

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPREHENSIVE FINANCIAL ANNUAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2008

WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

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AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2**

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OFFICIAL ROSTERS

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

OFFICIAL ROSTERS
June 30, 2008

AZTEC MUNICIPAL SCHOOL

Board of Education

Mitch Waggoner	Board President
Roger R. Collins	Board Vice President
Christina Lillywhite	Board Secretary
E. Wayne Ritter	Board Member
Leonard Tillman	Board Member

School Officials

Dr. Linda Paul	Superintendent
Kirk Carpenter	Assistant Superintendent
Richard Vogal	Director, Federal Programs/Curriculum
Nancy Ross	Director of Finance
Scott Sparks	Director of Exceptional Programs
Riley Roland	Director of Transportation
Nathan Holmes	Director of Technology
Charles Lee	Director of Maintenance

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

OFFICIAL ROSTERS
June 30, 2008

MOSAIC ACADEMY

Governing Council

Barbara Galvich	Board President
Theresa Yanan	Board Vice President
Jen Merritt	Board Secretary
Lyn Garrison	Board Treasurer

School Officials

Bonnie Braden	Principal
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FINANCIAL SECTION

FISCAL YEAR 2008

JULY 1, 2007 THROUGH JUNE 30, 2008

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KEYSTONE ACCOUNTING, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor
And the Board of Education of
Aztec Municipal School District No. 2

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Aztec Municipal School District No. 2, as of and for the year ended June 30, 2008, which collectively comprise Aztec Municipal School District No. 2's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Aztec Municipal School District No. 2's nonmajor governmental funds and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of Aztec Municipal School District No. 2'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Aztec Municipal School District No. 2's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Aztec Municipal School District No. 2, as of June 30, 2008, and the respective changes in financial position 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 and fiduciary fund of Aztec Municipal School District No. 2 as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

KEYSTONE ACCOUNTING, LLC

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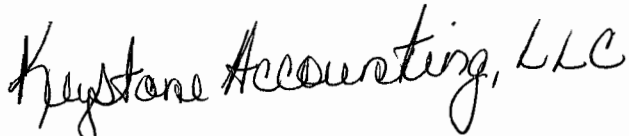
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Fax (505) 566-1911

Hector H. Balderas, State Auditor
And the Board of Education of
Aztec Municipal School District No. 2

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2009, on our consideration of Aztec Municipal School District No. 2'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 accounting principles generally accepted in the United States has determined is necessary to supplement, although not a required part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



January 31, 2009

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

STATEMENT OF NET ASSETS
June 30, 2008

	<u>Governmental Activities</u>	<u>Component Units</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 22,135,288	\$ 209,588
Receivables:		
Delinquent property taxes receivable	579,552	-
Grant	449,035	138,601
Other receivables	5,711	-
Due from other governments	976,253	-
Deferred bond issuance costs	105,359	-
Parts Inventory	32,444	-
USDA commodities inventory	4,956	-
Food inventory	15,271	-
Non-current:		
Non-depreciable assets	7,919,656	96,192
Depreciable capital assets, net	41,774,146	156,378
Total assets	73,997,671	600,759
<u>LIABILITIES</u>		
Accounts payable	\$ 1,418,907	\$ 19,640
Accrued interest	358,004	-
Deferred grant revenue	143,486	27,668
Compensated absences	85,252	10,009
Noncurrent liabilities:		
Due within one year	2,200,000	-
Due in more than one year	30,100,000	-
Total liabilities	34,305,649	57,317
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	6,659,335	252,570
Restricted:		
Debt service	4,362,521	-
Capital projects	26,867,313	(20,737)
Inventories	52,671	-
Unrestricted	1,750,182	311,609
Total net assets	\$ 39,692,022	\$ 543,442

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Units</u>
Primary government:						
Governmental activities:						
Instruction	\$ 16,212,978	\$ 27,849	\$ 1,939,938	\$ 476,971	\$ (13,768,220)	\$ -
Support Services - Students	2,450,112	79,931	293,164	72,080	(2,004,937)	-
Support Services - Instruction	487,550	-	58,337	14,343	(414,870)	-
Support Services - General Administration	1,619,648	-	193,796	47,649	(1,378,203)	-
Support Services - School Administration	1,907,102	-	228,191	56,105	(1,622,806)	-
Central Services	548,606	-	65,643	-	(482,963)	-
Operations & Maintenance of Plant	4,411,279	-	527,824	-	(3,883,455)	-
Student Transportation	1,516,709	-	1,750,119	-	233,410	-
Food Services	1,213,364	440,359	620,094	-	(152,911)	-
Bond interest paid	1,363,411	-	-	-	(1,363,411)	-
Total governmental activities	\$ 31,730,759	\$ 548,139	\$ 5,677,106	\$ 667,148	(24,838,366)	-
Component units:						
Mosaic Academy Charter School	\$ 1,413,215	\$ -	\$ 430,539	\$ -	-	(982,676)
General revenues:						
Property Taxes:						
					661,627	-
					3,958,056	-
					2,785,882	-
					20,893,140	1,308,369
					90,384	-
					<u>28,389,089</u>	<u>1,308,369</u>
					(1,979)	-
					<u>3,548,744</u>	<u>325,693</u>
					35,933,604	177,551
					209,674	40,198
					<u>36,143,278</u>	<u>217,749</u>
					\$ <u>39,692,022</u>	\$ <u>543,442</u>

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2008

	General Fund	Debt Service Fund	Bond Building Fund	Capital Improvements SB-9 Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and investments	\$ 699,981	\$ 4,131,441	\$ 12,013,055	\$ 5,011,719	\$ 279,092	\$ 22,135,288
Receivables:						
Delinquent property taxes	52,302	313,582	-	213,668	-	579,552
Grant	-	-	-	-	449,035	449,035
Other receivables	445	-	-	-	5,266	5,711
Due from other governments	547,295	255,395	-	173,563	-	976,253
Due from other funds	574,327	-	-	-	-	574,327
Parts Inventory	32,444	-	-	-	-	32,444
USDA commodities inventory	-	-	-	-	4,956	4,956
Food inventory	-	-	-	-	15,271	15,271
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,906,794</u>	<u>\$ 4,700,418</u>	<u>\$ 12,013,055</u>	<u>\$ 5,398,950</u>	<u>\$ 753,620</u>	<u>\$ 24,772,837</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 132,863	\$ -	\$ 1,278,588	\$ 625	\$ 6,831	\$ 1,418,907
Due to other funds	192,323	-	-	-	382,004	574,327
Deferred revenue:						
Federal, state, and local grants	-	-	-	-	143,486	143,486
Delinquent property taxes	6,579	41,401	-	29,106	-	77,086
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>331,765</u>	<u>41,401</u>	<u>1,278,588</u>	<u>29,731</u>	<u>532,321</u>	<u>2,213,806</u>
Fund balance:						
Reserved:						
Retirement of long-term debt	-	4,659,017	-	-	-	4,659,017
Inventories	32,444	-	-	-	20,227	52,671
Unreserved reported in:						
General fund	1,542,585	-	-	-	-	1,542,585
Special revenue funds	-	-	-	-	201,018	201,018
Capital projects funds	-	-	10,734,467	5,369,219	54	16,103,740
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>1,575,029</u>	<u>4,659,017</u>	<u>10,734,467</u>	<u>5,369,219</u>	<u>221,299</u>	<u>22,559,031</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 1,906,794</u>	<u>\$ 4,700,418</u>	<u>\$ 12,013,055</u>	<u>\$ 5,398,950</u>	<u>\$ 753,620</u>	<u>\$ 24,772,837</u>

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

RECONCILIATION OF THE BALANCE SHEET - ALL
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

June 30, 2008

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

Fund balances - total governmental funds	\$ 22,559,031
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	49,693,802
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	77,086
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(32,637,897)</u>
Net assets of governmental activities	<u>\$ 39,692,022</u>

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2008

	General Fund	Debt Service Fund	Bond Building Fund	Capital Improvements SB- 9 Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Federal sources:						
Federal flowthrough grants	\$ 6,347	\$ -	\$ -	\$ -	\$ 1,339,151	\$ 1,345,498
Federal direct grants	183	-	-	-	115,208	115,391
Food and milk reimbursements	-	-	-	-	565,698	565,698
USDA Commodities	-	-	-	-	54,396	54,396
	<u>6,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,074,453</u>	<u>2,080,983</u>
Total federal revenues						
State sources:						
State equalization guarantee	20,693,200	-	-	-	-	20,693,200
State flow through grants	51,528	-	-	125,349	81,984	258,861
Transportation	1,750,119	-	-	-	-	1,750,119
State instructional material	304,822	-	-	-	-	304,822
State grant	736,516	-	-	-	553,485	1,290,001
	<u>23,536,185</u>	<u>-</u>	<u>-</u>	<u>125,349</u>	<u>635,469</u>	<u>24,297,003</u>
Total state revenues						
Local sources:						
Grant	51,991	-	-	-	35,947	87,938
District school tax levy	659,743	3,949,728	-	2,783,067	-	7,392,538
Fees and activities	27,849	-	-	-	520,290	548,139
Earnings from investments	86,031	29,731	407,218	134,581	4,353	661,914
Miscellaneous	12,101	-	-	187,225	614	199,940
	<u>837,715</u>	<u>3,979,459</u>	<u>407,218</u>	<u>3,104,873</u>	<u>561,204</u>	<u>8,890,469</u>
Total local revenues						
	<u>24,380,430</u>	<u>3,979,459</u>	<u>407,218</u>	<u>3,230,222</u>	<u>3,271,126</u>	<u>35,268,455</u>
Total revenue						

(continued)

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

	General <u>Fund</u>	Debt Service <u>Fund</u>	Bond Building <u>Fund</u>	Capital Improvements SB- 9 <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Expenditures:						
Current:						
Instruction	14,037,765	-	-	-	1,223,695	15,261,460
Support Services - Students	2,132,724	-	-	-	173,594	2,306,318
Support Services - Instruction	427,161	-	-	-	39,688	466,849
Support Services - General Administration	318,917	9,360	-	1,159,097	37,219	1,524,593
Support Services - School Administration	1,670,009	-	-	-	125,168	1,795,177
Central Services	510,838	-	-	-	5,571	516,409
Operations & Maintenance of Plant	2,943,866	-	1,208,521	-	-	4,152,387
Student Transportation	1,412,900	-	-	-	14,795	1,427,695
Food Services	-	-	-	-	1,142,153	1,142,153
Capital outlay	672,759	-	3,280,142	352,804	540,098	4,845,803
Debt service:						
Principal retirement	-	2,325,000	-	-	-	2,325,000
Bond interest paid	-	1,218,748	-	-	-	1,218,748
Bond issuance costs	-	-	91,689	-	-	91,689
Total expenditures	<u>24,126,939</u>	<u>3,553,108</u>	<u>4,580,352</u>	<u>1,511,901</u>	<u>3,301,981</u>	<u>37,074,281</u>
Excess (deficiency) of revenues over expenditures	253,491	426,351	(4,173,134)	1,718,321	(30,855)	(1,805,826)
Other financing sources:						
Sale of bonds	-	-	15,000,000	-	-	15,000,000
Net change in fund balance	253,491	426,351	10,826,866	1,718,321	(30,855)	13,194,174
Fund balance (deficit) at beginning of the year	<u>1,321,538</u>	<u>4,232,666</u>	<u>(92,399)</u>	<u>3,650,898</u>	<u>252,154</u>	<u>9,364,857</u>
Fund balance at end of the year	<u>\$ 1,575,029</u>	<u>\$ 4,659,017</u>	<u>\$ 10,734,467</u>	<u>\$ 5,369,219</u>	<u>\$ 221,299</u>	<u>\$ 22,559,031</u>

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

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

Net change in fund balance - total governmental funds	\$ 13,194,174
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year	3,063,583
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	13,027
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar, items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(12,597,392)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(124,648)</u>
Change in net assets of governmental activities	<u>\$ 3,548,744</u>

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal grant	\$ -	\$ -	\$ 183	\$ 183
Federal direct grant	-	-	6,347	6,347
 Total federal revenues	 -	 -	 6,530	 6,530
State sources:				
State equalization guarantee	20,466,890	20,466,890	20,693,200	226,310
State flowthrough grant	42,017	42,017	57,143	15,126
Transportation	1,309,831	2,017,487	1,631,043	(386,444)
State instructional material	270,974	270,974	304,822	33,848
State grant	73,873	75,274	730,901	655,627
 Total state revenues	 22,163,585	 22,872,642	 23,417,109	 544,467
Local sources:				
Grant	-	-	51,991	51,991
District school tax levy	694,422	694,422	639,514	(54,908)
Fees and activities	25,000	25,000	27,849	2,849
Earnings from investments	115,000	115,000	86,514	(28,486)
Miscellaneous	-	-	12,101	12,101
 Total local revenues	 834,422	 834,422	 817,969	 (16,453)
 Total revenues	 \$ 22,998,007	 \$ 23,707,064	 \$ 24,241,608	 \$ 534,544

(continued)

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures:				
Current:				
Instruction	\$ 14,162,660	\$ 14,187,808	\$ 14,030,055	\$ 157,753
Support Services - Students	2,411,094	2,411,094	2,132,923	278,171
Support Services - Instruction	523,842	526,484	468,590	57,894
Support Services - General Administration	344,311	391,873	317,522	74,351
Support Services - School Administration	1,727,699	1,682,137	1,667,969	14,168
Central Services	542,918	540,918	508,568	32,350
Operation & Maintenance of Plant	2,947,286	2,947,286	2,928,474	18,812
Student Transportation	1,340,809	1,396,634	1,396,577	57
Other Support Services	176,027	176,027	-	176,027
Total current expenses	24,176,646	24,260,261	23,450,678	809,583
Capital outlay:				
Equipment	-	651,831	651,831	-
Total expenditures	24,176,646	24,912,092	24,102,509	809,583
Net change in fund balance	(1,178,639)	(1,205,028)	139,099	1,344,127
Beginning cash balance budgeted	1,178,639	1,205,028	-	(1,205,028)
Fund balance at beginning of the year	-	-	1,321,538	1,321,538
Fund balance at end of the year	\$ -	\$ -	1,460,637	\$ 1,460,637
RECONCILIATION TO GAAP BASIS:				
Change in inventory			4,556	
Change in receivables			(483)	
Change in grant receivable			119,076	
Change in property tax receivable			46,550	
Change in due from other governments			(24,437)	
Change in payables			(28,986)	
Change in deferred property taxes			(1,884)	
			\$ 1,575,029	

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

AGENCY FUNDS
Statement of Fiduciary Assets and Liabilities
June 30, 2008

ASSETS

Pooled cash and investments	\$	<u>332,655</u>
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LIABILITIES

Deposits held for others	\$	<u>332,655</u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Aztec Municipal School District (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 Aztec, New Mexico, and the surrounding areas. 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 District's financial statements include all entities over which the Board of Education exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

As required by GAAP, these financial statements present the District (primary government) and its component units. The component units discussed below are included in the District's reporting because of the significance of their operational or financial relationships with the District in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity and GASB Statement No. 29, Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14.

1. Blended Component Units

The District does not have any component units reported as blended component units.

2. Discretely Presented Component Units

a. Mosaic Academy

Mosaic Academy (Charter School) was established in 2006 under the Charter School Act and serves to provide public education to the community of Aztec, New Mexico. The Charter School has a significant financial relationship with the District as that it receives federal and state funding through the District. Additionally, the District is financially responsible for the Charter School. The Charter School operates and is reported on the same basis as the District.

No other entities meet the criteria for inclusion in the reporting entity.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

I. Summary of significant accounting policies (continued)

A. Reporting Entity (continued)

The summary of significant accounting policies of the District is presented to assist in the understanding of the School's financial statements. The financial statements and notes are the representation of Aztec Municipal School District's management who is responsible for their integrity and objectivity. The financial statements of the District conform to Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectable amounts, in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

I. Summary of significant accounting policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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.

Debt Service Fund – 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.

Bond Building Fund – This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.

