

**STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS**

**FINANCIAL STATEMENTS AND REQUIRED
SUPPLEMENTAL INFORMATION
WITH ACCOMPANYING AUDITORS' REPORTS**

FOR THE YEAR ENDED JUNE 30, 2009

(This page intentionally left blank.)

INTRODUCTORY SECTION

STATE OF NEW MEXICO
Aztec Municipal Schools
Table of Contents
June 30, 2009

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		4-7
Official Roster		9
FINANCIAL SECTION		
Independent Auditors' Report		12-13
Management's Discussion and Analysis		14-19
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	22-23
Statement of Activities	A-2	24-25
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	26-27
Reconciliation of the Balance Sheet to the Statement of Net Assets		29
Statements of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	30-31
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		33
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
General Fund	C-1	34
Statement of Fiduciary Assets and Liabilities – Agency Funds	D-1	35
NOTES TO THE FINANCIAL STATEMENTS		
		36-58
SUPPLEMENTARY INFORMATION		
Nonmajor Fund Descriptions		
Combining and Individual Fund Statements and Schedules	<u>Statement/ Schedule</u>	61-63
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	64-69
Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	70-75
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Food Service Special Revenue Fund	B-1	76
Athletics Special Revenue Fund	B-2	77
Title I IASA Special Revenue Fund	B-3	78
Entitlement IDEA-B Special Revenue Fund	B-4	79
Discretionary IDEA-B Special Revenue Fund	B-5	80
Competitive IDEA-B Special Revenue Fund	B-6	81
Preschool IDEA-B Special Revenue Fund	B-7	82
Title VI IASA Special Revenue Fund	B-8	83
Carl D. Perkins Tech Prep – Current Special Revenue Fund	B-9	84
Class Size Reduction Special Revenue Fund	B-10	85
Title V Innovative Education Program Special Revenue Fund	B-11	86

STATE OF NEW MEXICO

Aztec Municipal Schools

Table of Contents

June 30, 2009

	<u>Statement/ Schedule</u>	<u>Page</u>
Combining and Individual Fund Statements and Schedules (Continued)		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Teacher/Principal Training & Recruiting Special Revenue Fund	B-12	87
Safe & Drug Free Schools & Communities Special Revenue Fund	B-13	88
Title I School Improvement Special Revenue Fund	B-14	89
Johnson O'Malley Special Revenue Fund	B-15	90
Indian Education Formula Grant Special Revenue Fund	B-16	91
Wallace Foundation Grant Special Revenue Fund	B-17	92
Technology for Education PED Special Revenue Fund	B-18	93
Incentives for School Improvement Act Special Revenue Fund	B-19	94
Truancy Initiative PED Special Revenue Fund	B-20	95
Reading Improvement Initiatives Special Revenue Fund	B-21	96
Beginning Teacher Mentoring Program Special Revenue Fund	B-22	97
Schools in Need of Improvement Special Revenue Fund	B-23	98
Libraries – SB 301 GO Bonds Special Revenue Fund	B-24	99
NM Arts Div Special Revenue Fund	B-25	100
Medicaid HSD Special Revenue Fund	B-26	101
Resources for School Health Special Revenue Fund	B-27	102
Public School Capital Outlay Capital Projects Fund	B-28	103
Special Capital Outlay State Capital Projects Fund	B-29	104
Bond Building Capital Projects Fund	B-30	105
Capital Improvement SB-9 Capital Projects Fund	B-31	106
Debt Service Fund	B-32	107
General Fund Individual Fund Statements and Schedules		
Combining Balance Sheet – General Fund	C-1	110
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General	C-2	111
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) And Actual:		
Operating Fund	C-3	112
Pupil Transportation Fund	C-4	113
Instructional Materials Fund	C-5	115
Component Unit Individual Fund Statements and Schedules		
Combining Balance Sheet	D-1	118-119
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D-2	120-121
Statement of Fiduciary Assets and Liabilities – Agency Funds	D-3	122

(This page intentionally left blank.)

