

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 JUNE 30, 2009

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 ROY MUNICIPAL SCHOOLS  
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STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS  
JUNE 30, 2009

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, 2009, 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, 2009, 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, 2009, and the respective changes in financial position thereof, and the budgetary comparisons for the General Fund, Title I, IDEA-B Entitlement, School Health Center, 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, 2009 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 December 9, 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 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*

December 9, 2009  
Portales, New Mexico

STATE OF NEW MEXICO  
 ROY MUNICIPAL SCHOOLS  
 STATEMENT OF NET ASSETS

June 30, 2009

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 179,140
Taxes Receivable	436
Due from Agency Fund	65,961
Due from other governments	45,381
Food Inventory	318
Non-current:	
Bond issuance cost, net	52,336
Capital assets, net	<u>2,561,426</u>
Total assets	<u>2,904,998</u>
<b><u>LIABILITIES</u></b>	
Accounts payable	\$ 4,371
Deferred Revenue	40,343
Noncurrent liabilities:	
Due within one year	30,000
Due in more than one year	<u>290,000</u>
Total liabilities	<u>364,714</u>
<b><u>NET ASSETS</u></b>	
Invested in capital assets, net of related debt	2,241,426
Restricted For:	
Debt service	43,848
Capital projects	53,389
Senate Bill Nine	-
Unrestricted	<u>201,621</u>
Total net assets	<u>\$ 2,540,284</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, 2009

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	1,022,072	7,591	118,541	-	(895,940)
Support Services-Students	152,745	-	59,719	-	(93,026)
Support Services-Instruction	-	-	-	-	-
Support Services-General Administration	130,839	-	-	-	(130,839)
Support Services-School Administration	-	-	-	-	-
Central Services	77,258	-	-	-	(77,258)
Operation & Maintenance of Plant	259,908	-	-	-	(259,908)
Student Transportation	171,006	-	-	-	(171,006)
Food Service Operations	60,843	8,700	14,061	-	(38,082)
Community Services	22,500	-	22,500	-	-
Interest and Fiscal Charge	15,971	-	-	-	(15,971)
Unallocated	-	-	383,616	48,196	431,812
Depreciation & Amortization - unallocated	160,978	-	-	-	(160,978)
<b>Total governmental activities</b>	<b>\$ 2,074,120</b>	<b>\$ 16,291</b>	<b>\$ 598,437</b>	<b>\$ 48,196</b>	<b>(1,411,196)</b>
			<b>General revenues:</b>		
			Property Taxes Levied for:		
			General purpose	3,338	
			Debt service	39,171	
			Capital projects	15,182	
			State Equalization Guarantee	1,398,693	
			Rent	14,200	
			Donations	10,353	
			Unrestricted investment earnings	13,240	
			Miscellaneous income	10	
			<b>Total general revenues</b>	<b>1,494,187</b>	
			Change in net assets	82,991	
			Net assets - beginning	2,466,658	
			Restatement	(9,365)	
			Net assets-beginning	2,457,293	
			Net assets - ending	<b>\$ 2,540,284</b>	

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

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2009

	<u>GENERAL</u>	<u>TITLE I</u>	<u>ENTITLEMENT</u>	<u>HEALTH CENTER</u>
<b>ASSETS</b>				
Cash on Deposit	\$ 27,103	\$ -	\$ -	\$ 5,748
Taxes Receivable	28	-	-	-
Due From Other Funds	25,226	-	-	25,470
Due from other Governments	-	14,321	11,149	-
Due from Trust & Agency	65,961	-	-	-
Inventory	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 118,318</b>	<b>\$ 14,321</b>	<b>\$ 11,149</b>	<b>\$ 31,218</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	5,140	14,321	11,149	-
Deferred Revenue	-	-	-	31,218
<b>TOTAL LIABILITIES</b>	<b>5,140</b>	<b>14,321</b>	<b>11,149</b>	<b>31,218</b>
<b>FUND BALANCE</b>				
Unreserved				
General Fund	113,178	-	-	-
Reserved For:				
Inventory	-	-	-	-
Debt Service Funds	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>113,178</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 118,318</b>	<b>\$ 14,321</b>	<b>\$ 11,149</b>	<b>\$ 31,218</b>

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



<u>BOND BUILDING</u>	<u>DEBT SERVICE</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>Total GOVERNMENTAL FUNDS</u>
\$ 44,979	\$ 46,598	\$ 54,712	\$ 179,140
-	287	121	436
-	1,334	-	52,030
-	-	19,911	45,381
-	-	-	65,961
-	-	318	318
<u>\$ 44,979</u>	<u>\$ 48,219</u>	<u>\$ 75,062</u>	<u>\$ 343,266</u>
\$ -	\$ 4,371	\$ -	\$ 4,371
-	-	21,420	52,030
-	-	9,127	40,345
-	4,371	30,547	96,746
-	-	-	113,178
-	-	318	318
-	43,848	-	43,848
-	-	35,787	35,787
44,979	-	8,410	53,389
<u>44,979</u>	<u>43,848</u>	<u>44,515</u>	<u>246,520</u>
\$ 44,979	\$ 48,219	\$ 75,062	\$ 343,266

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, 2009

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

Fund Balances - total governmental funds	\$	246,520
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		2,561,428
Bond issuance costs used are not current period financial resources and are not reported in the funds.		52,336
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		<u>(320,000)</u>
Net assets of governmental activities	\$	<u><u>2,540,284</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, 2009

	<u>GENERAL</u>	<u>TITLE I</u>	<u>ENTITLEMENT</u>
<b>REVENUE</b>			
Local Property Taxes	\$ 3,338	\$ -	\$ -
Donations	10,353	-	-
Interest Earned	10,973	-	-
Federal Program	7,783	12,141	24,935
State Equalization	1,398,693	-	-
State Program	375,833	-	-
Fees	-	-	-
Rent	14,200	-	-
Miscellaneous	10	-	-
<b>TOTAL REVENUES</b>	<u>1,821,183</u>	<u>12,141</u>	<u>24,935</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
Instruction	901,260	12,231	24,935
Support Services-Students	93,026	-	-
Support Services-Instruction	-	-	-
Support Services-General Administration	130,406	-	-
Central Services	77,258	-	-
Operation & Maintenance of Plant	229,627	-	-
Student Transportation	171,006	-	-
Food Service Operations	33,322	-	-
Community Services	-	-	-
Construction & Acquisition	161,712	-	-
<b>Debt Service</b>			
Principal	-	-	-
Interest and Fiscal Charge	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,797,617</u>	<u>12,231</u>	<u>24,935</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>23,566</b>	<b>(90)</b>	<b>-</b>
<b>Other Financial Sources (Uses)</b>			
Transfer In/(Out)	<u>(2,372)</u>	<u>90</u>	<u>-</u>
<b>Total Other Financial Sources</b>	<u>(2,372)</u>	<u>90</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<b>21,194</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>			
June 30, 2008	109,139	-	-
Restatement	(17,155)	-	-
Restated Balance	<u>91,984</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE June 30, 2009</b>	<u><u>\$ 113,178</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

