

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**Basic Financial Statements and  
Required Supplementary Information  
For the Year Ended June 30, 2010  
and Independent Auditors' Report**

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**TABLE OF CONTENTS  
JUNE 30, 2010**

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**FINANCIAL SECTION**

Official Roster	1
Independent Auditors' Report	2
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	4
Statement of Activities	5
Governmental Fund Financial Statements:	
Balance Sheet - Governmental Funds	6
Reconciliation of the Balance sheet to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	9
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual:	
General Fund	12
Title I Fund	13
Entitlement Fund	14
Bond Building Fund	15
Capital Improvements Fund	16
Debt Service Fund	17
Fiduciary Funds	
Statement of Fiduciary Assets and Liabilities - Agency Fund	18
Notes to the Financial Statements	19

**SUPPLEMENTARY INFORMATION**

Combining and Individual Funds Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	36
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	37
Combining Balance Sheet - Nonmajor Special Revenue Funds	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	44

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**TABLE OF CONTENTS (CONTINUED)  
JUNE 30, 2010**

---

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual	
Food Services Special Revenue Fund	47
Athletics Special Revenue Fund	48
Discretionary IDEA - B Special Revenue Fund	49
Preschool IDEA - B Special Revenue Fund	50
IDEA - B Risk Pool Special Revenue Fund	51
Teacher / Principal Training & Recruiting Special Revenue Fund	52
Rural Education Achievement Program Special Revenue Fund	53
State Equalization Guarantee - Federal Stimulus Special Revenue Fund	54
GO Bond Special Revenue Fund	55
Technology for Education - PED Special Revenue Fund	56
Obesity Program - PED Special Revenue Fund	57
Physical Education Classes - PED Special Revenue Fund	58
Initiative for School Improvement Act Special Revenue Fund	59
Beginning Teacher Mentoring Special Revenue Fund	60
After School Enrichment Program Special Revenue Fund	61
School Library Materials Special Revenue Fund	62
NM Energy Minerals Natural Resources Special Revenue Fund	63
CATCH Special Revenue Fund	64
DWI NM Local Grant Special Revenue Fund	65
Sun Safe Special Revenue Fund	66
School Based Health Center Special Revenue Fund	67
Combining Balance Sheet - Nonmajor Capital Project Funds	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	70
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual	
Public School Capital Outlay Capital Project Fund	71
Public School Capital Outlay 20% Capital Project Fund	72
Combining Balance Sheet - General Funds	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund	74
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual	
Operational General Fund	75
Teacherage General Fund	76
Transportation General Fund	77
Instructional Material General Fund	78
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
Schedule of Changes in Assets and Liabilities - Agency Funds	79
Schedule of Collateral Pledged	80
Schedule of Deposits and Investments Accounts	81
Cash Reconciliation	82

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**TABLE OF CONTENTS (CONTINUED)  
JUNE 30, 2010**

---

**COMPLIANCE SECTION**

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	83
Schedule of Findings and Responses	85
Financial Statement Preparation	90
Exit Conference	91

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**OFFICIAL ROSTER**

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**BOARD OF EDUCATION**

Sacramento Baca  
Matt Mitchell  
Arlene Daniels  
Troy Daniels  
Blair Chavel

President  
Vice President  
Secretary  
Member  
Member

**SCHOOL OFFICIALS**

William Murrell  
Sherrita Fluhman

Superintendent  
Business Manager

**BASIC  
FINANCIAL STATEMENTS**

## INDEPENDENT AUDITOR'S REPORT

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of Roy Municipal Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the District, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital project funds, debt service fund and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District'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 the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2010, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2010, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor 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 November 11, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

A handwritten signature in blue ink that reads "White + Sanabria + Campbell, LLP". The signature is written in a cursive style with some capital letters.

El Paso, Texas  
November 11, 2010



**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF NET ASSETS  
JUNE 30, 2010**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current assets	
Cash	\$ 327,600
Taxes receivable	2,386
Due from agencies	54,138
Inventory	296
	<hr/>
Total current assets	384,420
	<hr/>
Non-current assets	
Bond issue cost, net	46,453
Land (non-depreciable)	16,200
Capital assets (depreciable)	4,474,881
Less accumulated depreciation	(2,078,755)
	<hr/>
Total non-current assets	2,458,779
	<hr/>
<b>Total assets</b>	<b>\$ 2,843,199</b>
	<hr/>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 12,615
Accrued interest	4,017
Deferred revenue	30,589
Current portion of long-term obligations	30,000
	<hr/>
Total current liabilities	77,221
	<hr/>
Long-term obligations	
Non-current portion of long-term obligations	260,000
	<hr/>
Total long-term liabilities	260,000
	<hr/>
<b>Total liabilities</b>	<b>337,221</b>
	<hr/>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	2,122,326
Restricted for	
Cafeteria fund (inventory)	296
Debt service	41,245
Unrestricted	342,111
	<hr/>
<b>Total net assets</b>	<b>\$ 2,505,978</b>
	<hr/>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Assets
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Expenses:</b>					
<b>Governmental Activities:</b>					
Direct instruction	\$ 884,771	\$ 20,050	\$ 248,603	\$ 69,032	\$ (547,086)
Support service - students	173,999	-	76,043	-	(97,956)
Support service - general administration	137,456	-	-	-	(137,456)
Central service	77,207	-	-	-	(77,207)
Operation & maintenance of plant	299,916	-	-	-	(299,916)
Food services	38,787	7,971	7,391	-	(23,425)
Student transportation	125,711	-	-	-	(125,711)
Depreciation & amortization - unallocated	186,980	-	-	-	(186,980)
Interest on long-term obligations	12,079	-	-	-	(12,079)
Total governmental activities	<u>\$ 1,936,906</u>	<u>\$ 28,021</u>	<u>\$ 332,037</u>	<u>\$ 69,032</u>	<u>\$ (1,507,816)</u>
<b>General Revenues:</b>					
<b>Taxes</b>					
Property taxes, levied for general purposes					3,426
Property taxes, levied for capital projects					16,958
Property taxes, levied for debt services					35,758
Federal and state aid not restricted to specific purpose					1,368,408
Interest and investment earnings					12,104
Sale of personal property					4,750
Miscellaneous					110
Subtotal, general revenue					<u>1,441,514</u>
Change in net assets					(66,302)
Net assets - beginning of year, as previously reported					2,540,284
Restatement					31,996
Net assets - beginning of year, as restated					<u>2,572,280</u>
Net assets - end of year					<u>\$ 2,505,978</u>

See accompanying notes to financial statements.

**GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<b>General Fund</b>	<b>Title I</b>	<b>Entitlement</b>	<b>Bond Building</b>
<b>ASSETS</b>				
Cash	\$ 147,025	\$ (24,706)	\$ (16,517)	\$ 40,403
Taxes receivable	148	-	-	-
Due from agency fund	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
Due from agencies	-	22,646	16,517	-
	<u>147,173</u>	<u>(2,060)</u>	<u>-</u>	<u>40,403</u>
<b>Total assets</b>	<b>\$ 147,173</b>	<b>\$ (2,060)</b>	<b>\$ -</b>	<b>\$ 40,403</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 429	\$ 186	\$ -	\$ -
Due to other funds	42	-	-	-
	<u>471</u>	<u>186</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b>471</b>	<b>186</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>				
Reserved for retirement of long-term debt	-	-	-	-
Reservation for inventory	-	-	-	-
<b>Unreserved:</b>				
<b>Undesignated, reported in:</b>				
General fund	146,702	-	-	-
Special revenue fund	-	(2,246)	-	-
Capital projects funds	-	-	-	40,403
	<u>146,702</u>	<u>(2,246)</u>	<u>-</u>	<u>40,403</u>
<b>Total fund balances</b>	<b>146,702</b>	<b>(2,246)</b>	<b>-</b>	<b>40,403</b>
<b>Total liabilities and fund balances</b>	<b>\$ 147,173</b>	<b>\$ (2,060)</b>	<b>\$ -</b>	<b>\$ 40,403</b>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	Capital Improvements	Debt Service	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash	\$ 101,997	\$ 39,276	\$ 40,122	\$ 327,600
Taxes receivable	1,603	635	-	2,386
Due from agency fund	-	-	-	-
Inventory	-	-	296	296
Due from other funds	-	-	42	42
Due from agencies	-	1,334	13,641	54,138
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total assets</b>	<b>\$ 103,600</b>	<b>\$ 41,245</b>	<b>\$ 54,101</b>	<b>\$ 384,462</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 12,000	\$ 12,615
Due to other funds	-	-	-	42
Deferred revenues	-	-	30,589	30,589
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>42,589</b>	<b>43,246</b>
<b>Fund balances:</b>				
Reserved for debt service	-	41,245	-	41,245
Reservation for inventory	-	-	296	296
<b>Unreserved:</b>				
<b>Undesignated, reported in:</b>				
General fund	-	-	-	146,702
Special revenue fund	-	-	6,082	3,836
Capital projects funds	103,600	-	5,134	149,137
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total fund balances</b>	<b>103,600</b>	<b>41,245</b>	<b>11,512</b>	<b>341,216</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities and fund balances</b>	<b>\$ 103,600</b>	<b>\$ 41,245</b>	<b>\$ 54,101</b>	<b>\$ 384,462</b>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2010**