STATE OF NEW MEXICO

Aztec Municipal Schools

Table of Contents

June 30, 2009

	<u>Statement/ Schedule</u>	<u>Page</u>
Component Unit Individual Fund Statements and Schedules (Continued)		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Operational Fund	D-4	123
Instructional Materials Fund	D-5	124
Entitlement Special Revenue Fund	D-6	125
Charter Schools Fund Special Revenue Fund	D-7	126
Microsoft Settlement Fund Special Revenue Fund	D-8	127
Beginning Teacher Mentoring Program Special Revenue Fund	D-9	128
Library Book Fund Special Revenue Fund	D-10	129
Libraries – SB 301 GO Bonds-Laws of 2006 Special Revenue Fund	D-11	130
Public School Capital Outlay Capital Projects Fund	D-12	131
SUPPORTING SCHEDULES		
Schedule of Deposit and Investment Accounts	I	135
Cash Reconciliation	II	136-139
Schedule of Collateral Pledged by Depository For Public Funds	III	141
Schedule of Changes in Fiduciary Assets and Liabilities–Agency Funds	IV	142-143
COMPLIANCE SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		146-147
FEDERAL FINANCIAL ASSISTANCE		
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		150-151
Schedule of Expenditures of Federal Awards	V	152-153
Schedule of Findings and Questioned Costs	VI	154-161
Other Disclosures		162

(This page intentionally left blank.)

STATE OF NEW MEXICO
Aztec Municipal Schools
Official Roster
June 30, 2009

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Mitch Waggoner		President
Roger Collins		Vice President
Christy Lillywhite		Secretary
Wayne Ritter		Member
Leonard Tillman		Member
	<u>School Officials</u>	
Kirk Carpenter		Superintendent
Richard Vogal		Director, Federal Programs & Curriculum
Kathleen Runnels		Director of Finance
Riley Roland		Director of Transportation
Nathan Holmes		Director of Technology
Charlie Lee		Director of Maintenance

(This page intentionally left blank.)

FINANCIAL SECTION



Accounting & Consulting Group, LLP

Independent Auditors' Report

To the Board of Education
Aztec Municipal Schools
Aztec, New Mexico
The Office of Management and Budget
and
Hector Balderas
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the budgetary comparison for the general fund and the aggregate remaining fund information of Aztec Municipal Schools (the "District") as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, the combining financial statements for the general fund, the component unit funds and the respective budgetary comparisons for the bond building capital projects fund, the capital improvement SB-9 capital projects fund, the debt service fund, the component unit funds, and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 the District'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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Aztec Municipal Schools, as of June 30, 2009, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund, the combining financial statements for the general fund, and each component unit fund of the District, as of June 30, 2009, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the bond building capital projects fund, the capital improvement SB-9 capital projects fund, the debt service fund, the nonmajor governmental funds and the component unit funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report date November 6, 2009 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 14 through 19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying financial information listed as Supporting Schedules I through IV in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and each of the nonmajor governmental fund financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements and the nonmajor governmental fund financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
November 6, 2009

STATE OF NEW MEXICO
Aztec Municipal Schools
Management's Discussion and Analysis
For the Fiscal Year Ended
June 30, 2009

The information presented in this section of the District's annual financial report may be new to the reader. This information aligns with requirements of the Governmental Accounting Standards Board (GASB) that establishes accounting and reporting standards for governmental entities. With the issuance of GASB's Statement 34, a written narrative discussion and analysis of the financial performance of the District will be included. This section should provide an objective and easily readable analysis of the District's financial activities based on currently known facts, decisions, or conditions. The financial managers of governments (in this case, the District) are knowledgeable about the transactions, events, and conditions that are reflected in the District's financial report and of the fiscal policies that govern its operations. Management's discussion and analysis provides financial managers with the opportunity to present both a short- and a long-term analysis of the District's activities. Requirements established by GASB 34 are general rather than specific to encourage effective reporting by including only the most relevant information and, where appropriate, refer to the accompanying financial statements. Management will explain the District's financial position and include the reasons the position is improved, deteriorated, or the same when compared to the prior year. The analysis will be based on currently known facts as of the date of the auditors' report.

Introduction

The financial performance of the Aztec Municipal Schools for the fiscal year ended June 30, 2009 will be the subject of this discussion and analysis. The purpose is to look at the financial performance as a whole; however, readers may also utilize the accompanying financial statements and notes for comprehensive information.

Financial Highlights

Key events for the fiscal year 2009 are:

- The District maintained a strong **A3** rating from Moody's Investor Services for the sale of General Obligation Bonds. During the fiscal year ending June 30, 2009, the District's debt management program produced a tax rate for debt at \$8,351 per thousand dollars of assessed valuation. This rate increased from \$8,113 in the prior year.
- Total Assets of Governmental Activities was \$83,575,110 (Ex. A-1)
- Total Liabilities of Governmental Activities was \$46,832,200 (Ex. A-1)
- Net Assets of Governmental Activities was \$36,742,910 (Ex. A-1)
- General Fund expenditures exceeded revenues by \$103,403 resulting in a year-end fund balance of \$1,471,626 (Ex. B-2)
- Requirements of GASB 34 required changes to the fixed asset accounting of the District. All assets, including real estate and buildings, were recorded and accumulated depreciation on these assets was also recorded in the conversion to this requirement. Capital assets of \$95,829,308 with accumulated depreciation of \$38,651,572 were recorded. (Note 6)
- The District implemented the State mandates for the minimum \$50,000 salary for Level 3-A teachers; and the 0.75% increase in the employer's contribution to the Educational Retirement Fund.