HEALTH CENTER	BOND BUILDING	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 39,171	\$ 15,182	\$ 57,691
-	-	-	-	10,353
-	1,606	-	661	13,240
-	-	-	43,149	88,008
-	-	-	-	1,398,693
53,601	-	-	124,192	553,626
-	-	-	16,291	16,291
-	-	-	-	14,200
-	-	-	5,000	5,010
<u>53,601</u>	<u>1,606</u>	<u>39,171</u>	<u>204,475</u>	<u>2,157,112</u>
-	-	-	83,646	1,022,072
53,601	-	-	6,118	152,745
-	-	-	-	-
-	-	308	126	130,840
-	-	-	-	77,258
-	-	-	30,281	259,908
-	-	-	-	171,006
-	-	-	27,521	60,843
-	-	-	22,500	22,500
-	26,129	-	50,945	238,786
-	-	50,000	-	50,000
-	-	15,971	-	15,971
<u>53,601</u>	<u>26,129</u>	<u>66,279</u>	<u>221,137</u>	<u>2,201,929</u>
-	(24,523)	(27,108)	(16,662)	(44,817)
-	-	-	2,282	-
-	-	-	2,282	-
-	(24,523)	(27,108)	(14,380)	(44,817)
-	61,712	70,956	58,895	300,702
-	7,790	-	-	(9,365)
-	69,502	-	-	291,337
<u>\$ -</u>	<u>\$ 44,979</u>	<u>\$ 43,848</u>	<u>\$ 44,515</u>	<u>\$ 246,520</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, 2009

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

Net change in fund balance - total governmental funds	\$ (44,816)
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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	82,567
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Amortization	(4,760)
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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>
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Change in Net Assets	<u><u>\$ 82,991</u></u>
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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)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 3,268	\$ 3,268	\$ 3,403	\$ 135
Interest Income	4,500	4,500	9,742	5,242
State Equalization	1,406,438	1,400,850	1,398,693	(2,157)
State Flow Through Grants	202,056	374,133	375,833	1,700
Rent	12,000	12,000	24,554	12,554
Access Board	-	7,783	7,783	-
Refunds	-	-	10	10
<b>TOTAL REVENUE</b>	<u>1,628,262</u>	<u>1,802,534</u>	<u>\$ 1,820,018</u>	<u>\$ 17,484</u>
Cash Balance Budgeted	<u>94,150</u>	<u>104,590</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 1,722,412</u>	<u>\$ 1,907,124</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 903,991	\$ 914,239	\$ 901,168	\$ 13,071
Support Services-Students	67,583	94,193	93,026	1,167
Support Services-Instruction	424	424	92	332
Support Services-General Administration	128,303	131,221	130,406	815
Central Services	89,309	89,309	77,258	12,051
Operation & Maintenance of Plant	293,111	303,644	229,627	74,017
Student Transportation	225,950	178,855	171,006	7,849
Other Support Services	202	202	-	202
Food Services-Operations	13,539	33,325	33,322	3
Acquisition & Construction	-	161,712	161,712	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,722,412</u>	<u>\$ 1,907,124</u>	<u>\$ 1,797,617</u>	<u>\$ 109,507</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP-Revenues and Expenditures				
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis)			\$ 1,820,018	
Differences-Budget to GAAP				
Property tax Receivable			28	
Prior Year Tax Receivables			(94)	
Total Revenues (GAAP Basis)			<u>\$ 1,819,952</u>	
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis)			\$ 1,797,617	
Differences-budget to GAAP				
Total Expenditures (GAAP Basis)			<u>\$ 1,797,617</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--TITLE I

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 12,989	\$ 12,989	\$ 3,112	\$ (9,877)
TOTAL REVENUE	<u>12,989</u>	<u>12,989</u>	<u>3,112</u>	<u>(9,877)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 12,989</u>	<u>\$ 12,989</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 12,989	\$ 12,989	\$ 12,231	\$ 758
TOTAL EXPENDITURES	<u>\$ 12,989</u>	<u>\$ 12,989</u>	<u>\$ 12,231</u>	<u>\$ 758</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 3,112
Differences-Budget to GAAP	
Current Year Receivable	14,321
Prior Year Receivable	(5,293)
Total Revenues (GAAP Basis)	<u>\$ 12,140</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 12,231
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 12,231</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, 2009

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 24,930	\$ 27,277	\$ 12,933	\$ (14,344)
TOTAL REVENUE	<u>24,930</u>	<u>27,277</u>	<u>12,933</u>	<u>(14,344)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 24,930</u>	<u>\$ 27,277</u>		
EXPENDITURES				
Current				
Instruction	\$ 24,930	\$ 27,277	\$ 24,935	\$ 2,342
Support Services-Students	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 24,930</u>	<u>\$ 27,277</u>	<u>\$ 24,935</u>	<u>\$ 2,342</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 12,933
Differences-Budget to GAAP	
Current Year Deferral	11,149
Prior Year Deferral	853
Total Revenues (GAAP Basis)	<u>\$ 24,935</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 24,935
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 24,935</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, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ 60,000	\$ 60,000	\$ 90,370	\$ 30,370
<b>TOTAL REVENUE</b>	<u>60,000</u>	<u>60,000</u>	<u>90,370</u>	<u>30,370</u>
 Cash Balance Budgeted	 5,001	 5,001		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 65,001</u>	<u>\$ 65,001</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-Students	\$ 65,001	\$ 65,001	\$ 53,601	\$ 11,400
<b>TOTAL EXPENDITURES</b>	<u>\$ 65,001</u>	<u>\$ 65,001</u>	<u>53,601</u>	<u>11,400</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 90,370
Differences-Budget to GAAP	
Current Year Deferral	(31,218)
Prior Year Deferral	(5,551)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 53,601</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 53,601
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 53,601</u>

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND

June 30, 2009

	AGENCY FUNDS
ASSETS	
Cash on Deposit	\$ 173,553
TOTAL ASSETS	<u>\$ 173,553</u>
LIABILITIES	
Due to Student Groups	\$ 107,592
Due to Operational	65,961
TOTAL LIABILITIES	<u>\$ 173,553</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, 2009

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, 2009

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.

TITLE I Special Revenue Fund – 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 Special Revenue Fund – 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.

SCHOOL HEALTH CENTER Special Revenue Fund – 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 Manual.

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.

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.

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.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

I. Summary of Significant Accounting Policies

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

1. Deposits and investments (continued)

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.

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 Special Revenue 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.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

I. Summary of Significant Accounting Policies

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

4. Capital assets (continued)

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

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.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

I. Summary of Significant Accounting Policies

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

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.

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 \$1,398,693 in state equalization guarantee distributions during the year ended June 30, 2009.

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 \$168,927 in transportation distributions during the year ended June 30, 2009.

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 \$320,000 difference are as follows:

Bonds Payable	\$ 320,000
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 320,000</u>

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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 \$82,566 difference are as follows:

Capital Outlay	\$ 238,786
Depreciation expense	<u>(156,220)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	<u>\$ 82,566</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 \$30,000 difference are as follows:

Principal repayments:	
General obligation debt	\$30,000
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$30,000</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, 2009

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, 2009 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	\$ 1,722,412	\$ 1,907,124
Special Revenue Fund	227,379	364,032
Debt Service Fund	129,375	129,375
Capital Projects Fund	80,620	80,620
	<u>\$ 2,159,786</u>	<u>\$ 2,481,151</u>

B. Deficit fund equity

The District had no deficit fund balances at June 30, 2009.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

IV. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2009, the carrying amount of the District's deposits was \$352,693 and the bank balance was \$782,638. Of this balance \$250,000 was covered by federal depository insurance and \$367,129 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 \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

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

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, 2009 \$165,509 of the government's deposits totaling \$782,638 was exposed to custodial credit risk.

