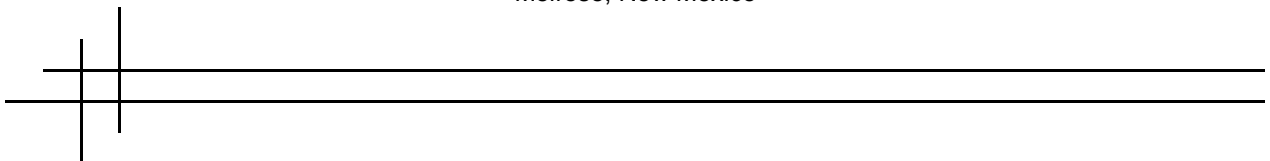


STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL

ANNUAL FINANCIAL REPORT
June 30, 2009

De'Aun Willoughby CPA, PC
Certified Public Accountant
Melrose, New Mexico



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ROOTS AND WINGS COMMUNITY SCHOOL
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STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
Official Roster
For the Year Ended June 30, 2009

BOARD OF EDUCATION

| | |
|----------------|----------------|
| Julie Cloutman | President |
| Stephen Abt | Vice-President |
| Scott Glackman | Sectary |
| Nancy Gonzalez | Member |
| Peggy Chung | Member |
| Liliana Mejia | Member |

SCHOOL OFFICIALS

| | |
|------------------------|------------------|
| Karen Quintana Shannon | Business Manager |
| Tobie Baker Navarre | Head Teacher |

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the ROOTS & WINGS COMMUNITY SCHOOL

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of ROOTS & WINGS COMMUNITY SCHOOL, (School), as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the School's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above, present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the School as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparisons for the major capital projects fund and the nonmajor fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 21, 2009, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The School has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements and the combining and individual financial statements and budgetary comparisons presented as supplemental information.

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

De'Ann Willoughby, CPA PC

October 21, 2009

FINANCIAL SECTION

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
 Government-Wide Statement of Net Assets
 June 30, 2009

| | <u>Governmental Activities</u> |
|--------------------------------|------------------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 91,976 |
| Due from Grantor | 6,749 |
| Total Current Assets | <u>98,725</u> |
| Noncurrent Assets | |
| Capital Assets | 95,784 |
| Less: Accumulated Depreciation | <u>(55,311)</u> |
| Total Noncurrent Assets | <u>40,473</u> |
| Total Assets | <u>139,198</u> |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | <u>0</u> |
| Total Current Liabilities | <u>0</u> |
| Total Liabilities | <u>0</u> |
| NET ASSETS | |
| Invested in Capital Assets | 40,473 |
| Unrestricted | <u>98,725</u> |
| Total Net Assets | <u>\$ 139,198</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
 Government-Wide Statement of Activities
 For the Year Ended June 30, 2009

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenue and Changes in Net Assets |
|---|----------------|-------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities | | | | | |
| Instruction | \$ 298,219 | \$ 0 | \$ 509 | \$ 0 | \$ (297,710) |
| Support Services-Students | 1,074 | 0 | 7,022 | 0 | 5,948 |
| Support Services-Instruction | 35,541 | 0 | 0 | 0 | (35,541) |
| General Administration | 35,649 | 0 | 0 | 0 | (35,649) |
| Central Services | 47,251 | 0 | 0 | 0 | (47,251) |
| Operation of Plant | 82,947 | 0 | 0 | 0 | (82,947) |
| Total Governmental Activities | <u>500,681</u> | <u>0</u> | <u>7,531</u> | <u>0</u> | <u>(493,150)</u> |
| General Revenues | | | | | |
| Federal and State aid not restricted to specific purpose | | | | | |
| General | | | | \$ | 565,139 |
| Interest and investment earnings | | | | | 155 |
| Miscellaneous | | | | | 165 |
| Subtotal, General Revenues | | | | | <u>565,459</u> |
| Change in Net Assets | | | | | 72,309 |
| Net Assets - beginning | | | | | <u>66,889</u> |
| Net Assets - ending | | | | \$ | <u><u>139,198</u></u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2009