Basic Financial Statement This annual report introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

The Statement of Net Assets and Statement of Activities are district-wide (government) information that presents both an aggregate view of the District's finances and a longer-term view of trends. The next level of information is in the fund level financial statements. A fund is an accountability unit used to maintain control over resources for specified activities or objectives. The fund financial statements will look at the District's most significant funds while combining all other non-major funds into a single summary.

STATE OF NEW MEXICO
 Aztec Municipal Schools
 Management's Discussion and Analysis
 For the Fiscal Year Ended
 June 30, 2009

Government Wide Financial Statements

Statement of Net Assets – This is a District-wide statement including all assets and liabilities using an accrual basis of accounting. This basis of accounting, similar to private sector business, includes all of the current year's revenues and expenses regardless of when actual cash was received or paid. Differences between assets and liabilities are reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Summary of Statement of Net Assets

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
<u>Assets</u>			
Current assets	\$ 21,764,639	\$ 24,198,510	\$ 9,786,926
Capital asset	95,829,308	88,114,421	83,466,510
Accumulated depreciation	(38,651,572)	(38,420,619)	(37,044,056)
Other noncurrent assets	<u>4,632,735</u>	<u>105,359</u>	<u>27,751</u>
Total assets	<u>\$ 83,575,110</u>	<u>\$ 73,997,671</u>	<u>\$ 56,237,201</u>
<u>Liabilities</u>			
Accounts payable	\$ 2,037,903	\$ 1,418,907	\$ 345,078
Accrued interest	429,689	358,004	227,422
Other current liabilities	3,962,979	2,428,738	2,431,097
Long-term liabilities	<u>40,401,629</u>	<u>30,100,000</u>	<u>17,300,000</u>
Total liabilities	<u>46,832,200</u>	<u>34,305,649</u>	<u>20,303,597</u>
<u>Net Assets</u>			
Invested in capital assets	13,852,736	6,659,335	26,797,524
Restricted: Debt service	6,578,854	4,362,521	3,972,903
Restricted: Capital projects	3,739,443	26,867,313	3,584,844
Restricted: Other Purpose	367,286	52,671	63,482
Unrestricted	<u>12,204,591</u>	<u>1,750,182</u>	<u>1,514,851</u>
Total net assets	<u>\$ 36,742,910</u>	<u>\$ 39,692,022</u>	<u>\$ 35,933,604</u>

Statement of Activities – This is a District-wide statement that reports how the District's net assets changed during the fiscal year. This report compliments the Statement of Net Assets by being designed to show the financial reliance on various sources of revenue used for the functions or activities provided by the District.

Both of these statements, Net Assets and Activities, include activity of the District that may be classified in three distinct types:

Governmental Activities – All of the District's programs and services are considered governmental and include the instructional program, support services, operation and maintenance of plant, pupil transportation, and activities.

Component Unit Activities – Activities for which financial reporting is required within the primary unit (the District) but for which governance and oversight is assigned to the component unit. The Mosaic Charter School is defined as a component unit of the District.

STATE OF NEW MEXICO
 Aztec Municipal Schools
 Management's Discussion and Analysis
 For the Fiscal Year Ended
 June 30, 2009

Summary of Statement of Activities

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
<u>Revenues</u>			
Program revenues:			
Charges for services	\$ 617,923	\$ 548,139	\$ 668,348
Operating grants	4,069,315	5,677,106	4,264,689
Capital grants	573,304	667,148	346,356
General revenues:			
Property taxes	1,742,816	7,405,565	5,881,191
Federal and state aid	21,620,379	20,893,140	19,599,865
Other	<u>4,771,602</u>	<u>88,405</u>	<u>142,211</u>
Total revenues	<u>33,395,339</u>	<u>35,279,503</u>	<u>30,902,660</u>
<u>Expenses</u>			
Instruction	16,569,286	16,212,978	14,473,330
Support services	15,650,067	12,941,006	11,770,368
Food service	1,236,734	1,213,364	1,100,921
Depreciation, unallocated	-	-	2,294,935
Interest on long term debt	<u>1,584,310</u>	<u>1,363,411</u>	<u>911,678</u>
Total expenses	<u>35,040,397</u>	<u>31,730,759</u>	<u>30,551,232</u>
Changes in net assets	<u>\$ (1,645,058)</u>	<u>\$ 3,548,744</u>	<u>\$ 351,428</u>

Fund Financial Statements

The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The District uses many funds to account for a multitude of various transactions. Within the basic financial statements, fund financial statements focus only on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined; individual non-fund data are presented in later sections of this report. The District's major governmental funds, as defined in GASB 34, are the General Fund, Bond Building, Capital Improvement SB-9, and Debt Service Fund.