Total Deposits	\$	782,638
Less: FDIC Insurance		<u>(250,000)</u>
Uninsured Funds		532,638
Pledged Collateral held by pledging Bank's agent in the District's name		<u>367,129</u>
Uninsured and Uncollateralized	\$	<u><u>165,509</u></u>

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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>
Other Governmental Funds	45,381
Total Amounts Receivable	<u>\$ 45,381</u>

Interfund Receivables

The District had the following Interfund Receivables/Payables at June 30, 2009.  
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:

Teacher/Principal Training	\$ 5,479
Obesity	1,328
After School Enrichment	7,000
SB 301 G.O. Bonds	6,104
Operational	<u>5,114</u>
Total Due to Teacherage	<u>\$ 25,025</u>

Due to Operational from the following:

Athletics	\$ 200
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Due to School Health Center from the following:

Title I	\$ 14,321
IDEA-B Entitlement	<u>11,149</u>
	<u>25,470</u>

The balance of \$52,030 resulted from 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, 2009

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	\$40,345
Total deferred/unearned revenue for governmental funds	<u>\$40,345</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 16,200	\$ -	\$ -	\$ 16,200
Capital assets, being depreciated:				
Buildings and improvements	3,469,291	198,309	-	3,667,600
Equipment	734,808	40,477	-	775,285
Total capital assets, being depreciated	4,204,099	238,786	-	4,442,885
Less accumulated depreciation for:				
Buildings & Improvements	1,334,660	86,216	-	1,420,876
Equipment	406,778	70,004	-	476,782
Total accumulated depreciation	1,741,438	156,220	-	1,897,658
Total capital assets, being Depreciated, net	2,462,661	82,567	-	2,545,228
Governmental activities				
Capital assets, net	<u>\$ 2,478,861</u>	<u>\$ 82,567</u>	<u>\$ -</u>	<u>\$ 2,561,428</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, 2009

IV. Detailed notes on all funds

E. Long – term debt

Series	Original Amount	Interest Rate	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009	Amount Due in One Year
2/15/2000	\$ 135,000	5.2 to 5.4	\$ 35,000	\$ -	\$ 35,000	\$ -	\$ -
7/15/2006	160,000	4.0 to 4.2	160,000	-	-	160,000	15,000
10/1/2006	175,000	4.0	175,000	-	15,000	160,000	15,000
Total	\$ 470,000		\$ 370,000	\$ -	\$ 50,000	\$ 320,000	\$ 30,000

Fiscal Year	Principal	Interest	Total
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	35,000	7,375	42,375
2015-2020	165,000	16,125	181,125
	\$ 320,000	\$ 65,800	\$ 385,800

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 \$439,621, including \$320,000 debt outstanding based on the 2009 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, 2009.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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](http://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, 2009, 2008, and 2007, were \$90,058, \$79,832, and \$77,202, 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, 2009

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](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 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, 2009, 2008 and 2007 were \$10,049, \$9,531 and \$9,898, 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	\$ 2,466,658
Restatement	
Prior years' unrecorded interest income	10,308
Prior Year unrecorded outstanding check	(19,673)
Net Restated Beginning Net Assets	<u>\$ 2,457,293</u>

## SPECIAL REVENUE FUNDS

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

**ATHLETICS**— 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.

**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.

**TEACHER/PRINCIPAL TRAINING** – to provide federal funds to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Authority for the creation of this fund is the Elementary and Secondary Education Act of 1965, Title II, Part A, PL 107-110.

**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 ACHIEVEMENT 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.

**ENMR** – The purpose of the grant program is to encourage innovation in teaching with a special emphasis in learning through Internet access as a tool. Authorized by the District's Board of Education.

**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.

**OBESITY** – To account for the revenues used to incorporate an action plan to address nutrition and physical activity in schools (K-12). Authority for creation of this fund is the New Mexico State Legislature.

**ELEMENTARY PE GRANT** – To account for funds provided by the New Mexico Public Education Department used to provide quality physical education classes in the state's public schools for elementary grade students by providing programs in areas where no classes exist or increasing the amount of time students receive physical education in schools that currently have elementary physical education classes.

**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.



## SPECIAL REVENUE FUNDS (continued)

**BEGINNING TEACHER MENTORING PROGRAM** - The objective of this program is to provide beginning teachers an effective transition into the teaching profession, retain capable teachers, improve the achievement of students and improve the overall success of the school. Funding is provided by the New Mexico Board of Education. Authority for creation of this fund is NMSA 22-2-8-10.

**AFTER SCHOOL ENRICHMENT** – To provide healthy after school snacks, to provide a healthy foundation for healthy eating habits. Provided for by the Department of Health.

**SB301 G.O. BONDS** — To account for funds received to update and to expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by election of SB301.

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

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

**LIBRARY FUND** – To account for monies received to be used for the purchase of school library books. Financing and authority is provided by the New Mexico State Legislature, 2008 Senate Bill 471.

**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. Dept 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.

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

**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.

**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.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--CAPITAL PROJECT FUNDS  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	PUBLIC SCHOOL CAPITAL OUTLAY	SPECIAL CAPITAL OUTLAY STATE	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash on Deposit	\$ 5,107	\$ -	\$ 3,303	\$ 8,410	\$ 46,302	\$ 54,712
Taxes Receivable	-	-	-	-	121	121
Due from other funds	-	-	-	-	-	-
Due from other Governments	-	-	-	-	19,911	19,911
Inventory	-	-	-	-	318	318
<b>TOTAL ASSETS</b>	<b>\$ 5,107</b>	<b>\$ -</b>	<b>\$ 3,303</b>	<b>\$ 8,410</b>	<b>\$ 66,652</b>	<b>\$ 75,062</b>
<b>LIABILITIES</b>						
Due to other Funds	\$ -	\$ -	\$ -	\$ -	\$ 21,420	\$ 21,420
Accounts Payable	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	9,127	9,127
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,547</b>	<b>30,547</b>
<b>FUND BALANCE</b>						
Unreserved-Designated for Subsequent Years Expenditures	-	-	-	-	-	-
Reserved For;						
Inventory	-	-	-	-	318	318
Capital Projects Funds	5,107	-	3,303	8,410	-	8,410
Special Revenue Funds	-	-	-	-	35,787	35,787
<b>TOTAL FUND BALANCE</b>	<b>5,107</b>	<b>-</b>	<b>3,303</b>	<b>8,410</b>	<b>36,105</b>	<b>44,515</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 5,107</b>	<b>\$ -</b>	<b>\$ 3,303</b>	<b>\$ 8,410</b>	<b>\$ 66,652</b>	<b>\$ 75,062</b>

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, 2009

	PUBLIC SCHOOL CAPITAL OUTLAY	SPECIAL CAPITAL OUTLAY STATE	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUE</b>						
Local Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 15,182	\$ 15,182
Donations	-	-	-	-	-	-
Interest Earned	-	-	-	-	661	661
Federal Program	-	-	-	-	43,149	43,149
State Program	-	-	-	-	124,192	124,192
Fees	-	-	-	-	16,291	16,291
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>204,475</b>	<b>204,475</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
Instruction	-	-	-	-	83,646	83,646
Support Services-Students	-	-	-	-	6,118	6,118
Support Services-Instruction	-	-	-	-	-	-
Support Services-General Administration	-	-	-	-	126	126
Support Services-School Administration	-	-	-	-	-	-
Central Services	-	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	30,281	30,281
Student Transportation	-	-	-	-	-	-
Food Service Operations	-	-	-	-	27,521	27,521
Community Services	-	-	-	-	22,500	22,500
Acquisition & Construction	-	-	-	-	50,945	50,945
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>221,137</b>	<b>221,137</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,662)</b>	<b>(16,662)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
TRANSFERS IN/ TRANSFERS OUT	-	66	-	66	2,216	2,282
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>66</b>	<b>-</b>	<b>66</b>	<b>2,216</b>	<b>2,282</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66</b>	<b>(14,446)</b>	<b>(14,380)</b>
<b>FUND BALANCE</b>						
June 30, 2008	5,107	(66)	3,303	8,344	50,551	58,895
<b>RESTATEMENT RESTATED FUND BALANCE</b>	<b>5,107</b>	<b>(66)</b>	<b>3,303</b>	<b>8,344</b>	<b>50,551</b>	<b>58,895</b>
<b>FUND BALANCE June 30, 2009</b>	<b>\$ 5,107</b>	<b>\$ -</b>	<b>\$ 3,303</b>	<b>\$ 8,410</b>	<b>\$ 36,105</b>	<b>\$ 44,515</b>