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

Fund balances - total governmental funds	\$ 341,216
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,412,326
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest	(4,017)
Bond issuance cost	46,453
General obligation bonds	<u>(290,000)</u>
Total net assets - governmental funds	<u>\$ 2,505,978</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	General Fund	Title I	Entitlement	Bond Building
<b>REVENUES</b>				
Taxes	\$ 3,426	\$ -	\$ -	\$ -
Charges for services	15,432	-	-	-
Local sources	-	-	-	-
State sources	1,492,292	-	-	-
Federal sources	-	23,515	27,245	-
Earnings from investments	11,059	-	-	24
Sale of personal property	4,750	-	-	-
Miscellaneous	110	-	-	-
	<u>1,527,069</u>	<u>23,515</u>	<u>27,245</u>	<u>24</u>
<b>Total revenues</b>	<u>1,527,069</u>	<u>23,515</u>	<u>27,245</u>	<u>24</u>
<b>EXPENDITURES</b>				
Current:				
Direct instruction	810,643	25,761	27,245	-
Support service - students	97,706	-	-	-
Support service - general administration	137,036	-	-	-
Central services	77,207	-	-	-
Operation & maintenance of plant	226,354	-	-	4,600
Food services	18,888	-	-	-
Student transportation	125,711	-	-	-
	<u>1,493,545</u>	<u>25,761</u>	<u>27,245</u>	<u>4,600</u>
<b>Total expenditures</b>	<u>1,493,545</u>	<u>25,761</u>	<u>27,245</u>	<u>4,600</u>
Net change in fund balance	33,524	(2,246)	-	(4,576)
Fund balance - beginning of year	<u>113,178</u>	<u>-</u>	<u>-</u>	<u>44,979</u>
Fund balance - end of year	<u>\$ 146,702</u>	<u>\$ (2,246)</u>	<u>\$ -</u>	<u>\$ 40,403</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Capital Improvements</b>	<b>Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>REVENUES</b>				
Taxes	\$ 16,958	\$ 35,758	\$ -	\$ 56,142
Charges for services	-	-	12,589	28,021
Local sources	-	-	-	-
State sources	69,032	-	70,777	1,632,101
Federal sources	-	-	86,616	137,376
Earnings from investments	-	-	1,021	12,104
Sale of personal property	-	-	-	4,750
Miscellaneous	-	-	-	110
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	85,990	35,758	171,003	1,870,604
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>				
Current:				
Direct instruction	-	-	21,122	884,771
Support service - students	-	-	76,293	173,999
Support service - general administration	120	300	-	137,456
Central service	-	-	-	77,207
Operation & maintenance of plant	2,230	-	66,732	299,916
Food services	-	-	19,899	38,787
Student transportation	-	-	-	125,711
Debt services:				
Bonds	-	30,000	-	30,000
Interest	-	8,061	-	8,061
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	2,350	38,361	184,046	1,775,908
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	83,640	(2,603)	(13,043)	94,696
Fund balance - beginning of year	19,960	43,848	24,555	246,520
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 103,600	\$ 41,245	\$ 11,512	\$ 341,216
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements.



**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN THE FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

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

Fund balances - total governmental funds \$ 94,696

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

Depreciation expense (181,096)  
Amortization expense (5,884)

The issuance of long-term debt (e.G. bonds, notes, 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.

Increase in accrued interest (4,018)  
Principal payment of note 30,000

Change in net assets of governmental activities \$ (66,302)

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**GENERAL FUND COMBINED  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Taxes	\$ 3,328	\$ 3,328	\$ 3,574	\$ 246
Charges for services	14,000	14,000	15,432	1,432
Local sources	38,103	38,103	-	(38,103)
State sources	1,434,718	1,479,415	1,492,292	12,877
Earnings from investments	5,000	5,000	11,059	6,059
Sale of personal property	-	4,750	4,750	-
Miscellaneous	-	-	110	110
<b>Total revenues</b>	<b>1,495,149</b>	<b>1,544,596</b>	<b>1,527,217</b>	<b>(17,379)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Direct instruction	882,220	919,980	811,072	108,908
Support services - students	93,107	97,721	97,706	15
Support services - general administration	133,874	138,364	137,036	1,328
Central services	83,474	83,474	77,207	6,267
Operation & maintenance of plant	218,656	248,626	226,354	22,272
Student transportation	155,054	130,024	125,711	4,313
Other support services	223	223	-	223
Food service	14,940	18,940	18,888	52
<b>Total expenditures</b>	<b>1,581,548</b>	<b>1,637,352</b>	<b>1,493,974</b>	<b>143,378</b>
<b>Net change in fund balance</b>	<b>(86,399)</b>	<b>(92,756)</b>	<b>33,243</b>	<b>125,999</b>
<b>Fund balance - beginning of year</b>	<b>113,178</b>	<b>113,178</b>	<b>113,178</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 26,779</b>	<b>\$ 20,422</b>	<b>\$ 146,421</b>	<b>\$ 125,999</b>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ 33,243	
Net revenue accruals			(148)	
Net expenditure accruals			429	
<b>Net changes in fund balance GAAP basis</b>			<b>\$ 33,524</b>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**TITLE I FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 14,720	\$ 31,327	\$ 23,515	\$ (7,812)
Expenditures:				
Current:				
Direct instruction	<u>14,720</u>	<u>31,327</u>	<u>25,575</u>	<u>5,752</u>
Net change in fund balance	-	-	(2,060)	(2,060)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,060)</u>	<u>\$ (2,060)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (2,060)	
Net revenue accruals			-	
Net expenditure accruals			<u>(186)</u>	
Net changes in fund balance GAAP basis			<u>\$ (2,246)</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**ENTITLEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 30,426	\$ 27,245	\$ (3,181)
Expenditures:				
Current:				
Direct instruction	-	30,426	27,245	3,181
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**BOND BUILDING FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

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	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Earnings from investments	\$ 825	\$ 825	\$ 24	\$ (801)
<b>Expenditures:</b>				
<b>Current:</b>				
Operating & maintenance of plant	<u>38,058</u>	<u>38,058</u>	<u>4,600</u>	<u>33,458</u>
Net change in fund balance	(37,233)	(37,233)	(4,576)	32,657
Fund balance - beginning of year	<u>44,979</u>	<u>44,979</u>	<u>44,979</u>	<u>-</u>
Fund balance - end of year	<u>\$ 7,746</u>	<u>\$ 7,746</u>	<u>\$ 40,403</u>	<u>\$ 32,657</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ (4,576)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (4,576)</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**CAPITAL IMPROVEMENTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 14,956	\$ 14,956	\$ 18,561	\$ 3,605
State sources	<u>43,540</u>	<u>55,997</u>	<u>69,032</u>	<u>13,035</u>
Total revenues	58,496	70,953	87,593	16,640
<b>Expenditures:</b>				
<b>Current:</b>				
Support services - general administration	150	150	120	30
Operating & maintenance of plant	<u>133,796</u>	<u>146,253</u>	<u>2,230</u>	<u>144,023</u>
Total expenditures	<u>133,946</u>	<u>146,403</u>	<u>2,350</u>	<u>144,053</u>
Net change in fund balance	(75,450)	(75,450)	85,243	160,693
Fund balance - beginning of year	<u>19,960</u>	<u>19,960</u>	<u>19,960</u>	<u>-</u>
Fund balance - end of year	<u>\$ (55,490)</u>	<u>\$ (55,490)</u>	<u>\$ 105,203</u>	<u>\$ 160,693</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ 85,243	
Net revenue accruals			(1,603)	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ 83,640</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 42,432	\$ 42,432	\$ 36,393	\$ (6,039)
<b>Expenditures:</b>				
<b>Current:</b>				
Support services - general administration	330	330	300	30
<b>Debt service</b>				
Bond	79,063	79,063	30,000	49,063
Interest	12,432	12,432	8,061	4,371
Total expenditures	<u>91,825</u>	<u>91,825</u>	<u>38,361</u>	<u>53,464</u>
Net change in fund balance	(49,393)	(49,393)	(1,968)	47,425
Fund balance - beginning of year	<u>43,848</u>	<u>43,848</u>	<u>43,848</u>	<u>-</u>
Fund balance - end of year	<u>\$ (5,545)</u>	<u>\$ (5,545)</u>	<u>\$ 41,880</u>	<u>\$ 47,425</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ (1,968)	
Net revenue accruals			(635)	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (2,603)</u>	

See accompanying notes to financial statements.