| | General Fund | | Teacher/ Principal Training |
|---|----------------------|-------------------------------------|-----------------------------------|
| | Operational 11000 | Instructional Materials 14000 | 24154 |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 91,833 | \$ 0 | \$ 0 |
| Receivables | | | |
| Interfund Balance | 6,749 | 0 | 0 |
| Due from Grantor | 0 | 4,623 | 1,760 |
| Total Assets | \$ 98,582 | \$ 4,623 | \$ 1,760 |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 0 |
| Interfund Balance | 0 | 4,623 | 1,760 |
| Total Liabilities | 0 | 4,623 | 1,760 |
| Fund Balances | | | |
| Unreserved, Undesignated, reported in: | | | |
| General Fund | 98,582 | 0 | 0 |
| Special Revenue | 0 | 0 | 0 |
| Total Fund Balances | 98,582 | 0 | 0 |
| Total Liabilities and Fund Balances | \$ 98,582 | \$ 4,623 | \$ 1,760 |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2009

| | <u>PSCOC 31200</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------------|---|---|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 0 | \$ 143 | \$ 91,976 |
| Receivables | | | |
| Interfund Balance | 0 | 0 | 6,749 |
| Due from Grantor | 0 | 366 | 6,749 |
| Total Assets | <u>\$ 0</u> | <u>\$ 509</u> | <u>\$ 105,474</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Accounts Payable | \$ 0 | \$ 0 | 0 |
| Interfund Balance | 0 | 366 | 6,749 |
| Total Liabilities | <u>0</u> | <u>366</u> | <u>6,749</u> |
| Fund Balances | | | |
| Unreserved, Undesignated, reported in: | | | |
| General Fund | 0 | 0 | 98,582 |
| Special Revenue | 0 | 143 | 143 |
| Total Fund Balances | <u>0</u> | <u>143</u> | <u>98,725</u> |
| Total Liabilities and Fund Balances | <u>\$ 0</u> | <u>\$ 509</u> | <u>\$ 105,474</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2009

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

| | | | |
|--|-----------------------------|-----------------|-----------------------|
| Total Fund Balance - Governmental Funds | | \$ | 98,725 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. | | | |
| | The cost of capital assets | \$ | 95,784 |
| | Accumulated depreciation is | <u>(55,311)</u> | <u>40,473</u> |
| Total net assets - governmental activities | | \$ | <u><u>139,198</u></u> |

The notes to the financial statements are an integral part of this statement..

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2009

| | General Fund | | Teacher/ Principal Training 24154 |
|--|----------------------|-------------------------------------|--|
| | Operational 11000 | Instructional Materials 14000 | |
| Revenues | | | |
| Interest Income | \$ 150 | \$ 5 | \$ 0 |
| State & Local Grants | 546,429 | 7,022 | 0 |
| Federal Grants | 0 | 0 | 0 |
| Miscellaneous | 165 | 0 | 0 |
| Total Revenues | <u>546,744</u> | <u>7,027</u> | <u>0</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 282,406 | 10,126 | 0 |
| Support Service-Students | 1,074 | 0 | 0 |
| Support Services-Instruction | 34,271 | 1,270 | 0 |
| Support Service-General Administration | 35,649 | 0 | 0 |
| Central Services | 47,251 | 0 | 0 |
| Operation & Maintenance of Plant | 61,993 | 0 | 0 |
| Total Expenditures | <u>462,644</u> | <u>11,396</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>84,100</u> | <u>(4,369)</u> | <u>0</u> |
| Fund Balances at Beginning of Year | <u>14,482</u> | <u>4,369</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$ 98,582</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2009

| | PSCOC 31200 | Other Governmental Funds | Total Governmental Funds |
|--|----------------|--------------------------------|--------------------------------|
| Revenues | | | |
| Interest Income | \$ 0 | \$ 0 | \$ 155 |
| State & Local Grants | 18,710 | 143 | 572,304 |
| Federal Grants | 0 | 73 | 73 |
| Miscellaneous | 0 | 0 | 165 |
| Total Revenues | <u>18,710</u> | <u>216</u> | <u>572,697</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 0 | 73 | 292,605 |
| Support Service-Students | 0 | 0 | 1,074 |
| Support Services-Instruction | 0 | 0 | 35,541 |
| Support Service-General Administration | 0 | 0 | 35,649 |
| Central Services | 0 | 0 | 47,251 |
| Operation & Maintenance of Plant | 18,710 | 0 | 80,703 |
| Total Expenditures | <u>18,710</u> | <u>73</u> | <u>492,823</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>0</u> | <u>143</u> | <u>79,874</u> |
| Fund Balances at Beginning of Year | <u>0</u> | <u>0</u> | <u>18,851</u> |
| Fund Balance End of Year | <u>\$ 0</u> | <u>\$ 143</u> | <u>\$ 98,725</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

