

STATE OF NEW MEXICO
 ROY MUNICIPAL SCHOOLS
 JUNE 30, 2008

TABLE OF CONTENTS

Table of Contents	i – ii
Official Roster	iii
Independent Auditor's Report	iv – v
FINANCIAL SECTION	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3 – 4
Reconciliation of the Balance Sheet – All Governmental Funds to The Statement of Net Assets	5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	6 – 7
Reconciliation of the Statements of Revenue, Expenditures, and Changes In Fund Balance – All Governmental Funds to the Statement of Activities	8
Major Funds:	
Combined Statements of Revenues, Expenditures – Budget (Non-GAAP) And Actual – General Fund	9
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual- Special Revenue Fund – Food Service	10
Statement of Fiduciary Assets and Liabilities – Agency Fund	11
NOTES TO FINANCIAL STATEMENTS	12 – 24
NON-MAJOR FUNDS	
Non – Major Fund Descriptions	25 – 26
Combining Balance Sheet – Capital Projects Fund Non-Major Governmental	27
Combining Statements of Revenue, Expenditures, and Changes in Fund Balance – Capital Project Funds – Non-Governmental Funds	28
Combining Balance Sheet – Non-Major Governmental Funds— Special Revenue Funds	29 – 32
Combining Statement of Revenues, Expenses and Changes in Fund Balance – Non-Major Governmental Funds – Special Revenue Funds	33 – 36
Athletics – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	37
Title I – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	38
Idea B – Entitlement – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	39
Medicaid Title XIX – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	40
Rural Education Achievement – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	41
Technology for Education – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	42
Sun Safety – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	43

STATE OF NEW MEXICO
 ROY MUNICIPAL SCHOOLS
 JUNE 30, 2008

TABLE OF CONTENTS (continued)

NON-MAJOR FUNDS (continued)

Gear Up – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	44
School Based Health Center – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	45
Senate Bill – Nine – Special Revenue Fund Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual	46

OTHER MAJOR FUND INFORMATION

Combining Balance Sheet – General Fund	47
Combining Statement of Revenue, Expenditures and Changes in Fund Balance – General Fund	48
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual – General Fund – Operational	49
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual – General Fund – Teacherage	50
Statement of Revenue & Expenditures – Budget (Non GAAP) and Actual – General Fund – Transportation Fund	51
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual – General Fund – Instructional Materials Fund	52
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual – Debt Service – Debt Service	53
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual – Capital Projects Fund – Bond Building	54
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual – Capital Projects Fund – Special Capital Outlay State	55

SUPPLEMENTAL INFORMATION

Schedule of Changes in Assets and Liabilities – Agency Fund	56
Schedule of Pledged Collateral	57
Bank Summary	58
Bank Reconciliation	59 – 60
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61 – 62
Prior Year Audit Findings	63
Schedule of Findings and Responses	64 – 66
Other Disclosures	67

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS
JUNE 30, 2008

OFFICIAL ROSTER

BOARD OF EDUCATION

Sacramento Baca	President
Matthew Mitchell	Vice-president
Arlene Daniels	Secretary
Blair Clavel	Member
Troy Daniels	Member

SCHOOL OFFICIALS

Richard Hazen	Superintendent
Dorothy Hazen	Office Administrator

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Roy Municipal Schools, as of and for the year ended June 30, 2008, which collectively comprise the Roy Municipal School's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the nonmajor governmental funds and budget comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of Roy Municipal 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 Standard issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 Roy Municipal Schools, as of June 30, 2008, and the respective changes in financial position thereof, and the budgetary comparisons for the General Fund, Food Services, Debt Service Fund, and Bond Building 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 Roy Municipal Schools as of June 30, 2008 and the respective changes in financial position thereof and, the respective budgetary comparisons for the nonmajor governmental funds and the major capital projects and debt service funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 23, 2009, on our consideration of Roy Municipal School's 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

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 financial statements taken as a whole.

Roy Woodard & Associates

October 23, 2009
Portales, New Mexico

STATE OF NEW MEXICO
 ROY MUNICIPAL SCHOOLS
 STATEMENT OF NET ASSETS

June 30, 2008

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 207,182
Taxes Receivable	2,449
Due from Agency Fund	65,961
Due from other governments	37,860
Food Inventory	65
Non-current:	
Bond issuance cost, net	57,095
Capital assets, net	<u>2,478,860</u>
Total assets	<u>2,849,472</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 2,679
Deferred Revenue	10,135
Noncurrent liabilities:	
Due within one year	50,000
Due in more than one year	<u>320,000</u>
Total liabilities	<u>382,814</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	2,108,860
Restricted For:	
Debt service	70,955
Capital projects	70,058
Senate Bill Nine	32,933
Unrestricted	<u>183,852</u>
Total net assets	<u>\$ 2,466,658</u>

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

STATE OF NEW MEXICO
 ROY MUNICIPAL SCHOOLS
 STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue & Changes In Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:	\$	\$	\$	\$	\$
Governmental activities:					
Instruction	762,488	7,436	55,987	-	(699,065)
Support Services-Students	130,055	-	44,767	-	(85,288)
Support Services-Instruction	77	-	-	-	(77)
Support Services-General Administration	111,075	-	-	-	(111,075)
Support Services-School Administration	-	-	-	-	-
Central Services	81,416	-	-	-	(81,416)
Operation & Maintenance of Plant	301,747	-	-	-	(301,747)
Student Transportation	198,069	-	197,928	-	(141)
Food Service Operations	38,502	7,722	15,143	-	(15,637)
Community Services	-	-	-	-	-
Interest and Fiscal Charge	16,805	-	-	-	(16,805)
Unallocated				25,000	25,000
Depreciation & Amortization - unallocated	137,330	-	-	-	(137,330)
Total governmental activities	\$ 1,777,564	\$ 15,158	\$ 313,825	\$ 25,000	(1,423,581)

General revenues:	
Property Taxes Levied for:	
General purpose	3,591
Debt service	79,441
Capital projects	16,578
State Equalization Guarantee	1,343,916
Rent	13,657
Unrestricted investment earnings	12,509
Miscellaneous income	18,037

Total general revenues 1,487,729

Change in net assets	64,148
Net assets - beginning	2,542,431
Restatement	(139,921)
Net assets-beginning	2,402,510
Net assets - ending	<u>\$ 2,466,658</u>

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2008

	<u>GENERAL</u>	<u>CAFETERIA</u>	<u>SPECIAL CAPITAL OUTLAY STATE</u>	<u>DEBT SERVICE</u>
ASSETS				
Cash on Deposit	\$ 9,275	\$ 31,636	\$ -	\$ 70,329
Taxes Receivable	94	-	-	1,970
Due From Other Funds	55,292	-	-	1,335
Due from other Governments	-	-	25,000	-
Due from Trust & Agency	65,961	-	-	-
Inventory	-	65	-	-
TOTAL ASSETS	<u>\$ 130,622</u>	<u>\$ 31,701</u>	<u>\$ 25,000</u>	<u>\$ 73,634</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 2,679
Due to Other Funds	21,483	18,758	25,066	-
Cash Deficit	-	-	-	-
Deferred Revenue	-	-	-	-
TOTAL LIABILITIES	21,483	18,758	25,066	2,679
FUND BALANCE				
Unreserved				
General Fund	109,139	-	-	-
Reserved For:				
Inventory	-	65	-	-
Debt Service Funds	-	-	-	70,955
Special Revenue Funds	-	12,878	-	-
Capital Projects Funds	-	-	(66)	-
TOTAL FUND BALANCE	<u>109,139</u>	<u>12,943</u>	<u>(66)</u>	<u>70,955</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 130,622</u>	<u>\$ 31,701</u>	<u>\$ 25,000</u>	<u>\$ 73,634</u>

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

<u>BOND BUILDING</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>Total GOVERNMENTAL FUNDS</u>
\$ 61,713	\$ 34,229	\$ 207,182
-	385	2,449
-	25,066	81,693
-	12,860	37,860
-	-	65,961
-	-	65
<u>\$ 61,713</u>	<u>\$ 72,540</u>	<u>\$ 395,210</u>
\$ -	\$ -	\$ 2,679
-	16,386	81,693
-	-	-
-	10,135	10,135
-	26,521	94,507
-	-	109,139
-	-	65
-	-	70,955
-	37,608	50,486
61,713	8,411	70,058
<u>61,713</u>	<u>46,019</u>	<u>300,703</u>
\$ 61,713	\$ 72,540	\$ 395,210