**FIDUCIARY FUNDS FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND  
JUNE 30, 2010**

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**ASSETS**

Current Assets:

Cash \$ 106,227

Total assets \$ 106,227

**LIABILITIES**

Current Liabilities

Deposits held in trust for others \$ 106,227

Total liabilities \$ 106,227

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**1. 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**

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.

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 Fund** - 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.

**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 91-230,93-380,94142,98-199,99-457,100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

**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.

**Capital Improvements Capital Projects Fund** - 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.

**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. Budgets**

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

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

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. 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.
2. In May or June, the budget is approved by the Board of Education.
3. 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.
4. 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.
5. 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
6. The Board of Education may approve amendments to the appropriated budget, which are

required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2010 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item.

**E. Assets, Liabilities and Net Assets or Equity**

***Deposits and Investments***– The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

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

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.

***Accounts 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 2009 fiscal year was \$7,327,011. 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.

***Inventory***—Inventory in the Cafeteria Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

**Capital Assets**—Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life that exceeds a single reporting period. The District is capitalizing qualifying software and library books as required. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings & building improvements	50
Furniture and equipment	10

GASB Statement 34 requires the recording and depreciation of infrastructure assets, which include roads, bridges, traffic signals, etc. The District did not own any infrastructure assets as of June 30, 2010.

The District does not capitalize computer software or software developed for internal use (if applicable) unless they exceed the \$5,000 threshold. Also, the District does not capitalize library books unless they exceed the \$5,000 threshold.

**Deferred Revenues**—The District reports deferred revenues on its Statement of Net Assets and fund balance sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

**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.

**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.

**Fund Balance of Fund Financial Statements**—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.

**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.

**Indirect cost**—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.

**Salaries and Wages**—The School District pays all salaries and wages due teachers on or before June 30th of each year.

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

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

**Equity Classification**—The government-wide financial statements utilize a net assets presentation. Net assets are categorized as follows:

**Investment in capital assets, net of related debt**—This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

**Restricted net assets**—This category reflects the portion of net assets that have third party limitations on their use.

**Unrestricted net assets**—This category reflects net assets of the District, not restricted for any project or other purpose.

**Fund Equity**—In the fund financial statements, governmental funds report reservations of

fund balance that are not available for appropriation or are legally restricted. Designations represent tentative managerial plans that are subject to change. Fund equity was reserved or designated for:

***Reserved, designated for subsequent year's expenditures***—Represents the amounts, other than carryover expenditures, which are required to be designated for subsequent year's expenditures.

***Unreserved, undesignated***—Amounts that have not been reserved or designated for any purpose. These funds are available for unrestricted use by the District.

***Use of 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.

#### **E. New Accounting Pronouncements**

In June 2008, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 53 Accounting and Financial Reporting for Derivative Instruments, which is effective for all periods beginning after June 15, 2009. This Statement is intended to improve how governments report information about derivative instruments. The District incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for financial statements for periods beginning after June 15, 2010, and earlier application is encouraged. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 55 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which was effective upon issuance. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The District incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 56 Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, which was effective upon issuance. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. The District incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In December 2009, the Governmental Accounting Standards Board (GASB) issued GASB



Statement No. 57 OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, which is effective upon issuance for certain provisions of the statement and for periods beginning after June 15, 2011 for other provisions. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

**2. DEPOSIT AND INVESTMENTS**

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2010.

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 District. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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.

The collateral pledged is listed in the supplemental information of this report. The types of collateral allowed are limited to direct obligations of the United States Government or agency, districts or political subdivisions of the States of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are owned by the public unit. Time deposits, savings deposits and interest bearing money market accounts at 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.

**Deposits:**

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 School District for at least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	Community 1st Bank
Cash on deposit at June 30, 2010	\$ 598,854
Total deposits	598,854
FDIC coverage	<u>(250,000)</u>
Total uninsured public funds	<u>\$ 348,854</u>

Pledged collateral	\$ 267,535
Collateral requirement (50% of uninsured public funds)	<u>174,427</u>
Over collateralization	<u>\$ 93,108</u>

**Custodial Credit Risk-Deposits**—Custodial Credit Risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2010, \$348,854 of the District's bank balance of \$598,854 was exposed to custodial credit risk because it was uninsured and the collateral was held by the pledging bank's trust department, not in the District's name. At June 30, 2010, the carrying amount of these deposits was \$433,827.

**Reconciliation of Cash and Cash Equivalents**

Cash and cash equivalents per Governmental Funds - Balance Sheet	\$ 327,600
Statement of Fiduciary Net Assets - Cash	<u>106,227</u>
	433,827
LGIP	(4,138)
Add outstanding checks and other reconciling items	<u>169,165</u>
Bank balance of deposits and investments	<u>\$ 598,854</u>

Credit and Interest Rate Risk

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the School District's investment policy limits the School District's investment portfolio to maturities of less than one year.

**Investments:**

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 (LGIP) 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.

LGIP does not have unit shares. Per Section 6-10-10.1 F, 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 this pool is voluntary. The independent auditors' report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditors' report on compliance and internal controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

Interest Rate Risk - Interest rate risk is the risk that interest rate variations may adversely affect the fair value of an investment. The LGIP's weighted average maturity at June 30, 2010 was 50 days.

### 3. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2010, are as follows:

	General	Other Major	Other Governmental	Total
Due from agencies	\$ -	\$ 1,334	\$ 52,804	\$ 54,138
Property taxes	148	2,238	-	2,386
<b>Total</b>	<b>\$ 148</b>	<b>\$ 3,572</b>	<b>\$ 52,804</b>	<b>\$ 56,524</b>

### 4. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

Receivables and payables from interfund transactions as of June 30, 2010 are listed below. All interfund receivables and payables represent short-term loans and are expected to be repaid within one year.

<b>Governmental Activities:</b>	Interfund Receivables	Interfund Payables
<b>Major Funds:</b>		
General Fund	\$ -	\$ 42
<b>Non Major Funds:</b>		
Cafeteria Fund	42	-
<b>Total Governmental Activities</b>	<b>\$ 42</b>	<b>\$ 42</b>

## 5. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2010 is as follows:

	Balance June 30, 2009	Restatement	Additions	Retirements	Balance June 30, 2010
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 16,200	\$ -	\$ -	\$ -	\$ 16,200
Capital assets being depreciated:					
Buildings & building improvements	3,667,600	-	-	-	3,667,600
Furniture & equipment	<u>775,285</u>	<u>31,996</u>	<u>-</u>	<u>-</u>	<u>807,281</u>
Total capital assets being depreciated	<u>4,442,885</u>	<u>31,996</u>	<u>-</u>	<u>-</u>	<u>4,474,881</u>
Less accumulated depreciation for:					
Buildings & building improvements	1,420,876	-	102,427	-	1,523,303
Furniture & equipment	<u>476,782</u>	<u>-</u>	<u>78,669</u>	<u>-</u>	<u>555,451</u>
Total accumulated depreciation	<u>1,897,658</u>	<u>-</u>	<u>181,096</u>	<u>-</u>	<u>2,078,754</u>
Total capital assets being depreciated, net	<u>2,545,227</u>	<u>31,996</u>	<u>(181,096)</u>	<u>-</u>	<u>2,396,127</u>
Governmental activities capital assets, net	<u>\$ 2,561,427</u>	<u>\$ 31,996</u>	<u>\$ (181,096)</u>	<u>\$ -</u>	<u>\$ 2,412,327</u>

## 6. LONG TERM OBLIGATIONS

The following is a summary of the long-term debt and the activity for the year ended June 30, 2010:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
<b>Governmental Activities:</b>					
Bonds 7/15/06	\$ 160,000	\$ -	\$ (15,000)	\$ 145,000	\$ 15,000
Bonds 10/1/06	<u>160,000</u>	<u>-</u>	<u>(15,000)</u>	<u>145,000</u>	<u>15,000</u>
Total governmental activities	<u>\$ 320,000</u>	<u>\$ -</u>	<u>\$ (30,000)</u>	<u>\$ 290,000</u>	<u>\$ 30,000</u>

The general obligation bonds will be paid from taxes against property owners living within the School District boundaries. The annual requirements to retire general obligation bonds as of June 30, are as follows:

Years ending June 30,	Principal	Interest	Total
2011	\$ 30,000	\$ 11,963	\$ 41,963
2012	30,000	10,725	40,725
2013	30,000	9,487	39,487
2014	35,000	8,250	43,250
2015	35,000	6,800	41,800
2016-2020	<u>130,000</u>	<u>12,800</u>	<u>142,800</u>
	<u>\$ 290,000</u>	<u>\$ 60,025</u>	<u>\$ 350,025</u>

Payments on the general obligation bonds are made by the debt service funds.