ROOTS AND WINGS COMMUNITY SCHOOL

Reconciliation of the Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

To the Statement of Activities

June 30, 2009

Excess (Deficiency) of Revenues Over Expenditures in Fund Balance-
Governmental Funds \$ 79,874

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

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

| | | |
|---|------------|-------------------------|
| Depreciation expense | \$ (7,565) | |
| Capital Outlays | <u>0</u> | <u>(7,565)</u> |
| Change in Net Assets of Governmental Activities | | \$ <u><u>72,309</u></u> |

The notes to the financial statements are an integral part of this statement..

STATE OF NEW MEXICO

ROOTS AND WINGS COMMUNITY SCHOOL

GENERAL FUND-OPERATIONAL-11000

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Interest Income | \$ 200 | \$ 200 | \$ 150 | \$ (50) |
| State & Local Grants | 346,238 | 546,629 | 546,429 | (200) |
| Miscellaneous | 0 | 0 | 165 | 165 |
| Total Revenues | <u>346,438</u> | <u>546,829</u> | <u>546,744</u> | <u>(85)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Personnel Services | 147,728 | 160,459 | 160,459 | 0 |
| Employee Benefits | 54,818 | 52,075 | 52,075 | 0 |
| Professional & Tech Services | 7,000 | 15,906 | 15,906 | 0 |
| Purchased Property Services | 3,000 | 5,265 | 4,073 | 1,192 |
| Other Purchased Services | 5,529 | 8,827 | 8,827 | 0 |
| Supplies | 0 | 13,288 | 13,288 | 0 |
| Supply Assets | 0 | 27,778 | 27,778 | 0 |
| Total Instruction | <u>218,075</u> | <u>283,598</u> | <u>282,406</u> | <u>1,192</u> |
| Support Services-Students | | | | |
| Professional & Tech Services | 0 | 1,074 | 1,074 | 0 |
| Total Support Services-Students | <u>0</u> | <u>1,074</u> | <u>1,074</u> | <u>0</u> |
| Support Services-Instruction | | | | |
| Personnel Services | 0 | 16,000 | 16,000 | 0 |
| Employee Benefits | 0 | 7,736 | 7,066 | 670 |
| Professional & Tech Services | 1,500 | 1,578 | 1,578 | 0 |
| Purchased Property Services | 0 | 400 | 400 | 0 |
| Supplies | 0 | 1,202 | 1,202 | 0 |
| Supply Assets | 0 | 8,025 | 8,025 | 0 |
| Total Support Services-Instruction | <u>1,500</u> | <u>34,941</u> | <u>34,271</u> | <u>670</u> |
| Support Services-General Administration | | | | |
| Personnel Services | 6,000 | 8,704 | 8,175 | 529 |
| Employee Benefits | 1,420 | 2,042 | 1,848 | 194 |
| Professional & Tech Services | 7,660 | 19,906 | 19,906 | 0 |
| Purchased Property Services | 0 | 400 | 400 | 0 |
| Other Purchased Services | 775 | 5,327 | 4,394 | 933 |
| Supplies | 300 | 1,325 | 870 | 455 |
| Supply Assets | 0 | 100 | 56 | 44 |

