBLE VIOLATION OF THE 24-HOUR RULE – 08-10 (Repeated and revised)

Statement of Condition: Upon review of Activity Funds deposits of the activity fund collections in November 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.

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 – 10-01

Statement of Condition: The following funds had expenditures yet no budget or budget adjustment request was made: Athletics and State Directed Activities.

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.

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 QUESTIONED COST

JUNE 30, 2011

III FINANCIAL STATEMENT FINDINGS (continued):

DEFICIENT FUND BALANCE – 10-02

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

Criteria: 6.20.2 NMAC and other state statutes prohibit 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 – 10-03

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. During this fiscal year, two accounts for administration show negative balances which will have to be covered by raising additional money.

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 QUESTIONED COST

JUNE 30, 2011

III FINANCIAL STATEMENT FINDINGS (continued):

LATE SUBMISSION OF THE DATA COLLECTION FORM 10-04

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, 2011 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, 2011

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 29, 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.