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, 2009

	<u>FOOD SERVICES</u>	<u>ATHLETICS</u>	<u>IDEAL B DISCRETIONARY</u>	<u>IDEA B PRESCHOOL</u>
<b>ASSETS</b>				
Cash on Deposit	\$ 8,524	\$ 7,503	\$ 467	\$ 596
Taxes Receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other Governments	-	-	-	-
Inventory	<u>318</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,842</u></u>	<u><u>\$ 7,503</u></u>	<u><u>\$ 467</u></u>	<u><u>\$ 596</u></u>
<b>LIABILITIES AND FUND BALANCE</b>				
Due to other Funds	\$ -	\$ 200	\$ -	\$ -
Cash Deficit	-	-	-	-
Deferred Revenue	<u>-</u>	<u>-</u>	<u>467</u>	<u>596</u>
<b>TOTAL LIABILITIES</b>	<u><u>-</u></u>	<u><u>200</u></u>	<u><u>467</u></u>	<u><u>596</u></u>
<b>FUND BALANCE</b>				
Unreserved-Designated for Subsequent Years		-		
Expenditures	8,524	7,303	-	-
Reserved For:				
Inventory	<u>318</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	<u><u>8,842</u></u>	<u><u>7,303</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 8,842</u></u>	<u><u>\$ 7,503</u></u>	<u><u>\$ 467</u></u>	<u><u>\$ 596</u></u>

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

ENHANCING ED THRU EDUCATION	TEACHER / PRINCIPAL TRAINING	MEDICAID TITLE XIX	REAP RURAL EDUCATION	ENMR	TECHNOLOGY FOR EDUCATION	OBESITY
\$ -	\$ -	\$ -	\$ 2,038	\$ -	\$ 365	\$ -
-	-	-	-	-	-	-
-	5,479	-	-	-	-	1,328
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 5,479</u>	<u>\$ -</u>	<u>\$ 2,038</u>	<u>\$ -</u>	<u>\$ 365</u>	<u>\$ 1,328</u>
\$ -	\$ 5,479	\$ -	\$ -	\$ -	\$ -	\$ 1,328
-	-	-	-	-	-	-
-	-	-	2,038	-	365	-
-	5,479	-	2,038	-	365	1,328
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 5,479</u>	<u>\$ -</u>	<u>\$ 2,038</u>	<u>\$ -</u>	<u>\$ 365</u>	<u>\$ 1,328</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, 2009

	ELEMENTARY PE GRANT	INCENTIVE FOR SCHOOL IMPROVEMENT	LIBRARY GO BONDS	BEGINNING TEACHER MENTORING
<b>ASSETS</b>				
Cash on Deposit	\$ 3	\$ 2,459	\$ -	\$ -
Taxes Receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other Governments	-	-	-	-
Inventory	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3</b>	<b>\$ 2,459</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Due to other Funds	\$ -	\$ -	\$ -	\$ -
Cash Deficit	-	-	-	-
Deferred Revenue	3	2,459	-	-
<b>TOTAL LIABILITIES</b>	<b>3</b>	<b>2,459</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
Unreserved-Designated for Subsequent Years				
Expenditures	-	-	-	-
Reserved For:				
Inventory	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 3</b>	<b>\$ 2,459</b>	<b>\$ -</b>	<b>\$ -</b>

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

<u>AFTER SCHOOL ENRICHMENT</u>	<u>SB 301 GO BONDS</u>	<u>STATE DIRECTED ACTIVITIES</u>	<u>RURAL REVITALIZATION</u>	<u>LIBRARY BOOK FUND</u>	<u>YOUTH CONSERVATION</u>
\$ -	\$ -	\$ -	\$ -	\$ 176	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
7,000	6,104	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176</u>	<u>\$ -</u>
\$ 7,000	\$ 6,104	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	176	-
<u>7,000</u>	<u>6,104</u>	<u>-</u>	<u>-</u>	<u>176</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 7,000</u>	<u>\$ 6,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176</u>	<u>\$ -</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, 2009

	COORDINATED APPROACH TO CHILD CARE	DWI GRANT	SUN SAFETY
<b>ASSETS</b>			
Cash on Deposit	\$ 2,031	\$ 88	\$ 904
Taxes Receivable	-	-	-
Due from other funds	-	-	-
Due from other Governments	-	-	-
Inventory	-	-	-
	<u>2,031</u>	<u>88</u>	<u>904</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,031</u></b>	<b>\$ <u>88</u></b>	<b>\$ <u>904</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
Due to other Funds	\$ -	\$ -	\$ -
Cash Deficit	-	-	-
Deferred Revenue	2,031	88	904
<b>TOTAL LIABILITIES</b>	<b><u>2,031</u></b>	<b><u>88</u></b>	<b><u>904</u></b>
<b>FUND BALANCE</b>			
Unreserved-Designated for Subsequent Years			
Expenditures	-	-	-
Reserved For:			
Inventory	-	-	-
<b>TOTAL FUND BALANCE</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ <u>2,031</u></b>	<b>\$ <u>88</u></b>	<b>\$ <u>904</u></b>

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



<u>SB-9</u>	<u>TOTAL NONMAJOR SPECIAL REVENUE FUNDS</u>
\$ 21,148	\$ 46,302
121	121
-	-
-	19,911
-	318
<u>21,269</u>	<u>66,652</u>
\$ 1,309	\$ 21,420
-	-
-	9,127
<u>1,309</u>	<u>30,547</u>
19,960	35,787
-	-
-	318
<u>19,960</u>	<u>36,105</u>
\$ <u>21,269</u>	\$ <u>66,652</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, 2009

	FOOD SERVICES	ATHLETICS	IDEAL B DISCRETIONARY	IDEA B PRESCHOOL
<b>REVENUE</b>				
Local Property Taxes	-	\$ -	\$ -	\$ -
Donations	-	-	-	-
Interest Earned	661	-	-	-
Federal Program	14,061	-	-	14
State Equalization	-	-	-	-
State Program	-	-	-	-
Fees	8,700	7,591	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>23,422</b>	<b>7,591</b>	<b>-</b>	<b>14</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	-	7,181	-	-
Support Services-Students	-	-	-	14
Support Services-Instruction	-	-	-	-
Support Services-General Administration	-	-	-	-
Support Services-School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Food Service Operations	27,521	-	-	-
Community Services	-	-	-	-
Capital Outlay	-	-	-	-
<b>Debt Service</b>				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>27,521</b>	<b>7,181</b>	<b>-</b>	<b>14</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(4,099)</b>	<b>410</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
TRANSFERS IN/ TRANSFERS (OUT)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(4,099)</b>	<b>410</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
June 30, 2008	12,941	6,893	-	-
<b>FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
June 30, 2009	\$ 8,842	\$ 7,303	\$ -	\$ -

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

ENHANCING ED THRU EDUCATION	TEACHER / PRINCIPAL TRAINING	MEDICAID TITLE XIX	REAP RURAL EDUCATION	ENMR	TECHNOLOGY FOR EDUCATION	OBESITY
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	5,479	-	23,595	-	-	-
-	-	-	-	-	4,388	37,500
-	-	-	-	-	-	-
-	-	-	-	5,000	-	-
-	5,479	-	23,595	5,000	4,388	37,500
-	5,479	-	23,595	-	4,388	37,500
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	5,000	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5,479	-	23,595	5,000	4,388	37,500
-	-	-	-	-	-	-
373	-	-	-	-	-	-
373	-	-	-	-	-	-
373	-	-	-	-	-	-
(373)	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2009