STATE OF NEW MEXICO

ROOTS AND WINGS COMMUNITY SCHOOL

GENERAL FUND-OPERATIONAL-11000

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
| | Original | Final | | |
| Total Support Services-General Administration | \$ 16,155 | \$ 37,804 | \$ 35,649 | \$ 2,155 |
| Central Services | | | | |
| Professional & Tech Services | \$ 30,000 | \$ 40,000 | \$ 40,000 | \$ 0 |
| Supplies | 5,300 | 6,051 | 5,256 | 795 |
| Supply Assets | 0 | 2,349 | 1,995 | 354 |
| Total Central Services | <u>35,300</u> | <u>86,304</u> | <u>47,251</u> | <u>1,149</u> |
| Operation & Maintenance of Plant | | | | |
| Personnel Services | 4,000 | 4,005 | 4,000 | 5 |
| Employee Benefits | 910 | 3,520 | 3,373 | 147 |
| Purchased Property Services | 72,852 | 32,999 | 32,999 | 0 |
| Other Purchased Services | 2,446 | 2,446 | 2,446 | 0 |
| Supplies | 200 | 2,084 | 2,084 | 0 |
| Supply Assets | 0 | 68,833 | 17,091 | 51,742 |
| Total Operation & Maintenance of Plant | <u>80,408</u> | <u>113,887</u> | <u>61,993</u> | <u>51,894</u> |
| Total Expenditures | <u>351,438</u> | <u>557,608</u> | <u>462,644</u> | <u>57,060</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (5,000) | (10,779) | 84,100 | 94,879 |
| Cash Balance Beginning of Year | <u>14,482</u> | <u>14,482</u> | <u>14,482</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 9,482</u> | <u>\$ 3,703</u> | <u>\$ 98,582</u> | <u>\$ 94,879</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | <u>\$ 84,100</u> | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | <u>\$ 84,100</u> | |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

ROOTS AND WINGS COMMUNITY SCHOOL

GENERAL FUND-INSTRUCTIONAL MATERIALS-14000

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|---------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Interest Income | \$ 0 | \$ 0 | \$ 5 | \$ 5 |
| State & Local Grants | 2,399 | 7,027 | 2,399 | (4,628) |
| Total Revenues | <u>2,399</u> | <u>7,027</u> | <u>2,404</u> | <u>(4,623)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Supplies | 2,256 | 10,126 | 10,126 | 0 |
| Total Instruction | <u>2,256</u> | <u>10,126</u> | <u>10,126</u> | <u>0</u> |
| Support Services-Instruction | | | | |
| Supplies | 0 | 1,270 | 1,270 | 0 |
| Total Support Services- Instruction | <u>0</u> | <u>1,270</u> | <u>1,270</u> | <u>0</u> |
| Total Expenditures | <u>2,256</u> | <u>11,396</u> | <u>11,396</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 143 | (4,369) | (8,992) | (4,623) |
| Cash Balance Beginning of Year | <u>4,369</u> | <u>4,369</u> | <u>4,369</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 4,512</u> | <u>\$ 0</u> | <u>\$ (4,623)</u> | <u>\$ (4,623)</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ (8,992) | |
| Net change in Due from Grantor | | | 4,623 | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | <u>\$ (4,369)</u> | |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

ROOTS AND WINGS COMMUNITY SCHOOL

SPECIAL REVENUE FUND-TEACHER/PRINCIPAL TRAINING-24154

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal Grants | \$ 1,760 | \$ 2,053 | \$ 0 | \$ (2,053) |
| Total Revenues | <u>1,760</u> | <u>2,053</u> | <u>0</u> | <u>(2,053)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Other Purchased Services | 0 | 293 | 0 | 293 |
| Total Instruction | <u>0</u> | <u>293</u> | <u>0</u> | <u>293</u> |
| Total Expenditures | <u>0</u> | <u>293</u> | <u>0</u> | <u>293</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 1,760 | 1,760 | 0 | (1,760) |
| Cash Balance Beginning of Year | <u>(1,760)</u> | <u>(1,760)</u> | <u>(1,760)</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ (1,760)</u> | <u>\$ (1,760)</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ <u>0</u> | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | \$ <u>0</u> | |

The notes to the financial statements are an integral part of this statement.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the ROOTS & WINGS COMMUNITY SCHOOL (School) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the School's accounting policies are described below.

Financial Reporting Entity

The School has been in existence since August 2001 and is currently operating under the provisions of the Public School Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The School operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the School is considered a component unit, since its budget is approved by Questa independent District No. 9 elected officials. GASB Statement No. 14 defines a component unit as who is not fiscally independent meaning that the School may not, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The School is a component unit of Questa Independent School District No. 9 , defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

The accounts of the School are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the School are classified into the governmental category. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

Governmental Funds

Governmental funds are used to account for the School's general government activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of capital assets.