Governmental Funds

Governmental funds encompass most of the District's activities and are reported in fund financial statements. These statements focus on short-term periods on how resources flow into and out of those funds and the resources available at the end of the fiscal period. These funds are reported in the modified accrual accounting method that recognizes cash and any other financial assets that can be readily converted. Governmental fund statements and government-wide reporting focus on two different perspectives, short-term and long-term impact, thus the relationship or differences can be understood by reconciling the two different financial statements.

Governmental Activities

This statement of activity reports the cost of program services and the charges of services, and the revenues that are received to perform these services. The Statement of Activities (Exhibit A-2) for governmental activities, reports the total cost of services and the net cost of services.

It becomes apparent that dependence upon revenues from the State of New Mexico for governmental activities is significant. The New Mexico Legislature and the operation of the Equalization Guarantee Formula for operational funding by the New Mexico Department of Education have minimized local tax support for public education. This fund pays for teaching staff, instructional support staff, administrative staff and maintenance staff. This represents 64% of the budgeted total revenue received in fiscal year 2009.

STATE OF NEW MEXICO
Aztec Municipal Schools
Management's Discussion and Analysis
For the Fiscal Year Ended
June 30, 2009

The State of New Mexico through the Public Education Department establishes annually a "Unit Value" that is used, along with student membership and the Equalization Guarantee Formula factors, to determine the amount of State support to be received by individual districts. The Unit Value has increased over the past several years; coupled with the District slowly declining student membership, funding from the State of New Mexico has been stable.

School District Funds

The District's total governmental funds had revenues of \$33,426,151, bond proceeds and other sources of \$13,225,000 and \$149,985 and expenditures of \$46,011,954. The net change in the governmental fund balance for the fiscal year decreased \$789,182. These governmental funds are accounted for using the modified accrual basis of accounting as required by the New Mexico Public Education Department. An adjustment was made for governmental capital assets that were overstated in the amount of \$1,304,054 (see Financial Statements Note 14) as a result of removing assets that were incorrectly included in the prior year cumulative capital assets roll forward.

General Fund Budgeting Highlights

The State of New Mexico school budget process is defined in the New Mexico Statutes (Section 22) and the New Mexico Administrative Code (Section 6). Specific items are further defined in the New Mexico Manual of Procedures for Public School Accounting and Budgeting. The District follows an internal process of budgeting by recognizing the Educational Plan for Student Success and the priorities defined. District management and the Board of Education utilize a continuous improvement model for student success and district improvement. The General Fund is the most significant budgeted fund; other major funds, as defined in GASB 34 are the Bond Building, Capital Improvement SB-9, and Debt Service Fund.

The General Fund had final budgeted revenues of \$24,197,567 and actual cash basis revenue of \$24,282,594. Expenditures were budgeted at \$25,239,676 and actual cash basis expenditures were \$23,132,810. The difference between budget and actual expenditures was due to budgetary savings/requirements within the budget and the amount of budgeted emergency reserve and allowable cash balance. General Fund balance at year end was \$1,471,626.

Capital Asset and Debt Administration

Capital Assets

GASB 34 rules now require the District to depreciate capital assets. This is a significant change from prior fiscal periods. As of June 30, 2009 the District had \$95,829,308 invested in capitalized assets and had accumulated depreciation of \$38,651,572 (Notes to Financial Statements Note 6). The beginning capitalized value of assets was adjusted to add the historical cost or appraised value of buildings and land. A systematic process is in place that adds newly acquired capital assets, deletes capital assets that are disposed of and requires local school sites to verify possession of capital assets at individual locations.

The State of New Mexico provides public school capital funding through the Public School Capital Outlay Council (PSCOC). Current legislation that regulates distribution of funds calls for "matching" of capital funds between the district and State. The District match is 17% that is matched by State resources of 83% for capital awards from the PSCOC. The District intends to actively pursue grant awards for capital outlay from this source; awards are based upon the condition index of each facility, and the District has many facilities in the upper condition of need. During the fiscal year the major capital activity was the building of additional student instruction facilities.