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

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

June 30, 2008

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

Fund Balances - total governmental funds	\$	300,703
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		2,478,860
Bond issuance costs used are not current period financial resources and are not reported in the funds.		57,095
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		<u>(370,000)</u>
Net assets of governmental activities	\$	<u><u>2,466,658</u></u>

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	<u>GENERAL</u>	<u>CAFETERIA</u>	<u>SPECIAL CAPITAL OUTLAY STATE</u>
REVENUE			
Local Property Taxes	\$ 3,591	\$ -	\$ -
Donations	1,955		
Interest Earned	7,416	176	
Federal Program	-	15,143	
State Equalization	1,343,916		
State Program	212,538	-	25,000
Fees		7,722	
Rent	13,657		
Miscellaneous	16,083	-	-
TOTAL REVENUES	<u>1,599,156</u>	<u>23,041</u>	<u>25,000</u>
EXPENDITURES			
Current			
Instruction	798,492	-	-
Support Services-Students	85,288	-	-
Support Services-Instruction	77	-	-
Support Services-General Administration	110,283	-	-
Central Services	81,416	-	-
Operation & Maintenance of Plant	301,747		
Student Transportation	198,069		
Food Service Operations	-	38,502	-
Construction & Acquisition	-	-	25,000
Debt Service			
Principal	-	-	-
Interest and Fiscal Charge	-	-	-
TOTAL EXPENDITURES	<u>1,575,372</u>	<u>38,502</u>	<u>25,000</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	23,784	(15,461)	-
Other Financial Sources (Uses)			
Bond sale Proceeds	-	-	-
Total Other Financial Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	23,784	(15,461)	-
FUND BALANCE			
June 30, 2007	<u>85,355</u>	<u>28,404</u>	<u>(66)</u>
FUND BALANCE June 30, 2008	<u>\$ 109,139</u>	<u>\$ 12,943</u>	<u>\$ (66)</u>

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

DEBT SERVICE	BOND BUILDING	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ 79,441	\$ -	\$ 16,578	\$ 99,610
-	4,917	-	1,955
-	-	-	12,509
-	-	38,308	53,451
-	-	-	1,343,916
-	-	47,836	285,374
-	-	7,435	15,157
-	-	-	13,657
-	-	-	16,083
<u>79,441</u>	<u>4,917</u>	<u>110,157</u>	<u>1,841,712</u>
-	-	48,817	847,309
-	-	44,767	130,055
662	-	-	77
-	-	130	111,075
-	-	-	81,416
-	-	-	301,747
-	-	-	198,069
-	-	-	38,502
-	95,363	16,169	136,532
50,000	-	-	50,000
16,805	-	-	16,805
<u>67,467</u>	<u>95,363</u>	<u>109,883</u>	<u>1,911,587</u>
11,974	(90,446)	274	(69,875)
-	-	-	-
-	-	-	-
11,974	(90,446)	274	(69,875)
<u>58,981</u>	<u>152,159</u>	<u>45,745</u>	<u>370,578</u>
<u>\$ 70,955</u>	<u>\$ 61,713</u>	<u>\$ 46,019</u>	<u>\$ 300,703</u>

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

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

Year Ended June 30, 2008

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

Net change in fund balance - total governmental funds	\$ (69,875)
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	88,781
Amortization	(4,758)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds

The issuance of long-term debt (e.g., bonds) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items

Bond Principal Paid	<u>50,000</u>
Change in Net Assets	<u>\$ 64,148</u>

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

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

General Fund				
	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 3,284	\$ 3,284	\$ 3,540	\$ 256
Interest Income	2,990	2,990	7,416	4,426
State Equalization	1,275,337	1,344,400	1,343,916	(484)
State Flow Through Grants	188,930	204,291	262,175	57,884
Rent	7,800	7,800	15,612	7,812
Refunds	-	-	16,082	16,082
TOTAL REVENUE	<u>1,478,341</u>	<u>1,562,765</u>	<u>\$ 1,648,741</u>	<u>\$ 85,976</u>
 Cash Balance Budgeted	 <u>59,498</u>	 <u>59,498</u>		
TOTAL REVENUE & CASH	\$ <u>1,537,839</u>	\$ <u>1,622,263</u>		
EXPENDITURES				
Current				
Instruction	\$ 779,060	\$ 815,394	\$ 798,433	\$ 16,961
Support Services-Students	82,161	90,827	85,288	5,539
Support Services-Instruction	518	518	77	441
Support Services-General Administration	111,730	111,730	110,283	1,447
Central Services	81,564	81,564	81,416	148
Operation & Maintenance of Plant	273,227	323,767	301,747	22,020
Student Transportation	209,406	198,290	198,070	220
Other Support Services	173	173	-	173
TOTAL EXPENDITURES	\$ <u>1,537,839</u>	\$ <u>1,622,263</u>	\$ <u>1,575,315</u>	\$ <u>46,948</u>

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

Sources/inflows of resources	
Actual amounts (budgetary basis)	\$ 1,648,741
Differences-Budget to GAAP	
Property tax Receivable	94
Prior Year Tax Receivables	(43)
Current Year Receivable	-
Prior Year Receivable	(49,637)
Current Year Deferral	-
Prior Year Deferral	-
Commodities Received	-
Total Revenues (GAAP Basis)	\$ <u>1,599,155</u>
Uses/outflows of resources	
Actual amounts (budgetary basis)	\$ 1,575,315
Differences-budget to GAAP	
Prior Year Interest Payable	-
Amortization	-
Issuance Cost	-
Current Year Interest Payable	-
Prior Year Accounts Payable	-
Current Year Accounts Payable	-
Cost of Commodities Used	-
Inventory Adjustment	-
Total Expenditures (GAAP Basis)	\$ <u>1,575,315</u>

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees-Users	\$ 6,000	\$ 6,000	\$ 7,723	\$ 1,723
Interest Income	30	30	176	146
Federal Revenue	14,500	14,500	13,500	(1,000)
TOTAL REVENUE	<u>20,530</u>	<u>20,530</u>	<u>\$ 21,399</u>	<u>\$ 869</u>
Cash Balance Budgeted	<u>21,932</u>	<u>21,932</u>		
TOTAL REVENUE & CASH	<u>\$ 42,462</u>	<u>\$ 42,462</u>		
EXPENDITURES				
Current				
Food Services-Operations	\$ 42,462	\$ 42,462	\$ 36,859	\$ 5,603
TOTAL EXPENDITURES	<u>\$ 42,462</u>	<u>\$ 42,462</u>	<u>\$ 36,859</u>	<u>\$ 5,603</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 21,399
Differences-Budget to GAAP	
Commodities Received	1,643
Total Revenues (GAAP Basis)	<u>\$ 23,042</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 36,859
Differences-budget to GAAP	
Cost of Commodities Used	1,643
Inventory Adjustment	
Total Expenditures (GAAP Basis)	<u>\$ 38,502</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND

June 30, 2008

	<u>AGENCY FUNDS</u>
ASSETS	
Cash on Deposit	\$ 101,172
TOTAL ASSETS	<u>\$ 101,172</u>
LIABILITIES	
Due to Student Groups	\$ 35,211
Due to Operational	65,961
TOTAL LIABILITIES	<u>\$ 101,172</u>

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

I. Summary of Significant Accounting Policies

A. Reporting Entity

Roy 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 City of Roy 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.

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 Roy 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.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. There are no component units.

The financial statements include all funds that are controlled by, or dependent on, the District and which are included in the District's reports to the Public Education Department.

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 segments 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 uncollectible amounts, in the year for which they are levied, even if not available. The amount of delinquent property taxes was not available and thus not recorded as revenue in these financial statements. 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.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

I. Summary of Significant Accounting Policies

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

Property taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and would be recognized as revenues of the current fiscal period if this information is available. All other revenue items are considered to be measurable and available only when cash is received by the government. Grant revenues and deferrals are recognized in accordance with GASB 33.

The government 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.

Food Services - To account for financing for school hot lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, New Mexico Statutes Annotated, State Law 22-13-13

Debt Service Fund Debt Service - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Special Capital Outlay State - To account funds restricted for the financing and construction of school improvements funded from a special legislative appropriation from the State of New Mexico.

Bond Building Fund Capital Projects Fund - This fund accounts for the revenue received from bonds sold by the school to be used for improvements and additions to school owned property.