Capital Improvements SB-9 – This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

Additionally, the government reports the following fund types:

SPECIAL REVENUE FUNDS

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

CAPITAL PROJECTS FUNDS

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

FIDUCIARY FUNDS

Fiduciary Funds – Fiduciary Funds are agency funds used to account for financial resources used by the student activity groups for which the District has stewardship

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

I. Summary of significant accounting policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Similar to private-sector standards of accounting and financial reporting issued prior to November 30, 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and investments

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

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds for the District must follow the above investment policies.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the school district. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

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.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

I. Summary of significant accounting policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

The School District’s property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB – 9 Capital Improvements Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the School District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the School District has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the district has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not be collected, as prescribed in GASB 34. An allowance for refunds and uncollectibles has not been recorded.

3. Inventories

USDA Commodity, food inventories and supplies inventory are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2006, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. 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.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

I. Summary of significant accounting policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

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. The costs of library books are not depreciated unless the individual cost is in excess of \$5,000. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Building improvements	7-20
Vehicles	5
Office equipment	5
Computer equipment	5

5. Compensated absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the school district. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Long-term obligations

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

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.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

I. Summary of significant accounting policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

7. Fund balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Net assets

Net assets are presented on the statement of net assets and may be presented in any of three components.

a. Invested in capital assets, net of related debt

This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.

b. Restricted net assets

Net assets are reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

c. Unrestricted net assets

Unrestricted net assets consist of net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted.”

In the governmental environment, net assets often are designated to indicate that management does not consider them to be available for general operations. In contrast to restricted net assets, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

I. Summary of significant accounting policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

9. Indirect Costs

The School District's General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

10. Estimates

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

11. Revenues

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program cost".

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$20,693,200 in state equalization guarantee distributions during the year ended June 30, 2008.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$1,750,119 in transportation distributions during the year ended June 30, 2008.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

II. Reconciliation of government-wide and fund financial statements

A. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.” The details of the \$49,693,802 difference are as follows:

Capital assets	\$ 88,114,421
Accumulated depreciation	<u>(38,420,619)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 49,693,802</u>

Another element of the reconciliation states “other assets are not available to pay to current-period expenditures and therefore are deferred in the funds.” The details of the \$77,086 difference are as follows:

Property taxes receivable	<u>\$ 77,086</u>
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The final adjustment in the reconciliation indicates that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The \$32,637,897 difference is detailed as follows:

Bonds payable	\$ (32,300,000)
Accrued interest payable	(358,004)
Accrued vacation payable	(85,252)
Bond issue costs	<u>105,359</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ (32,637,897)</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

II. Reconciliation of government-wide and fund financial statements (continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (continued)

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,063,583 difference are as follows:

Capital outlay	\$ 5,055,477
Restatement of captial assets	\$ (209,674)
Depreciation expense	<u>(1,782,220)</u>
Net adjustment to changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,063,583</u>

The second element in the reconciliation indicates “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The adjustment of \$13,027 is detailed as follows:

Reduction in revenue:	
Deferred property taxes in 2007	\$ (64,059)
Amounts to be included in revenue:	
Deferred property taxes in 2008	<u>77,086</u>
Net adjustment to change in net assets of governmental activities for revenues that are not recorded in the funds	<u>\$ 13,027</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

II. Reconciliation of government-wide and fund financial statements (continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (continued)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$12,597,392 difference are as follows:

Principal repayments:	
General obligation debt	\$ 2,325,000
Proceeds of bonds	(15,000,000)
Bond issuance costs	91,689
Amortization of bond issuance costs	<u>(14,081)</u>
Net adjustment to decrease change in net assets of governmental activities	<u>\$ (12,597,392)</u>

The final element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$124,648 difference are as follows:

Accrued interest:	
June 30, 2008	\$ (358,004)
June 30, 2007	227,422
Compensated absences:	
June 30, 2008	93,165
June 30, 2007	(85,252)
Loss on disposal of assets	<u>(1,979)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (124,648)</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the Public School Budget and Planning Unit of the Department of Education. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

Actual expenditures may not exceed the budget on a line item basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series', this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

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

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. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. Budgetary Information (continued)

6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2008 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Aztec Municipal School District No. 2 to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 24,176,646	\$ 24,912,092
Special Revenue Fund	2,655,445	3,018,222
Debt Service Fund	8,682,831	8,682,831
Capital Projects Fund	<u>19,029,506</u>	<u>19,029,506</u>
Totals	<u>\$ 54,544,428</u>	<u>\$ 55,642,651</u>

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2008, the carrying amount of the District's deposits was \$22,467,943 and the bank balance was \$24,247,533. Of this balance \$200,000 was covered by federal depository insurance and \$18,696,772 was covered by collateral held in joint safekeeping by a third party. The remaining \$5,350,761 not covered by pledged collateral is comprised of amounts in excess of those required to be collateralized under State law.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Temporary Investments (continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits.

	Primary Government	Component Unit
Uninsured and uncollateralized	\$ 5,350,761	\$ 21,310
Uninsured and collateral held by pledging bank's trust dept not in the school's name	<u>18,696,772</u>	<u>250,000</u>
Total uninsured	24,047,533	271,310
Insured (FDIC)	<u>200,000</u>	<u>100,000</u>
Total deposits	<u>\$ 24,247,533</u>	<u>\$ 371,310</u>
State of New Mexico collateral requirement:		
50% of uninsured public fund bank deposits	\$ 6,225,048	\$ 135,655
102% of uninsured public fund bank deposits	<u>11,829,386</u>	<u>-</u>
Total collatereal requirement	18,054,434	135,655
Pledged security	<u>19,172,866</u>	<u>250,000</u>
Over /under collateralization	<u>\$ 1,118,432</u>	<u>\$ 114,345</u>

The collateral pledged is listed on Pages 124 and 125 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any Aztec Municipal School District No. 2, district or political subdivision of the State of New Mexico.

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables

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

Aztec Municipal School District:

	<u>General</u>	<u>Debt Service</u>	<u>Bond Building</u>	<u>SB-9 Capital Improvements</u>	<u>Other Governmental Funds</u>
Receivables:					
Delinquent property taxes	\$ 52,303	\$ 313,582	\$ -	\$ 213,668	\$ -
Grant	-	-	-	-	449,035
Other	445	-	-	-	5,266
Due from other:					
Governments	547,295	255,395	-	173,563	-
Funds	<u>574,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,174,370</u>	<u>\$ 568,977</u>	<u>\$ -</u>	<u>\$ 387,231</u>	<u>\$ 454,301</u>

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements		
Other Governmental Funds	\$ -	\$ 143,486
Delinquent property taxes		
General Fund	6,579	-
Education Technology Bond	41,401	-
SB-9 Capital Improvements	<u>29,106</u>	<u>-</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 77,086</u>	<u>\$ 143,486</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables (continued)

Mosaic Academy:

	<u>General</u>	<u>Charter Schools</u>	<u>Charter School Planning</u>	<u>Libraries GO</u>
Receivables:				
Grant	\$ -	\$ 135,541	\$ 1	\$ 3,059
Due from other:				
Funds	<u>148,073</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 148,073</u>	<u>\$ 135,541</u>	<u>\$ 1</u>	<u>\$ 3,059</u>

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements		
IDEA - B Entitlement	\$ -	\$ 87
Microsoft	-	27,580
Beginning Teacher Mentoring	<u>-</u>	<u>1</u>
Total deferred/unearned revenue for governmental funds	<u>\$ -</u>	<u>\$ 27,668</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

C. Capital Assets

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

Aztec Municipal School District:

	Beginning Balance	Increases	Decreases	Adjustments	Restatement	Ending Balance
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 5,895,514	\$ -	\$ -	\$ -	\$ -	\$ 5,895,514
Construction in progress	<u>1,464,877</u>	<u>2,024,142</u>	<u>(1,464,877)</u>	<u>-</u>	<u>-</u>	<u>2,024,142</u>
Total capital assets, not being depreciated	<u>\$ 7,360,391</u>	<u>\$ 2,024,142</u>	<u>\$ (1,464,877)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,919,656</u>
Capital assets, being depreciated:						
Land improvements	\$ 22,649	\$ -	\$ -	\$ -	\$ -	\$ 22,649
Buildings and improvements	69,194,590	2,322,800	-	-	209,674	71,727,064
Furniture, fixtures, and equipment	<u>6,888,880</u>	<u>1,963,738</u>	<u>(407,566)</u>	<u>-</u>	<u>-</u>	<u>8,445,052</u>
Total capital assets being depreciated	<u>76,106,119</u>	<u>4,286,538</u>	<u>(407,566)</u>	<u>-</u>	<u>209,674</u>	<u>80,194,765</u>
Less accumulated depreciation for:						
Land improvements	(5,271)	(1,132)	-	5,176	-	\$ (1,227)
Buildings and improvements	(32,251,776)	(1,258,844)	-	471,363	-	(33,039,257)
Furniture, fixtures, and equipment	<u>(4,786,939)</u>	<u>(522,244)</u>	<u>405,587</u>	<u>(476,539)</u>	<u>-</u>	<u>(5,380,135)</u>
Total accumulated depreciation	<u>(37,043,986)</u>	<u>(1,782,220)</u>	<u>405,587</u>	<u>-</u>	<u>-</u>	<u>(38,420,619)</u>
Total capital assets being depreciated, net	<u>\$ 39,062,133</u>	<u>\$ 2,504,318</u>	<u>\$ (1,979)</u>	<u>\$ -</u>	<u>\$ 209,674</u>	<u>\$ 41,774,146</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (continued)

Depreciation has been allocated to the functions by the following amounts:

<u>Depreciation Allocation to Functions</u>	
Instruction	\$ 943,318
Support Services - Students	156,219
Support Services - Instruction	34,661
Support Services - General Administration	170,252
Support Services - School Administration	103,800
Central Services	32,419
Operations & Maintenance of Plant	181,218
Student Transportation	88,344
Other Support Services	235
Food Services	<u>71,754</u>
Total Depreciation Expense	<u>\$ 1,782,220</u>

Construction commitments

The Aztec Municipal School District No. 2 received \$527,817 any funds from the State of New Mexico Public School Facilities Authority for the year ended June 30, 2008.

The District is involved in several long-term construction projects as part of their master plan for upgrading the district buildings. The amount of \$16,103,740 in the capital projects fund designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (continued)

Mosaic Academy:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ -	\$ 96,192	\$ -	\$ -	\$ 96,192
Capital assets, being depreciated:					
Buildings and improvements	54,558	71,445	-	41,538	167,541
Less accumulated depreciation for:					
Buildings and improvements	<u>(3,183)</u>	<u>(6,640)</u>	<u>-</u>	<u>(1,340)</u>	<u>(11,163)</u>
Total capital assets being depreciated, net	<u>\$ 51,375</u>	<u>\$ 64,805</u>	<u>\$ -</u>	<u>\$ 40,198</u>	<u>\$ 156,378</u>

The Charter School has determined that the capital assets serve essentially the entire School's functional activities and had decided not to allocate depreciation by function. Depreciation expense for the Charter School was \$6,640.

The State of New Mexico Public School Facilities Authority has paid portions of the Mosaic Academy's expense for the schools lease of classroom space. For the year ended June 30, 2008, these contributions amounted to \$70,613.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

D. Inter-Fund Receivables and Payables

The composition of inter-fund balances at June 30, 2008 is as follows:

Aztec Municipal Schools:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 574,327	\$ -
Transportation	-	192,323
Other governmental funds:		
Title I	-	155,376
IDEA-B Entitlement	-	89,217
IDEA-B Preschool	-	15,349
Title V	-	3,130
Title II	-	30,600
Title IV	-	4,640
Johnson O'Malley	-	15,435
Indian Ed	-	14,970
Wallace Foundation	-	17,447
Truancy Initiative	-	26,136
Libray GO Bond	-	9,704
Total	<u>\$ 574,327</u>	<u>\$ 574,327</u>

The inter-fund loans were made in order to cover cash shortfalls within the individual funds as a result of budgeted revenues not being received.

E. Inter-Fund Transfers

There was no inter-fund transfers in Aztec Municipal School District made during the year ended June 30, 2008.

**STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2**

Notes to the Financial Statements
June 30, 2008

F. Long-Term Debt

The details of the bonds and notes as of June 30, 2008 are as follows:

Aztec Municipal Schools

<u>General Obligations Bonds</u>		<u>Original Amount</u>	<u>Interest Rates</u>	<u>Balance June 30, 2008</u>	<u>Amount Due Within One Year</u>
Series	2000	\$ 3,000,000	5.05% to 5.20%	\$ 2,300,000	\$ 400,000
Series	2001	4,500,000	4.50% to 4.75%	3,700,000	100,000
Series	2002	13,200,000	3.50% to 5.50%	11,300,000	500,000
Series	2007	15,000,000	3.63% to 6.76%	15,000,000	1,200,000
Total		\$ 35,700,000		\$ 32,300,000	\$ 2,200,000

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>General Obligation Bonds</u>			
<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2009	\$ 2,200,000	\$ 1,384,135	\$ 3,584,135
2010	2,600,000	1,279,330	3,879,330
2011	2,600,000	1,164,342	3,764,342
2012	2,800,000	1,039,280	3,839,280
2013	3,000,000	901,440	3,901,440
2014 - 2018	14,100,000	2,249,800	16,349,800
2019 - 2023	5,000,000	258,000	5,258,000
Total	\$ 32,300,000	\$ 8,276,327	\$ 40,576,327

General Obligation Bonds – The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-Term Debt (continued)

Changes in long term debt – During the year ended June 30, 2008 the following changes occurred in liabilities reported in the general obligation bonds account group:

	Balance <u>June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2008</u>	Amount Due <u>Within One Year</u>
Compensated absences:					
Compensated vacation	\$ 93,165	\$ 97,687	\$ 105,600	\$ 85,252	\$ 85,252
Bonds payable	<u>19,625,000</u>	<u>15,000,000</u>	<u>2,325,000</u>	<u>32,300,000</u>	<u>2,200,000</u>
	<u>\$ 19,718,165</u>	<u>\$ 15,097,687</u>	<u>\$ 2,430,600</u>	<u>\$ 32,385,252</u>	<u>\$ 2,285,252</u>

	Balance <u>June 30, 2008</u>
Bonds payable	\$ 32,300,000
Unamortized:	
Deferred loss on bond refunding	-
Bond premiums	<u>-</u>
Total non-current liabilities	<u>\$ 32,300,000</u>

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds. The liquidation of bonds payable is done with resources from the debt service fund.

Mosaic Academy Charter School

Changes in long term debt – During the year ended June 30, 2008 the following changes occurred in liabilities reported in the general obligation bonds account group:

	Balance <u>June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2008</u>	Amount Due <u>Within One Year</u>
Compensated absences:					
Compensated vacation	<u>\$ -</u>	<u>\$ 10,900</u>	<u>\$ 891</u>	<u>\$ 10,009</u>	<u>\$ 10,009</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

V. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

V. OTHER INFORMATION (continued)

C. Employee Retirement Plan

Plan Description - Substantially all of Aztec Municipal School District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained by writing to:

ERB
P.O. Box 26129
Santa Fe, New Mexico 87502-6129
www.nmerb.org

Funding Policy - Plan members are required to contribute 7.42% of their gross salary. Aztec Municipal School District is required to contribute 10.95% 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 Aztec Municipal School District are established in Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. Aztec Municipal School District's contributions to the ERB for the years ended June 30, 2008, 2007 and 2006 were \$1,734,943, \$1,554,853, and \$1,387,629 respectively, equal to the amount of the required contribution for the year. The Mosaic Academy Charter School Contributed \$60,138 for June 30 2008. The contribution rates will increase each year as follows:

<u>Fiscal Year</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>
2007-2008	10.900%	7.825%
2008-2009	11.650%	7.900%
2009-2010	12.460%	7.900%
2010-2011	13.150%	7.900%
2011-2012	13.900%	7.900%

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

V. OTHER INFORMATION (continued)

D. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description – Aztec Municipal School District No. 2 contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are:

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to:

Retiree Health Care Authority
4308 Carlisle NE, Suite 104
Albuquerque, NM 87107

Funding Policy – The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Notes to the Financial Statements
June 30, 2008

V. OTHER INFORMATION (continued)

D. Post-Retirement Health Care Benefits (continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

For the fiscal year ended June 30, 2008, Aztec Municipal School District No. 2's remitted \$310,368 in employer contributions and \$206,912 in employee contributions to the Retiree Health Care Authority.