General Fund - The General Fund is the general operating fund of the School and accounts for all revenues and expenditures of the School not encompassed within other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the School.

Major Funds

The School reports the following major governmental funds:

GENERAL FUND (11000)(14000)

The General Fund consist of three sub funds. The first is the operational fund of the School and accounts for all revenues and expenditures of the School not encompassed within other funds. The Instructional Materials fund accounts for a state grant to provide text books for students in the School.

SPECIAL REVENUE FUND

Teacher/Principal Training (24154) To provide grants to State Education Agencies (SEAs) 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. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

Public School Capital Outlay 31200

The revenues are derived from a state legislative grant. The expenditures are restricted to capital improvements.

Measurement Focus and Basis of Accounting ***Government-Wide Financial Statements (GWFS)***

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the School's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the School's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, and 3) program specific capital grants and contributions.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

Revenues

Entitlement and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, the susceptible to accrual criteria have been met and all of the eligibility requirements have been met.

Other receipts become measurable and available when cash is received by the School and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are paid prior to the end of the fiscal year and therefore are not accrued. Salaries for the twelve month employees payroll are

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Basis of Budgeting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

STATE OF NEW MEXICO

ROOTS AND WINGS COMMUNITY SCHOOL

Notes to the Financial Statements

June 30, 2009

The School follows the following procedures in establishing data reflected in the financial statements:

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the School for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the School shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the School until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The School shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No board member or officer or employee of the School shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the School and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the School has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

The School's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The School is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
Notes to the Financial Statements
June 30, 2009

Investments

All money not immediately necessary for the public uses of the School may be invested in :

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

Receivables include interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the School as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
Notes to the Financial Statements
June 30, 2009

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

| | |
|--|-------------|
| Buildings & Improvements | 20-50 Years |
| Equipment, Vehicles, Information Technology Equipment, Software & Library Books | 3-15 Years |

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet. There are no outstanding Capital Leases.

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The School does not have any activity in short-term debt.

Long-Term Liabilities

For School-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Reserved fund balance indicates that portion of fund equity which has been segregated for specific purposes.

Unreserved fund balance indicates that portion of fund equity which is available for budgeting in future periods.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
 Notes to the Financial Statements
 June 30, 2009

Deferred Revenue

The School reports deferred revenues on its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when resources are received by the School before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the School has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

Compensated Absences

The School contracts all employees on an annual basis. A terminated employee is paid through the date of dismissal in accordance with their contract. Due to this practice, there are no compensated absences

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B: CASH AND INVESTMENTS

The School is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

| First Community Bank | Balance Per Bank 06-30-08 | Reconciled Balance | Type |
|-----------------------------|---------------------------------|-----------------------------|----------|
| <u>Name of Account</u> | <u> </u> | <u> </u> | |
| Roots and Wings | \$ 195,310 | \$ 91,975 | Checking |
| TOTAL Deposited | 195,310 | <u>91,975</u> | |
| Less: FDIC Coverage | <u>(195,310)</u> | | |
| Uninsured Amount | 0 | | |
| 50% collateral requirement | 0 | | |
| Pledged securities | 0 | | |
| Over (Under) requirement | <u>\$ 0</u> | | |

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

There are no pledged securities for the year ending June 30, 2009

Custodial Credit Risk-Deposits

| <u>Depository Account</u> | Bank Balance |
|--|-------------------|
| Insured | \$ 195,310 |
| Collateralized: | |
| Collateral held by the pledging bank in School's name | 0 |
| Uninsured and uncollateralized | 0 |
| Total Deposits | <u>\$ 195,310</u> |

Custodial credit risk is the risk that in the event of a 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, 2009 none of the School's bank balance of \$195,310 was exposed to custodial credit risk.

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
Notes to the Financial Statements
June 30, 2009

NOTE C: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

| Receivable Fund | Payable Funds | | | Total |
|--------------------|-------------------------------------|--|--------------------------------|----------|
| | Instructional Materials 14000 | Teacher/Principal Training 24154 | Other Governmental Funds | |
| General Fund | \$ 4,623 | \$ 1,760 | \$ 366 | \$ 6,749 |
| Totals | \$ 4,623 | \$ 1,760 | \$ 366 | \$ 6,749 |

The above interfund balances resulted from reimbursement grants. The shortfalls were covered by the General Fund. All transactions will be repaid within one year.