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, then unrestricted resources as they are needed

D. Assets, liabilities, and net assets or fund balance

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

I. Summary of Significant Accounting Policies

D. Assets, liabilities, and net assets or fund balance

1. Deposits and investments (continued)

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" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The School District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. The assessed valuation for the 2008 fiscal year was \$7,325,963. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB - 9 Capital Improvements Fund, and Debt Service Fund. 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 an inventory is valued at cost using the first-in/first-out (FIFO) method. USDA Commodities are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life that exceeds a single reporting period. The District is capitalizing qualifying software and library books as required. 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.

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	50
Land Improvements	50
Equipment	10

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

I. Summary of Significant Accounting Policies

D. Assets, liabilities, and net assets or fund balance

5. Compensated absences

It is the School District's policy not to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave or vacation.

6. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

7. Fund Balance

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital projects expenditures.

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.

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. 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.

9. 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.

10. 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.

11. 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
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

I. Summary of Significant Accounting Policies

D. Assets, liabilities, and net assets or fund balance

12. 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.

13. 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 \$1,343,916 in state equalization guarantee distributions during the year ended June 30, 2008.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$197,928 in transportation distributions during the year ended June 30, 2008.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund *balance total governmental funds and net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of the \$370,000 difference are as follows:

Bonds Payable	\$ 370,000
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 370,000</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

II. Reconciliation of government-wide and fund financial statements

B. 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 that "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 \$88,781 difference are as follows:

Capital Outlay	\$ 221,353
Depreciation expense	<u>(132,572)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	<u>\$ 88,781</u>

Another element of that reconciliation states "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$50,000 difference are as follows:

Principal repayments:	
General obligation debt	\$50,000
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$50,000</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service 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, e.g., 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.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

III. Stewardship, compliance, and accountability

A. Budgetary information (continued)

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 for.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
- 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, 2008 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 1,478,341	\$ 1,562,765
Special Revenue Fund	143,118	224,974
Debt Service Fund	70,305	70,305
Capital Projects Fund	40,000	40,000
	<u>\$ 1,731,764</u>	<u>\$ 1,898,044</u>

B. Deficit fund equity

The District had the following deficit fund balances at June 30, 2008.

Enhancing Education Through Education	\$ 374
Library GO Bonds	1,550
Youth Conservation	293
Special Capital Outlay State	66
Total Deficit Fund Balances	<u>\$ 2,283</u>

The District will alleviate these deficit balances by making a permanent cash transfer from the General Fund.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

IV. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2008, the carrying amount of the District's deposits was \$308,354 and the bank balance was \$712,474. Of this balance \$178,065 was covered by federal depository insurance and \$363,551 was covered by collateral held in joint safekeeping by a third party.

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 identified in the Supplementary Information of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

Investments held by the New Mexico State Treasurer are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Sections 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary.

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.

B. Custodial Credit Risk – Deposits

Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008, the government's bank balance was 100% collateralized. As of June 30, 2008 none of the government's deposits totaling \$712,474 was exposed to custodial credit risk.

Total Deposits	\$	712,474
Less: FDIC Insurance		<u>(178,065)</u>
Uninsured Funds		534,409
Pledged Collateral held by pledging Bank's agent in the District's name		<u>534,409</u>
Uninsured and Uncollateralized	\$	<u><u>-</u></u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

IV. Detailed notes on all funds

C. Receivables

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

	<u>Due From Other Governments</u>
General Fund	25,000
Other Governmental Funds	<u>12,860</u>
Total Amounts Receivable	<u>\$ 37,860</u>

Interfund Receivables

The District had the following Interfund Receivables/Payables at June 30, 2008.

Due to SB – 9 from the following:

Special Capital Outlay State	\$ 25,066
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Due to Debt Service from the following:

Operational	\$ 26
SB – 9	<u>1,309</u>
Total Due to Debt Service	<u>\$ 1,335</u>

Due to Teacherage from the following:

Title I	\$ 5,293
Enhancing Education	373
Medicaid	2,016
Library G.O. Bonds	1,550
Youth Conservation	293
School Health Center	5,550
Operational	<u>20,099</u>
Total Due to Teacherage	<u>\$ 35,174</u>

Due to Operational from the following:

Cafeteria	\$ 18,759
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Due to Instructional Materials form the following:

Operational	\$ 1,359
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The balance of \$81,693 resulted form loans made to establish working capital for the individual funds. All loans are considered to be repaid within one year

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

IV. Detailed notes on all funds

C. Receivables (continued)

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. Amount due to the District from delinquent property tax due to the County Treasurers were not available. 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	\$10,135
Total deferred/unearned revenue for governmental funds	<u>\$10,135</u>

D. Capital Assets

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

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 16,200	\$ -	\$ -	\$ -	\$ 16,200
Capital assets, being depreciated:					
Buildings and improvements	3,410,212	(94,413)	153,492	-	3,469,291
Equipment	745,471	(78,524)	67,861	-	734,808
Total capital assets, being depreciated	4,155,683	(172,937)	221,353	-	4,204,099
Less accumulated depreciation for:					
Buildings & Improvements	1,295,790	(43,731)	82,601	-	1,334,660
Equipment	346,002	10,805	49,971	-	406,778
Total accumulated depreciation	1,641,792	(32,926)	132,572	-	1,741,438
Total capital assets, being Depreciated, net	2,513,891	(140,011)	88,781	-	2,462,661
Governmental activities Capital assets, net	<u>\$ 2,530,091</u>	<u>\$ (140,011)</u>	<u>\$ 88,781</u>	<u>\$ -</u>	<u>\$ 2,478,861</u>

The Schedule of General Capital Assets by Function and Activity, and the Schedule of Changes in General Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

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

The amounts in the adjustment column represent corrections to the capital asset listing including the deletion of previously retired assets and correction of assets listed at an estimated cost rather than actual invoice cost.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

IV. Detailed notes on all funds

E. Long – term debt

Series	Original Amount	Interest Rate	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008	Amount Due in One Year
2/15/2000	\$ 135,000	5.2 to 5.4	\$ 85,000	\$ -	\$ 50,000	\$ 35,000	\$ 35,000
7/15/2006	160,000	4.0 to 4.2	160,000	-	-	160,000	-
10/1/2006	175,000	4.0	175,000.00	-	-	175,000	15,000
Total	\$ 470,000		\$ 420,000	\$ -	\$ 50,000	\$ 370,000	\$ 50,000

Fiscal Year	Principal	Interest	Total
2009	\$ 50,000	\$ 14,278	\$ 64,278
2010	30,000	12,431	42,431
2011	30,000	11,194	41,194
2012	30,000	9,956	39,956
2013	30,000	8,719	38,719
2014-2020	200,000	23,500	223,500
	\$ 370,000	\$ 80,078	\$ 450,078

The Debt Service Fund has been used in the past to liquidate long-term debt such as bonds payable

Legal Debt Margin

The legal debt margin according to Article IX Section 11 of the Constitution of the State of New Mexico can not be greater than 6% of the assessed value of the taxable property within the School District. Based on these criteria, the maximum general obligation debt permissible is \$439,558, including \$370,000 debt outstanding based on the 2008 valuation.

V. Other information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2008.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

V. Other information (continued)

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.

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: Plan members are required to contribute 7.42% of their gross salary. The District is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross 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, 2008, 2007, and 2006, were \$79,832, \$77,202, and \$69,276, respectively, which equal the amount of the required contributions for each fiscal year.

D. Post-retirement health care benefits

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

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

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

V. Other information (continued)

D. Post-retirement health care benefits (continued)

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.

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 January 1, 1998 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, 2008, 2007 and 2006 were \$9,531, \$9,898 and \$9,580, respectively, which equal the required contributions for each year.

E. Fund Balance Restatements

The District made no restatements to fund balance.

F. Restatement of Net Assets

The District made the following restatements to net assets.

Net Assets Beginning Balance	\$ 2,542,431
Restatement	
Net adjustment due to capital asset update	(140,011)
Prior Year adjustment to cash	90
Net Restated Beginning Net Assets	<u>\$ 2,402,510</u>

SPECIAL REVENUE FUNDS

ATHLETICS— This is an auxiliary account to account for budgeted athletics of the school for activities that are considered to be non-instructional. Authority for the creation of this fund is NMAC 6.20.2.