For the fiscal year ended June 30, 2008, Mosaic Academy Charter School remitted \$6,802 in employer contributions and \$3,401 in employee contributions to the Retiree Health Care Authority.

E. Restatement

The School District had \$209,674 in construction in progress in the prior year that was not reported.

Mosaic Academy Charter School had \$41,538 in asset additions for the prior year that were not reported which would have had \$1,340 in depreciation in the prior year. This caused a total net restatement of \$40,198.

F. Subsequent Events

The School District sold bond on October of 2008 in the amount of \$13,225,000.

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GENERAL FUNDS

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

GENERAL FUND
Combining Balance Sheet
June 30, 2008

	General Funds			Total General <u>Fund</u>
	Operational <u>Fund</u>	Transportation <u>Fund</u>	Instructional Materials <u>Fund</u>	
<u>ASSETS</u>				
Pooled cash and investments	\$ 563,284	\$ 73,321	\$ 63,376	\$ 699,981
Receivables:				
Delinquent property taxes	52,302	-	-	52,302
Other receivables	380	-	65	445
Due from other governments	43,504	503,791	-	547,295
Due from other funds	574,327	-	-	574,327
Parts Inventory	32,444	-	-	32,444
	<u>\$ 1,266,241</u>	<u>\$ 577,112</u>	<u>\$ 63,441</u>	<u>\$ 1,906,794</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 116,098	\$ 15,498	\$ 1,267	\$ 132,863
Due to other funds	-	192,323	-	192,323
Deferred revenue:				
Delinquent property taxes	6,579	-	-	6,579
	<u>122,677</u>	<u>207,821</u>	<u>1,267</u>	<u>331,765</u>
Fund balance:				
Reserved:				
Inventories	32,444	-	-	32,444
Unreserved and reported in:				
Undesignated	1,111,120	369,291	62,174	1,542,585
	<u>1,143,564</u>	<u>369,291</u>	<u>62,174</u>	<u>1,575,029</u>
Total liabilities and fund balance	<u>\$ 1,266,241</u>	<u>\$ 577,112</u>	<u>\$ 63,441</u>	<u>\$ 1,906,794</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

GENERAL FUND
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2008

	<u>General Funds</u>			Total General <u>Fund</u>
	Operational <u>Fund</u>	Transportation <u>Fund</u>	Instructional Materials <u>Fund</u>	
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 6,347	\$ -	\$ -	\$ 6,347
Federal direct grants	183	-	-	183
Total federal revenues	<u>6,530</u>	<u>-</u>	<u>-</u>	<u>6,530</u>
State sources:				
State equalization guarantee	20,693,200	-	-	20,693,200
State flow through grants	51,528	-	-	51,528
Transportation	-	1,750,119	-	1,750,119
State instructional material	-	-	304,822	304,822
State grant	57,143	652,080	27,293	736,516
Total state revenues	<u>20,801,871</u>	<u>2,402,199</u>	<u>332,115</u>	<u>23,536,185</u>
Local sources:				
Grant	51,991	-	-	51,991
District school tax levy	659,743	-	-	659,743
Fees and activities	27,849	-	-	27,849
Earnings from investments	86,031	-	-	86,031
Miscellaneous	4,529	-	7,572	12,101
Total local revenues	<u>830,143</u>	<u>-</u>	<u>7,572</u>	<u>837,715</u>
Total revenue	<u>21,638,544</u>	<u>2,402,199</u>	<u>339,687</u>	<u>24,380,430</u>
Expenditures:				
Current:				
Instruction	13,759,148	-	278,617	14,037,765
Support Services - Students	2,132,724	-	-	2,132,724
Support Services - Instruction	403,308	-	23,853	427,161
Support Services - General Administration	318,917	-	-	318,917
Support Services - School Administration	1,670,009	-	-	1,670,009
Central Services	510,838	-	-	510,838
Operations & Maintenance of Plant	2,943,866	-	-	2,943,866
Student Transportation	31,999	1,380,901	-	1,412,900
Capital outlay	20,928	651,831	-	672,759
Total expenditures	<u>21,791,737</u>	<u>2,032,732</u>	<u>302,470</u>	<u>24,126,939</u>
Net change in fund balance	(153,193)	369,467	37,217	253,491
Fund balance at beginning of the year	1,296,757	(176)	24,957	1,321,538
Fund balance at end of the year	<u>\$ 1,143,564</u>	<u>\$ 369,291</u>	<u>\$ 62,174</u>	<u>\$ 1,575,029</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

OPERATIONAL FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ -	\$ 183	\$ 183
Federal direct grant	-	-	6,347	6,347
Total federal revenues	-	-	6,530	6,530
State sources:				
State equalization guarantee	20,466,890	20,466,890	20,693,200	226,310
State flowthrough grant	42,017	42,017	57,143	15,126
State grant	50,000	50,000	51,528	1,528
Total state revenues	20,558,907	20,558,907	20,801,871	242,964
Local sources:				
Grant	-	-	51,991	51,991
District school tax levy	694,422	694,422	639,514	(54,908)
Fees and activities	25,000	25,000	27,849	2,849
Earnings from investments	115,000	115,000	86,514	(28,486)
Miscellaneous	-	-	4,529	4,529
Total local revenues	834,422	834,422	810,397	(24,025)
Total revenues	21,393,329	21,393,329	21,618,798	225,469
Expenditures:				
Current:				
Instruction	13,891,686	13,891,686	13,748,953	142,733
Support Services - Students	2,411,094	2,411,094	2,132,923	278,171
Support Services - Instruction	499,969	499,969	444,737	55,232
Support Services - General Administration	344,311	391,873	317,522	74,351
Support Services - School Administration	1,727,699	1,682,137	1,667,969	14,168
Central Services	542,918	540,918	508,568	32,350
Operation & Maintenance of Plant	2,947,286	2,947,286	2,928,474	18,812
Student Transportation	30,978	30,978	30,930	48
Other Support Services	176,027	176,027	-	176,027
Total expenditures	22,571,968	22,571,968	21,780,076	791,892
Net change in fund balance	(1,178,639)	(1,178,639)	(161,278)	1,017,361
Beginning cash balance budgeted	1,178,639	1,178,639	-	(1,178,639)
Fund balance at beginning of the year	-	-	1,296,757	1,296,757
Fund balance at end of the year	\$ -	\$ -	1,135,479	\$ 1,135,479
RECONCILIATION TO GAAP BASIS:				
Change in inventory			4,556	
Change in receivables			(483)	
Change in property tax receivable			46,550	
Change in due from other governments			(24,437)	
Change in payables			(16,217)	
Change in deferred property taxes			(1,884)	
			<u>\$ 1,143,564</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

TRANSPORTATION FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
Transportation	\$ 1,309,831	\$ 2,017,487	\$ 1,631,043	\$ (386,444)
State grant	<u> -</u>	<u> -</u>	<u> 652,080</u>	<u> 652,080</u>
Total revenues	<u>1,309,831</u>	<u>2,017,487</u>	<u>2,283,123</u>	<u>265,636</u>
 Expenditures:				
Current:				
Student Transportation	1,309,831	1,365,656	1,365,647	9
Capital outlay:				
Equipment	<u> -</u>	<u> 651,831</u>	<u> 651,831</u>	<u> -</u>
Total expenditures	<u>1,309,831</u>	<u>2,017,487</u>	<u>2,017,478</u>	<u>9</u>
Net change in fund balance	-	-	265,645	265,645
Fund balance (deficit) at beginning of the year	<u> -</u>	<u> -</u>	<u> (176)</u>	<u> (176)</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	265,469	<u>\$ 265,469</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			119,076	
Change in payables			<u> (15,254)</u>	
			<u>\$ 369,291</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

INSTRUCTIONAL MATERIALS FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
State sources:				
State instructional material	\$ 270,974	\$ 270,974	\$ 304,822	\$ 33,848
State grant	23,873	25,274	27,293	2,019
Total state revenues	294,847	296,248	332,115	35,867
Local sources:				
Miscellaneous	-	-	7,572	7,572
Total revenues	294,847	296,248	339,687	43,439
Expenditures:				
Current:				
Instruction	270,974	296,122	281,102	15,020
Support Services - Instruction	23,873	26,515	23,853	2,662
Total expenditures	294,847	322,637	304,955	17,682
Net change in fund balance	-	(26,389)	34,732	61,121
Beginning cash balance budgeted	-	26,389	-	(26,389)
Fund balance at beginning of the year	-	-	24,957	24,957
Fund balance at end of the year	\$ -	\$ -	59,689	\$ 59,689
RECONCILIATION TO GAAP BASIS:				
Change in payables			2,485	
			\$ 62,174	

NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2008

	Special Revenue Funds			
	Food Service	Athletics	Title I	Entitlement
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>IDEA-B</u>
				<u>Fund</u>
<u>ASSETS</u>				
Pooled cash and investments	\$ 17,329	\$ 119,659	\$ 1	\$ 1
Receivables:				
Grant	58,764	-	155,375	89,216
Other receivables	2,223	3,043	-	-
USDA commodities inventory	4,956	-	-	-
Food inventory	<u>15,271</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 98,543</u>	<u>\$ 122,702</u>	<u>\$ 155,376</u>	<u>\$ 89,217</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	155,376	89,217
Deferred revenue:				
Federal, state, and local grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>155,376</u>	<u>89,217</u>
Fund balance:				
Reserved:				
Inventories	20,227	-	-	-
Unreserved and reported in:				
Special revenues funds	78,316	122,702	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>98,543</u>	<u>122,702</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 98,543</u>	<u>\$ 122,702</u>	<u>\$ 155,376</u>	<u>\$ 89,217</u>

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2008

	Special Revenue Funds			
	Competitive IDEA-B <u>Fund</u>	Preschool IDEA-B <u>Fund</u>	Title VI IASA <u>Fund</u>	Carl D Perkins Tech Prep - Current <u>Fund</u>
<u>ASSETS</u>				
Pooled cash and investments	\$ 303	\$ 1	\$ 43	\$ 248
Receivables:				
Grant	-	21,314	-	-
Other receivables	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-	-	-	-
Total assets	\$ 303	\$ 21,315	\$ 43	\$ 248
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ -	\$ 5,966	\$ -	\$ -
Due to other funds	-	15,349	-	-
Deferred revenue:				
Federal, state, and local grants	303	-	43	248
	303	-	43	248
Total liabilities	303	21,315	43	248
Fund balance:				
Reserved:				
Inventories	-	-	-	-
Unreserved and reported in:				
Special revenues funds	-	-	-	-
Capital projects funds	-	-	-	-
	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ 303	\$ 21,315	\$ 43	\$ 248

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2008

	Special Revenue Funds			
	Enhancing Education <u>Fund</u>	Class Size Reduction Act <u>Fund</u>	Title V <u>Fund</u>	Title II Teacher Quality <u>Fund</u>
<u>ASSETS</u>				
Pooled cash and investments	\$ (1,729)	\$ 47	\$ 1,625	\$ 8
Receivables:				
Grant	1,729	-	1,505	30,592
Other receivables	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-	-	-	-
Total assets	\$ -	\$ 47	\$ 3,130	\$ 30,600
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	3,130	30,600
Deferred revenue:				
Federal, state, and local grants	-	47	-	-
	-	47	-	-
Total liabilities	-	47	3,130	30,600
Fund balance:				
Reserved:				
Inventories	-	-	-	-
Unreserved and reported in:				
Special revenues funds	-	-	-	-
Capital projects funds	-	-	-	-
	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ -	\$ 47	\$ 3,130	\$ 30,600

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2008

	Special Revenue Funds			
	Title IV Drug Free Schools <u>Fund</u>	Johnson O'Malley <u>Fund</u>	Indian Ed Formula Grant <u>Fund</u>	Wallace Foundation <u>Fund</u>
<u>ASSETS</u>				
Pooled cash and investments	\$ 1	\$ -	\$ 7	\$ -
Receivables:				
Grant	4,770	15,435	14,963	17,447
Other receivables	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-	-	-	-
Total assets	\$ 4,771	\$ 15,435	\$ 14,970	\$ 17,447
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 131	\$ -	\$ -	\$ -
Due to other funds	4,640	15,435	14,970	17,447
Deferred revenue:				
Federal, state, and local grants	-	-	-	-
	-	-	-	-
Total liabilities	4,771	15,435	14,970	17,447
Fund balance:				
Reserved:				
Inventories	-	-	-	-
Unreserved and reported in:				
Special revenues funds	-	-	-	-
Capital projects funds	-	-	-	-
	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ 4,771	\$ 15,435	\$ 14,970	\$ 17,447

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2008

	Special Revenue Funds			
	Technology for Education <u>Fund</u>	Incentives for School Improvement <u>Fund</u>	Truancy Initiative <u>Fund</u>	Libraries GO Bond <u>Fund</u>
<u>ASSETS</u>				
Pooled cash and investments	\$ 123,581	\$ 8,550	\$ (67)	\$ (2,018)
Receivables:				
Grant	-	-	26,203	11,722
Other receivables	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-	-	-	-
Total assets	\$ 123,581	\$ 8,550	\$ 26,136	\$ 9,704
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	26,136	9,704
Deferred revenue:				
Federal, state, and local grants	123,581	8,550	-	-
Total liabilities	123,581	8,550	26,136	9,704
Fund balance:				
Reserved:				
Inventories	-	-	-	-
Unreserved and reported in:				
Special revenues funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ 123,581	\$ 8,550	\$ 26,136	\$ 9,704

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2008

	Special Revenue Funds			
	Reading Improvement Initiatives <u>Fund</u>	Beginning Teacher Mentoring <u>Fund</u>	NM Arts Div <u>Fund</u>	Medicaid HSD <u>Fund</u>
<u>ASSETS</u>				
Pooled cash and investments	\$ 49	\$ 143	\$ 156	\$ 7,875
Receivables:				
Grant	-	-	-	-
Other receivables	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-	-	-	-
Total assets	\$ 49	\$ 143	\$ 156	\$ 7,875
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 734
Due to other funds	-	-	-	-
Deferred revenue:				
Federal, state, and local grants	49	143	156	7,141
	49	143	156	7,141
Total liabilities	49	143	156	7,875
Fund balance:				
Reserved:				
Inventories	-	-	-	-
Unreserved and reported in:				
Special revenues funds	-	-	-	-
Capital projects funds	-	-	-	-
	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ 49	\$ 143	\$ 156	\$ 7,875

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2008

Special Revenue Funds

	Resources for School Health <u>Fund</u>	Total Nonmajor Special Revenue <u>Funds</u>
<u>ASSETS</u>		
Pooled cash and investments	\$ 3,225	\$ 279,038
Receivables:		
Grant	-	449,035
Other receivables	-	5,266
USDA commodities inventory	-	4,956
Food inventory	-	15,271
	-	15,271
Total assets	\$ 3,225	\$ 753,566
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ -	\$ 6,831
Due to other funds	-	382,004
Deferred revenue:		
Federal, state, and local grants	3,225	143,486
	3,225	143,486
Total liabilities	3,225	532,321
Fund balance:		
Reserved:		
Inventories	-	20,227
Unreserved and reported in:		
Special revenues funds	-	201,018
Capital projects funds	-	-
	-	-
Total fund balance	-	221,245
Total liabilities and fund balance	\$ 3,225	\$ 753,566

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2008

Capital Projects Funds

	<u>Public School Capital Outlay Fund</u>	<u>Special Capital Outlay - State Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>				
Pooled cash and investments	\$ 54	\$ -	\$ 54	\$ 279,092
Receivables:				
Grant	-	-	-	449,035
Other receivables	-	-	-	5,266
USDA commodities inventory	-	-	-	4,956
Food inventory	-	-	-	15,271
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 753,620</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 6,831
Due to other funds	-	-	-	382,004
Deferred revenue:				
Federal, state, and local grants	-	-	-	143,486
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance:				
Reserved:				
Inventories	-	-	-	20,227
Unreserved and reported in:				
Special revenues funds	-	-	-	201,018
Capital projects funds	54	-	54	54
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balance	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 753,620</u>