NOTE D: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2009, is as follows:

| | Balance 6/30/08 | Additions | Deletions | Balance 6/30/09 |
|---|--------------------|------------|-----------|--------------------|
| Governmental Activities | | | | |
| Capital Assets not being Depreciated | | | | |
| Land | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total Capital Assets not being Depreciated | 0 | 0 | 0 | 0 |
| Capital Assets, being Depreciated | | | | |
| Buildings & Improvements | 7,860 | 0 | 0 | 7,860 |
| Equipment, Vehicles, Information Technology Equipment, Software & Library Books | 87,924 | 0 | 0 | 87,924 |
| Total Capital Assets, being Depreciated | 95,784 | 0 | 0 | 95,784 |
| Total Capital Assets | 95,784 | 0 | 0 | 95,784 |
| Less Accumulated Depreciation | | | | |
| Buildings & Improvements | 11,479 | 2,244 | 0 | 13,723 |
| Equipment, Vehicles, Information Technology Equipment, Software & Library Books | 36,267 | 5,321 | 0 | 41,588 |
| Total Accumulated Depreciation | 47,746 | 7,565 | 0 | 55,311 |
| Capital Assets, net | \$ 48,038 | \$ (7,565) | \$ 0 | \$ 40,474 |

NOTE E: PENSION PLAN

Substantially all of the (name of employer'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.

Plan members are required to contribute 7.9% of their gross salary. The District is required to contribute 11.65% of the gross covered salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the District 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, 2009, 2008, and 2007, were \$21,935, \$15,737 and \$16,385, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE F: RETIREE HEALTH CARE ACT CONTRIBUTIONS

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

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

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

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.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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, 2009, 2008 and 2007 were \$2,448, \$1,639 and 1,785, respectively, which equal the required contributions for each year.

NOTE G: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

Reconciliations are located at the bottom of each budget actual.

STATE OF NEW MEXICO

ROOTS AND WINGS COMMUNITY SCHOOL

Notes to the Financial Statements

June 30, 2009

NOTE H: INSURANCE COVERAGE

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The School, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the School to NMPSIA for coverage provided in the following areas:

- Workers Compensation
- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Contract School Bus Coverage; and
- Crime

NOTE I: SURETY BOND

The officials and certain employees of the School are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

NOTE J: RELATED PARTY DISCLOSURE

The School is leasing their facilities from Todd Wynwarde, Superintendent and Margaret T. Barlett, his wife. The term of the lease is for a period of five years, beginning on August 16, 2006 and terminating on August 15, 2011 with the right to renew the lease for two terms of five years. The rent is \$1,800 per month for the term of the lease.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO

ROOTS AND WINGS COMMUNITY SCHOOL

CAPITAL PROJECTS FUND-PUBLIC SCHOOL CAPITAL OUTLAY-31200

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|---------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State & Local Grants | \$ 0 | \$ 18,710 | \$ 18,710 | \$ 0 |
| Total Revenues | <u>0</u> | <u>18,710</u> | <u>18,710</u> | <u>0</u> |
| Expenditures | | | | |
| Operation & Maintenance of Plant | | | | |
| Rental-Land & Building | 0 | 18,710 | 18,710 | 0 |
| Total Operation & Maintenance of Plant | <u>0</u> | <u>18,710</u> | <u>18,710</u> | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>18,710</u> | <u>18,710</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 0 | 0 | 0 | 0 |
| Cash Balance Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ <u>0</u> | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | \$ <u>0</u> | |

The notes to the financial statements are an integral part of this statement.

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR FUNDS

Title V (24150). To account for monies received to improve elementary and secondary education for children attending both public and private schools. The fund was created by grant provisions. (PL 103-382).

Safe & Drug Free Schools (24157). To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources. Elementary and Secondary Education Act , Title IV, Part A, Subpart 1, as amended. 20 USC 7111-7118.

Beginning Teacher Mentoring Program (27154). To account for revenues and expenditures from a state grant provided for tutoring and student enhancement activities in reading, math, and study skills for grades sixth through eight. The fund was created by state grant provisions.

Library Book Fund (27549). To account for funds received from the New Mexico Public Education Department for purchasing library books. The fund was created by state grant provisions.