TITLE I – The Title I project provides remedial instruction in language arts for educationally deprived students in low-income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

IDEA B—ENTITLEMENT —P.L. 94-142, Individuals with Disabilities Education Act – To account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230,93-380,94-142,98-199,99-457,100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

IDEA B-DISCRETIONARY – P.L. 94-142, individuals with Disabilities Education Act – To account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230,93-380,94-142,98-199,99-457,100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

IDEA B – PRESCHOOL— To account for revenue received under the Preschool Public Act P.L. 99-457 for the purpose of providing special educational services to the developmentally delayed preschool children. This fund is federally funded and is restricted to expenditure by grant application. 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.

ENHANCING EDUCATION THRU EDUCATION – To provide grants to State Education Agencies on a formula basis to improve student academic achievement through the use of technology in schools, assist all students in becoming technologically literate by the end of the eighth grade and encourage the effective integration of technology with teacher training and curriculum development to establish successful research-based instructional methods. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965, Title II, Part D, Subparts 1 and 2, as amended.

MEDICAID TITLE XIX— The purpose of this fund is to account for reimbursement of health-related services of Medicaid eligible students receiving related services, for administrative time study, and for a statement of service costs study. Authorized by the Social Security Act.

RURAL EDUCATION ACHEIVEMENT PROGRAM – 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.

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.

INCENTIVE FOR SCHOOL IMPROVEMENT— To account for monies received to be used as determined by the school principal and teachers in cooperation with other school employees and the community. It shall not be used for salaries, salary increases or bonuses. Financing and authority is provided by NMSA 22-13A-5.

LIBRARY G.O. 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.

YOUTH CONSERVATION – This fund is used to account for Youth Conservation Corp program which is used to introduce students to conservation opportunities. This program was created under a partnership between the U.S. Depart of Interior and U.S. Department of Agriculture – Forest Service under Public Law 93-408.

COORDINATED APPROACH TO CHILD HEALTH – To account for revenues received to coordinate child health improvements. The authority for the creation of this fund is the State Grant Provision and Hagerman Board of Education.

DWI Grant – To account for funds administered through the New Mexico DWI Coordinators to educate and prevent alcohol abuse and drinking and driving among students.

SUN SAFETY – To account for funds administered through the NM Department of Health to promote sun safety education to reduce the risk of developing skin cancer.

GEAR UP – To increase the number of low-income students who graduate from high school who are prepared to succeed in college. Funding and authorization is provided through the US Department of Education and the New Mexico Higher Education Department.

SCHOOL HEALTH CENTER – The purpose of this contract is to provide support for Coordinated School Health (CHS) programs in the Health Services at Clayton Municipal Schools. The contract supports programs for prevention, health promotion and early intervention. Funds are provided through the New Mexico Department of Health. The authority for creating this fund is the New Mexico State Department of Education Policies and Procedures Manuel.

CAPITAL IMPROVEMENTS (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.

CAPITAL PROJECTS FUNDS

PUBLIC SCHOOL CAPTIAL OUTLAY (PSCO) – To account for financing and construction of school improvements funded from appropriations from the State of New Mexico.

PUBLIC SCHOOL CAPITAL OUTLAY (PSCO) 20% Capital Projects Fund – To account for monies to be set aside out of Impact Aid, Forest Revenue, and local taxes for capital improvements in public schools. Authority for the creation of this fund is Section 22-8-5 NMSA 1978.

PUBLIC SCHOOL CAPITAL OUTLAY – STATE – This fund is used to account for the revenue and expenditures targeted for specific projects within the school district. This fund is funded by the general fund or from the proceeds of the sale of severance tax bonds.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

	PUBLIC SCHOOL CAPITAL OUTLAY	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Cash on Deposit	\$ 5,108	\$ 3,303	\$ 8,411	\$ 25,818	\$ 34,229
Taxes Receivable	-	-	-	385	385
Due from other funds	-	-	-	25,066	25,066
Due from other Governments	-	-	-	12,860	12,860
Inventory	-	-	-	-	-
TOTAL ASSETS	\$ 5,108	\$ 3,303	\$ 8,411	\$ 64,129	\$ 72,540
LIABILITIES					
Due to other Funds	\$ -	\$ -	\$ -	\$ 16,386	\$ 16,386
Accounts Payable	-	-	-	-	-
Deferred Revenue	-	-	-	10,135	10,135
TOTAL LIABILITIES	-	-	-	26,521	26,521
FUND BALANCE					
Unreserved-Designated for Subsequent Years Expenditures	-	-	-	-	-
Reserved For; Inventory	-	-	-	-	-
Capital Projects Funds	5,108	3,303	8,411	-	8,411
Special Revenue Funds	-	-	-	37,608	37,608
TOTAL FUND BALANCE	5,108	3,303	8,411	37,608	46,019
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,108	\$ 3,303	\$ 8,411	\$ 64,129	\$ 72,540

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

	PUBLIC SCHOOL CAPITAL OUTLAY	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUE					
Local Property Taxes	\$ -	\$ -	\$ -	\$ 16,578	\$ 16,578
Donations	-	-	-	-	-
Interest Earned	-	-	-	-	-
Federal Program	-	-	-	38,308	38,308
State Program	-	-	-	47,836	47,836
Fees	-	-	-	7,435	7,435
TOTAL REVENUES	-	-	-	110,157	110,157
EXPENDITURES					
Current					
Instruction	-	-	-	48,817	48,817
Support Services-Students	-	-	-	44,767	44,767
Support Services-Instruction	-	-	-	-	-
Support Services-General Administration	-	-	-	130	130
Food Service Operations	-	-	-	-	-
Capital Outlay	-	-	-	16,169	16,169
TOTAL EXPENDITURES	-	-	-	109,883	109,883
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	274	274
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Net Change in Fund Balance	-	-	-	274	274
FUND BALANCE					
June 30, 2007	5,108	3,303	8,411	37,334	45,745
RESTATEMENT	-	-	-	-	-
RESTATED FUND BALANCE	5,108	3,303	8,411	37,334	45,745
FUND BALANCE	-	-	-	-	-
June 30, 2008	\$ 5,108	\$ 3,303	\$ 8,411	\$ 37,608	\$ 46,019

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

JUNE 30, 2008

	<u>ATHLETICS</u>	<u>TITLE I</u>	<u>IDEA B ENTITLEMENT</u>	<u>IDEAL B DISCRETIONARY</u>
ASSETS				
Cash on Deposit	\$ 6,892	\$ -	\$ 852	\$ 467
Taxes Receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other Governments	-	5,293	-	-
Inventory	-	-	-	-
TOTAL ASSETS	<u>\$ 6,892</u>	<u>\$ 5,293</u>	<u>\$ 852</u>	<u>\$ 467</u>
LIABILITIES AND FUND BALANCE				
Due to other Funds	\$ -	\$ 5,293	\$ -	\$ -
Cash Deficit	-	-	-	-
Deferred Revenue	-	-	852	467
TOTAL LIABILITIES	<u>-</u>	<u>5,293</u>	<u>852</u>	<u>467</u>
FUND BALANCE				
Unreserved-Designated for Subsequent Years	-	-	-	-
Expenditures	6,892	-	-	-
Reserved For:				
Inventory	-	-	-	-
TOTAL FUND BALANCE	<u>6,892</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,892</u>	<u>\$ 5,293</u>	<u>\$ 852</u>	<u>\$ 467</u>

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

IDEA B PRESCHOOL	ENHANCING ED THRU EDUCATION	MEDICAID TITLE XIX	REAP RURAL EDUCATION	TECHNOLOGY FOR EDUCATION
\$ 596	\$ -	\$ -	\$ 2,035	\$ 703
-	-	-	-	-
-	-	-	-	-
-	-	2,016	-	-
-	-	-	-	-
<u>596</u>	<u>-</u>	<u>2,016</u>	<u>2,035</u>	<u>703</u>
\$ -	\$ 374	\$ 2,016	\$ -	\$ -
-	-	-	-	-
596	-	-	2,035	703
<u>596</u>	<u>374</u>	<u>2,016</u>	<u>2,035</u>	<u>703</u>
-	(374)	-	-	-
-	-	-	-	-
<u>-</u>	<u>(374)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>596</u>	<u>-</u>	<u>2,016</u>	<u>2,035</u>	<u>703</u>