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2008

	Special Revenue Funds			
	Food Service	Athletics	Title I	Entitlement
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>IDEA-B</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ -	\$ 457,389	\$ 694,828
Federal direct grants	-	-	-	-
Food and milk reimbursements	565,698	-	-	-
USDA Commodities	<u>54,396</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total federal revenues	<u>620,094</u>	<u>-</u>	<u>457,389</u>	<u>694,828</u>
State sources:				
State flow through grants	-	-	-	-
State grant	<u>24,934</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total state revenues	<u>24,934</u>	<u>-</u>	<u>-</u>	<u>-</u>
Local sources:				
Grant	-	-	-	-
Fees and activities	440,359	79,931	-	-
Earnings from investments	4,182	171	-	-
Miscellaneous	<u>614</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total local revenues	<u>445,155</u>	<u>80,102</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,090,183</u>	<u>80,102</u>	<u>457,389</u>	<u>694,828</u>
Expenditures:				
Current:				
Instruction	-	58,987	392,347	515,265
Support Services - Students	-	-	-	111,709
Support Services - Instruction	-	-	-	-
Support Services - General Administration	-	-	5,543	8,375
Support Services - School Administration	-	-	59,324	44,859
Central Services	-	-	-	-
Student Transportation	-	-	175	14,620
Food Services	1,142,153	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,142,153</u>	<u>58,987</u>	<u>457,389</u>	<u>694,828</u>
Net change in fund balance	(51,970)	21,115	-	-
Fund balance at beginning of the year	<u>150,513</u>	<u>101,587</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 98,543</u>	<u>\$ 122,702</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2008

	Special Revenue Funds		
	Competitive	Preschool	Title VI
	IDEA-B <u>Fund</u>	IDEA-B <u>Fund</u>	IASA <u>Fund</u>
Revenues:			
Federal sources:			
Federal flowthrough grants	\$ -	\$ 25,247	\$ -
Federal direct grants	-	-	-
Food and milk reimbursements	-	-	-
USDA Commodities	-	-	-
Total federal revenues	-	25,247	-
State sources:			
State flow through grants	-	-	-
State grant	-	-	-
Total state revenues	-	-	-
Local sources:			
Grant	-	-	-
Fees and activities	-	-	-
Earnings from investments	-	-	-
Miscellaneous	-	-	-
Total local revenues	-	-	-
Total revenue	-	25,247	-
Expenditures:			
Current:			
Instruction	-	21,144	-
Support Services - Students	-	3,862	-
Support Services - Instruction	-	-	-
Support Services - General Administration	-	234	-
Support Services - School Administration	-	7	-
Central Services	-	-	-
Student Transportation	-	-	-
Food Services	-	-	-
Capital outlay	-	-	-
Total expenditures	-	25,247	-
Net change in fund balance	-	-	-
Fund balance at beginning of the year	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2008

	Special Revenue Funds		
	Carl D		
	Perkins Tech	Enhancing	Class Size
	Prep - Current <u>Fund</u>	Education <u>Fund</u>	Reduction Act <u>Fund</u>
Revenues:			
Federal sources:			
Federal flowthrough grants	\$ -	\$ 1,729	\$ -
Federal direct grants	-	-	-
Food and milk reimbursements	-	-	-
USDA Commodities	-	-	-
	-----	-----	-----
Total federal revenues	-	1,729	-
	-----	-----	-----
State sources:			
State flow through grants	-	-	-
State grant	-	-	-
	-----	-----	-----
Total state revenues	-	-	-
	-----	-----	-----
Local sources:			
Grant	-	-	-
Fees and activities	-	-	-
Earnings from investments	-	-	-
Miscellaneous	-	-	-
	-----	-----	-----
Total local revenues	-	-	-
	-----	-----	-----
Total revenue	-	1,729	-
	-----	-----	-----
Expenditures:			
Current:			
Instruction	-	1,729	-
Support Services - Students	-	-	-
Support Services - Instruction	-	-	-
Support Services - General Administration	-	-	-
Support Services - School Administration	-	-	-
Central Services	-	-	-
Student Transportation	-	-	-
Food Services	-	-	-
Capital outlay	-	-	-
	-----	-----	-----
Total expenditures	-	1,729	-
	-----	-----	-----
Net change in fund balance	-	-	-
Fund balance at beginning of the year	-	-	-
	-----	-----	-----
Fund balance at end of the year	\$ -	\$ -	\$ -
	-----	-----	-----

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2008

	Special Revenue Funds		
	Title V	Title II	Title IV
	<u>Fund</u>	Teacher Quality <u>Fund</u>	Drug Free Schools <u>Fund</u>
Revenues:			
Federal sources:			
Federal flowthrough grants	\$ 4,273	\$ 142,959	\$ 12,726
Federal direct grants	-	-	-
Food and milk reimbursements	-	-	-
USDA Commodities	-	-	-
	<u>4,273</u>	<u>142,959</u>	<u>12,726</u>
Total federal revenues			
State sources:			
State flow through grants	-	-	-
State grant	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total state revenues			
Local sources:			
Grant	-	-	-
Fees and activities	-	-	-
Earnings from investments	-	-	-
Miscellaneous	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total local revenues			
	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue			
	<u>4,273</u>	<u>142,959</u>	<u>12,726</u>
Expenditures:			
Current:			
Instruction	2,291	140,526	10,277
Support Services - Students	-	-	-
Support Services - Instruction	1,150	-	-
Support Services - General Administration	52	1,717	152
Support Services - School Administration	780	716	2,297
Central Services	-	-	-
Student Transportation	-	-	-
Food Services	-	-	-
Capital outlay	-	-	-
	<u>4,273</u>	<u>142,959</u>	<u>12,726</u>
Total expenditures			
	<u>4,273</u>	<u>142,959</u>	<u>12,726</u>
Net change in fund balance	-	-	-
Fund balance at beginning of the year	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2008

	Special Revenue Funds		
	Johnson	Indian Ed	Wallace
	O'Malley	Formula	Foundation
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Revenues:			
Federal sources:			
Federal flowthrough grants	\$ -	\$ -	\$ -
Federal direct grants	32,892	82,316	-
Food and milk reimbursements	-	-	-
USDA Commodities	-	-	-
	<u>32,892</u>	<u>82,316</u>	<u>-</u>
Total federal revenues			
	<u>32,892</u>	<u>82,316</u>	<u>-</u>
State sources:			
State flow through grants	-	-	-
State grant	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total state revenues			
	<u>-</u>	<u>-</u>	<u>-</u>
Local sources:			
Grant	-	-	35,947
Fees and activities	-	-	-
Earnings from investments	-	-	-
Miscellaneous	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total local revenues			
	<u>-</u>	<u>-</u>	<u>35,947</u>
Total revenue			
	<u>32,892</u>	<u>82,316</u>	<u>35,947</u>
Expenditures:			
Current:			
Instruction	7,994	50,580	9,380
Support Services - Students	12,365	19,455	-
Support Services - Instruction	-	-	997
Support Services - General Administration	252	994	19,414
Support Services - School Administration	-	11,287	5,898
Central Services	-	-	258
Student Transportation	-	-	-
Food Services	-	-	-
Capital outlay	12,281	-	-
	<u>12,281</u>	<u>-</u>	<u>-</u>
Total expenditures			
	<u>32,892</u>	<u>82,316</u>	<u>35,947</u>
Net change in fund balance			
	-	-	-
Fund balance at beginning of the year			
	-	-	-
Fund balance at end of the year			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2008

	Special Revenue Funds		
	Technology for Education <u>Fund</u>	Incentives for School Improvement <u>Fund</u>	Truancy Initiative <u>Fund</u>
Revenues:			
Federal sources:			
Federal flowthrough grants	\$ -	\$ -	\$ -
Federal direct grants	-	-	-
Food and milk reimbursements	-	-	-
USDA Commodities	<u>-</u>	<u>-</u>	<u>-</u>
Total federal revenues	<u>-</u>	<u>-</u>	<u>-</u>
State sources:			
State flow through grants	36,765	-	26,203
State grant	<u>-</u>	<u>-</u>	<u>-</u>
Total state revenues	<u>36,765</u>	<u>-</u>	<u>26,203</u>
Local sources:			
Grant	-	-	-
Fees and activities	-	-	-
Earnings from investments	-	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total local revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>36,765</u>	<u>-</u>	<u>26,203</u>
Expenditures:			
Current:			
Instruction	5,881	-	-
Support Services - Students	-	-	26,203
Support Services - Instruction	25,819	-	-
Support Services - General Administration	486	-	-
Support Services - School Administration	-	-	-
Central Services	4,579	-	-
Student Transportation	-	-	-
Food Services	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>36,765</u>	<u>-</u>	<u>26,203</u>
Net change in fund balance	-	-	-
Fund balance (deficit) at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2008

	Special Revenue Funds		
	Libraries GO	Reading	Beginning
	Bond	Improvement	Teacher
	<u>Fund</u>	<u>Fund</u>	<u>Mentoring</u>
			<u>Fund</u>
Revenues:			
Federal sources:			
Federal flowthrough grants	\$ -	\$ -	\$ -
Federal direct grants	-	-	-
Food and milk reimbursements	-	-	-
USDA Commodities	-	-	-
	-----	-----	-----
Total federal revenues	-	-	-
	-----	-----	-----
State sources:			
State flow through grants	11,722	-	7,294
State grant	-	-	-
	-----	-----	-----
Total state revenues	11,722	-	7,294
	-----	-----	-----
Local sources:			
Grant	-	-	-
Fees and activities	-	-	-
Earnings from investments	-	-	-
Miscellaneous	-	-	-
	-----	-----	-----
Total local revenues	-	-	-
	-----	-----	-----
Total revenue	11,722	-	7,294
	-----	-----	-----
Expenditures:			
Current:			
Instruction	-	-	7,294
Support Services - Students	-	-	-
Support Services - Instruction	11,722	-	-
Support Services - General Administration	-	-	-
Support Services - School Administration	-	-	-
Central Services	-	-	-
Student Transportation	-	-	-
Food Services	-	-	-
Capital outlay	-	-	-
	-----	-----	-----
Total expenditures	11,722	-	7,294
	-----	-----	-----
Net change in fund balance	-	-	-
Fund balance at beginning of the year	-	-	-
	-----	-----	-----
Fund balance at end of the year	\$ -	\$ -	\$ -
	-----	-----	-----

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2008

	Special Revenue Funds			
	NM Arts Div	Medicaid HSD	Resources for	Total Nonmajor
	<u>Fund</u>	<u>Fund</u>	<u>School Health</u>	<u>Special Revenue</u>
			<u>Fund</u>	<u>Funds</u>
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ -	\$ -	\$ 1,339,151
Federal direct grants	-	-	-	115,208
Food and milk reimbursements	-	-	-	565,698
USDA Commodities	-	-	-	54,396
	-----	-----	-----	-----
Total federal revenues	-	-	-	2,074,453
State sources:				
State flow through grants	-	-	-	81,984
State grant	-	734	-	25,668
	-----	-----	-----	-----
Total state revenues	-	734	-	107,652
Local sources:				
Grant	-	-	-	35,947
Fees and activities	-	-	-	520,290
Earnings from investments	-	-	-	4,353
Miscellaneous	-	-	-	614
	-----	-----	-----	-----
Total local revenues	-	-	-	561,204
	-----	-----	-----	-----
Total revenue	-	734	-	2,743,309
Expenditures:				
Current:				
Instruction	-	-	-	1,223,695
Support Services - Students	-	-	-	173,594
Support Services - Instruction	-	-	-	39,688
Support Services - General Administration	-	-	-	37,219
Support Services - School Administration	-	-	-	125,168
Central Services	-	734	-	5,571
Student Transportation	-	-	-	14,795
Food Services	-	-	-	1,142,153
Capital outlay	-	-	-	12,281
	-----	-----	-----	-----
Total expenditures	-	734	-	2,774,164
	-----	-----	-----	-----
Net change in fund balance	-	-	-	(30,855)
Fund balance at beginning of the year	-	-	-	252,100
	-----	-----	-----	-----
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ 221,245
	-----	-----	-----	-----

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2008

	Capital Projects Funds			
	Public School Capital Outlay <u>Fund</u>	Special Capital Outlay - State <u>Fund</u>	Total Nonmajor Capital Projects <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ -	\$ -	\$ 1,339,151
Federal direct grants	-	-	-	115,208
Food and milk reimbursements	-	-	-	565,698
USDA Commodities	-	-	-	54,396
	-	-	-	2,074,453
Total federal revenues				
State sources:				
State flow through grants	-	-	-	81,984
State grant	527,817	-	527,817	553,485
	527,817	-	527,817	635,469
Total state revenues				
Local sources:				
Grant	-	-	-	35,947
Fees and activities	-	-	-	520,290
Earnings from investments	-	-	-	4,353
Miscellaneous	-	-	-	614
	-	-	-	561,204
Total local revenues				
Total revenue	527,817	-	527,817	3,271,126
Expenditures:				
Current:				
Instruction	-	-	-	1,223,695
Support Services - Students	-	-	-	173,594
Support Services - Instruction	-	-	-	39,688
Support Services - General Administration	-	-	-	37,219
Support Services - School Administration	-	-	-	125,168
Central Services	-	-	-	5,571
Student Transportation	-	-	-	14,795
Food Services	-	-	-	1,142,153
Capital outlay	527,817	-	527,817	540,098
	527,817	-	527,817	3,301,981
Total expenditures				
Net change in fund balance	-	-	-	(30,855)
Fund balance at beginning of the year	54	-	54	252,154
Fund balance at end of the year	\$ 54	\$ -	\$ 54	\$ 221,299

BUDGETARY PRESENTATION

NONMAJOR SPECIAL REVENUE FUNDS

FOOD SERVICES

This program provides financing for the school breakfast and 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.

ATHLETICS

This fund provides financing for school athletic activities. Funding is provided by fees from patrons.

TITLE I

To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

ENTITLEMENT/COMPETITIVE IDEA-B

The Entitlement/Competitive IDEA-B program is to provide grants to states, that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

PRESCHOOL IDEA-B

The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.

TITLE VI

The Title VI project provides funds for the acquisition of audio-visual and computer materials use for the instruction of students in the School District. This project is funded by the Federal government through the State of New Mexico Department of Education, under the Elementary and Secondary Education Act of 1965, as amended, Title I, Chapter 2, Part A; Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvements Amendments of 1988, Public Law 100-297, 20 U.S.C. 2911-2952, 2971-2976.

ENHANCING EDUCATION

The technology fund provides financing to purchase computers and software for a District-wide student information system and software licensing for computer labs within the District. The program is funded through the Office of Technology for the State of New Mexico. Authorized by the IASA Improving America School Act PL 103-382.

CLASS SIZE REDUCTION

To provide three targeted low income schools with enough teachers, enabling them to keep grades 1-3 enrollment to 18 students. The funding is provided by the Federal Government through the New Mexico State Department of Education under the Department of Education Appropriation Act of 1999, Public Law 105-277.

NONMAJOR SPECIAL REVENUE FUNDS (continued)

TITLE V

To assist State and Local educational agencies in the reform of elementary and secondary education. Authorized by the Elementary and Secondary Education Act of 1965, Title VI, as amended, 20 U.S.C. 7301-7373.

TITLE II TEACHER QUALITY

To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

TITLE IV DRUG FREE SCHOOLS

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

CARL D. PERKINS

Basic grants assist State and outlying areas to expand and improve their programs of vocational education and provide equal access in vocational education to special need populations. Authorized by Carl D. Perkins Vocational and Applied Technology Education Amendments of 1998, Title I, Public Law 105-332, 20 U.S.C. 2301, et seq.

TITLE XIX MEDICAID

To provide financial assistance from the federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 96-66, 96-233, 96-499, 97-35, 97-2248, 98-369, 99-277, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-112, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.

JOHNSON O'MALLEY

The Johnson O'Malley project provides supplemental programs in special education and other special needs for New Mexico public schools where eligible Indian children are enrolled. Funding is provided by the Department of the Interior, Bureau of Indian Affairs, through the Navajo Tribe, under the Johnson O'Malley Act of April 16, 1934; as amended 25 U.S.C. 452, Public Law 93-638; 25 U.S.C. 455-457.