## 7. REVENUES

### A. Property Tax Levies

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. Mill levy rates are set by the State of New Mexico each year for the General Fund and SB-9 Capital Improvement Fund. Taxes are payable in two equal installments on November 10 and April 10 following the levy and become delinquent after 30 days. Taxes on real property are liens on the property on January 1 of the year for which the taxes are imposed.

### B. State Equalization Guarantee

Each school district in the State of New Mexico receives 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 8-25, 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/multi-cultural education; (5) size, etc. Payment is made from the public school fund under the authority of the chief (director of public school finance). The District received \$1,368,408 in state equalization guarantee distributions during the year ended June 30, 2010.

### C. Transportation Distribution

Money in the transportation distribution of the public school fund 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 the grades K through twelve attending public school within the school district. Except in unusual circumstances as determined by the local school board and confirmed by the state transportation director, midday bus routes for early childhood education students shall not be approved for funding in excess of twenty miles one way.

Money in the vocational education transportation distribution of the public school fund is used for the purpose of making payments to school districts for transportation of students to and from their regular attendance centers and the place where vocation education programs are being offered, pursuant to Section 22-16-4.1 (NMSA 1978) of the Act. The transportation distribution is allocated to each school district according to an objective formula developed by

the state transportation director and the director of public school finance.

In the event the sum of the proposed transportation allocations to each school district exceeds the amounts in the transportation distribution, each school district to receive an allocation shares in a reduction in the proportion that each school district's forty-day average daily membership bears to the forty-day average daily membership of all school districts to receive allocations.

Local school boards shall negotiate school bus contracts in accordance with regulations promulgated by the state transportation director with the approval of the State Board of Education.

Local school boards, with the approval of the state transportation director, may provide additional transportation services pursuant to Section 22-16-2 NMSA 1978 to meet established program needs. The District received \$123,884 in transportation distribution during the year ended June 30, 2010.

#### D. SB-9 State Match

The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District received \$69,032 in state SB-9 matching during the year ended June 30, 2010.

#### E. Public School Capital Outlay

Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the available resources to outlay requirements; school district have provided all the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner.
4. The District is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified

by the property tax division; and

5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

#### F. Instructional Materials

The New Mexico State Department of Education (Department) received federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Beginning with the fiscal year ended June 30, 2009, Districts received their total allocation at the beginning of the fiscal year, instead of being reimbursed for purchases as was done in the prior year. During the year ended June 30, 2010, the District received \$2,192 in instructional materials allocation.

#### G. Federal Grants

The District receives revenues from various Federal departments (both direct and indirect) which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operated under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Department of Education) . The various budgets are approved by the Local School Board and the New Mexico Department of Education.

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food service operations, and distributions of commodities through the New Mexico Human Services Department.

### **8. DEFERRED REVENUE**

In accordance with the terms of the various grants agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to grantor.

### **9. 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.

**10. DUE FROM GRANTOR**

The amount shown as due from grantor represents federal, state and local expenditures in excess of revenues. Most federal, state or local projects earn revenue as expenditures are incurred and are subsequently reimbursed by the grantor.

**11. 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 retention by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2010.

**12. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURE**

General accepted accounting principles require disclosures as part of the Combined Statement of certain information concerning individual funds including:

A. Deficit fund balance of individual funds. There were funds that reported a deficit fund balance at June 30, 2010:

<b>Major Funds:</b>	
Title I	\$ 2,246
<b>Nonmajor Funds:</b>	
Go Bond	<u>5,516</u>
<b>Total</b>	<u>\$ 7,762</u>

B. Excess of expenditures over appropriations. There were no funds that exceeded approved budgetary authority for the year ended June 30, 2010.

C. Budgeted deficit fund balance. The debt service fund had budgeted a deficit fund balance of \$5,545.

**13. ERA PENSION PLAN**

Plan Description. Substantially all of Roy Municipal Schools 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 (ERA) 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). ERA 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 ERA, PO Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERA's website at [www.nmerb.org](http://www.nmerb.org).

**Funding Policy.** Plan members are required to contribute 7.825% 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 Roy Municipal Schools are established in State statute under Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. Roy Municipal Schools contributions to ERA for the years ending June 30, 2010, 2009 and 2008 were \$86,055, \$90,058, and 79,8324 respectively, which equals the amount of the required contributions for each fiscal year.

#### **14. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN**

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

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employers 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 post-employment healthcare plan. The report and further information can be obtained by writing to Retiree Health Care Authority, 4308 Carlisle Boulevard, Suite 104, Albuquerque, New Mexico 87107.

**Funding Policy.** The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorized 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 for the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmchca.state.nm.us](http://www.nmchca.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 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. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
2011	1.666%	.833%
2012	1.834%	.917%
2013	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	2.084%	1.042%
FY12	2.292%	1.146%
FY13	2.500%	1.25%

Employers joining the program after 01/01/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

Roy Municipal Schools contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$10,174, \$10,049, and \$9,531, respectively, which equal the required contributions for each year.

## 15. RESTATEMENT

As of June 30, 2009, the District understated its capital assets by \$31,996. Net assets have been restated as of June 30, 2010 to correct the prior year error.

## **SUPPLEMENTARY INFORMATION**

**NONMAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b>ASSETS</b>			
Cash on deposit	\$ 34,988	\$ 5,134	\$ 40,122
Taxes receivable	-	-	-
Accounts receivable	-	-	-
Inventory, at cost	296	-	296
Due from other funds	42	-	42
Due from agencies	13,641	-	13,641
	<hr/>	<hr/>	<hr/>
Total assets	<b>\$ 48,967</b>	<b>\$ 5,134</b>	<b>\$ 54,101</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 12,000	\$ -	\$ 12,000
Deferred revenue	30,589	-	30,589
	<hr/>	<hr/>	<hr/>
Total liabilities	42,589	-	42,589
Fund balances:			
Reserve for retirement of long- term debt	-	-	-
Reserved for inventory	296	-	296
Unreserved	6,082	5,134	11,216
	<hr/>	<hr/>	<hr/>
Total fund balance	6,378	5,134	11,512
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<b>\$ 48,967</b>	<b>\$ 5,134</b>	<b>\$ 54,101</b>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010**

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	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Charges for services	12,589	-	12,589
State share of taxes	-	-	-
Local sources	-	-	-
State sources	70,777	-	70,777
Federal sources	86,616	-	86,616
Earnings from investments	1,021	-	1,021
	<hr/>	<hr/>	<hr/>
Total revenues	171,003	-	171,003
<b>Expenditures:</b>			
<b>Current:</b>			
Direct instruction	21,122	-	21,122
Support service - general administration	76,293	-	76,293
Operation & maintenance of plant	63,456	3,276	66,732
Food services	19,899	-	19,899
	<hr/>	<hr/>	<hr/>
Total expenditures	180,770	3,276	184,046
Net changes in fund balances	(9,767)	(3,276)	(13,043)
Fund balance - beginning of year	16,145	8,410	24,555
	<hr/>	<hr/>	<hr/>
Fund balance - end of year	<u>\$ 6,378</u>	<u>\$ 5,134</u>	<u>\$ 11,512</u>

See accompanying notes to financial statements.

**SPECIAL REVENUE FUNDS**

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**DESCRIPTION OF NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2010**

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**SPECIAL REVENUE FUNDS**

The Special Revenue Funds are used to account for Federal, State and Local Funded grants. These grants are awarded to the District with the purpose of accomplishing specific education tasks. Grants accounted for in the Special Revenue Funds include:

**FOOD SERVICES (21000)** - This program provides 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, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 Stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 Stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 Stat. 3341; Public Law 100-71, 101 Stat. 430. Also State Law NMSA 22-13-13.

**ATHLETICS (22000)** – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

**DISCRETIONARY IDEA - B (24107)** – 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.

**PRESCHOOL IDEA-B (24109), (24209 FEDERAL STIMULUS)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

**IDEA-B RISK POOL (24120)** – Risk Pool Fund is for the high cost risk pool or state level activity “U” of the Basic IDEA-B grant.

**TEACHER / PRINCIPAL TRAINING & RECRUITING (24154)** - To account for grant funds to increase student academic achievement through strategies such as improving teacher and principal quality. Financing and authority is Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

**RURAL EDUCATIONAL ACHIEVEMENT PROGRAM (REAP) (25233)** - To account for monies received to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning. Financing and authority for this program is contained in Title VI, Part B of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by Public Law 107-110.

**STATE EQUALIZATION GUARANTEE - FEDERAL STIMULUS (25250)** – Education funds provided through the American Recovery and Reinvestment Act (ARRA) provide a unique opportunity to jump start school reform and improvement efforts while also saving and creating jobs and stimulating the economy.



**GO BOND (27105), LIBRARIES - SB 301 GO BONDS LAW OF 2006 (27170)** - To account for monies received from the SB301, Laws of 2006 to be used to improve the library, acquire library books or library resources that support the library program.

**TECHNOLOGY FOR EDUCATION - PED (27117)** - To account for State funding which is to be used by the District to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination, and collaboration activities. Financing and Authority is provided by NMSA 22-15A-1.