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

JUNE 30, 2008

	<u>INCENTIVE FOR SCHOOL IMPROVEMENT</u>	<u>LIBRARY GO BONDS</u>	<u>YOUTH CONSERVATION</u>
ASSETS			
Cash on Deposit	\$ 2,459	\$ -	\$ -
Taxes Receivable	-	-	-
Due from other funds	-	-	-
Due from other Governments	-	-	-
Inventory	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 2,459</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE			
Due to other Funds	\$ -	\$ 1,550	\$ 293
Cash Deficit	-	-	-
Deferred Revenue	2,459	-	-
TOTAL LIABILITIES	<u>2,459</u>	<u>1,550</u>	<u>293</u>
FUND BALANCE			
Unreserved-Designated for Subsequent Years			
Expenditures	-	(1,550)	(293)
Reserved For:			
Inventory	-	-	-
TOTAL FUND BALANCE	<u>-</u>	<u>(1,550)</u>	<u>(293)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,459</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>CATCH</u>	<u>DWI GRANT</u>	<u>SUN SAFETY</u>	<u>GEAR UP</u>	<u>SCHOOL HEALTH CENTER</u>	<u>SENATE BILL NINE</u>	<u>TOTAL NONMAJOR SPECIAL REVENUE FUNDS</u>
\$ 2,031	\$ 88	\$ 904	\$ -	\$ -	\$ 8,791	\$ 25,818
-	-	-	-	-	385	385
-	-	-	-	-	25,066	25,066
-	-	-	-	5,551	-	12,860
-	-	-	-	-	-	-
<u>\$ 2,031</u>	<u>\$ 88</u>	<u>\$ 904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,242</u>	<u>\$ 64,129</u>
\$ -	\$ -	\$ -	\$ -	\$ 5,551	\$ 1,309	\$ 16,386
-	-	-	-	-	-	-
2,031	88	904	-	-	-	10,135
<u>2,031</u>	<u>88</u>	<u>904</u>	<u>-</u>	<u>5,551</u>	<u>1,309</u>	<u>26,521</u>
-	-	-	-	-	32,933	37,608
-	-	-	-	-	-	-
-	-	-	-	-	32,933	37,608
<u>\$ 2,031</u>	<u>\$ 88</u>	<u>\$ 904</u>	<u>\$ -</u>	<u>\$ 5,551</u>	<u>\$ 34,242</u>	<u>\$ 64,129</u>

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

	ATHLETICS	TITLE I	IDEA B ENTITLEMENT	IDEAL B DISCRETIONARY
REVENUE				
Local Property Taxes	\$ -	\$ -	\$ -	\$ -
Donations	-	-	-	-
Interest Earned	-	-	-	-
Federal Program	-	5,202	20,060	-
State Equalization	-	-	-	-
State Program	-	-	-	-
Fees	7,435	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>7,435</u>	<u>5,202</u>	<u>20,060</u>	<u>-</u>
EXPENDITURES				
Current				
Instruction	7,440	5,202	20,060	-
Support Services-Students	-	-	-	-
Support Services-Instruction	-	-	-	-
Support Services-General Administration	-	-	-	-
Support Services-School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Food Service Operations	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>7,440</u>	<u>5,202</u>	<u>20,060</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5)	-	-	-
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(5)	-	-	-
FUND BALANCE				
June 30, 2007	6,897	-	-	-
FUND BALANCE				
June 30, 2008	<u>\$ 6,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

IDEA B PRESCHOOL	ENHANCING ED THRU EDUCATION	MEDICAID TITLE XIX	REAP RURAL EDUCATION	TECHNOLOGY FOR EDUCATION
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	2,016	11,030	-
-	-	-	-	4,445
-	-	-	-	-
-	-	-	-	-
-	-	2,016	11,030	4,445
-	-	-	11,030	4,445
-	-	2,016	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(374)	-	-	-
\$ -	\$ (374)	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE
IN FUND BALANCE - NONMAJOR GOVERNMENT
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008

	INCENTIVE FOR SCHOOL IMPROVEMENT	LIBRARY GO BONDS	YOUTH CONSERVATION
REVENUE			
Local Property Taxes	\$ -	\$ -	\$ -
Donations	-	-	-
Interest Earned			
Federal Program	-	-	
State Equalization			
State Program			-
Fees			
Miscellaneous	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current			
Instruction	-	-	-
Support Services-Students	-	-	-
Support Services-Instruction	-	-	-
Support Services-General Administration	-	-	-
Support Services-School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Food Service Operations	-	-	-
Community Services	-	-	-
Construction & Acquisition	-	-	-
Debt Service			
Principal	-	-	-
Interest and Fiscal Charge	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
TRANSFERS IN/ TRANSFERS OUT	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
FUND BALANCE			
June 30, 2007	<u>-</u>	<u>(1,550)</u>	<u>(293)</u>
FUND BALANCE			
June 30, 2008	<u>\$ -</u>	<u>\$ (1,550)</u>	<u>\$ (293)</u>

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

CATCH	DWI GRANT	SUN SAFETY	GEAR UP	SCHOOL HEALTH CENTER	SENATE BILL NINE	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,578	\$ 16,578
-	-	-	-	-	-	-
-	-	-	-	-	-	38,308
-	-	370	640	42,381	-	47,836
-	-	-	-	-	-	7,435
-	-	370	640	42,381	16,578	110,157
-	-	-	640	-	-	48,817
-	-	370	-	42,381	-	44,767
-	-	-	-	-	-	-
-	-	-	-	-	130	130
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	16,169	16,169
-	-	-	-	-	-	-
-	-	370	640	42,381	16,299	109,883
-	-	-	-	-	279	274
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	279	274
-	-	-	-	-	32,654	37,334
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,933	\$ 37,608

The accompanying notes are an integral part of these financial statements.
36

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees Activities	\$ 7,000	\$ 7,000	\$ 7,436	\$ 436
Interest Income	15	15	-	(15)
TOTAL REVENUE	<u>7,015</u>	<u>7,015</u>	<u>\$ 7,436</u>	<u>\$ 421</u>
Cash Balance Budgeted	<u>8,474</u>	<u>8,474</u>		
TOTAL REVENUE & CASH	<u>\$ 15,489</u>	<u>\$ 15,489</u>		
EXPENDITURES				
Current				
Instruction	\$ 15,489	\$ 15,489	\$ 7,440	\$ 8,049
TOTAL EXPENDITURES	<u>\$ 15,489</u>	<u>\$ 15,489</u>	<u>\$ 7,440</u>	<u>\$ 8,049</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 7,436
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 7,436</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 7,440
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 7,440</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 13,119	\$ 23,244	\$ -	\$ (23,244)
TOTAL REVENUE	<u>13,119</u>	<u>23,244</u>	<u>-</u>	<u>(23,244)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 13,119</u>	<u>\$ 23,244</u>		
EXPENDITURES				
Current				
Instruction	\$ 13,119	\$ 23,244	\$ 5,202	\$ 18,042
TOTAL EXPENDITURES	<u>\$ 13,119</u>	<u>\$ 23,244</u>	<u>\$ 5,202</u>	<u>\$ 18,042</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Current Year Receivable	5,292
Prior Year Receivable	(90)
Current Year Deferral	
Prior Year Deferral	
Total Revenues (GAAP Basis)	<u>\$ 5,202</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 5,202
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 5,202</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 23,188	\$ 23,325	\$ 20,784	\$ (2,541)
TOTAL REVENUE	<u>23,188</u>	<u>23,325</u>	<u>20,784</u>	<u>(2,541)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 23,188</u>	<u>\$ 23,325</u>		
EXPENDITURES				
Current				
Instruction	\$ 23,188	\$ 23,188	\$ 20,059	\$ 3,129
Support Services-Students	-	137	-	137
TOTAL EXPENDITURES	<u>\$ 23,188</u>	<u>\$ 23,325</u>	<u>\$ 20,059</u>	<u>\$ 3,266</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 20,784
Differences-Budget to GAAP	
Current Year Receivable	
Prior Year Receivable	-
Current Year Deferral	(853)
Prior Year Deferral	128
Total Revenues (GAAP Basis)	<u>\$ 20,059</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 20,059
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 20,059</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--TITLE XIX MEDICAID 3/21 YEARS

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 9,401	\$ -	\$ (9,401)
TOTAL REVENUE	<u>-</u>	<u>9,401</u>	<u>-</u>	<u>(9,401)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 9,401</u>		
EXPENDITURES				
Current				
Support Services-Students	\$ -	\$ 9,401	\$ 2,016	\$ 7,385
TOTAL EXPENDITURES	<u>-</u>	<u>9,401</u>	<u>2,016</u>	<u>7,385</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Current Year Receivable	2,016
Total Revenues (GAAP Basis)	<u>\$ 2,016</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 2,016
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 2,016</u>