	ELEMENTARY PE GRANT	INCENTIVE FOR SCHOOL IMPROVEMENT	LIBRARY GO BONDS	BEGINNING TEACHER MENTORING
<b>REVENUE</b>				
Local Property Taxes	\$ -	\$ -	\$ -	\$ -
Donations	-	-	-	-
Interest Earned	-	-	-	-
Federal Program	-	-	-	-
State Equalization State Program	-	-	-	1,003
Fees	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,003</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	-	-	-	1,003
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	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,003</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
TRANSFERS IN/ TRANSFERS (OUT)	-	-	1,550	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>1,550</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>1,550</b>	<b>-</b>
<b>FUND BALANCE</b>				
June 30, 2008	-	-	(1,550)	-
<b>FUND BALANCE</b>				
June 30, 2009	\$ -	\$ -	\$ -	\$ -

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

AFTER SCHOOL ENRICHMENT	SB 301 GO BONDS	STATE DIRECTED ACTIVITIES	RURAL REVITALIZATION	LIBRARY BOOK FUND	YOUTH CONSERVATION
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
12,500	6,104	4,500	10,000	-	-
-	-	-	-	-	-
<u>12,500</u>	<u>6,104</u>	<u>4,500</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
-	-	4,500	-	-	-
-	6,104	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,500	-	-	10,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,500</u>	<u>6,104</u>	<u>4,500</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	293
-	-	-	-	-	293
-	-	-	-	-	293
-	-	-	-	-	(293)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2009

	COORDINATED APPROACH TO CHILD CARE	DWI GRANT	SUN SAFETY
<b>REVENUE</b>			
Local Property Taxes	\$ -	\$ -	\$ -
Donations	-	-	-
Interest Earned	-	-	-
Federal Program			
State Equalization			
State Program	-	-	-
Fees			
Miscellaneous	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
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	-	-	-
Capital Outlay	-	-	-
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, 2008	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SB-9	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
15,182	\$ 15,182
-	661
-	43,149
48,197	124,192
-	16,291
-	5,000
<u>63,379</u>	<u>204,475</u>
-	83,646
-	6,118
-	-
126	126
-	-
-	-
25,281	30,281
-	-
-	27,521
-	22,500
50,945	50,945
-	-
-	-
<u>76,352</u>	<u>221,137</u>
(12,973)	(16,662)
<u>-</u>	<u>2,216</u>
<u>-</u>	<u>2,216</u>
(12,973)	(14,446)
<u>32,933</u>	<u>50,551</u>
<u>\$ 19,960</u>	<u>\$ 36,105</u>

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--SPECIAL REVENUE FUND--CAFETERIA

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Fees-Users	\$ 5,600	\$ 5,600	\$ 8,700	\$ 3,100
Interest Income	100	100	661	561
Federal Revenue	18,000	18,000	12,374	(5,626)
<b>TOTAL REVENUE</b>	<u>23,700</u>	<u>23,700</u>	<u>\$ 21,735</u>	<u>\$ (1,965)</u>
Cash Balance Budgeted	<u>11,729</u>	<u>11,729</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 35,429</u>	<u>\$ 35,429</u>		
<b>EXPENDITURES</b>				
Current				
Food Services-Operations	\$ 35,429	\$ 35,429	\$ 26,088	\$ 9,341
<b>TOTAL EXPENDITURES</b>	<u>\$ 35,429</u>	<u>\$ 35,429</u>	<u>\$ 26,088</u>	<u>\$ 9,341</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 21,735
Differences-Budget to GAAP	
Commodities Received	1,687
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 23,422</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 26,088
Differences-budget to GAAP	
Cost of Commodities Used	1,687
Inventory Adjustment	(254)
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 27,521</u>



STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Fees Activities	\$ 6,000	\$ 6,000	\$ 7,468	\$ 1,468
Interest Income	200	200	123	(77)
<b>TOTAL REVENUE</b>	<u>6,200</u>	<u>6,200</u>	<u>\$ 7,591</u>	<u>\$ 1,391</u>
Cash Balance Budgeted	<u>7,524</u>	<u>7,524</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 13,724</u>	<u>\$ 13,724</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 13,724	\$ 13,724	\$ 7,181	\$ 6,543
<b>TOTAL EXPENDITURES</b>	<u>\$ 13,724</u>	<u>\$ 13,724</u>	<u>\$ 7,181</u>	<u>\$ 6,543</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 7,591
Differences-Budget to GAAP	
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 7,591</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 7,181
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 7,181</u>

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 14	\$ 36	\$ 14	\$ (22)
TOTAL REVENUE	<u>14</u>	<u>36</u>	<u>14</u>	<u>(22)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 14</u>	<u>\$ 36</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-Students	14	36	14	22
TOTAL EXPENDITURES	<u>14</u>	<u>36</u>	<u>14</u>	<u>22</u>

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

**Sources/inflows of resources**

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

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 14
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 14</u>

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2009

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 4,388	\$ 8,628	\$ -	\$ (8,628)
TOTAL REVENUE	<u>4,388</u>	<u>8,628</u>	<u>-</u>	<u>(8,628)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 4,388</u>	<u>\$ 8,628</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 4,388	\$ 8,628	\$ 5,479	\$ 3,149
TOTAL EXPENDITURES	<u>\$ 4,388</u>	<u>\$ 8,628</u>	<u>\$ 5,479</u>	<u>\$ 3,149</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	5,479
Total Revenues (GAAP Basis)	<u>\$ 5,479</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 5,479
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 5,479</u>

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, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ 23,597	\$ 23,597	\$ -
TOTAL REVENUE	<u>-</u>	<u>23,597</u>	<u>23,597</u>	<u>-</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 23,597</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 23,597	\$ 23,595	\$ 2
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 23,597</u>	<u>23,595</u>	<u>2</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 23,597
Differences-Budget to GAAP	
Current Year Deferral	(2,038)
Prior Year Deferral	2,036
Total Revenues (GAAP Basis)	<u>\$ 23,595</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 23,595
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 23,595</u>

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--ENMR PLATEAU EDUCATIONAL FOUNDATION

Year Ended June 30, 2009

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Local Grants	\$ -	\$ 5,000	\$ 5,000	\$ -
TOTAL REVENUE	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 5,000</u>		
<b>EXPENDITURES</b>				
Current				
Acquisition & Construction	\$ -	\$ 5,000	\$ 5,000	\$ -
TOTAL EXPENDITURES	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 5,000
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 5,000</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 5,000
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 5,000</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, 2009

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 4,388	\$ 4,050	\$ (338)
<b>TOTAL REVENUE</b>	<u>\$ -</u>	<u>\$ 4,388</u>	<u>\$ 4,050</u>	<u>\$ (338)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 4,388</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 4,388	\$ 4,388	\$ -
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 4,388</u>	<u>\$ 4,388</u>	<u>\$ -</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 4,050
Differences-Budget to GAAP	
Current Year Deferral	(365)
Prior Year Deferral	703
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 4,388</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 4,388
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 4,388</u>

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

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

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 37,500	\$ 36,172	\$ (1,328)
<b>TOTAL REVENUE</b>	\$ -	\$ 37,500	\$ 36,172	\$ (1,328)
Cash Balance Budgeted				
<b>TOTAL REVENUE &amp; CASH</b>	\$ -	\$ 37,500		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 37,500	\$ 37,500	\$ -
<b>TOTAL EXPENDITURES</b>	\$ -	\$ 37,500	\$ 37,500	\$ -

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 36,172
Differences-Budget to GAAP	
Current Year Receivable	1,328
<b>Total Revenues (GAAP Basis)</b>	\$ 37,500

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 37,500
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	\$ 37,500

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--BEGINNING TEACHER MENTORING PROGRAM

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 1,003	\$ 1,003	\$ -
<b>TOTAL REVENUE</b>	<u>-</u>	<u>1,003</u>	<u>1,003</u>	<u>-</u>
 Cash Balance Budgeted	 <u>-</u>	 <u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 1,003</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 1,003	\$ 1,003	\$ -
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 1,003</u>	<u>1,003</u>	<u>-</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 1,003
Differences-Budget to GAAP	
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 1,003</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 1,003
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 1,003</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--AFTER SCHOOL ENRICHMENT PROGRAM