INDIAN ED FORMULA GRANT

The purpose of this program is to support projects which improve educational opportunities and achievement of Native American children. Funding is provided by the Federal Government, under the Elementary and Secondary Education Act of 1965, Title IX, Part A, Subpart 1, as amended, Public Law 103-382, 20 U.S.C. 7811-7818; 25 U.S.C. 2002.

NONMAJOR SPECIAL REVENUE FUNDS (continued)

WALLACE FOUNDATION

To help educational leaders use accountability data to support student success

TECHNOLOGY FOR EDUCATION

State funding to provide financial assistance to school districts to improve educational opportunities for all students to close the technology gap between schools and the workplace through enhancement of computer education. The funding is provided by state resources and supplements the federal funding for the Technology Literacy Challenge grant. The creation of the fund is authorized by NMSA 1978 22-15A-1 TO 22-15A-10.

MEDICAID

To assist schools in offering key health and health-related services that are designed to integrate and maintain active learning for Medicaid-eligible children with disabilities and special health care needs.

INCENTIVE FOR SCHOOL IMPROVEMENTS

These funds are used for school improvements, from lighting to encyclopedias. Funding is provided by the State of New Mexico. The creation of the fund is authorized by NMSA 1978 22-13A-5.

TRUANCY INITIATIVE

To implement and strengthen programs and strategies for the purpose of identifying best practices for truancy prevention that are unique to New Mexico populations and cultures; establish collaborative partnerships and agreements with New Mexico's communities, including public schools, correction entities, community based organizations, youth advocates and others for the purpose of implementing effective truancy prevention programs and strategies at the local level; and establish collaborative partnerships and agreements with New Mexico's Native America tribes and pueblos for the purpose of implementing effective truancy prevention programs and strategies.

LIBRARIES GO BOND

Funding made available to update and expand library collections.

READING IMPROVEMENT INITIATIVES

Funds to provide tutoring for students needing specialized help at the mid-school level. Funds are provided through the New Mexico Public Education Department

BEGINNING TEACHER MENTORING PROGRAM

Funds to assist school districts in the design, implementation, and evaluation of beginning teacher mentoring programs. Funding is provided through the 2000 legislative session, with appropriated funds from the General Appropriations Act.

NM ARTS DIV.

To account for the grants reserved from the NM Arts.

RESOURCES FOR SCHOOL HEALTH

To account for the activities of a program to provide for healthier schools by providing a health center at the schools. Funding is from the New Mexico Department of Health. The authority for creation of this fund was approved by the budget by the Aztec Board of Education.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

FOOD SERVICE SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Federal sources:				
Food and milk reimbursements	\$ 551,416	\$ 581,416	\$ 563,635	\$ (17,781)
State sources:				
State grant	-	-	24,933	24,933
Local sources:				
Fees and activities	433,683	433,683	440,359	6,676
Earnings from investments	-	-	4,182	4,182
Miscellaneous	-	-	614	614
Total local revenues	<u>433,683</u>	<u>433,683</u>	<u>445,155</u>	<u>11,472</u>
Total revenues	985,099	1,015,099	1,033,723	18,624
Expenditures:				
Current:				
Food Services Operations	<u>1,043,441</u>	<u>1,073,441</u>	<u>1,072,689</u>	<u>752</u>
Net change in fund balance	(58,342)	(58,342)	(38,966)	19,376
Beginning cash balance budgeted	58,342	58,342	-	(58,342)
Fund balance at beginning of the year	-	-	<u>150,513</u>	<u>150,513</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	111,547	<u>\$ 111,547</u>
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(15,367)	
Change in grant receivable			2,063	
Change in payables			<u>300</u>	
			<u>\$ 98,543</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

ATHLETICS SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive (Negative)
Revenues:				
Local sources:				
Fees and activities	\$ 61,000	\$ 61,000	\$ 79,931	\$ 18,931
Earnings from investments	<u>100</u>	<u>100</u>	<u>171</u>	<u>71</u>
Total revenues	61,100	61,100	80,102	19,002
Expenditures:				
Current:				
Instruction	<u>157,201</u>	<u>157,201</u>	<u>60,684</u>	<u>96,517</u>
Net change in fund balance	(96,101)	(96,101)	19,418	115,519
Beginning cash balance budgeted	96,101	96,101	-	(96,101)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>101,587</u>	<u>101,587</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	121,005	<u>\$ 121,005</u>
RECONCILIATION TO GAAP BASIS:				
Change in receivables			701	
Change in payables			<u>996</u>	
			<u>\$ 122,702</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

TITLE I SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 459,303	\$ 462,644	\$ 728,090	\$ 265,446
Expenditures:				
Current:				
Instruction	396,891	396,832	392,348	4,484
Support Services - Students	500	-	-	-
Support Services - General Administration	5,604	5,604	5,543	61
Support Services - School Administration	56,308	60,031	59,324	707
Student Transportation	-	177	175	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>459,303</u>	<u>462,644</u>	<u>457,390</u>	<u>5,254</u>
Net change in fund balance	-	-	270,700	270,700
Fund balance at beginning of the year	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance at end of the year	<u>\$ </u>	<u>\$ </u>	270,700	<u>\$ 270,700</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>(270,700)</u>	
			<u>\$ </u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

ENTITLEMENT IDEA-B SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 720,884	\$ 827,756	\$ 662,473	\$ (165,283)
Expenditures:				
Current:				
Instruction	531,666	572,881	515,265	57,616
Support Services - Students	171,999	169,333	111,709	57,624
Support Services - General Administration	8,300	11,100	8,375	2,725
Support Services - School Administration	-	59,548	44,860	14,688
Student Transportation	8,919	14,894	14,620	274
	<u>720,884</u>	<u>827,756</u>	<u>694,829</u>	<u>132,927</u>
Net change in fund balance	-	-	(32,356)	(32,356)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(32,356)	<u>\$ (32,356)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>32,356</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

PRESCHOOL IDEA-B SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 24,260	\$ 48,518	\$ 5,662	\$ (42,856)
Expenditures:				
Current:				
Instruction	19,270	42,294	15,282	27,012
Support Services - Students	4,690	5,790	3,862	1,928
Support Services - General Administration	300	300	234	66
Support Services - School Administration	-	50	7	43
Student Transportation	-	84	-	84
Total expenditures	<u>24,260</u>	<u>48,518</u>	<u>19,385</u>	<u>29,133</u>
Net change in fund balance	-	-	(13,723)	(13,723)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(13,723)	<u>\$ (13,723)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			19,585	
Change in payables			<u>(5,862)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

ENHANCING EDUCATION SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 5,531	\$ -	\$ (5,531)
Expenditures:				
Current:				
Instruction	-	5,463	1,729	3,734
Support Services - General Administration	-	68	-	68
Total expenditures	-	5,531	1,729	3,802
Net change in fund balance	-	-	(1,729)	(1,729)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(1,729)	\$ (1,729)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			1,729	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

TITLE V SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 4,210	\$ 5,131	\$ 5,740	\$ 609
Expenditures:				
Current:				
Instruction	4,158	3,008	2,291	717
Support Services - Instruction	-	1,150	1,150	-
Support Services - General Administration	52	193	52	141
Support Services - School Administration	-	780	780	-
	<u>4,210</u>	<u>5,131</u>	<u>4,273</u>	<u>858</u>
Net change in fund balance	-	-	1,467	1,467
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,467	<u>\$ 1,467</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>(1,467)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

TITLE II TEACHER QUALITY SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 140,751	\$ 146,191	\$ 174,224	\$ 28,033
Expenditures:				
Current:				
Instruction	138,334	141,774	140,526	1,248
Support Services - Instruction	1,717	1,717	1,717	-
Support Services - General Administration	700	2,700	716	1,984
Total expenditures	<u>140,751</u>	<u>146,191</u>	<u>142,959</u>	<u>3,232</u>
Net change in fund balance	-	-	31,265	31,265
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	31,265	<u>\$ 31,265</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>(31,265)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

TITLE IV DRUG FREE SCHOOLS SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 13,585	\$ 13,741	\$ 25,274	\$ 11,533
Expenditures:				
Current:				
Instruction	5,827	10,869	10,146	723
Support Services - General Administration	166	181	152	29
Support Services - School Administration	800	2,691	2,297	394
Operation & Maintenance of Plant	<u>6,792</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>13,585</u>	<u>13,741</u>	<u>12,595</u>	<u>1,146</u>
Net change in fund balance	-	-	12,679	12,679
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	12,679	<u>\$ 12,679</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(12,548)	
Change in payables			<u>(131)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

JOHNSON O'MALLEY SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal direct grant	\$ 9,362	\$ 35,885	\$ 19,897	\$ (15,988)
Expenditures:				
Current:				
Instruction	2,274	10,279	7,994	2,285
Support Services - Students	6,974	12,970	12,365	605
Support Services - General Administration	113	353	252	101
Operation & Maintenance of Plant	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total current expenses	9,362	23,603	20,611	2,992
Capital outlay:				
Equipment	<u>-</u>	<u>12,282</u>	<u>12,281</u>	<u>1</u>
Total expenditures	<u>9,362</u>	<u>35,885</u>	<u>32,892</u>	<u>2,993</u>
Net change in fund balance	-	-	(12,995)	(12,995)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(12,995)	<u>\$ (12,995)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>12,995</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

INDIAN ED FORMULA GRANT SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal direct grant	\$ 82,448	\$ 82,448	\$ 92,089	\$ 9,641
Expenditures:				
Current:				
Instruction	50,437	50,663	50,580	83
Support Services - Students	19,295	19,476	19,455	21
Support Services - General Administration	994	994	994	-
Support Services - School Administration	<u>11,722</u>	<u>11,315</u>	<u>11,287</u>	<u>28</u>
Total expenditures	<u>82,448</u>	<u>82,448</u>	<u>82,316</u>	<u>132</u>
Net change in fund balance	-	-	9,773	9,773
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	9,773	<u>\$ 9,773</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>(9,773)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

WALLACE FOUNDATION SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Grant	\$ -	\$ 46,500	\$ 18,189	\$ (28,311)
Expenditures:				
Current:				
Instruction	-	12,369	9,380	2,989
Support Services - Instruction	-	997	997	-
Support Services - General Administration	-	20,216	19,414	802
Support Services - School Administration	-	12,157	5,897	6,260
Central Services	-	761	258	503
Total expenditures	-	46,500	35,946	10,554
Net change in fund balance	-	-	(17,757)	(17,757)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(17,757)	<u>\$ (17,757)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			17,447	
Change in deferred revenue			310	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

TECHNOLOGY FOR EDUCATION SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State flowthrough grant	\$ -	\$ 52,965	\$ 166,802	\$ 113,837
Expenditures:				
Current:				
Instruction	-	14,141	5,881	8,260
Support Services - Instruction	-	31,265	25,819	5,446
Support Services - General Administration	-	559	486	73
Central Services	-	7,000	4,579	2,421
	-	52,965	36,765	16,200
Net change in fund balance	-	-	130,037	130,037
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	130,037	\$ 130,037
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(6,456)	
Change in deferred revenue			(123,581)	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

TRUANCY INITIATIVE SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State flowthrough grant	\$ -	\$ 30,000	\$ 24,112	\$ (5,888)
Expenditures:				
Current:				
Support Services - Students	-	26,513	26,203	310
Support Services - School Administration	-	3,487	-	3,487
Total expenditures	-	30,000	26,203	3,797
Net change in fund balance	-	-	(2,091)	(2,091)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(2,091)	\$ (2,091)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			2,091	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

LIBRARIES GO BOND SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
State sources:				
State flowthrough grant	\$ -	\$ 22,839	\$ 7,112	\$ (15,727)
Expenditures:				
Current:				
Support Services - Instruction	-	22,839	11,722	11,117
Net change in fund balance	-	-	(4,610)	(4,610)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(4,610)	<u>\$ (4,610)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>4,610</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

BEGINNING TEACHER MENTORING SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive <u>(Negative)</u>
Revenues:				
Federal sources:				
State sources:				
State flowthrough grant	\$ -	\$ 7,431	\$ 12,951	\$ 5,520
 Expenditures:				
Current:				
Instruction	-	7,431	7,294	137
Net change in fund balance	-	-	5,657	5,657
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	5,657	<u>\$ 5,657</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(5,514)	
Change in deferred revenue			<u>(143)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

MEDICAID HSD SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive <u>(Negative)</u>
Revenues:				
State sources:				
State grant	\$ -	\$ -	\$ 7,875	\$ 7,875
 Expenditures:				
Current:				
Instruction	-	-	-	-
Net change in fund balance	-	-	7,875	7,875
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	7,875	<u>\$ 7,875</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			(734)	
Change in deferred revenue			<u>(7,141)</u>	
			<u>\$ -</u>	

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DEBT SERVICE FUNDS

DEBT SERVICE FUND

Used to account for the accumulation of resources for and the payment of, general long-term debt principal, interest, and related costs associated with general obligation bonds.

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STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

DEBT SERVICE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Local sources:				
District school tax levy	\$ 3,578,586	\$ 3,578,586	\$ 3,750,766	\$ 172,180
Earnings from investments	<u>30,000</u>	<u>30,000</u>	<u>29,732</u>	<u>(268)</u>
Total revenues	<u>3,608,586</u>	<u>3,608,586</u>	<u>3,780,498</u>	<u>171,912</u>
Expenditures:				
Current:				
Support Services - General Administration	<u>8,000</u>	<u>9,360</u>	<u>9,360</u>	<u>-</u>
Debt service:				
Principal retirement	2,325,000	2,325,000	2,325,000	-
Bond interest paid	1,253,586	1,252,226	1,218,748	33,478
Reserves	<u>5,096,245</u>	<u>5,096,245</u>	<u>-</u>	<u>5,096,245</u>
Total debt service	<u>8,674,831</u>	<u>8,673,471</u>	<u>3,543,748</u>	<u>5,129,723</u>
Total expenditures	<u>8,682,831</u>	<u>8,682,831</u>	<u>3,553,108</u>	<u>5,129,723</u>
Net change in fund balance	(5,074,245)	(5,074,245)	227,390	5,301,635
Beginning cash balance budgeted	5,074,245	5,074,245	-	(5,074,245)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>4,232,666</u>	<u>4,232,666</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	4,460,056	<u>\$ 4,460,056</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			272,841	
Change in due from other governments			(65,552)	
Change in deferred property taxes			<u>(8,328)</u>	
			<u>\$ 4,659,017</u>	

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CAPITAL PROJECTS FUNDS

BOND BUILDING FUND

This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.