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2009

| | Title V 24150 | Safe & Drug Free Schools 24157 | Beginning Teacher Mentoring 27154 |
|--|-------------------|---|--|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 0 | \$ 0 | \$ 0 |
| Receivable | | | |
| Due from Grantor | 73 | 293 | 0 |
| Total Assets | <u>\$ 73</u> | <u>\$ 293</u> | <u>\$ 0</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Interfund Balance | \$ 73 | \$ 293 | \$ 0 |
| Total Liabilities from Other Funds | <u>73</u> | <u>293</u> | <u>0</u> |
| Fund Balance | | | |
| Unreserved, Undesignated, reported in: | | | |
| Special Revenue | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Fund Balance | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Liabilities and Fund Balance | <u>\$ 73</u> | <u>\$ 293</u> | <u>\$ 0</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2009

| | Incentive for School Improvement 27549 | Total |
|--|---|-------------------|
| | <u> </u> | <u> </u> |
| ASSETS | | |
| Cash and Cash Equivalents | \$ 143 | \$ 143 |
| Receivable | | |
| Due from Grantor | 0 | 366 |
| Total Assets | <u>\$ 143</u> | <u>\$ 509</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Interfund Balance | \$ 0 | \$ 366 |
| Total Liabilities from Other Funds | <u>0</u> | <u>366</u> |
| Fund Balance | | |
| Unreserved, Undesignated, reported in: | | |
| Special Revenue | <u>143</u> | <u>143</u> |
| Total Fund Balance | <u>143</u> | <u>143</u> |
| Total Liabilities and Fund Balance | <u>\$ 143</u> | <u>\$ 509</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2009

| | Title V 24150 | Safe & Drug Free Schools 24157 | Beginning Teacher Mentoring 27154 |
|--|----------------------|---|--|
| | <u> </u> | <u> </u> | <u> </u> |
| Revenues | | | |
| State & Local Grants | \$ 0 | \$ 0 | \$ 0 |
| Federal Grants | <u> 73</u> | <u> 293</u> | <u> 0</u> |
| Total Revenues | <u> 73</u> | <u> 293</u> | <u> 0</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | <u> 73</u> | <u> 293</u> | <u> 0</u> |
| Total Expenditures | <u> 73</u> | <u> 293</u> | <u> 0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 0 | 0 | 0 |
| Fund Balances at Beginning of Year | <u> 0</u> | <u> 0</u> | <u> 0</u> |
| Fund Balance End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2009

| | Incentive for School Improvement <u>27549</u> | <u>Total</u> |
|--|--|---------------|
| Revenues | | |
| State & Local Grants | \$ 143 | \$ 143 |
| Federal Grants | <u>0</u> | <u>73</u> |
| Total Revenues | <u>143</u> | <u>216</u> |
| Expenditures | | |
| Current | | |
| Instruction | <u>0</u> | <u>73</u> |
| Total Expenditures | <u>0</u> | <u>73</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 143 | 143 |
| Fund Balances at Beginning of Year | <u>0</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$ 143</u> | <u>\$ 143</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

ROOTS AND WINGS COMMUNITY SCHOOL

SPECIAL REVENUE FUND-TITLE V-24150

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|--------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal Grants | \$ 100 | \$ 173 | \$ 100 | \$ (73) |
| Total Revenues | <u>100</u> | <u>173</u> | <u>100</u> | <u>(73)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Supplies | 0 | 73 | 73 | 0 |
| Total Instruction | <u>0</u> | <u>73</u> | <u>73</u> | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>73</u> | <u>73</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 100 | 100 | 27 | (73) |
| Cash Balance Beginning of Year | <u>(100)</u> | <u>(100)</u> | <u>(100)</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ (73)</u> | <u>\$ (73)</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ 27 | |
| Net change in Due from Grantor | | | <u>(27)</u> | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | <u>\$ 0</u> | |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