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 12,500	\$ 5,500	\$ (7,000)
TOTAL REVENUE	<u>-</u>	<u>12,500</u>	<u>5,500</u>	<u>(7,000)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 12,500</u>		
<b>EXPENDITURES</b>				
Current				
Community Services-operations	\$ -	\$ 12,500	\$ 12,500	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 12,500</u>	<u>\$ 12,500</u>	<u>\$ -</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 5,500
Differences-Budget to GAAP	
Current Year Receivable	7,000
Total Revenues (GAAP Basis)	<u>\$ 12,500</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 12,500
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 12,500</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--LIBRARIES SB 301 GO BONDS

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 6,104	\$ -	\$ (6,104)
TOTAL REVENUE	<u>-</u>	<u>6,104</u>	<u>-</u>	<u>(6,104)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 6,104</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-Students	\$ -	\$ 6,104	\$ 6,104	\$ -
TOTAL EXPENDITURES	<u>-</u>	<u>6,104</u>	<u>6,104</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	6,104
Total Revenues (GAAP Basis)	<u>\$ 6,104</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 6,104
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 6,104</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--STATE DIRECTED ACTIVITIES

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 4,500	\$ 4,500	\$ -
TOTAL REVENUE	<u>-</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 4,500</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 4,500	\$ 4,500	\$ -
TOTAL EXPENDITURES	<u>-</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 4,500
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 4,500</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 4,500
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 4,500</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 REVITALIZATION

Year Ended June 30, 2009

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 10,000	\$ 10,000	\$ -
TOTAL REVENUE	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 10,000</u>		
<b>EXPENDITURES</b>				
Current				
Community Services-operations	\$ -	\$ 10,000	\$ 10,000	\$ -
TOTAL EXPENDITURES	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 10,000
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 10,000</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 10,000
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 10,000</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--LIBRARY BOOK FUND

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ -	\$ 176	\$ 176
TOTAL REVENUE	\$ -	\$ -	\$ 176	\$ 176
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	\$ -	\$ -		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ -	\$ -	\$ -	\$ -

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 176
Differences-Budget to GAAP	
Current Year Deferral	(176)
Total Revenues (GAAP Basis)	\$ -

**Uses/outflows of resources**

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

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--SUN SAFETY

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ -	\$ -	\$ -
Refunds	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Balance Budgeted	<u>1,026</u>	<u>1,026</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 1,026</u>	<u>\$ 1,026</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-Students	\$ 1,026	\$ 1,026	\$ -	\$ 1,026
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,026</u>	<u>\$ 1,026</u>	<u>\$ -</u>	<u>\$ 1,026</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	
Property tax Receivable	
Prior Year Tax Receivables	
Current Year Receivable	
Prior Year Receivable	
Current Year Deferral	
Prior Year Deferral	
Commodities Received	
Total Revenues (GAAP Basis)	<u>\$ -</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ -
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>\$ -</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--SENATE BILL 9

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 14,500	\$ 14,500	\$ 15,446	\$ 946
State Flow Through Grants	-	12,845	48,197	35,352
<b>TOTAL REVENUE</b>	<u>14,500</u>	<u>27,345</u>	<u>\$ 63,643</u>	<u>\$ 36,298</u>
Cash Balance Budgeted	<u>55,117</u>	<u>55,117</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 69,617</u>	<u>\$ 82,462</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-General Administration	\$ 131	\$ 131	\$ 126	\$ 5
Acquisition & Construction	69,486	82,331	76,226	6,105
<b>TOTAL EXPENDITURES</b>	<u>\$ 69,617</u>	<u>\$ 82,462</u>	<u>\$ 76,352</u>	<u>\$ 6,110</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 63,643
Differences-Budget to GAAP	
Property tax Receivable	121
Prior Year Tax Receivables	(386)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 63,378</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 76,352
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 76,352</u>

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

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET -- GENERAL FUND

June 30, 2009

	<u>OPERATIONAL</u>	<u>TRANSPORTATION</u>	<u>INSTRUCTIONAL MATERIALS</u>	<u>TEACHERAGE</u>	<u>TOTALS</u>
<b>ASSETS</b>					
Cash on Deposit	\$ 1,231	\$ 531	\$ 6,357	\$ 17,754	\$ 25,873
Taxes Receivable	28	-	-	-	28
Due from other Governments	-	-	-	-	-
Due from Trust & Agency Funds	65,961	-	-	-	65,961
Due From Other Funds	200	-	-	26,256	26,456
<b>TOTAL ASSETS</b>	<b>\$ 67,420</b>	<b>\$ 531</b>	<b>\$ 6,357</b>	<b>\$ 44,010</b>	<b>\$ 118,318</b>
<b>LIABILITIES</b>					
Due to other Funds	\$ 6,371	\$ -	\$ -	\$ -	\$ 6,371
<b>TOTAL LIABILITIES</b>	<b>6,371</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,371</b>
<b>FUND BALANCE</b>					
Unreserved-Designated for Subsequent Years Expenditures	61,049	531	6,357	44,010	111,947
<b>TOTAL FUND BALANCE</b>	<b>61,049</b>	<b>531</b>	<b>6,357</b>	<b>44,010</b>	<b>111,947</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 67,420</b>	<b>\$ 531</b>	<b>\$ 6,357</b>	<b>\$ 44,010</b>	<b>\$ 118,318</b>

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, 2009

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
<b>REVENUE</b>					
Local Property Taxes	\$ 3,338	\$ -	\$ -	\$ -	\$ 3,338
Donations	10,353	-	-	-	10,353
Interest Earned	9,742	-	-	-	9,742
Federal Program	7,783	-	-	-	7,783
State Equalization	1,398,693	-	-	-	1,398,693
State Program	199,760	168,927	7,146	-	375,833
Rent	-	-	-	14,200	14,200
Miscellaneous	10	-	-	-	10
<b>TOTAL REVENUES</b>	<b>1,629,679</b>	<b>168,927</b>	<b>7,146</b>	<b>14,200</b>	<b>1,819,952</b>
<b>EXPENDITURES</b>					
Current					
Instruction	890,089	-	11,171	-	901,260
Support Services-Students	93,026	-	-	-	93,026
Support Services-Instruction	-	-	-	-	-
Support Services-General Administration	130,406	-	-	-	130,406
Support Services-School Administration	-	-	-	-	-
Central Services	77,258	-	-	-	77,258
Operation & Maintenance of Plant	224,263	-	-	5,364	229,627
Student Transportation	2,358	168,648	-	-	171,006
Food Service Operations	33,322	-	-	-	33,322
Capital Outlay	161,712	-	-	-	161,712
<b>TOTAL EXPENDITURES</b>	<b>1,612,434</b>	<b>168,648</b>	<b>11,171</b>	<b>5,364</b>	<b>1,797,617</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>17,245</b>	<b>279</b>	<b>(4,025)</b>	<b>8,836</b>	<b>22,335</b>
Other Financial Sources (Uses)					
Transfer In/Transfers (Out)	(2,372)	-	-	-	(2,372)
<b>Total Other Financial Sources</b>	<b>(2,372)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,372)</b>
<b>Net Change In Fund Balance</b>	<b>14,873</b>	<b>279</b>	<b>(4,025)</b>	<b>8,836</b>	<b>19,963</b>
<b>FUND BALANCE</b>					
June 30, 2008	63,331	252	10,382	35,174	109,139
Restatement	(17,155)	-	-	-	(17,155)
<b>Restated Fund Balance</b>	<b>46,176</b>	<b>252</b>	<b>-</b>	<b>35,174</b>	<b>91,984</b>
<b>FUND BALANCE June 30, 2009</b>	<b>\$ 61,049</b>	<b>\$ 531</b>	<b>\$ 6,357</b>	<b>\$ 44,010</b>	<b>\$ 111,947</b>