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 16,552	\$ 9,797	\$ (6,755)
TOTAL REVENUE	<u>\$ -</u>	<u>\$ 16,552</u>	<u>\$ 9,797</u>	<u>\$ (6,755)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 16,552</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 16,552	\$ 11,030	\$ 5,522
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 16,552</u>	<u>\$ 11,030</u>	<u>\$ 5,522</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 9,797
Differences-Budget to GAAP	
Current Year Receivable	
Prior Year Receivable	
Current Year Deferral	(2,035)
Prior Year Deferral	3,268
Total Revenues (GAAP Basis)	<u>\$ 11,030</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 11,030
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 11,030</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 4,500	\$ 5,147	\$ 647
Refunds	-	-	3,102	3,102
TOTAL REVENUE	<u>-</u>	<u>4,500</u>	<u>\$ 8,250</u>	<u>\$ 3,750</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 4,500</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 4,500	\$ 4,445	\$ 55
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ 4,445</u>	<u>\$ 55</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 8,250
Differences-Budget to GAAP	
Current Year Receivable	(3,102)
Prior Year Receivable	
Current Year Deferral	(703)
Prior Year Deferral	
Total Revenues (GAAP Basis)	<u>\$ 4,445</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 4,445
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 4,445</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 800	\$ 2,300	\$ 1,500
Refunds	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>800</u>	<u>\$ 2,300</u>	<u>\$ 1,500</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 800</u>		
EXPENDITURES				
Current				
Support Services	\$ -	\$ 800	\$ 370	\$ 430
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ 370</u>	<u>\$ 430</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 2,300
Differences-Budget to GAAP	
Current Year Receivable	
Prior Year Receivable	(1,026)
Current Year Deferral	(904)
Prior Year Deferral	
Total Revenues (GAAP Basis)	<u>\$ 370</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 370
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 370</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 640	\$ 640	\$ -
TOTAL REVENUE	<u>-</u>	<u>640</u>	<u>640</u>	<u>-</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 640</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 640	\$ 640	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 640</u>	<u>640</u>	<u>-</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 640
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 640</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 640
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 640</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--SCHOOL BASED HEALTH CENTER

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Source Grants	\$ 60,000	\$ 60,800	\$ 31,830	\$ (28,970)
TOTAL REVENUE	<u>60,000</u>	<u>60,800</u>	<u>31,830</u>	<u>(28,970)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 60,000</u>	<u>\$ 60,800</u>		
EXPENDITURES				
Current				
Support Services-Students	\$ 60,000	\$ 60,800	\$ 42,381	\$ 18,419
TOTAL EXPENDITURES	<u>\$ 60,000</u>	<u>\$ 60,800</u>	<u>42,381</u>	<u>18,419</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 31,830
Differences-Budget to GAAP	
Current Year Receivable	5,000
Prior Year Deferral	5,551
Total Revenues (GAAP Basis)	<u>\$ 42,381</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 42,381
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 42,381</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 14,501	\$ 14,501	\$ 16,395	\$ 1,894
State Flow Through Grants	-	22,131	-	(22,131)
TOTAL REVENUE	<u>14,501</u>	<u>36,632</u>	<u>\$ 16,395</u>	<u>\$ (20,237)</u>
Cash Balance Budgeted	<u>36,121</u>	<u>36,121</u>		
TOTAL REVENUE & CASH	<u>\$ 50,622</u>	<u>\$ 72,753</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 135	\$ 139	\$ 130	\$ 9
Acquisition & Construction	50,487	72,614	16,169	56,445
TOTAL EXPENDITURES	<u>\$ 50,622</u>	<u>\$ 72,753</u>	<u>\$ 16,299</u>	<u>\$ 56,454</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 16,395
Differences-Budget to GAAP	
Property tax Receivable	386
Prior Year Tax Receivables	(203)
Total Revenues (GAAP Basis)	<u>\$ 16,578</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 16,299
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 16,299</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET -- GENERAL FUND

June 30, 2008

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
ASSETS					
Cash on Deposit	\$ -	\$ 252	\$ 9,023	\$ -	\$ 9,275
Taxes Receivable	94	-	-	-	94
Due from other Governments	-	-	-	-	-
Due from Trust & Agency Funds	65,961	-	-	-	65,961
Due From Other Funds	18,759	-	1,359	35,174	55,292
TOTAL ASSETS	\$ 84,814	\$ 252	\$ 10,382	\$ 35,174	\$ 130,622
LIABILITIES					
Due to other Funds	\$ 21,483	\$ -	\$ -	\$ -	\$ 21,483
TOTAL LIABILITIES	21,483	-	-	-	21,483
FUND BALANCE					
Unreserved-Designated for Subsequent Years Expenditures	63,331	252	10,382	35,174	109,139
TOTAL FUND BALANCE	63,331	252	10,382	35,174	109,139
TOTAL LIABILITIES AND FUND BALANCE	\$ 84,814	\$ 252	\$ 10,382	\$ 35,174	\$ 130,622

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
REVENUE					
Local Property Taxes	\$ 3,591	\$	\$	\$	\$ 3,591
Donations	1,955				1,955
Interest Earned	7,416		-	-	7,416
Federal Program	-				-
State Equalization State Program	1,343,916	-	-	-	1,343,916
Rent	-	197,928	14,610	-	212,538
Miscellaneous	16,083	-	-	13,657	13,657
TOTAL REVENUES	1,372,961	197,928	14,610	13,657	1,599,156
EXPENDITURES					
Current					
Instruction	793,812	-	4,680	-	798,492
Support Services-Students	85,288	-	-	-	85,288
Support Services-Instruction	-	-	77	-	77
Support Services-General Administration	110,283	-	-	-	110,283
Support Services-School Administration	-	-	-	-	-
Central Services	81,416	-	-	-	81,416
Operation & Maintenance of Plant	301,076	-	-	671	301,747
Student Transportation	393	197,676	-	-	198,069
Food Service Operations	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	1,372,268	197,676	4,757	671	1,575,372
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	693	252	9,853	12,986	23,784
Other Financial Sources (Uses)					
Transfer In/Transfers (Out)	-	-	-	-	-
Total Other Financial Sources	-	-	-	-	-
Net Change In Fund Balance	693	252	9,853	12,986	23,784
FUND BALANCE					
June 30, 2007	62,638	-	529	22,188	85,355
FUND BALANCE					
JUNE 30, 2008	\$ 63,331	\$ 252	\$ 10,382	\$ 35,174	\$ 109,139