**OBESITY PROGRAM - PED (27120)** - 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.

**PHYSICAL EDUCATION CLASSES - PED (27121)** - 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.

**INCENTIVES FOR SCHOOL IMPROVEMENT ACT (27138)** - 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.

**BEGINNING TEACHER MENTORING PROGRAM (27154)** - To account for monies appropriated by the State Legislature to be used for stipends to mentors, for professional development opportunities, release time; including payment of substitutes, materials and supplies and for minor administrative costs. Financing and authority is provided by the State Legislature.

**AFTER SCHOOL ENRICHMENT PROGRAM (27168)** - To provide healthy after school snacks, to provide a healthy foundation for healthy eating habits. Provided for by the Department of Health.

**SCHOOL LIBRARY MATERIAL (27549)** - To account for funds received from the New Mexico Public Education Department for purchasing library books. Fund and Authority is provided by Senate Bill 471, Laws of 2008.

**NM ENERGY/MINERALS/NATURAL RESOURCES (28110)** - To account for revenues received to work on energy and natural resource management to ensure a sustainable environmental and economic future. Provided by the The New Mexico Energy, Minerals and Natural Resources Department.

**COORDINATED APPROACH TO CHILD HEALTH (28140)** - 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 NM LOCAL GRANT (28145)** - 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 ( 28146)** - To account for funds administered through the NM Department of Health to promote sun safety education to reduce the risk of developing skin cancer.

**SCHOOL BASED HEALTH CENTER (29130)** - To account for funds administered by the Department of Health and the County of Harding in support of providing Primary Care and Mental Health Service on school campus.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2010**

**Special Revenue Funds**

	<b>Food Services 21000</b>	<b>Athletics 22000</b>	<b>Discretionary IDEA-B 24107</b>	<b>Preschool IDEA-B 24109 &amp; 24209</b>	<b>IDEA-B Risk Pool 24120</b>	<b>Teacher/ Principal Training &amp; Recruiting 24154</b>	<b>REAP 25233</b>
<b>ASSETS</b>							
Cash on deposit	\$ 4,767	\$ 6,789	\$ 467	\$ 567	\$ (141)	\$ (1,500)	\$ 2,038
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Inventory, at cost	296	-	-	-	-	-	-
Due from other funds	42	-	-	-	-	-	-
Due from agencies	-	-	-	-	141	1,500	-
<b>Total assets</b>	<b>\$ 5,105</b>	<b>\$ 6,789</b>	<b>\$ 467</b>	<b>\$ 567</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,038</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	467	567	-	-	2,038
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>467</b>	<b>567</b>	<b>-</b>	<b>-</b>	<b>2,038</b>
<b>Fund balances:</b>							
Reserved for inventory	296	-	-	-	-	-	-
Unreserved	4,809	6,789	-	-	-	-	-
<b>Total fund balance</b>	<b>5,105</b>	<b>6,789</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,105</b>	<b>\$ 6,789</b>	<b>\$ 467</b>	<b>\$ 567</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,038</b>

Continued

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2010**

	<b>Special Revenue Funds</b>						
	<b>State Equalization Guarantee - Fed. Stimulus 25250</b>	<b>GO Bond 27105 &amp; 27170</b>	<b>Technology for Education - PED 27117</b>	<b>Obesity Program - PED 27120</b>	<b>Physical Education Classes - PED 27121</b>	<b>Incentives for School Improvement Act 27138</b>	<b>Beginning Teacher Mentoring Program 27154</b>
<b>ASSETS</b>							
Cash on deposit	\$ -	\$ (5,516)	\$ 365	\$ -	\$ 3	\$ 2,459	\$ -
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Inventory, at cost	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from agencies	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ (5,516)</b>	<b>\$ 365</b>	<b>\$ -</b>	<b>\$ 3</b>	<b>\$ 2,459</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenues	-	-	365	-	3	2,459	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>365</b>	<b>-</b>	<b>3</b>	<b>2,459</b>	<b>-</b>
<b>Fund balances:</b>							
Reserved for inventory	-	-	-	-	-	-	-
Unreserved	-	(5,516)	-	-	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>(5,516)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ (5,516)</b>	<b>\$ 365</b>	<b>\$ -</b>	<b>\$ 3</b>	<b>\$ 2,459</b>	<b>\$ -</b>

Continued

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2010**

**Special Revenue Funds**

	<b>After School Enrichment Program 27168</b>	<b>School Library Material 27549</b>	<b>NM Energy Minerals Natural Resources 28110</b>	<b>Coordinate Approach to Child Health 28140</b>	<b>DWI NM Local Grant 28145</b>	<b>Sun Safety 28146</b>	<b>School Based Health Center 29130</b>	<b>Total Special Revenue Funds</b>
<b>ASSETS</b>								
Cash on deposit	\$ -	\$ 176	\$ -	\$ 2,031	\$ 88	\$ 904	\$ 21,491	\$ 34,988
Taxes receivable	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Inventory, at cost	-	-	-	-	-	-	-	296
Due from other funds	-	-	-	-	-	-	-	42
Due from agencies	-	-	12,000	-	-	-	-	13,641
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 176</b>	<b>\$ 12,000</b>	<b>\$ 2,031</b>	<b>\$ 88</b>	<b>\$ 904</b>	<b>\$ 21,491</b>	<b>\$ 48,967</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts Payable	\$ -	\$ -	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ 12,000
Deferred revenue	-	176	-	2,031	88	904	21,491	30,589
<b>Total liabilities</b>	<b>-</b>	<b>176</b>	<b>12,000</b>	<b>2,031</b>	<b>88</b>	<b>904</b>	<b>21,491</b>	<b>42,589</b>
<b>Fund balances:</b>								
Reserved for inventory	-	-	-	-	-	-	-	296
Unreserved	-	-	-	-	-	-	-	6,082
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,378</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 176</b>	<b>\$ 12,000</b>	<b>\$ 2,031</b>	<b>\$ 88</b>	<b>\$ 904</b>	<b>\$ 21,491</b>	<b>\$ 48,967</b>

Concluded

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2010**

	Special Revenue Funds						
	Food Service 21000	Athletics 22000	Discretionary IDEA-B 24107	Preschool IDEA-B 24109 & 24209	IDEA-B Risk Pool 24120	Teacher/ Principal Training & Recruiting 24154	REAP 25233
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	7,971	4,618	-	-	-	-	-
State share of taxes	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	7,391	-	-	206	141	1,500	13,922
Earnings from investments	800	221	-	-	-	-	-
<b>Total revenues</b>	<b>16,162</b>	<b>4,839</b>	<b>-</b>	<b>206</b>	<b>141</b>	<b>1,500</b>	<b>13,922</b>
Expenditures:							
Current:							
Direct instruction	-	5,353	-	206	141	1,500	13,922
Food services	19,899	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>19,899</b>	<b>5,353</b>	<b>-</b>	<b>206</b>	<b>141</b>	<b>1,500</b>	<b>13,922</b>
Net changes in fund balances	(3,737)	(514)	-	-	-	-	-
Fund balance - beginning of year	8,842	7,303	-	-	-	-	-
Fund balance - end of year	<b>\$ 5,105</b>	<b>\$ 6,789</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Continued

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2010**

	<b>Special Revenue Funds</b>						
	<b>State Equalization Guarantee - Fed. Stimulus 25250</b>	<b>GO Bond 27105 &amp; 27170</b>	<b>Technology for Education - PED 27117</b>	<b>Obesity Program - PED 27120</b>	<b>Physical Education Classes - PED 27121</b>	<b>Initiative for School Improvement Act 27138</b>	<b>Beginning Teacher Mentoring Program 27154</b>
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	-	-	-	-	-	-
State share taxes	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	63,456	-	-	-	-	-	-
Earnings from investments	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>63,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>							
<b>Current:</b>							
Direct instruction	-	-	-	-	-	-	-
Support services - students	-	5,516	-	-	-	-	-
Operation & maintenance of plant	63,456	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>63,456</b>	<b>5,516</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>-</b>	<b>(5,516)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ (5,516)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Continued

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2010**

<b>Special Revenue Funds</b>								
	<b>After School Enrichment Program 27168</b>	<b>School Library Material 27549</b>	<b>NM Energy Minerals Natural Resources 28110</b>	<b>Coordinate Approach to Child Health 28140</b>	<b>DWI NM Local Grant 28145</b>	<b>Sun Safe 28146</b>	<b>School Based Health Center 29130</b>	<b>Total Special Revenue Funds</b>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	12,589
State share taxes	-	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-	-
State sources	-	-	-	250	-	-	70,527	70,777
Federal sources	-	-	-	-	-	-	-	86,616
Earnings form investments	-	-	-	-	-	-	-	1,021
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>70,527</b>	<b>171,003</b>
<b>Expenditures:</b>								
<b>Current:</b>								
Direct instruction	-	-	-	-	-	-	-	21,122
Support service - students	-	-	-	250	-	-	70,527	76,293
Operation & maintenance of plant	-	-	-	-	-	-	-	63,456
Food services	-	-	-	-	-	-	-	19,899
<b>Capital outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>70,527</b>	<b>180,770</b>
<b>Net changes in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,767)</b>
Fund balance - beginning of year	-	-	-	-	-	-	-	16,145
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,378</b>

Concluded

See accompanying notes to financial statements.