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, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 3,268	\$ 3,268	\$ 3,403	\$ 135
Interest Income	4,500	4,500	10,974	6,474
State Equalization	1,406,438	1,400,850	1,398,693	(2,157)
State Flow Through Grants	-	198,100	199,760	1,660
Donations	-	-	10,354	10,354
Access Board	-	7,783	7,783	-
Refunds	-	-	10	10
<b>TOTAL REVENUE</b>	<u>1,414,206</u>	<u>1,614,501</u>	<u>\$ 1,630,977</u>	<u>\$ 16,476</u>
Cash Balance Budgeted	60,962	60,962		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 1,475,168</u>	<u>\$ 1,675,463</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 897,309	\$ 897,117	\$ 890,089	\$ 7,028
Support Services-Students	67,583	94,193	93,026	1,167
Support Services-General Administration	128,303	131,221	130,406	815
Central services	89,309	89,309	77,258	12,051
Operation & Maintenance of Plant	247,923	258,456	224,263	34,193
Student Transportation	31,000	9,928	2,358	7,570
Other Support Services	202	202	-	202
Food Services-Operations	13,539	33,325	33,322	3
Acquisition & Construction	-	161,712	161,712	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,475,168</u>	<u>\$ 1,675,463</u>	<u>\$ 1,612,434</u>	<u>\$ 63,029</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 1,630,977
Differences-Budget to GAAP	
Property tax Receivable	28
Prior Year Tax Receivables	(94)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 1,630,911</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 1,612,434
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 1,612,434</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--GENERAL FUND--TEACHERAGE

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Rent	\$ 12,000	\$ 12,000	\$ 14,200	\$ 2,200
TOTAL REVENUE	<u>12,000</u>	<u>12,000</u>	<u>14,200</u>	<u>2,200</u>
Cash Balance Budgeted	<u>33,188</u>	<u>33,188</u>		
TOTAL REVENUE & CASH	<u>\$ 45,188</u>	<u>\$ 45,188</u>		
<b>EXPENDITURES</b>				
Current				
Operation & Maintenance of Plant	\$ 45,188	\$ 45,188	\$ 5,364	\$ 39,824
TOTAL EXPENDITURES	<u>45,188</u>	<u>45,188</u>	<u>5,364</u>	<u>39,824</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 14,200
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 14,200</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 5,364
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 5,364</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--GENERAL FUND--TRANSPORTATION FUND

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ 194,950	\$ 168,927	\$ 168,927	\$ -
<b>TOTAL REVENUE</b>	<u>194,950</u>	<u>168,927</u>	<u>168,927</u>	<u>-</u>
 Cash Balance Budgeted	 -	 -		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 194,950</u>	<u>\$ 168,927</u>		
<b>EXPENDITURES</b>				
Current				
Student Transportation	\$ 194,950	\$ 168,927	\$ 168,648	\$ 279
<b>TOTAL EXPENDITURES</b>	<u>\$ 194,950</u>	<u>\$ 168,927</u>	<u>168,648</u>	<u>279</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 168,927
Differences-Budget to GAAP	
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 168,927</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 168,648
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 168,648</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--GENERAL FUND--INSTRUCTIONAL MATERIALS FUND

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ 7,106	\$ 7,106	\$ 7,146	\$ 40
TOTAL REVENUE	<u>7,106</u>	<u>7,106</u>	<u>7,146</u>	<u>40</u>
Cash Balance Budgeted	-	10,440		
TOTAL REVENUE & CASH	<u>\$ 7,106</u>	<u>\$ 17,546</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 6,682	\$ 17,122	\$ 11,079	\$ 6,043
Support Services-Instruction	424	424	92	332
TOTAL EXPENDITURES	<u>\$ 7,106</u>	<u>\$ 17,546</u>	<u>\$ 11,171</u>	<u>\$ 6,375</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 7,146
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 7,146</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 11,171
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 11,171</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--DEBT SERVICE

Year Ended June 30 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 64,278	\$ 64,278	\$ 40,854	\$ (23,424)
<b>TOTAL REVENUE</b>	<u>64,278</u>	<u>64,278</u>	<u>40,854</u>	<u>(23,424)</u>
Cash Balance Budgeted	<u>65,097</u>	<u>65,097</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 129,375</u>	<u>\$ 129,375</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-General Administration	\$ 527	\$ 527	\$ 308	\$ 219
Principal	50,000	50,000	50,000	-
Interest & Finance Charges	14,278	14,278	14,278	-
Debt Service Reserve	64,570	64,570	-	64,570
<b>TOTAL EXPENDITURES</b>	<u>\$ 129,375</u>	<u>\$ 129,375</u>	<u>\$ 64,586</u>	<u>\$ 64,789</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 40,854
Differences-Budget to GAAP	
Property tax Receivable	287
Prior Year Tax Receivables	(1,970)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 39,171</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 64,586
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 64,586</u>

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

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, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Interest Income	\$ 2,500	\$ 2,500	\$ 1,606	\$ (894)
TOTAL REVENUE	<u>2,500</u>	<u>2,500</u>	<u>1,606</u>	<u>(894)</u>
Cash Balance Budgeted	<u>78,120</u>	<u>78,120</u>		
TOTAL REVENUE & CASH	<u>\$ 80,620</u>	<u>\$ 80,620</u>		
<b>EXPENDITURES</b>				
Current				
Acquisition & Construction	\$ 80,620	\$ 80,620	\$ 26,129	\$ 54,491
TOTAL EXPENDITURES	<u>\$ 80,620</u>	<u>\$ 80,620</u>	<u>\$ 26,129</u>	<u>\$ 54,491</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 1,606
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 1,606</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 26,129
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 26,129</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, 2009

	Balance 6/30/2008	ADDITIONS	DEDUCTIONS	Balance 6/30/2009
Seniors 07	790	-	-	790
Seniors 08	675	-	-	675
Seniors	8,217	7,246	15,463	-
Juniors	6,602	16,726	11,311	12,017
Sophomores	4,254	9,855	6,125	7,984
Freshman	1,794	1,574	634	2,734
Annual	3,462	1,694	2,633	2,523
Shop	3,849	2,163	58	5,954
Student Council	534	360	232	662
Cheerleaders	545	-	-	545
FFA	3,770	6,032	7,621	2,181
FEA	-	383	100	283
NHS	398	-	-	398
Eighth Grade	1,129	2,442	1,206	2,365
Seventh Grade	-	1,096	-	1,096
JR High FFA	279	-	279	-
Elementary	1,296	480	1,534	242
CATCH	184	-	-	184
Textbooks	990	-	-	990
Miscellaneous	41,291	242,673	175,368	108,596
Rough & Tough Embroidery	8,256	42,518	40,238	10,536
Health Center	12,857	6,056	6,115	12,798
<b>Total</b>	<b>101,172</b>	<b>341,298</b>	<b>268,917</b>	<b>173,553</b>