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 3,284	\$ 3,284	\$ 3,540	\$ 256
Interest Income	2,990	2,990	7,416	4,426
State Equalization	1,275,337	1,344,400	1,343,916	(484)
Donations			1,955	1,955
Refunds	-	-	16,082	16,082
TOTAL REVENUE	<u>1,281,611</u>	<u>1,350,674</u>	<u>\$ 1,372,909</u>	<u>\$ 22,235</u>
Cash Balance Budgeted	<u>44,617</u>	<u>44,617</u>		
TOTAL REVENUE & CASH	<u>\$ 1,326,228</u>	<u>\$ 1,395,291</u>		
EXPENDITURES				
Current				
Instruction	\$ 773,183	\$ 809,517	\$ 793,812	\$ 15,705
Support Services-Students	82,161	90,827	85,288	5,539
Support Services-General Administration	111,730	111,730	110,283	1,447
Central services	81,564	81,564	81,416	148
Operation & Maintenance of Plant	250,546	301,086	301,076	10
Student Transportation	26,871	394	394	0
Other Support Services	173	173	-	173
TOTAL EXPENDITURES	<u>\$ 1,326,228</u>	<u>\$ 1,395,291</u>	<u>\$ 1,372,269</u>	<u>\$ 23,022</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 1,372,909
Differences-Budget to GAAP	
Property tax Receivable	94
Prior Year Tax Receivables	(43)
Total Revenues (GAAP Basis)	<u>\$ 1,372,960</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 1,372,269
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 1,372,269</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Rent	\$ 7,800	\$ 7,800	\$ 13,657	\$ 5,857
TOTAL REVENUE	<u>7,800</u>	<u>7,800</u>	<u>13,657</u>	<u>5,857</u>
Cash Balance Budgeted	<u>14,881</u>	<u>14,881</u>		
TOTAL REVENUE & CASH	<u>\$ 22,681</u>	<u>\$ 22,681</u>		
EXPENDITURES				
Current				
Operation & Maintenance of Plant	\$ 22,681	\$ 22,681	\$ 671	\$ 22,010
TOTAL EXPENDITURES	<u>22,681</u>	<u>22,681</u>	<u>671</u>	<u>22,010</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 13,657
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 13,657</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 671
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 671</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 182,535	\$ 197,896	\$ 247,565	\$ 49,669
TOTAL REVENUE	<u>182,535</u>	<u>197,896</u>	<u>247,565</u>	<u>49,669</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 182,535</u>	<u>\$ 197,896</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 182,535	\$ 197,896	\$ 197,676	\$ 220
TOTAL EXPENDITURES	<u>182,535</u>	<u>197,896</u>	<u>197,676</u>	<u>220</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 247,565
Differences-Budget to GAAP	
Prior Year Receivable	(49,637)
Total Revenues (GAAP Basis)	<u>\$ 197,928</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 197,676
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 197,676</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 6,395	\$ 6,395	\$ 14,610	\$ 8,215
TOTAL REVENUE	<u>6,395</u>	<u>6,395</u>	<u>14,610</u>	<u>8,215</u>
Cash Balance Budgeted	_____	_____		
TOTAL REVENUE & CASH	<u>\$ 6,395</u>	<u>\$ 6,395</u>		
EXPENDITURES				
Current				
Instruction	\$ 5,877	\$ 5,877	\$ 4,621	\$ 1,256
Support Services-Instruction	518	518	77	441
TOTAL EXPENDITURES	<u>\$ 6,395</u>	<u>\$ 6,395</u>	<u>\$ 4,698</u>	<u>\$ 1,697</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 14,610
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 14,610</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 4,698
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 4,698</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 70,305	\$ 70,305	\$ 78,429	\$ 8,124
TOTAL REVENUE	<u>70,305</u>	<u>70,305</u>	<u>78,429</u>	<u>8,124</u>
Cash Balance Budgeted	65,125	65,125		
TOTAL REVENUE & CASH	<u>\$ 135,430</u>	<u>\$ 135,430</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 584	\$ 663	\$ 662	\$ 1
Principal	50,000	50,000	50,000	-
Interest & Finance Charges	20,305	20,305	20,305	-
Debt Service Reserve	64,541	64,462	-	64,462
TOTAL EXPENDITURES	<u>\$ 135,430</u>	<u>\$ 135,430</u>	<u>\$ 70,967</u>	<u>\$ 64,463</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 78,429
Differences-Budget to GAAP	
Property tax Receivable	1,969
Prior Year Tax Receivables	(957)
Current Year Receivable	
Prior Year Receivable	
Total Revenues (GAAP Basis)	<u>\$ 79,441</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 70,967
Differences-budget to GAAP	
Prior Year Interest Payable	(6,178)
Current Year Interest Payable	2,678
Total Expenditures (GAAP Basis)	<u>\$ 67,467</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--CAPITAL PROJECTS FUND--BOND BUILDING

Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Interest Income	\$ 15,000	\$ 15,000	\$ 4,917	\$ (10,083)
TOTAL REVENUE	<u>15,000</u>	<u>15,000</u>	<u>\$ 4,917</u>	<u>\$ (10,083)</u>
Cash Balance Budgeted	<u>230,342</u>	<u>230,342</u>		
TOTAL REVENUE & CASH	<u>\$ 245,342</u>	<u>\$ 245,342</u>		
EXPENDITURES				
Current				
Acquisition & Construction	\$ 245,342	\$ 245,342	\$ 95,365	\$ 149,977
TOTAL EXPENDITURES	<u>\$ 245,342</u>	<u>\$ 245,342</u>	<u>\$ 95,365</u>	<u>\$ 149,977</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 4,917
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 4,917</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 95,365
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 95,365</u>

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--CAPITAL PROJECTS FUND--SPECIAL CAPITAL OUTLAY STATE

Year Ended June 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
State Flow Through Grants	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
TOTAL REVENUE	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
Cash Balance Budgeted	<u> </u>	<u> </u>		
TOTAL REVENUE & CASH	<u>\$ 25,000</u>	<u>\$ 25,000</u>		
EXPENDITURES				
Current				
Acquisition & Construction	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
TOTAL EXPENDITURES	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Current Year Receivable	25,000
Total Revenues (GAAP Basis)	<u>\$ 25,000</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 25,000
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 25,000</u>

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

June 30, 2008

	Balance 6/30/2007	ADDITIONS	DEDUCTIONS	Balance 6/30/2008
Seniors 07	790	-	-	790
Seniors	12,164	11,234	22,723	675
Juniors	1,631	14,173	7,587	8,217
Sophomores	3,958	5,753	3,109	6,602
Freshman	424	6,430	2,600	4,254
Annual	3,691	2,533	2,762	3,462
Shop	3,371	544	66	3,849
Student Council	642	349	457	534
Cheerleaders	600	-	55	545
FFA	2,685	8,489	7,404	3,770
NHS	1,033	381	1,016	398
Eighth Grade	1,375	519	100	1,794
Seventh Grade	-	3,417	2,288	1,129
JR High FFA	129	150	-	279
Elementary	978	1,731	1,413	1,296
CATCH	184	-	-	184
Textbooks	990	-	-	990
Miscellaneous	80,228	65,916	104,853	41,291
Rough & Tough Embroidery		11,185	2,929	8,256
Health Center	48	13,300	491	12,857
Total	114,921	146,104	159,853	101,172

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2008

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS	COLLATERAL REQUIRED	COLLATERAL PLEGGED	UNINSURED & UNCOLLATERALIZED DEPOSITS
WELLS FARGO BANK	\$ 78,065	\$ 78,065	\$ -	\$ -	\$ -	\$ -
1st National Bank Las Vegas	\$ 463,551	\$ 100,000	\$ 363,551	\$ 181,776	\$ 381,646	\$ -
Collateral	CUSIP #	Description	FMV	Maturity		
Treasury Note	31371KJY8	FNMA-#254179	\$ 78,790	12/01/21		
Treasury Note	31394TSX9	FHLMC Series 2760	302,856	03/15/19		
			\$ 381,646			
COLLATERAL HELD BY FEDERAL RESERVE BANK, KANSAS CITY, MO.						
NEW MEXICO STATE TREASURER	\$ 170,858	\$ -	\$ -	\$ 170,858	\$ 170,858	\$ -
COLLATERAL IS HELD AT CHASE BANK, NEW YORK CITY, NEW YORK						
TOTAL	\$ 712,474	\$ 178,065	\$ 363,551	\$ 170,858	\$ 552,504	\$ -

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

BANK SUMMARY

JUNE 30, 2008

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING CHECKS	DEPOSITS IN TRANSIT	RECONCILED BALANCE
Wells Fargo Bank	Checking	Multi Fund	* \$ 55,804	\$ -	\$ -	\$ 55,804
	Checking	Cafeteria	* 13,952	-	-	13,952
	Checking	Athletics	* 3,935	-	-	3,935
	Checking	Activity	* 4,374	-	-	4,374
Total Wells Fargo Bank			\$ 78,065	\$ -	\$ -	\$ 78,065
1st National Bank Las Vegas	Checking	Multi Fund	* 342,353	400,357	-	(58,004)
	Checking	Cafeteria	* 17,683	-	-	17,683
	Checking	Athletics	* 2,957	-	-	2,957
	Checking	Activity	* 100,558	3,763	-	96,795
1st National Bank Las Vegas			\$ 463,551	\$ 404,120	\$ -	\$ 59,431
New Mexico State Treas	C.D.	Multi Fund	* 170,858	-	-	170,858
Total All Accounts			\$ 712,474	\$ 404,120	\$ -	\$ 308,354

* Interest Bearing

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

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

BANK RECONCILIATION

JUNE 30, 2008

	<u>OPERATIONAL</u>	<u>TEACHERAGE</u>	<u>TRANSPORTATION</u>	<u>INSTRUCTIONAL MATERIALS</u>	<u>FOOD SERVICES</u>	<u>ATHLETICS</u>	<u>FEDERAL PROJECTS</u>
Audited Net Cash							
JUNE 30, 2007	\$ 23,834	\$ 22,188	\$ (49,637)	\$ 529	\$ 28,339	\$ 6,897	\$ 3,995
2007-2008 Revenue	1,372,909	13,657	247,565	14,610	21,399	7,435	30,581
Prior Year Void Checks	-	-	-	-	-	-	-
TOTAL AVAILABLE CASH	1,396,743	35,845	197,928	15,139	49,738	14,332	34,576
2007-2008 Expenditures	1,372,269	671	197,676	4,757	18,102	7,440	38,307
Cafeteria Expenses	18,758	-	-	-	-	-	-
Bank Draft Error	27,175	-	-	-	-	-	-
	<u>1,418,202</u>	<u>671</u>	<u>197,676</u>	<u>4,757</u>	<u>18,102</u>	<u>7,440</u>	<u>38,307</u>
Total Cash	(21,459)	35,174	252	10,382	31,636	6,892	(3,731)
Investments on Hand	-	-	-	-	-	-	-
NET CASH IN BANK	\$ (21,459)	\$ 35,174	\$ 252	\$ 10,382	\$ 31,636	\$ 6,892	\$ (3,731)