**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**FOOD SERVICES SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Charge for services	\$ 6,500	\$ 6,500	\$ 7,971	\$ 1,471
Federal sources	9,800	9,800	7,391	(2,409)
Earnings from investments	250	250	800	550
<b>Total revenues</b>	<b>16,550</b>	<b>16,550</b>	<b>16,162</b>	<b>(388)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Food service	22,131	22,131	19,899	2,232
<b>Net change in fund balance</b>	<b>(5,581)</b>	<b>(5,581)</b>	<b>(3,737)</b>	<b>1,844</b>
<b>Fund balance - beginning of year</b>	<b>8,842</b>	<b>8,842</b>	<b>8,842</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 3,261</b>	<b>\$ 3,261</b>	<b>\$ 5,105</b>	<b>\$ 1,844</b>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ (3,737)	
Net revenue accruals			-	
Net expenditure accruals			-	
<b>Net changes in fund balance GAAP basis</b>			<b>\$ (3,737)</b>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**ATHLETICS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Charges for services	\$ 7,102	\$ 7,102	\$ 4,618	\$ (2,484)
Earnings form investments	50	50	221	171
<b>Total revenue</b>	<b>7,152</b>	<b>7,152</b>	<b>4,839</b>	<b>(2,313)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Direct instruction	13,689	13,689	5,353	8,336
<b>Net change in fund balance</b>	<b>(6,537)</b>	<b>(6,537)</b>	<b>(514)</b>	<b>6,023</b>
<b>Fund balance - beginning of year</b>	<b>7,303</b>	<b>7,303</b>	<b>7,303</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 766</b>	<b>\$ 766</b>	<b>\$ 6,789</b>	<b>\$ 6,023</b>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ (514)	
Net revenue accruals			-	
Net expenditure accruals			-	
<b>Net changes in fund balance GAAP basis</b>			<b>\$ (514)</b>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**DISCRETIONARY IDEA-B SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
<b>Current:</b>				
Net change in fund balances	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**PRESCHOOL IDEA-B SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

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	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 223	\$ 206	\$ (17)
Expenditures:				
Current:				
Direct instructional	-	223	206	17
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**IDEA-B RISK POOL SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ -	\$ 141	\$ 141	\$ -
<b>Expenditures:</b>				
<b>Current:</b>				
Direct instructional	-	141	141	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**TEACHER / PRINCIPAL TRAINING & RECRUITING SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 2,778	\$ 7,427	\$ 1,500	\$ (5,927)
Expenditures:				
Current:				
Direct instruction	<u>2,778</u>	<u>7,427</u>	<u>1,500</u>	<u>5,927</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**REAP SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ -	\$ 15,358	\$ 13,922	\$ (1,436)
<b>Expenditures:</b>				
<b>Current:</b>				
Direct instruction	-	15,358	13,922	1,436
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**STATE EQUALIZATION GUARANTEE - FED. STIMULUS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ 69,286	\$ 63,456	\$ 63,456	\$ -
<b>Expenditures:</b>				
<b>Current:</b>				
Operation & maintenance of plant	<u>69,286</u>	<u>63,456</u>	<u>63,456</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.



**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**GO BOND LIBRARY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
State sources	\$ -	\$ 6,086	\$ -	\$ (6,086)
<b>Expenditures:</b>				
<b>Current:</b>				
Support services - students	-	6,086	5,516	570
Net change in fund balance	-	-	(5,516)	(5,516)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,516)</u>	<u>\$ (5,516)</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ (5,516)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (5,516)</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**TECHNOLOGY FOR EDUCATION - PED SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

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	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**OBESITY PROGRAM - PED SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**PHYSICAL EDUCATION CLASSES - PED SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**INCENTIVES FOR SCHOOL IMPROVEMENT ACT SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

---

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**BEGINNING TEACHER MENTORING PROGRAM SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**AFTER SCHOOL ENRICHMENT PROGRAM SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

---

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**SCHOOL LIBRARY MATERIAL SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.



**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**NM ENERGY/MINERALS/NATURAL RESOURCES SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COORDINATED APPROACH TO CHILD HEALTH SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues:</b>				
State sources	\$ -	\$ 250	\$ 250	\$ -
<b>Expenditures:</b>				
<b>Current:</b>				
Support services - students	-	250	250	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**DWI NM LOCAL GRANT SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

---

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**SUN SAFE SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**SCHOOL BASED HEALTH CENTER SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues:</b>				
State sources	\$ 60,000	\$ 60,000	\$ 70,527	\$ 10,527
<b>Expenditures:</b>				
<b>Current:</b>				
Support services - students	60,000	91,218	70,527	20,691
Net change in fund balance	-	(31,218)	-	31,218
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ (31,218)	\$ -	\$ 31,218
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

## **CAPITAL PROJECTS FUNDS**

**PUBLIC SCHOOL CAPITAL OUTLAY (31200)** – The Fund is used to account for capital projects funded from awards made by the Public School Capital Outlay Council.

**PUBLIC SCHOOL CAPITAL OUTLAY 20% (32100)** – 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 7978.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2010**

	<u>Capital Projects Funds</u>		
	Public School Capital Outlay 31200	Public School Capital Outlay 20% 32100	Total
<b>ASSETS</b>			
Cash on deposit	\$ 5,107	\$ 27	\$ 5,134
Taxes receivable	-	-	-
Accounts receivable	-	-	-
Inventory, at cost	-	-	-
Due from grantors	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 5,107</u>	<u>\$ 27</u>	<u>\$ 5,134</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Due to other funds	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	-
Fund balances:			
Reserve for retirement of long- term debt	-	-	-
Reserved for inventory	-	-	-
Unreserved	5,107	27	5,134
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>5,107</u>	<u>27</u>	<u>5,134</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 5,107</u>	<u>\$ 27</u>	<u>\$ 5,134</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2010**

	<u>Capital Projects Funds</u>		
	Public School Capital Outlay 31200	Public School Capital Outlay 20% 32100	Total Capital Projects Funds
Revenues:			
Taxes	\$ -	\$ -	\$ -
Charge for services	-	-	-
State shared taxes	-	-	-
Local sources	-	-	-
State sources	-	-	-
Federal sources	-	-	-
Earnings form investments	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	-	-	-
Expenditures:			
Current:			
Direct instruction	-	-	-
Support service - students	-	-	-
Support service - general administration	-	-	-
Central services	-	-	-
Operating & maintenance of plant	-	3,276	3,276
	<hr/>	<hr/>	<hr/>
Total expenditures	-	3,276	3,276
Net changes in fund balances	-	(3,276)	(3,276)
Fund balance - beginning of year	5,107	3,303	8,410
	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 5,107	\$ 27	\$ 5,134
	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements.



**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**PUBLIC SCHOOL CAPITAL OUTLAY CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>5,107</u>	<u>5,107</u>	<u>5,107</u>	-
Fund balance, end of year	<u>\$ 5,107</u>	<u>\$ 5,107</u>	<u>\$ 5,107</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**PUBLIC SCHOOL CAPITAL OUTLAY 20% CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

---

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Operating & maintenance of plant	<u>3,303</u>	<u>3,303</u>	<u>3,276</u>	<u>27</u>
Net change in fund balance	(3,303)	(3,303)	(3,276)	27
Fund balance, beginning of year	<u>3,303</u>	<u>3,303</u>	<u>3,303</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ (27)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (3,276)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (3,276)</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINING BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2010**