SPECIAL CAPITAL OUTLAY – STATE

This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

SPECIAL CAPITAL OUTLAY – STATE

This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

CAPITAL IMPROVEMENTS SB – 9

This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

BOND BUILDING CAPITAL PROJECTS FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Earnings from investments	\$ -	\$ -	\$ 407,218	\$ 407,218
Expenditures:				
Current:				
Operation & Maintenance of Plant	3,405	4,098,405	1,280,587	2,817,818
Capital outlay:				
Land and improvements	-	5,000	1,810	3,190
Buildings and improvements	15,000,000	8,950,000	1,379,133	7,570,867
Equipment	-	1,950,000	739,873	1,210,127
Total capital outlay	<u>15,000,000</u>	<u>10,905,000</u>	<u>2,120,816</u>	<u>8,784,184</u>
Total expenditures	<u>15,003,405</u>	<u>15,003,405</u>	<u>3,401,403</u>	<u>11,602,002</u>
Excess (deficiency) of revenues over expenditures	(15,003,405)	(15,003,405)	(2,994,185)	12,009,220
Other financing sources:				
Sale of bonds	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>-</u>
Net change in fund balance	(3,405)	(3,405)	12,005,815	12,009,220
Beginning cash balance budgeted	3,405	3,405	-	(3,405)
Fund balance (deficit) at beginning of the year	<u>-</u>	<u>-</u>	<u>(92,399)</u>	<u>(92,399)</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	11,913,416	<u>\$ 11,913,416</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>(1,178,949)</u>	
			<u>\$ 10,734,467</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

PUBLIC SCHOOL CAPITAL OUTLAY CAPITAL PROJECTS FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State grant	\$ -	\$ -	\$ -	\$ -
 Expenditures:				
Current:				
Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>54</u>	<u>54</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>54</u>	<u><u>\$ 54</u></u>
 RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>-</u>	
			<u><u>\$ 54</u></u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

SPECIAL CAPITAL OUTLAY - STATE CAPITAL PROJECTS FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State grant	\$ 305,000	\$ 305,000	\$ -	\$ (305,000)
 Expenditures:				
Capital outlay:				
Construction in progress	<u>305,000</u>	<u>305,000</u>	<u>-</u>	<u>305,000</u>
 Net change in fund balance	-	-	-	-
 Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
 RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>-</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State flowthrough grant	\$ -	\$ 64,955	\$ 125,349	\$ 60,394
Local sources:				
District school tax levy	2,897,597	2,897,597	2,703,974	(193,623)
Earnings from investments	150,000	150,000	134,581	(15,419)
Miscellaneous	-	-	187,225	187,225
Total local revenues	<u>3,047,597</u>	<u>3,047,597</u>	<u>3,025,780</u>	<u>(21,817)</u>
Total revenues	<u>3,047,597</u>	<u>3,112,552</u>	<u>3,151,129</u>	<u>38,577</u>
Expenditures:				
Current:				
Support Services - General Administration	<u>3,074,414</u>	<u>3,107,269</u>	<u>1,193,883</u>	<u>1,913,386</u>
Capital outlay:				
Land and improvements	515,000	515,000	13,225	501,775
Buildings and improvements	1,106,000	1,138,100	262,866	875,234
Equipment	<u>2,378,284</u>	<u>2,378,284</u>	<u>181,463</u>	<u>2,196,821</u>
Total capital outlay	<u>3,999,284</u>	<u>4,031,384</u>	<u>457,554</u>	<u>3,573,830</u>
Total expenditures	<u>7,073,698</u>	<u>7,138,653</u>	<u>1,651,437</u>	<u>5,487,216</u>
Net change in fund balance	(4,026,101)	(4,026,101)	1,499,692	5,525,793
Beginning cash balance budgeted	4,026,101	4,026,101	-	(4,026,101)
Fund balance at beginning of the year	-	-	<u>3,650,898</u>	<u>3,650,898</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	5,150,590	<u>\$ 5,150,590</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			181,562	
Change in due from other governments			(99,655)	
Change in payables			139,537	
Change in deferred property taxes			<u>(2,815)</u>	
			<u>\$ 5,369,219</u>	

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COMPONENT UNIT

MOSAIC ACADEMY

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2008

	General Fund	Entitlement IDEA-B Fund	Charter Schools Fund	Microsoft Settlement Fund	Charter Schools (Planning) Fund	Beginning Teacher Mentoring Fund	Libraries GO Bond Fund	Public School Capital Outlay Fund	Total Governmental Funds
<u>ASSETS</u>									
Pooled cash and investments	\$ 181,136	\$ 87	\$ 782	\$ 27,580	\$ -	\$ 1	\$ 1	\$ 1	\$ 209,588
Receivables:									
Grant	-	-	135,541	-	1	-	3,059	-	138,601
Due from other funds	<u>148,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,073</u>
 Total assets	<u>\$ 329,209</u>	<u>\$ 87</u>	<u>\$ 136,323</u>	<u>\$ 27,580</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 3,060</u>	<u>\$ 20,738</u>	<u>\$ 516,999</u>
<u>LIABILITIES AND FUND BALANCE</u>									
Liabilities:									
Accounts payable	\$ 7,591	\$ -	\$ 12,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,640
Due to other funds	-	-	124,274	-	1	-	3,060	20,738	148,073
Deferred revenue:									
Federal, state, and local grants	<u>-</u>	<u>87</u>	<u>-</u>	<u>27,580</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>27,668</u>
 Total liabilities	<u>7,591</u>	<u>87</u>	<u>136,323</u>	<u>27,580</u>	<u>1</u>	<u>1</u>	<u>3,060</u>	<u>20,738</u>	<u>195,381</u>
Fund balance:									
Unreserved reported in:									
General fund	321,618	-	-	-	-	-	-	-	321,618
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total fund balance	<u>321,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,618</u>
 Total liabilities and fund balance	<u>\$ 329,209</u>	<u>\$ 87</u>	<u>\$ 136,323</u>	<u>\$ 27,580</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 3,060</u>	<u>\$ 20,738</u>	<u>\$ 516,999</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2008

	General Fund	Entitlement IDEA-B Fund	Charter Schools Fund	Microsoft Settlement Fund	Charter Schools (Planning) Fund	Beginning Teacher Mentoring Fund	Libraries GO Bond Fund	Public School Capital Outlay Fund	Total Governmental Funds
Revenues:									
Federal sources:									
Federal flowthrough grants	\$ -	\$ 21,713	\$ 255,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277,612
State sources:									
State equalization guarantee	1,308,369	-	-	-	-	-	-	-	1,308,369
State flow through grants	2,721	-	-	-	5,573	-	3,059	-	11,353
State instructional material	70,953	-	-	-	-	-	-	-	70,953
State grant	8	-	-	-	-	-	-	91,350	91,358
	<u>1,382,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,573</u>	<u>3,059</u>	<u>91,350</u>	<u>1,482,033</u>
Total state revenues									
Total revenue	<u>1,382,051</u>	<u>21,713</u>	<u>255,899</u>	<u>-</u>	<u>-</u>	<u>5,573</u>	<u>3,059</u>	<u>91,350</u>	<u>1,759,645</u>
Expenditures:									
Current:									
Instruction	644,208	21,713	222,412	-	-	5,573	-	-	893,906
Support Services - Students	412,011	-	306	-	-	-	-	-	412,317
Central Services	-	-	-	-	-	-	-	82,577	82,577
Operations & Maintenance of Plant	172	-	-	-	-	-	-	-	172
Student Transportation	6,094	-	-	-	-	-	-	-	6,094
Food Services	1,500	-	-	-	-	-	-	-	1,500
Capital outlay	131,397	-	33,181	-	-	-	3,059	-	167,637
	<u>1,195,382</u>	<u>21,713</u>	<u>255,899</u>	<u>-</u>	<u>-</u>	<u>5,573</u>	<u>3,059</u>	<u>82,577</u>	<u>1,564,203</u>
Total expenditures									
Net change in fund balance	186,669	-	-	-	-	-	-	8,773	195,442
Fund balance (deficit) at beginning of the year	134,949	-	-	-	-	-	-	(8,773)	126,176
Fund balance at end of the year	<u>\$ 321,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,618</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
GENERAL FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
State sources:				
State equalization guarantee	1,078,831	1,130,097	1,314,488	184,391
State flowthrough grant	920	920	2,721	1,801
State instructional material	10,447	39,904	70,953	31,049
State grant	<u>-</u>	<u>-</u>	<u>8</u>	<u>8</u>
Total revenues	\$ 1,090,198	\$ 1,170,921	\$ 1,388,170	\$ 217,249
Expenditures:				
Current:				
Instruction	\$ 615,899	\$ 665,745	\$ 614,243	\$ 51,502
Support Services - Students	523,849	494,726	412,801	81,925
Food Services Operations	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Total current expenses	<u>1,141,248</u>	<u>1,161,971</u>	<u>1,028,544</u>	<u>133,427</u>
Capital outlay:				
Land and improvements	-	40,000	5,084	34,916
Buildings and improvements	-	78,346	69,641	8,705
Construction in progress	<u>13,272</u>	<u>69,926</u>	<u>56,672</u>	<u>13,254</u>
Total capital outlay	<u>13,272</u>	<u>188,272</u>	<u>131,397</u>	<u>56,875</u>
Total expenditures	<u>1,154,520</u>	<u>1,350,243</u>	<u>1,159,941</u>	<u>190,302</u>
Net change in fund balance	(64,322)	(179,322)	228,229	407,551
Beginning cash balance budgeted	64,322	179,322	-	(179,322)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>134,949</u>	<u>134,949</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>363,178</u>	<u>\$ 363,178</u>
RECONCILIATION TO GAAP BASIS:				
Change in receivables			(30,272)	
Change in payables			(5,169)	
Change in due to other funds			<u>(6,119)</u>	
			<u>\$ 321,618</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT

MOSAIC ACADEMY

AGENCY FUNDS

Statement of Fiduciary Assets and Liabilities

June 30, 2008

ASSETS

Pooled cash and investments	\$ <u>13,230</u>
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LIABILITIES

Deposits held for others	\$ <u>13,230</u>
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STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
GENERAL FUND
Combining Balance Sheet
June 30, 2008

	General Funds		
	Operational	Instructional	Total General
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<u>ASSETS</u>			
Pooled cash and investments	\$ 133,025	\$ 48,111	\$ 181,136
Due from other funds	148,073	-	148,073
	\$ 281,098	\$ 48,111	\$ 329,209
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 7,591	\$ -	\$ 7,591
Fund balance:			
 Unreserved and reported in:			
Undesignated	273,507	48,111	321,618
	\$ 281,098	\$ 48,111	\$ 329,209

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
GENERAL FUND

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2008

	General Funds		
	Operational	Instructional	Total General
	<u>Fund</u>	Materials <u>Fund</u>	
Revenues:			
State sources:			
State equalization guarantee	1,308,369	-	1,308,369
State flow through grants	-	2,721	2,721
State instructional material	-	70,953	70,953
State grant	<u>8</u>	<u>-</u>	<u>8</u>
 Total revenue	 <u>1,308,377</u>	 <u>73,674</u>	 <u>1,382,051</u>
 Expenditures:			
Current:			
Instruction	605,569	38,639	644,208
Support Services - Students	412,011	-	412,011
Operations & Maintenance of Plant	172	-	172
Student Transportation	6,094	-	6,094
Food Services	1,500	-	1,500
Capital outlay	<u>131,397</u>	<u>-</u>	<u>131,397</u>
 Total expenditures	 <u>1,156,743</u>	 <u>38,639</u>	 <u>1,195,382</u>
 Net change in fund balance	 151,634	 35,035	 186,669
 Fund balance at beginning of the year	 <u>121,873</u>	 <u>13,076</u>	 <u>134,949</u>
 Fund balance at end of the year	 <u>\$ 273,507</u>	 <u>\$ 48,111</u>	 <u>\$ 321,618</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
OPERATIONAL FUND

Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State equalization guarantee	1,078,831	1,130,097	1,314,488	184,391
State grant	-	-	8	8
	1,078,831	1,130,097	1,314,496	184,399
Total revenues				
Expenditures:				
Current:				
Instruction	584,452	604,841	575,604	29,237
Support Services - Students	522,899	493,776	412,801	80,975
Food Services Operations	1,500	1,500	1,500	-
	1,108,851	1,100,117	989,905	110,212
Total current expenses				
Capital outlay:				
Land and improvements	-	40,000	5,084	34,916
Buildings and improvements	-	78,346	69,641	8,705
Construction in progress	13,272	69,926	56,672	13,254
	13,272	188,272	131,397	56,875
Total capital outlay				
Total expenditures				
	1,122,123	1,288,389	1,121,302	167,087
Net change in fund balance	(43,292)	(158,292)	193,194	351,486
Beginning cash balance budgeted	43,292	158,292	-	(158,292)
Fund balance at beginning of the year	-	-	121,873	121,873
Fund balance at end of the year	\$ -	\$ -	315,067	\$ 315,067
RECONCILIATION TO GAAP BASIS:				
Change in receivables			(30,272)	
Change in payables			(5,169)	
Change in due to other funds			(6,119)	
			(41,560)	
			\$ 273,507	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
INSTRUCTIONAL MATERIALS FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State flowthrough grant	\$ 920	\$ 920	\$ 2,721	\$ 1,801
State instructional material	<u>10,447</u>	<u>39,904</u>	<u>70,953</u>	<u>31,049</u>
Total revenues	<u>11,367</u>	<u>40,824</u>	<u>73,674</u>	<u>32,850</u>
Expenditures:				
Current:				
Instruction	31,447	60,904	38,639	22,265
Support Services - Students	<u>950</u>	<u>950</u>	<u>-</u>	<u>950</u>
Total expenditures	<u>32,397</u>	<u>61,854</u>	<u>38,639</u>	<u>23,215</u>
Net change in fund balance	(21,030)	(21,030)	35,035	56,065
Beginning cash balance budgeted	21,030	21,030	-	(21,030)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>13,076</u>	<u>13,076</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	48,111	<u>\$ 48,111</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
			<u>\$ 48,111</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
ENTITLEMENT IDEA-B SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 21,800	\$ 21,800	\$ -
Expenditures:				
Current:				
Instruction	<u>-</u>	<u>21,800</u>	<u>21,713</u>	<u>87</u>
Net change in fund balance	-	-	87	87
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	87	<u>\$ 87</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>(87)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
CHARTER SCHOOLS SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal grant	\$ -	\$ 303,862	\$ 120,045	\$ (183,817)
Expenditures:				
Current:				
Instruction	-	258,852	210,363	48,489
Support Services - Students	-	11,829	306	11,523
Total current expenses	-	270,681	210,669	60,012
Capital outlay:				
Land and improvements	-	20,632	20,632	-
Buildings and improvements	-	3,150	3,150	-
Construction in progress	-	9,399	9,399	-
Total capital outlay	-	33,181	33,181	-
Total expenditures	-	303,862	243,850	60,012
Net change in fund balance	-	-	(123,805)	(123,805)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(123,805)	<u>\$ (123,805)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			135,541	
Change in payables			(12,049)	
Change in deferred revenue			313	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
MICROSOFT SETTLEMENT SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Grant	\$ -	\$ 49,000	\$ 27,580	\$ (21,420)
 Expenditures:				
Current:				
Instruction	<u>-</u>	<u>49,000</u>	<u>-</u>	<u>49,000</u>
Net change in fund balance	-	-	27,580	27,580
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	27,580	<u>\$ 27,580</u>
 RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>(27,580)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
BEGINNING TEACHER MENTORING SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State flowthrough grant	\$ -	\$ 5,574	\$ 5,574	\$ -
 Expenditures:				
Current:				
Instruction	<u>-</u>	<u>5,574</u>	<u>5,573</u>	<u>1</u>
Net change in fund balance	-	-	1	1
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1	<u>\$ 1</u>
 RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>(1)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
LIBRARIES GO BOND SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State flowthrough grant	\$ 3,189	\$ 3,189	\$ -	\$ (3,189)
 Expenditures:				
Capital outlay:				
Buildings and improvements	<u>3,189</u>	<u>3,189</u>	<u>3,059</u>	<u>130</u>
Net change in fund balance	-	-	(3,059)	(3,059)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(3,059)	<u>\$ (3,059)</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>3,059</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
PUBLIC SCHOOL CAPITAL OUTLAY CAPITAL PROJECTS FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State grant	\$ -	\$ 82,950	\$ 70,613	\$ (12,337)
 Expenditures:				
Current:				
Central Services	<u>-</u>	<u>82,950</u>	<u>82,577</u>	<u>373</u>
Net change in fund balance	-	-	(11,964)	(11,964)
Fund balance (deficit) at beginning of the year	<u>-</u>	<u>-</u>	<u>(8,773)</u>	<u>(8,773)</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>(20,737)</u>	<u>\$ (20,737)</u>
 RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<u>20,737</u>	
			<u>\$ -</u>	

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OTHER SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2**

SCHEDULE OF CAPITAL ASSETS - BY SOURCE

June 30, 2008

Capital assets:

Land and improvements	\$ 5,918,163
Buildings and improvements	71,727,064
Equipment (software)	8,445,052
Construction in progress	<u>2,024,142</u>
 Total Capital assets	 <u><u>\$ 88,114,421</u></u>

Investment in Capital assets from:

General Fund	\$ 3,133,929
Special revenue funds:	
Federal Projects	186,363
State Projects	5,998
Capital projects funds:	
Bond Building Fund	72,811,765
SB-9 Capital Improvements	2,316,895
Capital Outlay 20%	4,399,348
Energy Efficiency	44,991
State Grants Capital Outlay	5,200,132
Activities	<u>15,000</u>
 Total investment in Capital assets	 <u><u>\$ 88,114,421</u></u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