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



STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2009

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS	COLLATERAL REQUIRED	COLLATERAL PLEDGED	UNINSURED & UNCOLLATERALIZED DEPOSITS																				
1st Community Bank of Las Vegas	\$ 778,533	\$ 250,000	\$ 528,533	\$ 264,267	\$ 363,024	\$ -																				
<table border="1"> <thead> <tr> <th>Collateral</th> <th>CUSIP #</th> <th>Description</th> <th>FMV</th> <th>Maturity</th> </tr> </thead> <tbody> <tr> <td>Treasury Note</td> <td>31371KJY8</td> <td>FNMA-#254179</td> <td>\$ 64,779</td> <td>12/01/21</td> </tr> <tr> <td>Treasury Note</td> <td>31394TSX9</td> <td>FHLMC Series 2760</td> <td>298,245</td> <td>03/15/19</td> </tr> <tr> <td></td> <td></td> <td></td> <td>\$ 363,024</td> <td></td> </tr> </tbody> </table>							Collateral	CUSIP #	Description	FMV	Maturity	Treasury Note	31371KJY8	FNMA-#254179	\$ 64,779	12/01/21	Treasury Note	31394TSX9	FHLMC Series 2760	298,245	03/15/19				\$ 363,024	
Collateral	CUSIP #	Description	FMV	Maturity																						
Treasury Note	31371KJY8	FNMA-#254179	\$ 64,779	12/01/21																						
Treasury Note	31394TSX9	FHLMC Series 2760	298,245	03/15/19																						
			\$ 363,024																							
COLLATERAL HELD BY FEDERAL RESERVE BANK, KANSAS CITY, MO.																										
NEW MEXICO STATE TREASURER	\$ 4,105	\$ -	\$ 4,105	\$ 4,105	\$ 4,105	\$ -																				
COLLATERAL IS HELD AT CHASE BANK, NEW YORK CITY, NEW YORK																										
TOTAL	\$ 782,638	\$ 250,000	\$ 532,638	\$ 268,372	\$ 367,129	\$ -																				

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

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

BANK SUMMARY

JUNE 30, 2009

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING CHECKS	DEPOSITS IN TRANSIT	RECONCILED BALANCE
1st National Bank Las Vegas	Checking	Multi Fund	* \$ 586,884	\$ 427,875	\$	\$ 159,009
	Checking	Cafeteria	* 9,643	1,119		8,524
	Checking	Athletics	* 7,622	120		7,502
	Checking	Activity	* 174,383	1,949	1,119	173,553
1st National Bank Las Vegas			\$ 778,532	\$ 431,063	\$ 1,119	\$ 348,588
New Mexico State Treas	C.D.	Multi Fund	* 4,105	-	-	4,105
Total All Accounts			\$ 782,637	\$ 431,063	\$ 1,119	\$ 352,693

\* Interest Bearing

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

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

BANK RECONCILIATION

JUNE 30, 2009

	<u>OPERATIONAL</u>	<u>TEACHERAGE</u>	<u>TRANSPORTATION</u>	<u>INSTRUCTIONAL MATERIALS</u>	<u>FOOD SERVICES</u>	<u>ATHLETICS</u>
Audited Net Cash						
JUNE 30, 2008	\$ (21,459)	\$ 35,174	\$ 252	\$ 10,382	\$ 31,636	\$ 6,892
2008-2009 Revenue	1,629,745	14,200	168,927	7,146	21,734	7,592
Transfers In						
Prior Year Interest Income	2,521					
Loans In	18,758	-				200
<b>TOTAL AVAILABLE CASH</b>	<b>1,629,565</b>	<b>49,374</b>	<b>169,179</b>	<b>17,528</b>	<b>53,370</b>	<b>14,684</b>
2008-2009 Expenditures	1,612,434	5,364	168,648	11,171	26,088	7,181
Transfers Out	2,372					
Prior Year Outstanding Check	19,673					
Loans out	200	-	-	-	18,758	-
	<b>1,634,679</b>	<b>5,364</b>	<b>168,648</b>	<b>11,171</b>	<b>44,846</b>	<b>7,181</b>
Total Cash	(5,114)	44,010	531	6,357	8,524	7,503
Investments on Hand	1,231					
<b>NET CASH IN BANK</b>	<b>\$ (3,883)</b>	<b>\$ 44,010</b>	<b>\$ 531</b>	<b>\$ 6,357</b>	<b>\$ 8,524</b>	<b>\$ 7,503</b>

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

FEDERAL PROJECTS	LOCAL/STATE ACCOUNTS	SB-9	BOND BUILDING	DEBT SERVICE	PSCO 20%	SPECIAL CAP/OUT STATE	PUBLIC SCHOOL CAPITAL OUTLAY	NON INSTRUCTIONAL
\$ (3,731)	\$ (1,205)	\$ 33,857	\$ 61,713	\$ 70,329	\$ 3,303	\$ (25,066)	\$ 5,108	\$ 101,169
41,672	156,771	63,643	1,606	40,854	-	25,000	-	341,301
464	1,842		4,916			66		
38,405	157,408	97,500	68,235	111,183	3,303	-	5,108	442,470
66,254	134,595	76,352	26,129	64,585	-	-	-	268,917
66,254	134,595	76,352	26,129	64,585	-	-	-	268,917
(27,849)	22,813	21,148	42,106	46,598	3,303	-	5,108	173,553
			2,873					
<u>\$ (27,849)</u>	<u>\$ 22,813</u>	<u>\$ 21,148</u>	<u>\$ 44,979</u>	<u>\$ 46,598</u>	<u>\$ 3,303</u>	<u>\$ -</u>	<u>\$ 5,108</u>	<u>\$ 173,553</u>

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

# Roy Woodard & Associates

Certified Public Accountants

RWA

Clovis

Portales

305 S. Ave B, P.O. Box 445, Portales New Mexico Office (575) 356-8564 Fax (575) 356-2453

## 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, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated December 9, 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, 2009, 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, 2008-1, 2009-02 and 2009-03.

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 items 2005-4 and 2009-01.

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  
December 9, 2009

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2009

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.

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.

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.

Current Status: Revised and repeated.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2009

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.

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, 2009

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 January 25, 2010.

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, 2009 dated December 9, 2009 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, 2009

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.

ACTIVITY FUND DEPOSIT HELD IN VIOLATION OF THE 24-HOUR RULE – 09-01

Statement of Condition: Upon review of Activity Funds deposits, it was discovered that activity fund collections from the high school was not being deposited within the required 24-hour period. This determination was made by comparing the date of the receipt with the date stamped by the bank on the deposit slip. Each deposit included receipts that were dated more than 24 hours prior to the deposit.

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

Cause: Teachers and sponsors associated with the fundraiser were holding funds and submitting the money at one time when the fundraiser was over or at the end of the school week.

Effect: Holding money subjects the money to loss, theft, or misappropriation. This also subjects the District, District employees, parents and students to possible loss and liability.

Recommendation: Fundraiser money collected should be deposited with the bank the day it is collected and receipted. Teachers and sponsors should submit all money the day it is collected to the campus secretary to avoid possible loss and theft.

Response: The District campuses will change their practice and make daily deposits of all activity fund money collected.

NO RECEIPTS TO STUDENTS FOR ACTIVITY FUND COLLECTIONS 09-02

Statement of Condition: Funds received in various activity accounts are not being receipted to the students by the teacher/sponsor.

Criteria: Teachers and sponsors of activity accounts should be giving receipts to students upon collection of monies. This will document the amount and time of the collection to control compliance with state statute and completeness of recording.

Cause: Personnel failed to follow district policy regarding the receipting of funds received.

Effect: Timeliness and completeness can not be documented or ascertained.

Recommendation: All activity fund account collection should be documented by receipt at the student level.

Response: Management concurs with recommendation.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2009

I. FINANCIAL STATEMENT FINDINGS (continued):

FUNDS NOT TRANSFERRED TO COVER NMPSIA DRAFTS – 2009-03

Statement of Condition:	The District did not transfer funds to the proper bank account to cover drafts from NMPSIA for employee benefits.
Criteria:	As a part of good cash management District staff should transfer the appropriate amount to cover the NMPSIA draft each month before the draft is taken.
Cause:	District staff did not transfer funds to cover the NMPSIA drafts prior to the draft being taken.
Effect:	The Activity Fund account balance had to cover the draft until the transfer was made.
Recommendation:	The transfer of adequate funds should be made to the appropriate bank account before a draft is made is made.
Management response:	Management concurs with the recommendation.

STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS

OTHER DISCLOSURES

June 30, 2009

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.