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

LOCAL/STATE ACCOUNTS	SB-9	BOND BUILDING	DEBT SERVICE	PSCO 20%	SPECIAL CAP/OUT STATE	PUBLIC SCHOOL CAPITAL OUTLAY	NON INSTRUCTIONAL
\$ (30,249)	\$ 33,760	\$ 152,161	\$ 62,867	\$ 3,303	\$ (66)	\$ 5,108	\$ 114,922
76,880	16,395	4,917	78,429	-	-	-	146,102
-	-	-	-	-	-	-	-
46,631	50,155	157,078	141,296	3,303	(66)	5,108	261,024
47,836	16,298	95,365	70,967	-	25,000	-	159,855
-	-	-	-	-	-	-	-
47,836	16,298	95,365	70,967	-	-	-	159,855
-	-	-	-	-	-	-	-
(1,205)	33,857	61,713	70,329	3,303	(25,066)	5,108	101,169
-	-	-	-	-	-	-	-
<u>\$ (1,205)</u>	<u>\$ 33,857</u>	<u>\$ 61,713</u>	<u>\$ 70,329</u>	<u>\$ 3,303</u>	<u>\$ (25,066)</u>	<u>\$ 5,108</u>	<u>\$ 101,169</u>

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

**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
Roy Municipal Schools
Roy, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons of the general fund and major special revenue funds, and the aggregate remaining fund information of Roy Municipal Schools (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated October 23, 2009. We also have audited the financial statements of each of the District's non major governmental funds and the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. We conducted our audit in accordance with auditing 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 Roy Municipal Schools' internal control over financial reporting in order to determine 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the Preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 Roy Municipal Schools' 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 Roy Municipal Schools' financial statements that is more than inconsequential will not be prevented or detected by the Roy Municipal Schools' internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting. 2005-3. 2006-1 and 2008-1

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 Roy Municipal Schools' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose of described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roy Municipal Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2005-4.

The Roy Municipal Schools' responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Roy Municipal Schools' responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Education, management, the office of the New Mexico State Auditor, the New Mexico Public Education Department, 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.

Roy Woodard & Associates

Portales, New Mexico
October 23, 2009

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2008

PRIOR YEAR AUDIT FINDINGS – Roy Municipal Schools

BANK RECONCILIATIONS 2005-3

Statement of condition: Bank reconciliations do not tie to the bank balance and documentation of reconciling items was not accurate.

Recommendation: District should either use and print the reconciliation on the accounting program or prepare reconciliations by hand and keep on file to prove cash balances. The book's balance should be reconciled to the bank balance.

Current Status: Revised and repeated.

CAPITAL ASSETS 2005-4

Statement of condition: Capital assets were not complete, accurate, and ready for audit in a timely manner. Records were not completed by the District staff until after the auditors were in the field.

Recommendation: Capital asset records should be updated and reconciled on a regular basis.

Current Status: Revised and repeated.

LATE REPORT 2006-1

Statement of condition: The June 30, 2006 audit report was sent to the New Mexico State Auditor's Office after the due date of November 15, 2006.

Recommendation: The district and the audit firm should follow up on completion of contracts prior to the due date of Audit.

Current Status: Revised and repeated.

OVERSPENT BUDGETS – ROY MUNICIPAL SCHOOLS – 2007-1

Statement of Condition: The following funds had overspent budgets for the specified function. IDEA B Entitlement was overspent in Instruction by \$3,268; Title XIX Medicaid was overspent in Support Services by \$3,768; Senate Bill 9 was overspent in Support Services by \$88; and Debt Service was overspent in Support Services by \$418 and Interest and Finance Charges by \$6,650. In each case the increase in expenditure had a coordinating increase in revenues.

Recommendation: District staff should submit budget adjustment request when funding allows for the increase in expenditures.

Current Status: Resolved

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2008

I. FINANCIAL STATEMENT FINDINGS:

ROY MUNICIPAL SCHOOLS

BANK RECONCILIATIONS – ROY MUNICIPAL SCHOOLS – 2005-3 revised and repeated

Statement of Condition: Cash in bank is not being reconciled to the ledger balance each month. A record of outstanding checks is maintained, but a proper reconciliation of cash is not made. Transfers from bank account to another are not recorded in the accounting system and are thus not reconciled. Unrecorded transfers amount to \$18,758 due from Food Service to Operational and \$46,859 due from the activity account to operational for employee health benefits paid twice.

Criteria: The process of bank reconciliation must tie to the bank balance. Records of the reconciling items must be adequate to provide a clear audit trail and prove that a cash record is maintained pursuant to NMSA 6-10-12

Cause: The bank reconciliation feature of the accounting program is not being utilized therefore documentation of reconciliation is not available. Bank to bank transfers are not recorded.

Effect: There can be no assurance that the book balance of cash is accurate from month to month. Bank and deposit errors are not detected until after year end or at the time of the financial statement audit. Amounts due from one fund to another were not recognized at year end.

Recommendation: The District should fully utilize the features in the accounting software. This will aid in the balancing of all cash accounts and eliminated possible errors in the reconciliation process. In addition the District will have ready and accurate documentation that the bank reconciliations are being done on a timely basis.

Response: District personnel will utilized the accounting software's reconciliation feature and seek training in using the features provided in the software.

CAPITAL ASSETS – ROY MUNICIPAL SCHOOLS – 2005-4 revised and repeated

Statement of Condition: The capital asset additions were not accurately reflected in the capital asset inventory. In addition the capital asset inventory is not being timely maintained and was not reconciled at year-end

Criteria: GASB 34 requires that all capital assets purchased over \$5,000 be recorded and depreciated over a reasonable period.

Cause: District personnel have not been fully trained in the capital assets module in the Visions accounting software.

Effect: Accuracy of the capital assets inventory could not be readily verified and had to be reconciled at the time of the audit.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2008

I. FINANCIAL STATEMENT FINDINGS (continued):

CAPITAL ASSETS – ROY MUNICIPAL SCHOOLS – 2005-4 revised and repeated (continued)

Recommendation: The District has corrected the previous amounts recorded on the capital asset inventory to reflect invoice amounts, but should now acquire the training necessary to operate the capital assets software effectively.

Response: District personnel will contact representatives with Visions to receive the necessary training.

LATE REPORT – ROY MUNICIPAL SCHOOLS – 2006-1 revised and repeated

Statement of Condition: NMAC 2.2.2.9 A (1)(C) establishes November 15 as the due date for school district audit reports. The report was submitted on October 23, 2009

Criteria: NMAC 2.2.2.9 A (1) (C) prefers that government entities, agencies and committees review the reports and prefer to do so in timely manner.

Cause: The report for the fiscal year ended June 30, 2006 dated February 28, 2008 was submitted late which has put Roy Schools out of schedule for normal completion and submission to the state auditor's office.

Effect: The report was not submitted as required.

Recommendation: The audit firm will change personnel assigned to the audit and will work diligently with District personnel to get the district back on schedule and in compliance with the state auditors due dates.

Response: Management concurs with recommendation.

PREPARATION OF FINANCIAL STATEMENTS – 2008-1

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.

STATE OF NEW MEXICO
ROY MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2008

I. FINANCIAL STATEMENT FINDINGS (continued):

PREPARATION OF FINANCIAL STATEMENTS – 08-01(continued)

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
ROY MUNICIPAL SCHOOLS

OTHER DISCLOSURES

June 30, 2008

AUDITOR PREPARED FINANCIAL STATEMENTS

Although it would be preferred and desirable for the District to prepare its own GAAP-basis financial statements, it is felt that the District's personnel have neither the time nor the expertise to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

EXIT CONFERENCE

An exit conference, to discuss the contents of this report, was held on October 23, 2009. In attendance were Richard Hazen, Superintendent; Blair Clavel, School Board Member; Dorothy Hazen, Office Administrator. Gayland Cowen, CPA and John McKinley, Jr., CPA represented our firm.