ROOTS AND WINGS COMMUNITY SCHOOL

SPECIAL REVENUE FUND-SAFE & DRUG FREE SCHOOLS-24157

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal Grants | \$ 0 | \$ 2,053 | \$ 0 | \$ (2,053) |
| Total Revenues | <u>0</u> | <u>2,053</u> | <u>0</u> | <u>(2,053)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Other Purchased Services | 0 | 293 | 293 | 0 |
| Total Instruction | <u>0</u> | <u>293</u> | <u>293</u> | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>293</u> | <u>293</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 0 | 1,760 | (293) | (2,053) |
| Cash Balance Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 0</u> | <u>\$ 1,760</u> | <u>\$ (293)</u> | <u>\$ (2,053)</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ (293) | |
| Net change in Due from Grantor | | | <u>293</u> | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | <u>\$ 0</u> | |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

ROOTS AND WINGS COMMUNITY SCHOOL

SPECIAL REVENUE FUND-BEGINNING TEACHER MENTORING-27154

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|--------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State & Local Grants | \$ 0 | \$ 1,003 | \$ 1,003 | \$ 0 |
| Total Revenues | <u>0</u> | <u>1,003</u> | <u>1,003</u> | <u>0</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Professional & Tech Services | 0 | 1,003 | 1,003 | 0 |
| Total Instruction | <u>0</u> | <u>1,003</u> | <u>1,003</u> | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>1,003</u> | <u>1,003</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 0 | 0 | 0 | 0 |
| Cash Balance Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ <u>0</u> | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | \$ <u>0</u> | |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

ROOTS AND WINGS COMMUNITY SCHOOL

SPECIAL REVENUE FUND-LIBRARY BOOK FUND-27549

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State & Local Grants | \$ 0 | \$ 0 | \$ 143 | \$ 143 |
| Total Revenues | <u>0</u> | <u>0</u> | <u>143</u> | <u>143</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Other Purchased Services | 0 | 0 | 0 | 0 |
| Total Instruction | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 0 | 0 | 143 | 143 |
| Cash Balance Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 143</u> | <u>\$ 143</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ <u>143</u> | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | \$ <u>143</u> | |

The notes to the financial statements are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
Cash Reconciliations - All Funds
For the Year Ended June 30, 2009

| | | Beginning Cash Balance <u>6/30/08</u> | Revenue | Expenditures | Transfer/ Loans | Ending Cash Balance <u>6/30/09</u> |
|-----------------------------|-------|--|----------------------|----------------------|--------------------|---|
| Operations | 11000 | \$ 14,481.52 | \$ 546,743.88 | \$ 462,643.87 | \$ | \$ 98,581.53 |
| Instructional Materials | 14000 | 4,368.71 | 2,403.81 | 11,394.99 | | (4,622.47) |
| Title V | 24150 | (100.00) | 100.00 | 72.90 | | (72.90) |
| Teacher/Principal Training | 24154 | (1,760.00) | 0.00 | 0.00 | | (1,760.00) |
| Safe & Drug Free Schools | 24157 | 0.00 | 0.00 | 293.37 | | (293.37) |
| Microsoft Settlement | 27154 | 0.00 | 1,003.09 | 1,003.09 | | 0.00 |
| Beginning Teacher Mentoring | 27549 | 0.00 | 143.00 | 0.00 | | 143.00 |
| PSCOC | 31200 | 0.00 | 18,710.00 | 18,710.00 | | 0.00 |
| Total | | <u>\$ 16,990.23</u> | <u>\$ 569,103.78</u> | <u>\$ 494,118.22</u> | <u>\$ 0.00</u> | <u>\$ 91,975.79</u> |

The notes to the financial statements are an integral part of this statement.

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

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 of the State of New Mexico
Board Members of the ROOTS & WINGS COMMUNITY SCHOOL

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of ROOTS & WINGS COMMUNITY SCHOOL, (School), as of and for the year ended June 30, 2009, and have issued our report thereon dated October 21, 2009. 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 School's internal control over financial reporting as a basis for designing the 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 School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

 CPA PC

October 21, 2009

STATE OF NEW MEXICO
ROOTS AND WINGS COMMUNITY SCHOOL
Schedule of Findings and Responses
For the Year Ended June 30, 2009

Prior Year Audit Findings

There were no prior year audit findings

Current Year Audit Findings

There are no current year audit findings

Financial Statement Preparation

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

Exit Conference

An exit conference was held on October 21, 2009. Those present were Karen Quintana Shannon-Business Manager, Peggy Chung-Member and DeAun Willoughby, CPA.