FIDUCIARY FUNDS
Schedule of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 2008

Activity	Balance			Balance
<u>Fund</u> <u>ASSETS</u>	<u>June 30, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2008</u>
23025 Summer School	\$ -	\$ 3,400	\$ 3,222	\$ 178
23050 Woodshop	545	100	-	645
23052 Welding	457	-	-	457
23054 FACS	1,464	1,889	1,763	1,590
23056 Art	253	-	-	253
23057 ROTC	6,649	2,254	4,904	3,999
23058 Spanish	217	-	-	217
23059 Math	181	-	-	181
23075 Prom	-	1,145	931	214
23080 Interest	14,567	-	14,567	-
23081 AGH Grant	81	-	-	81
23086 Nurses	62	-	-	62
23087 School Board	7,391	4,563	4,845	7,109
23090 Slidell HS Fundraiser	490	-	-	490
23091 Sam's Club Scholarships	300	-	30	270
23105 Football	-	289	235	54
23106 Trainer Donation	5,857	1	3,818	2,040
23110 Boys Basketball	2,466	530	2,607	389
23115 Girls Basketball	1,073	2,236	2,663	646
23120 Volleyball	465	392	-	857
23125 Wrestling	220	459	323	356
23130 Track	1	120	-	121
23135 Softball	10	660	-	670
23140 Baseball	200	367	199	368
23145 Boys Soccer	821	2,810	3,483	148
23150 Cross Country	44	-	1	43
23151 Miscellaneous	129,989	174,875	136,303	168,561
23152 Coke Exclusivity	1,556	-	152	1,404
23153 Activity Interest	2,886	1	637	2,250
23154 SQS Category V	9,601	-	-	9,601
23155 Golf	80	-	-	80
23156 Bayless Surface Damage	10,467	-	749	9,718
23157 Rebates	9,306	10,466	1,432	18,340
23158 Wellness Fair	7	-	-	7
23160 Cheerleaders	98	20	-	118
23161 Teachers	2,545	3,337	2,941	2,941
23162 Instructional Technology	500	-	-	500
23165 Drill Team	3,242	10,636	6,875	7,003
23170 Girls Soccer	586	1,980	1,140	1,426
23200 Director	1,563	7,080	2,208	6,435
23202 Scholarships	10,000	-	-	10,000

(continued)

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

FIDUCIARY FUNDS
Schedule of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 2008

Activity	Balance			Balance
<u>Fund</u> <u>ASSETS</u>	<u>June 30, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2008</u>
23205 Band	\$ 1,408	\$ 10,575	\$ 10,026	\$ 1,957
23206 Instrument Rentals	1,231	299	878	652
23210 Choir	6,716	3,076	2,167	7,625
23211 Tri-M	49	-	-	49
23215 Foreign Language	11	-	-	11
23220 Student Government	3,470	19,387	14,891	7,966
23225 Parking	1,077	1,080	83	2,074
23227 FCA	26	666	691	1
23230 Physics	350	-	-	350
23231 Library	2,559	4,666	4,393	2,832
23235 FFA	14,249	21,032	19,914	15,367
23237 FFA Barn	941	2,769	2,353	1,357
23241 Social Studies	18	986	-	1,004
23242 PNM Grant	639	10,044	4,620	6,063
23245 Yearbook	2,722	25,680	28,369	33
23250 BPOA	1,596	175	255	1,516
23255 Newspaper	1,127	-	-	1,127
23261 Close-up	2	-	-	2
23262 Hope	3,133	1,807	1,837	3,103
23263 Destination Imagination	1,095	-	354	741
23264 PE	600	280	276	604
23265 AHS School Store	528	231	-	759
23266 KMS Positive Behavior	1,145	-	164	981
23280 Drama	5,953	3,852	4,511	5,294
23281 River Watch	423	-	-	423
23284 Key Club	2,858	3,145	3,311	2,692
23285 NHS	1,183	205	603	785
23286 Risk Intervention	6,726	-	-	6,726
23287 Gentle Especial	80	-	-	80
23288 Chess Club	102	22	124	-
23289 English	550	-	-	550
23292 Cheerleader Uniforms	25	-	-	25
23294 Supercomputing	26	-	-	26
23326 Native American	58	-	-	58
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Pooled cash and investments	\$ 288,916	\$ 339,587	\$ 295,848	\$ 332,655
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>LIABILITIES</u>				
Deposits held for others	\$ 288,916	\$ 339,587	\$ 295,848	\$ 332,655
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
FIDUCIARY FUNDS

Schedule of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 2008

<u>ASSETS</u>	Balance <u>June 30, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2008</u>
Pooled cash and investments	\$ 9,272	\$ 17,129	\$ 13,171	\$ 13,230
 <u>LIABILITIES</u>				
Deposits held for others	<u>\$ 9,272</u>	<u>\$ 17,129</u>	<u>\$ 13,171</u>	<u>\$ 13,230</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2008

	Wells Fargo <u>Bank</u>	Wells Fargo <u>Bank</u>	Citizens <u>Bank</u>
Cash on deposit at June 30, 2008	\$ 11,597,437	\$ 4,703,862	\$ 7,946,234
Less FDIC coverage	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Uninsured funds	<u>\$ 11,597,437</u>	<u>\$ 4,603,862</u>	<u>\$ 7,846,234</u>
50% collateral requirement	\$ -	\$ 2,301,931	\$ 3,923,117
102% collateral requirement (Repo Account)	<u>11,829,386</u>	<u>-</u>	<u>-</u>
Amount requiring pledged collate	11,829,386	2,301,931	3,923,117
Pledged collateral	<u>12,073,551</u>	<u>2,476,226</u>	<u>4,623,109</u>
Excess of pledged collateral	<u>\$ 244,165</u>	<u>\$ 174,295</u>	<u>\$ 699,992</u>

Pledged collateral of financial institutions consists of the following at June 30, 2008

	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
Citizens Bank:			
FHLB	5/1/2012	31283KPA0	\$ 289,031
FHLB	5/11/2016	3133VZD1	510,625
FHLB	2/25/2030	31392JFC8	242,247
FHLB	11/15/2032	31392XXQ6	704,485
FHLB	3/25/2033	31393CUS0	252,768
FHLB	12/1/2034	31394BW26	1,868,074
FHLB	2/25/2034	31394DVM9	195,572
FHLB	5/1/2015	388240DK6	500,670
FHLB	1/15/2022	36223SBZ5	59,637
			<u>\$ 4,623,109</u>

The above securities are held at Federal Home Loan Bank in Dallas, TX.

Wells Fargo Bank:			
FNIONP	1/1/2036	31371MNG8	\$ 704,811
FNCL	11/1/2029	31384VL75	23,070
FNCL	1/1/2036	31408EJB9	70,203
FNCL	5/1/2036	31408H2Z7	1,263,467
GNSF	1/15/2029	36210AZF7	80,511
GNSF	9/15/2029	36225BKK5	25,788
GNSF	2/15/2031	36225BL30	126,723
GNSF	4/15/2031	16225BM54	181,653
			<u>\$ 2,476,226</u>

The above securities are held in Wells Fargo Bank at Minneapolis, Minnesota.

Wells Fargo Bank (Repo):			
FNCL	11/1/2037	31413YS44	\$ 7,115,049
FNCL	4/1/2038	31414LQ87	4,958,502
			<u>\$ 12,073,551</u>

The above securities are held in Wells Fargo Bank at Minneapolis, Minnesota.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2008

		<u>Citizens Bank</u>
Cash on deposit at June 30, 2008	\$	371,310
Less FDIC coverage		<u>100,000</u>
Uninsured funds	\$	271,310
50% collateral requirement	\$	<u>135,655</u>
Amount requiring pledged collateral		135,655
Pledged collateral		<u>250,000</u>
Excess (deficiency) of pledged collateral	\$	<u>114,345</u>

Pledged collateral of financial institutions consists of the following at June 30, 2008

	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
Citizens Bank:			
FFCB	11/22/2016	31331VZX7	\$ 200,000
	1/22/2018	3133XNZ44	<u>50,000</u>
			<u>\$ 250,000</u>

The above securities are held at Federal Home Loan Bank in Dallas, TX.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

CASH RECONCILIATION
June 30, 2008

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>	<u>Net Cash End of Period</u>	<u>Adjustments to the report</u>	<u>Total Cash on Report</u>
Operations	\$ 97,129	\$ 21,618,731	\$ (21,780,076)	\$ 491,904	\$ 427,688	\$ 135,596	\$ 563,284
Transportation	1	2,283,122	(2,017,478)	(192,324)	73,321	-	73,321
Instructional Materials	28,709	339,687	(304,955)	(65)	63,376	-	63,376
Food Services	55,424	1,033,724	(1,072,689)	870	17,329	-	17,329
Athletics	96,846	80,102	(60,684)	-	116,264	3,395	119,659
Federal Flowthrough Funds	63,342	1,601,464	(1,333,159)	(195,655)	135,992	(135,443)	549
Federal Direct Funds	105	111,986	(115,209)	3,125	7	-	7
Local Grants	311	18,189	(35,947)	17,447	-	-	-
State Flowthrough Funds	8,715	210,978	(81,985)	(7,470)	130,238	-	130,238
State Direct Funds	3,381	7,875	-	-	11,256	-	11,256
Bond Building	124,240	15,407,218	(3,401,403)	(117,000)	12,013,055	-	12,013,055
Capital Outlay - State	54	-	-	-	54	-	54
Capital Improvement SB - 9	3,512,026	3,151,131	(1,651,438)	-	5,011,719	-	5,011,719
Debt Service	3,904,051	3,780,498	(3,553,108)	-	4,131,441	-	4,131,441
Agency Funds	-	-	-	-	-	332,655	332,655
Total	\$ 7,894,334	\$ 49,644,705	\$ (35,408,131)	\$ 832	\$ 22,131,740	\$ 336,203	\$ 22,467,943

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>	<u>Adjustments to report:</u>	
				Clearing accounts	\$ 153
Operational	Checking	Citizens Bank	\$ 5,960,135	Referee cash	3,195
Debt service	Checking	Wells Fargo	3,926,681	Agency funds	332,655
Bond Building	Sweep	Wells Fargo	11,597,437	Petty cash	200
Referee	Checking	Citizens Bank	3,566	Total adjustment to the report	\$ 336,203
Federal funds	Checking	Citizens Bank	482,479		
Student nutrition	Checking	Wells Fargo	550,000	<u>Adjustments to cash:</u>	
Athletics	Checking	Citizens Bank	116,264	Bank Balance	\$ 24,247,533
Activities	Checking	Citizens Bank	339,011	Petty cash	\$ 200
Payable clearing	Checking	Wells Fargo	227,181	Reconciling items	(1,779,790)
Payroll clearing	Checking	Citizens Bank	1,044,779	Total adjustment to cash	\$ 22,467,943
Total			\$ 24,247,533		

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

COMPONENT UNIT
MOSAIC ACADEMY
CASH RECONCILIATION
June 30, 2008

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>	<u>Net Cash End of Period</u>	<u>Adjustments to the report</u>	<u>Total Cash on Report</u>
Operations	\$ 94,023	\$ 1,314,496	\$ (1,121,302)	\$ (154,192)	\$ 133,025	\$ -	\$ 133,025
Instructional Materials	13,076	73,674	(38,639)	-	48,111	-	48,111
Federal Flowthrough Funds	(5,806)	141,845	(265,563)	130,393	869	-	869
Local Grants	-	27,580	-	-	27,580	-	27,580
State Flowthrough Funds	(1)	5,574	(8,632)	3,061	2	-	2
Capital Outlay - State	(8,773)	70,613	(82,577)	20,738	1	-	1
Agency Funds	-	-	-	-	-	13,230	13,230
Total	<u>\$ 92,519</u>	<u>\$ 1,633,782</u>	<u>\$ (1,516,713)</u>	<u>\$ -</u>	<u>\$ 209,588</u>	<u>\$ 13,230</u>	<u>\$ 222,818</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>	<u>Adjustments to report:</u>	
Operational	Checking	Citizens Bank	\$ 244,126	Agency funds	\$ 13,230
Payable clearing	Checking	Citizens Bank	97,465	Total adjustment to the report	<u>\$ 13,230</u>
Payroll clearing	Checking	Citizens Bank	29,719		
Total			<u>\$ 371,310</u>	<u>Adjustments to cash:</u>	
				Bank Balance	\$ 371,310
				Reconciling items	<u>(148,492)</u>
				Total adjustment to cash	<u>\$ 222,818</u>

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SINGLE AUDIT SECTION

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**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**

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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
and the Board of Education
Aztec Municipal School District No. 2

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and respective budgetary comparison for the general fund and each major special revenue funds thereof, and the combining and individual funds presented as supplemental information of Aztec Municipal School District No. 2 as of and for the year ended June 30, 2008, which collectively comprise the Aztec Municipal School District No. 2 basic financial statements. We have also audited the financial statements of each of the District's nonmajor governmental funds, the budgetary comparisons and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents and have issued our report thereon dated January 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Aztec Municipal School District No. 2'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 Aztec Municipal School District No. 2's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Aztec Municipal School District No. 2'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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Aztec Municipal School District No. 2's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Aztec Municipal School District No. 2's financial statements that is more than inconsequential will not be prevented or detected by Aztec Municipal School District No. 2's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. Findings 2008 - 1, 2008 - 2, and C2008 - 1.

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Hector H. Balderas, State Auditor
and the Board of Education
Aztec Municipal School District No. 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Aztec Municipal School District No. 2's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider findings 2008 – 2, and C2008 – 1, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aztec Municipal School District No. 2'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 questioned costs as findings 2008 – 3, and 2008 – 4.

Aztec Municipal School District No. 2's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Aztec Municipal School District No. 2's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within Aztec Municipal School District No. 2, the State Auditor, the New Mexico Legislature, New Mexico Public Education Department, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.



January 31, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENT APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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REPORT ON COMPLIANCE WITH REQUIREMENT APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Hector H. Balderas, State Auditor
And the Board of Education
Aztec Municipal School District No. 2

Compliance

We have audited the compliance of Aztec Municipal School District No. 2 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement (Revised May, 2008) that are applicable to each of its major federal programs for the year ended June 30, 2008. Aztec Municipal School's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of finding and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Aztec Municipal School's management. Our responsibility is to express an opinion on Aztec Municipal School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Aztec Municipal School District No. 2's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Aztec Municipal School District No. 2's compliance with those requirements.

In our opinion, Aztec Municipal School District No. 2, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

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Hector H. Balderas, State Auditor
And the Board of Education
Aztec Municipal School District No. 2

Internal Control Over Compliance

The management of Aztec Municipal School District No. 2 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Aztec Municipal School District No. 2's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of Aztec Municipal School District No. 2's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Aztec Municipal School District No. 2's internal control over compliance.

A control deficiency in the District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

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

This report is intended solely for the information and use of the New Mexico State Auditor, New Mexico State Legislature, New Mexico Public Education Department, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Keystone Accounting, LLC

January 31, 2009

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2008

A. PRIOR YEAR AUDIT FINDINGS

AZTEC MUNICIPAL SCHOOLS

2007 – 1 PREPARATION OF FINANCIAL STATEMENTS

Condition: The financial statements were prepared by the auditor.

Recommendation: Management should develop a plan and system of controls that enable them to review the accuracy and completeness of the financial statements.

Current year status: Repeated – Not resolved in the current year

2007 – 2 DEPRECIATION NOT CALCULATED CORRECTLY

Condition: The PSFA capital additions totaling \$4,821,323 is entered as a capital asset, but no depreciation for either current or prior years has been recorded. This item was corrected before the audit was submitted

Recommendation: The District should enter all required settings and information in the program software to calculate the correct depreciation amount. If further information is required the proprietor of the accounting software should be consulted.

Current year status: Resolved – Not repeated in the current year

2007 – 3 LATE AUDIT REPORT

Condition: The June 30, 2007 audit report was not submitted to the New Mexico State Auditor's Office by the due date of November 15, 2007. The Audit was submitted to the New Mexico State Auditor's Office on November 10, 2008.