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Material 14000	Total
<b>ASSETS</b>					
Cash	\$ 114,416	\$ 31,020	\$ 1,406	\$ 183	\$ 147,025
Taxes receivable	148	-	-	-	148
	<u>114,564</u>	<u>31,020</u>	<u>1,406</u>	<u>183</u>	<u>147,173</u>
Total assets	<u>\$ 114,564</u>	<u>\$ 31,020</u>	<u>\$ 1,406</u>	<u>\$ 183</u>	<u>\$ 147,173</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 429	\$ -	\$ -	\$ -	\$ 429
Due to other funds	42	-	-	-	42
	<u>471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>471</u>
Total liabilities	471	-	-	-	471
<b>Fund balances:</b>					
Reserved for retirement of long-term debt	-	-	-	-	-
Reservation for inventory	-	-	-	-	-
<b>Unreserved:</b>					
Undesignated, reported in:					
General fund	<u>114,093</u>	<u>31,020</u>	<u>1,406</u>	<u>183</u>	<u>146,702</u>
Total fund balances	<u>114,093</u>	<u>31,020</u>	<u>1,406</u>	<u>183</u>	<u>146,702</u>
Total liabilities and fund balances	<u>\$ 114,564</u>	<u>\$ 31,020</u>	<u>\$ 1,406</u>	<u>\$ 183</u>	<u>\$ 147,173</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Material 14000	Total
<b>REVENUES</b>					
Taxes	\$ 3,426	\$ -	\$ -	\$ -	\$ 3,426
Charges for services	-	13,240	-	2,192	15,432
State sources	1,368,408	-	123,884	-	1,492,292
Earnings from investments	11,059	-	-	-	11,059
Sale of personal property	4,750	-	-	-	4,750
Miscellaneous	110	-	-	-	110
	<u>1,387,753</u>	<u>13,240</u>	<u>123,884</u>	<u>2,192</u>	<u>1,527,069</u>
Total revenues	<u>1,387,753</u>	<u>13,240</u>	<u>123,884</u>	<u>2,192</u>	<u>1,527,069</u>
<b>EXPENDITURES</b>					
Current:					
Direct instruction	802,277	-	-	8,366	810,643
Support services - students	97,706	-	-	-	97,706
Instruction support - general administration	137,036	-	-	-	137,036
Central services	77,207	-	-	-	77,207
Operation & maintenance of plant	200,124	26,230	-	-	226,354
Food services	18,888	-	-	-	18,888
Student transportation	2,702	-	123,009	-	125,711
	<u>1,335,940</u>	<u>26,230</u>	<u>123,009</u>	<u>8,366</u>	<u>1,493,545</u>
Total expenditures	<u>1,335,940</u>	<u>26,230</u>	<u>123,009</u>	<u>8,366</u>	<u>1,493,545</u>
Net change in fund balance	51,813	(12,990)	875	(6,174)	33,524
Fund balance at beginning of year	<u>62,280</u>	<u>44,010</u>	<u>531</u>	<u>6,357</u>	<u>113,178</u>
Fund balance at end of year	<u>\$ 114,093</u>	<u>\$ 31,020</u>	<u>\$ 1,406</u>	<u>\$ 183</u>	<u>\$ 146,702</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**OPERATIONAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 3,328	\$ 3,328	\$ 3,574	\$ 246
Local sources	38,103	38,103	-	(38,103)
State sources	1,281,472	1,353,339	1,368,408	15,069
Earnings from investments	5,000	5,000	11,059	6,059
Sale of personal property	-	4,750	4,750	-
Miscellaneous	-	-	110	110
<b>Total revenues</b>	<b>1,327,903</b>	<b>1,404,520</b>	<b>1,387,901</b>	<b>(16,619)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Direct instruction	880,028	911,431	801,848	109,583
Support services- students	93,107	97,721	97,706	15
Support services - general administration	133,874	138,364	137,036	1,328
Central services	83,474	83,474	77,207	6,267
Operation & maintenance of plant	170,481	200,451	200,124	327
Student transportation	4,000	6,140	2,702	3,438
Other support services	223	223	-	223
Food services	14,940	18,940	18,888	52
<b>Total expenditures</b>	<b>1,380,127</b>	<b>1,456,744</b>	<b>1,335,511</b>	<b>121,233</b>
<b>Net change in fund balance</b>	<b>(52,224)</b>	<b>(52,224)</b>	<b>52,390</b>	<b>104,614</b>
<b>Fund balance - beginning of year</b>	<b>62,280</b>	<b>62,280</b>	<b>62,280</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 10,056</b>	<b>\$ 10,056</b>	<b>\$ 114,670</b>	<b>\$ 104,614</b>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ 52,390	
Net revenue accruals			(148)	
Net expenditure accruals			(429)	
Net changes in fund balance GAAP basis			<b>\$ 51,813</b>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**TEACHERAGE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Charges for services	\$ 14,000	\$ 14,000	\$ 13,240	\$ (760)
<b>Expenditures:</b>				
<b>Current:</b>				
Operation & maintenance of plant	<u>48,175</u>	<u>48,175</u>	<u>26,230</u>	<u>21,945</u>
Net change in fund balance	(34,175)	(34,175)	(12,990)	21,185
Fund balance - beginning of year	<u>44,010</u>	<u>44,010</u>	<u>44,010</u>	<u>-</u>
Fund balance - end of year	<u>\$ 9,835</u>	<u>\$ 9,835</u>	<u>\$ 31,020</u>	<u>\$ 21,185</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ (12,990)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (12,990)</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**TRANSPORTATION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

---

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 151,054	\$ 123,884	\$ 123,884	\$ -
Expenditures:				
Current:				
Student transportation	<u>151,054</u>	<u>123,884</u>	<u>123,009</u>	<u>875</u>
Net change in fund balance	-	-	875	875
Fund balance - beginning of year	<u>531</u>	<u>531</u>	<u>531</u>	<u>-</u>
Fund balance - end of year	<u>\$ 531</u>	<u>\$ 531</u>	<u>\$ 1,406</u>	<u>\$ 875</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 875	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ 875</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**INSTRUCTIONAL MATERIALS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Charges for services	\$ 2,192	\$ 2,192	\$ 2,192	\$ -
<b>Expenditures:</b>				
<b>Current:</b>				
Direct instruction	<u>2,192</u>	<u>8,549</u>	<u>8,366</u>	<u>183</u>
Net change in fund balance	-	(6,357)	(6,174)	183
Fund balance - beginning of year	<u>6,357</u>	<u>6,357</u>	<u>6,357</u>	<u>-</u>
Fund balance - end of year	<u>\$ 6,357</u>	<u>\$ -</u>	<u>\$ 183</u>	<u>\$ 183</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ (6,174)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (6,174)</u>	

See accompanying notes to financial statements.



**OTHER SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

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	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<b>Assets</b>				
Cash	<u>\$ 173,553</u>	<u>\$ 219,654</u>	<u>\$ 286,980</u>	<u>\$ 106,227</u>
Total assets	<u>\$ 173,553</u>	<u>\$ 219,654</u>	<u>\$ 286,980</u>	<u>\$ 106,227</u>
<b>Liabilities</b>				
Deposits held for others	<u>\$ 173,553</u>	<u>\$ 219,654</u>	<u>\$ 286,980</u>	<u>\$ 106,227</u>
Total liabilities	<u>\$ 173,553</u>	<u>\$ 219,654</u>	<u>\$ 286,980</u>	<u>\$ 106,227</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**SCHEDULE OF PLEDGED COLLATERAL  
JUNE 30, 2010**

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Community 1st Bank - Las Vegas

Description of Pledge Collateral	CUSIP	Maturity	Market Value
FNMA - #254179	31371KJY8	01/01/2012	\$ 51,660
FHLMC Series 2760	31394TSX9	03/15/2019	<u>215,875</u>
		Total:	<u>\$ 267,535</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS  
JUNE 30, 2010**

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<b>Bank Account Type/Name</b>	<b>Total</b>
Community 1st Bank	
Checking - General Operational	\$ 481,051
Checking - Activity	106,227
Checking - Lunch	4,767
Checking - Athletics	<u>6,809</u>
Total On Demand	598,854
Reconciling items	<u>(169,165)</u>
Reconciled Balance June 30, 2010	429,689
Plus: LGIP	4,138
Less: Fiduciary Funds Cash	<u>(106,227)</u>
Balance Sheet Total June 30, 2010	<u>\$ 327,600</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**CASH RECONCILIATION  
JUNE 30, 2010**

	<u>Operational 11000</u>	<u>Teachergage 12000</u>	<u>Transportation 13000</u>	<u>Instructional Materials 14000</u>	<u>Food Services 21000</u>	<u>Athletics Account 22000</u>	<u>Federal Flowthrough 2300</u>	<u>Federal Flowthrough 24000</u>	<u>Federal Direct 25000</u>
Cash, June 30, 2009	\$ (3,883)	\$ 44,010	\$ 531	\$ 6,357	\$ 8,524	\$ 7,503	\$ 173,553	\$ (29,887)	\$ 2,038
Cash receipts, 2009-2010	1,453,808	13,240	123,884	2,192	16,162	4,839	219,654	42,724	77,379
Cash disbursements, 2009-2010	<u>(1,335,509)</u>	<u>(26,230)</u>	<u>(123,009)</u>	<u>(8,366)</u>	<u>(19,919)</u>	<u>(5,553)</u>	<u>(286,980)</u>	<u>(54,667)</u>	<u>(77,379)</u>
Cash balance, June 30, 2010	<u>\$ 114,416</u>	<u>\$ 31,020</u>	<u>\$ 1,406</u>	<u>\$ 183</u>	<u>\$ 4,767</u>	<u>\$ 6,789</u>	<u>\$ 106,227</u>	<u>\$ (41,830)</u>	<u>\$ 2,038</u>
	<u>State Flowthrough 27000</u>	<u>State Direct 28000</u>	<u>Local / State 29000</u>	<u>Bond Building 31100</u>	<u>Public School Capital Outlay 31200</u>	<u>Cap. Impro. SB 9 31700</u>	<u>Public School Capital Outlay 20% 32100</u>	<u>Public School Capital Outlay 20% 32100</u>	
Cash, June 30, 2009	\$ (11,427)	\$ 3,023	\$ 31,218	\$ 44,979	\$ 5,107	\$ 21,148	\$ 3,303	\$ 46,598	
Cash receipts, 2009-2010	14,430	250	60,800	24	-	83,199	-	35,410	
Cash disbursements, 2009-2010	<u>(5,516)</u>	<u>(250)</u>	<u>(70,527)</u>	<u>(4,600)</u>	<u>-</u>	<u>(2,350)</u>	<u>(3,276)</u>	<u>(42,732)</u>	
Cash balance, June 30, 2010	<u>\$ (2,513)</u>	<u>\$ 3,023</u>	<u>\$ 21,491</u>	<u>\$ 40,403</u>	<u>\$ 5,107</u>	<u>\$ 101,997</u>	<u>\$ 27</u>	<u>\$ 39,276</u>	

See accompanying notes to financial statements.