Recommendation: We recommend that all information be made available to the auditor on a timely basis.

Current year status: Repeated – Not resolved in the current year

2007 – 4 LATE FILING OF FEDERAL CLEARING HOUSE REPORTING

Condition: The June 30, 2007 audit report and data collection form were sent to the Federal Clearing House after the due date of either 30 days after the date of the audit report or nine months after the year end.

Recommendation: We recommend that all information be made available to the auditor on a timely basis.

Current year status: Resolved – Not repeated in the current year

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2008

A. PRIOR YEAR AUDIT FINDINGS (continued)

AZTEC MUNICIPAL SCHOOLS (continued)

2007 – 5 INTERNAL CONTROLS OVER CAPITAL ASSETS

Condition: The District has not implemented proper controls over capital assets to reconcile capital asset records to beginning and ending balances..

Recommendation: Management should develop a plan and system of controls that enable them to review the capital asset additions each year, and reconcile them with the beginning and ending balances to insure that the capital assets are properly recorded.

Current year status: Repeated – Not resolved in the current year

2007 – 6 DEFICIT CASH BALANCES EXISTED AT YEAR END

Condition: At fiscal year end, there were cash deficit balances in Bond Building Fund in the amount of \$92,399.

Recommendation: The district needs to monitor their reimbursement of funds and, when they are unable to receive reimbursements in a timely manner, to cover the deficit balances with the operating funds with either a temporary loan or a permanent transfer.

Current year status: Resolved – Not repeated in the current year

**STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2008**

A. PRIOR YEAR AUDIT FINDINGS (continued)

AZTEC MUNICIPAL SCHOOLS (continued)

2007 – 7 LACK OF TIMELY MONITORING OF BUDGET LINE ITEMS

Condition: There were unfavorable variances between actual and budgeted line item expenditures. The following funds had unfavorable variances between budgeted amounts at fiscal year end:

Title I	Instruction	\$ 2,140
Title I	Support Services - Students	373
Title I	Support Services - Instruction	250
Title I	Student Transportation	120
IDEA-B Preschool Fund	Business Support Services	8
Title IV Drug Free School Fund	Instruction	4,377
Title IV Drug Free School Fund	Support Services - School Administration	19
Johnson O'Malley Fund	Support Services - School Administration	8
Indian Ed Formula	Support Services - Students	802

Recommendation: Management should implement immediate steps to provide adequate financial reports to allow for proper and timely monitoring of line item expenditures. Budget adjustment requests should be approved by the Board of Education and State Department of Education (when required) to receive approval to make necessary changes to the records prior to being presented for audit.

Current year status: Resolved – Not repeated in the current year

2007 – 8 REPORTING DELETIONS TO THE STATE AUDITORS OFFICE

Condition: The district has \$83,867 of asset deletions, the state auditor's office was informed of \$48,845 of those assets leaving \$35,022 of unreported assets.

Recommendation: The District should report all deletions to the state auditor's office.

Current year status: Repeated – Not resolved in the current year

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2008

A. PRIOR YEAR AUDIT FINDINGS (continued)

MOSAIC ACADEMY

C2007 – 1 INADAQUATE CONTROLS OVER ACCOUNTING SYSTEM

Condition:: The charter school received cash in the prior year a financial audit was not performed in accordance with state law.

Recommendation: The Charter School needs to report all revenue and expenses during the correct time and have financial audits performed in accordance with State Law.

Current year status: Resolved – Not repeated in the current year

C2007 – 2 LACK OF TIMELY MONITORING OF BUDGET LINE ITEMS

Condition: There were unfavorable variances between actual and budgeted line item expenditures. The following funds had unfavorable variances between budgeted amounts at fiscal yearend:

Title I	Instruction	\$ 6,119
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Recommendation: Management should implement immediate steps to provide adequate financial reports to allow for proper and timely monitoring of line item expenditures. Budget adjustment requests should be approved by the Charter Council and State Department of Education (when required) to receive approval to make necessary changes to the records prior to being presented for audit.

Current year status: Resolved – Not repeated in the current year

C2007 – 3 DEFICIT CASH BALANCES EXISTED AT YEAR END

Condition: At fiscal year end, there were cash deficit balances in Public School Capital Outlay Fund in the amount of \$8,733.

Recommendation: The Charter School needs to monitor their reimbursement of funds and, when they are unable to receive reimbursements in a timely manner, to cover the deficit balances with the operating funds with either a temporary loan or a permanent transfer.

Current year status: Resolved – Not repeated in the current year

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Aztec Municipal School District No. 2.
2. There were four significant deficiencies disclosed during the audit of the financial statements in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. Two instances of noncompliance material to the financial statements of Aztec Municipal School District No. 2 were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal awards program in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Aztec Municipal School District No. 2 expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Aztec Municipal School District No. 2 that is required to be reported in accordance with OMB Circular A-133.510(a).
7. The programs treated as major programs include: Child Nutrition Cluster CFDA 10.555 and 10.553 and Special Education (IDEA-B) Cluster CFDA 84.027 and 84.173.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Aztec Municipal School District No. 2 was determined to be a high risk auditee.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

AZTEC MUNICIPAL SCHOOLS

2008 – 1 PREPARATION OF FINANCIAL STATEMENTS (Original Finding No. 2007-1)

Condition: The financial statements were prepared by the auditor.

Criteria: In accordance with SAS 112 management is required to have an internal control system of financial reporting including the preparation of the financial statements.

Effect of condition: Management's ability to ascertain the accuracy and completeness of the financial statements has been diminished.

Cause of condition: Management does not have internal controls in place that are necessary for the preparation of the financial statements.

Recommendation: Management should develop a plan and system of controls that enable them to review the accuracy and completeness of the financial statements.

Management Response: A system of controls will be developed and implemented that will allow management to determine the accuracy and fair presentation of the financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

AZTEC MUNICIPAL SCHOOLS (continued)

2008 – 2 INTERNAL CONTROLS OVER CAPITAL ASSETS (Original finding No. 2007-5 restated)

Condition: We noted the following during the examination of capital asset balances:

- a. The District has not implemented proper controls over capital asset and depreciation reconciliations of beginning balances, additions, deletions and ending balances during the year.
- b. The District capital assets and depreciation were restated multiple years in a row to account for changes in capital assets and depreciation.
- c. The District did not attempt to reconcile capital assets and depreciation until after the year end audit process commenced.
- d. The District is not using its vendor purchased software (Visions) to its ultimate capacity to help in the accounting for capital assets and depreciation.
- e. The District is not properly reporting deletions to the State Auditors Office.
- f. The District is not coding capital assets to the proper capital outlay accounts so that the capital outlay accounts agree with the capital asset register.
- g. School District personnel need training in the Visions software to help in the recording and reconciliation of capital assets and depreciation.
- h. The District needs to have training on what a capital asset is to ensure proper capital asset recognition.

Criteria: The District is required to maintain and reconcile its capital assets and depreciation for financial reporting purposes in order to be in compliance with reporting standards in accordance with GASB 34. Also, the District is required to follow Sections 13—6-1 and 13-6-2 NMSA 1978 (Asset disposition in the procurement code and the audit act (12-6-10 NMSA 1978) regarding various capital asset policies required by the State of New Mexico.

Effect of condition: The District could have unaccounted capital assets that are lost or stolen and not received proper insurance reimbursements hurting various academic programs of the District.

Cause: Management did not review capital asset additions, deletions, depreciation, and establish a reconciliation procedure for capital assets on a monthly basis.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

AZTEC MUNICIPAL SCHOOLS (continued)

2008 – 2 INTERNAL CONTROLS OVER CAPITAL ASSETS (Original finding No. 2007-5 restated)
(continued)

Recommendation: Management should establish and develop an internal control system that accounts for capital assets and depreciation on a monthly basis.

Management's Response: The School is in the process of establishing internal control policies over fixed assets.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

AZTEC MUNICIPAL SCHOOLS (continued)

2008 – 3 REPORTING DELETIONS TO THE STATE AUDITORS OFFICE (Original finding 2007-8)

Condition: The district deleted obsolete, worn-out or unusable tangible personal property in the amount of \$407,566 during the year ended June 30, 2008.

Criteria: The District is required to report tangible personal property in accordance with Section 13-6-1 and 13-6-2 NMSA 1978, the procurement code governing dispositions and Section 2.2.2.10 V NMAC.

Effect of condition: The District is in violation of the procurement code governing disposition, and State Statute by failing to report asset deletions to the State Auditors Office 30 days prior to the actual deletion.

Cause: The District did not notify the state auditor of all deleted asset.

Recommendation: The District should implement controls and procedures to provide written notification of capital asset dispositions to the State Auditor thirty days prior to asset disposition. The written notification of deletions must be duly sworn and subscribed under oath by each member of the Board of Education approving the action.

Management's Response: The School will follow the required policies of the State Auditor in regards to fixed asset deletions

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

AZTEC MUNICIPAL SCHOOLS (continued)

2008 – 4 LATE AUDIT REPORT (Original finding No. 2007-3)

Condition: The June 30, 2008 audit report was not submitted to the New Mexico State Auditor's Office by the due date of November 15, 2008. The Audit was submitted to the New Mexico State Auditor's Office on March 5, 2009.

Criteria: The New Mexico State Auditor has issued NMAC 2.2.2, Requirements for Contracting and Conducting Audits of Agencies, setting due dates for school audits to be in his office by November 15, 2007.

Effect of condition: The report was not available for the New Mexico Department of Education and other state agencies to review on a timely basis.

Cause: The district was not ready for audit until after the due date, and the capital assets were not reconciled to prior year additions, deletions and restatements to current year balances.

Recommendation: We recommend that all information be made available to the auditor on a timely basis.

Response: The School will provide financial records to the auditor on a timely basis in the future.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

MOSAIC ACADEMY

C2008 – 1 INTERNAL CONTROLS OVER CAPITAL ASSETS (Original finding number C2007-5 restated)

Condition: We noted the following during the examination of capital asset balances:

- a. The Charter School has not implemented proper controls over capital asset and depreciation reconciliations of beginning balances, additions, deletions and ending balances during the year.
- b. The Charter School capital assets and depreciation were restated multiple years in a row to account for changes in capital assets and depreciation.
- c. The Charter School did not attempt to reconcile capital assets and depreciation until after the year end audit process commenced.
- d. The Charter School is not using its vendor purchased software (Visions) to its ultimate capacity to help in the accounting for capital assets and depreciation.
- e. The Charter School is not properly reporting deletions to the State Auditors Office.
- f. The Charter School is not coding capital assets to the proper capital outlay accounts so that the capital outlay accounts agree with the capital asset register.
- g. The Charter School personnel need training in the Visions software to help in the recoding and reconciliation of capital assets and depreciation.
- h. The Charter School needs to have training on what a capital asset is to ensure proper capital asset recognition.

Criteria: The Charter School is required to maintain and reconcile its capital assets and depreciation for financial reporting purposes in order to be in compliance with reporting standards in accordance with GASB 34. Also, the Charter School is required to follow Sections 13—6-1 and 13-6-2 NMSA 1978 (Asset disposition in the procurement code and the audit act (12-6-10 NMSA 1978) regarding various capital asset policies required by the State of New Mexico.

Effect of condition: The Charter School could have unaccounted capital assets that are lost or stolen and not received proper insurance reimbursements hurting various academic programs of the Charter School.

Cause: Management did not review capital asset additions, deletions, depreciation, and establish a reconciliation procedure for capital assets on a monthly basis.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

MOSAIC ACADEMY (continued)

C2008 – 1 INTERNAL CONTROLS OVER CAPITAL ASSETS (Original finding number 2007-5)(continued)

Recommendation: Management should establish and develop an internal control system that accounts for capital assets and depreciation on a monthly basis.

Management's Response: The Charter School is in the process of establishing internal control policies over fixed assets.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

C. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No current year audit findings

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2008

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>			
Pass-Through Program From:			
New Mexico Department of Education:			
<u>Child Nutrition -- Cluster:</u>			
USDA National School Lunch Program	10.555	21000	\$ 355,757
USDA School Breakfast Program	10.553	21000	<u>209,941</u>
Total Child Nutrition Cluster			565,698
Pass-Through Program From:			
New Mexico Human Service Department:			
USDA Commodities Program	10.550	21000	<u>54,396</u>
Total U.S. Department of Agriculture			<u>620,094</u>
<u>U.S. Department of Interior</u>			
Pass-Through Programs From:			
Office of the Navajo Nation:			
Johnson O'Malley	15.130	25131	<u>32,892</u>

(continued)

See accompanying notes to the
Schedule of Expenditures of Federal Awards.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2008

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Special Education -- Cluster:</u>			
<u>U.S. Department of Education:</u>			
Pass-Through Programs From:			
New Mexico Department of Education:			
IDEA-B Entitlement	84.027	24106	694,828
IDEA-B Preschool	84.173	24109	<u>46,960</u>
Total U.S. Department of Education - Special Education (IDEA-B) Cluster			<u>741,788</u>
Direct Programs:			
Indian Education Formula	84.060	25184	<u>82,316</u>
Pass-Through Programs From:			
New Mexico Department of Education:			
Title I Basic Education Grant	84.010	24101	457,389
Technology Literacy Challenge	84.318	24133	1,729
Federal Stimulus Charter School	84.282A	24146	255,899
Title V Innovative Education	84.298	24150	4,273
Title II Improving Teacher Quality	84.367	24154	142,959
Title IV - Safe and Drug-Free Schools	84.186	24157	<u>12,726</u>
Subtotal Pass-Through Programs			<u>874,975</u>
Total U.S. Department of Education			<u>1,699,079</u>
Total Expenditures of Federal Awards			<u>\$ 2,352,065</u>

See accompanying notes to the
Schedule of Expenditures of Federal Awards.

**STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2**

Notes To The Schedule Of Expenditures Of Federal Awards
Year Ended June 30, 2008

1. Scope of audit pursuant to OMB Circular A-133

All federal grant operations of Aztec Municipal School District No. 2 (the “School District”) are included in the scope of the Office of management and Budget (“OMB”) Circular A-133 audit (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised May 2008 the “Compliance Supplement”). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal 2008 cash and non-cash expenditures to ensure coverage of at least 50% (high risk auditee) of federally granted funds. Actual coverage is approximately 56% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$2,297,669 and all non-cash expenditures amounted to \$54,396.

Major Federal Award Program Description	Fiscal 2008 <u>Expenditure</u>
Cash assistance:	
Child Nutrition Cluster	\$ 565,698
Special Education (IDEA - B) Cluster	<u>741,788</u>
Total	<u>\$ 1,307,486</u>

The School District’s federal programs Child Nutrition Cluster and Special Education (IDEA – B) Cluster were considered high risk Type A programs for the 2008 audit.

The U.S. Department of Education is the School District’s oversight agency for single audit.

2. Summary of significant accounting policies

Basis of presentation

The accompanying Schedule of Expenditure of Federal Awards includes all federal grants to the School District that had activity during the fiscal year ended June 30, 2008. This Statement has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the School District has met the qualifications for the respective grant.

Accrued and deferred reimbursements

Various reimbursement procedures are used for Federal awards received by the School District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over receipts to date. Deferred balance at year-end represent an excess of cash receipts over reimbursable expenditure to date. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

3. Audits performed by other entities

There were no other audits performed by other organizations on the School Districts federal grant programs in 2008.

REQUIRED DISCLOSURE

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**STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2**

**REQUIRED DISCLOSURES
Year Ended June 30, 2008**

REQUIRED DISCLOSURE

The financial statements were prepared by the independent public accountants.

An exit conference was held February 11, 2009, during which the audit findings were discussed. The exit conference was attended by the following individuals:

AZTEC MUNICIPAL SCHOOL DISTRICT NO. 2

Leonard Tillman	Board member
Dr. Linda Paul	Superintendent
Nancy Ross	Director of Finance

MOSAIC ACADEMY

Barbara Galvic	Board President
Bonnie Braden	Principal
Leonard Tillman	Visitor

KEYSTONE ACCOUNTING, LLC

Phil Rasband, CPA	Partner
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