**COMPLIANCE SECTION**

**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**

Hector H. Balderas  
State Auditor of the State of New Mexico  
Board of Directors of Roy Municipal Schools

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of Roy Municipal Schools (the District) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Roy Municipal Schools's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We believe that none of the significant deficiencies described below is a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. 2005-03, 2006-01, 2008-01, 2009-02, 2009-03, 2010-01, 2010-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2005-04 and 2009-01.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board Members, others within the entity, The Public Education Department, the New Mexico Department of Finance and Administration, the State Auditor, the New Mexico Legislature, and applicable federal grantors and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in blue ink that reads "W White + Sanoniego + Carpell, LLP".

November 11, 2010



**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2010**

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**CURRENT YEAR AUDIT FINDINGS**

**Employee Documentation (2010-01)**

<b>CONDITION</b>	The auditor discovered that out of a random sample of four personnel files, there were 2 missing or incomplete I-9s.
<b>CRITERIA</b>	Both state and federal law requires employers to maintain a record for each employee that contains, at a minimum the following documents: (1) an I-9; (2) W-4, with adequate proof of identification attached; and (3) employee contracts. See IRC §3402(f)(2)(A) & 6109; NMSA 1978, §22-10A-21. Furthermore, the Immigration Reform and Control Act of 1986 (IRCA) requires employers to verify the citizenship or immigration status of all employees. See Immigration Reform and Control Act of 1986, 8 USC 1324a. In addition federal and state law requires that all employees who have access to children undergo a background check. NMSA 1978, §22-10A-5.
<b>CAUSE</b>	The District lacks sufficient internal control systems to monitor and ensure compliance with the requirements of both federal and state statutes.
<b>EFFECT</b>	The District has failed to comply with the requirements of the IRCA, the Department of Labor, and the New Mexico Public Education Department. This lack of internal control over employee personnel files exhibits a serious flaw with the District's management and control system.
<b>RECOMMENDATION</b>	The District should undertake a review of the District's policies related to personnel records to ensure total compliance with both federal and state regulations. In addition, due to the demonstrated lack of comprehension and understanding by current Human Resources Employees, the District should consider assigning these duties to another Human Resources Employee and provide such employee with adequate training and supervision to ensure compliance with the District's policies.
<b>RESPONSE</b>	The District Management Office has created a checklist for all Human Resources Employees to follow to ensure proper compliance with federal and state regulations and will undertake to monitor the same to ensure compliance therewith. It appears that this situation will be corrected beginning with the 2010-11 school year.

**Budgeted Expenses Exceed Budgeted Revenue and Fund Balance (2010-02)**

<b>CONDITION</b>	The Debt Service fund budgeted expenses exceeded the budgeted revenues and prior year fund balance by \$5,545.
<b>CRITERIA</b>	Per 2.2.2.10.P. "If budgeted expenditures exceed budgeted revenues (after prior year cash balance and any applicable federal receivables required to balance the budget), that fact must also be reported in a finding since budget deficits are generally not allowed."

**CAUSE** An oversight caused the District to overbudget expenditures.

**EFFECT** The District is not in compliance with state law.

**RECOMMENDATION** The District should not budget for budget deficits.

**RESPONSE** Management concurs with the recommendation.

**PRIOR YEAR AUDIT FINDINGS**

**Bank Reconciliation (2005-03)**

**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 is not made. Transfers from bank account to another are not recorded in the accounting system and are thus not reconciled.

**CRITERIA** According to NMAC 6.20.2.14, "School districts shall establish and maintain cash management programs to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) Circular A-102, and applicable state and federal laws and regulations.

**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 reconsolidations 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 (2005-04)**

**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** According to NMAC 6.20.2.22 C, assets of a long-term character which are intended to continue to be held or used, such as land, buildings, furniture, machinery and equipment shall be acquired and accounted for through the development and implementation of a complete property control system which shall be adopted by the local board and in accordance with GAAP.

<b>CAUSE</b>	The District does not have personnel trained and knowledgeable in the maintenance and record keeping of capital assets for the District.
<b>EFFECT</b>	The District's capital asset listing may have capital assets that do not exist or there may be capital assets omitted that should be on the capital asset inventory. All of which may result in a material misstatement on the government wide financial statement. A restatement was required to record \$31,996 of capital assets that were additions in 2009.
<b>RECOMMENDATION</b>	The District must formalize its policies with regards to the required capital assets yearly inventory count and ensure that a proper count of movable chattels and equipment takes place every year. The District must also incorporate internal controls to ensure that capital asset detail reports are accurate and complete.
<b>RESPONSE</b>	The School District will be sending its' Fixed Asset manager to formal training for usage of Vision's Fixed Asset module. Capital asset information will be reassessed from the past two fiscal years and brought into alignment with the general ledger, noting any discrepancies and establishing accumulated depreciation.

**Preparation of Financial Statements (2008-01)**

<b>CONDITION</b>	The financial statements and related disclosures are not being prepared by the District, but by the auditor.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	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.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	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 GASH, GAAS, and FASB and the requirements of the Office of the State Auditor and PED.
<b>RESPONSE</b>	Management concurs with the recommendation.

**Activity Fund Deposits Held in Violation of the 24-Hour Rule (2009-01)**

<b>CONDITION</b>	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.
<b>CRITERIA</b>	NMAC 6.20.2.14 Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.
<b>CAUSE</b>	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.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	The District campuses will change their practice and make daily deposits of all activity fund money collected.

**No receipts to Students for Activity Fund Collection (2009-02)**

<b>CONDITION</b>	Funds received in various activity accounts are not being receipted to the students by the teacher/sponsor.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	Personnel failed to follow district policy regarding the receipting of funds received.
<b>EFFECT</b>	Timeliness and completeness can not be documented or ascertained.
<b>RECOMMENDATION</b>	All activity fund account collection should be documented by receipt at the student level.
<b>RESPONSE</b>	Management concurs with recommendation.

**Funds not Transferred to Cover NMPSIA Drafts (2009-03)**

<b>CONDITION</b>	The District did not transfer funds to the proper bank account to cover drafts from NMPSIA for employee benefits.
<b>CRITERIA</b>	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.

**RESPONSE** Management concurs with recommendation.

**STATUS OF PRIOR YEAR FINDINGS**

**Current Status**

2005-03	Bank Reconciliation	Revised and Repeated
2005-04	Capital Assets	Revised and Repeated
2006-01	Late Submission of Audit Report	Resolved
2008-01	Preparation of Financial Statements	Revised and Repeated
2009-01	Activity Fund Held in Violation of the 24-Hour Rule	Revised and Repeated
2009-02	No receipts to Students for Activity Fund Collection	Revised and Repeated
2009-03	Funds not Transferred to Cover NMPSIA Drafts	Revised and Repeated

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2010**

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The financial statements of Roy Municipal Schools as of, and for the year ended June 30, 2010 were prepared by White + Samaniego + Campbell, LLP, with the aid of responsible District personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.

**STATE OF NEW MEXICO  
ROY MUNICIPAL SCHOOLS**

**EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2010**

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An exit conference was conducted on October 28, 2010 in a meeting of Roy Municipal Schools pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

**Roy Municipal Schools**

Matt Mitchell  
Arlene Daniels  
Blair Chavel  
Bonnie Lightfoot  
Roy Rigoni  
William Murrel  
Sherrita Fluhman

Vice President  
Secretary  
Member  
Audit Committee  
Audit Committee  
Superintendent  
Business Manager

**White + Samaniego + Campbell, LLP**

Luis Molina  
Cheryl Hutton-Tellez

Supervisor  
Staff