STATE OF NEW MEXICO
Aztec Municipal Schools
Management's Discussion and Analysis
For the Fiscal Year Ended
June 30, 2009

Long Term Debt

The District may incur general obligation debt under the terms of Article IX, Section 11 of the New Mexico Constitution. The approval of such general obligation is dependent upon local voter approval and is limited to 6% of the assessed valuation of taxable property within the District. As of June 30, 2009 the District had outstanding General Obligation bonds in the amount of \$43,325,000 that included the sale of \$13,225,000 during the year. The District is bonded to 55.87% of the legal limit of \$77,552,282 based on assessed property value of \$1,292,538,033

The District has another \$13,000,000 of voter authorized bonds remaining to be issued. The District expects to issue the remaining bonds later in fiscal year 2010.

FUTURE TRENDS

In September 2003, the voters of the State of New Mexico approved two Constitutional amendments that effect public school education. The provision that increases the percentage of interest distribution from the Public School Permanent Fund is designed to fund public school reforms. Since the State uses an Equalization Guarantee Formula, the additional distributions should increase the support for operational funding within the General Fund. The focus of the increased funding is to be the classroom rather than other functions.

Capital funding from State sources was not defined in a formula such as the operational fund prior to 1999. A State District Court monitors the State's performance in this funding; a status hearing regarding the State's progress toward uniform and sufficient capital funding may occur at the order of the Court. Capital funding is expected to continue at current levels to assist the District in replacement, renovation and construction of school buildings. Separately, the District's long-range debt plan, anticipates a General Obligation debt above 90% to coordinate with State capital outlay funds and the required match of funds by the District.

The Public Education Department, under Legislative action, directed New Mexico School Districts to implement a Uniform Chart of Accounts (UCOA). The implementation will take place beginning July 1, 2006 and may change the comparison of financial statements for June 30, 2009 to prior periods. The implemented UCOA in New Mexico will allow alignment with reporting received by the National Center for Education Statistics (NCES) which compiles statistics to comply with No Child Left Behind (NCLB).

The District completed and approved a five (5) year facilities master plan (FMP) in September, 2007. This plan is compliant with the Public School Facilities Authority (PSFA) guidelines and serves as a working document for future facility needs within the School District. The total estimated cost of capital improvement projects established to address needs in schools via the district's FMP is \$41,220,325 in 2007 dollars. The District plans no immediate growth related projects based upon current enrollment projects. The District plans to actively apply for future Public School Capital Outlay awards in order to bring substandard facilities up to adequacy standards.

The State of New Mexico provides public school capital funding through the Public School Capital Outlay Council (PSCOC). Current legislation regulates distribution of funds calls for "matching" of capital funds between the District and State. The District's match is 90% which in turn is matched by State resources in the amount of 10% for capital awards from the PSCOC. The District intends to actively pursue grant awards for capital outlay from this source based upon the condition index of district facilities as established by the PSFA.

An extensive study was conducted in 2006 by a state-appointed, independent Funding Formula Task Force to determine whether our public schools were being provided sufficient funding. New Mexico's Constitution requires that a "uniform system of free public schools sufficient for the education of and open to all children of school age in the state shall be established and maintained". The outcome of the study was clear – virtually every New Mexico school district, whether small or large, is not operating with sufficient funding, which is the mandate of the New Mexico Constitution. The upcoming 2009 New Mexico Legislative session is expected to receive an education bill that proposes to dramatically change the 35 year old public education funding formula; statewide, an additional \$350,000,000 would be recommended to address sufficiency. The District would be a major beneficiary of the new formula and the accompanying funds.

STATE OF NEW MEXICO
Aztec Municipal Schools
Management's Discussion and Analysis
For the Fiscal Year Ended
June 30, 2009

CONTACTING THE DISTRICT

This financial report is designed to provide the reader, citizens, taxpayers, investors and other patrons with a general overview of the Aztec Municipal Schools financial condition and to provide accountability for the funds the District receives. Questions about this financial report or the operations of the District may be directed to:

Kathleen Runnels, CPA
Director of Finance
Aztec Municipal Schools
1118 W. Aztec Blvd
Aztec, NM 87410
krunnels@aztec.k12.nm.us
505-334-9474

Kirk Carpenter
Superintendent
Aztec Municipal Schools
1118 W. Aztec Blvd
Aztec, NM 87410
adcarpki@aztec.k12.nm.us
505-334-9474

Other District information may be accessed at:

www.aztecschools.com

(This page intentionally left blank.)

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

Aztec Municipal Schools

Statement of Net Assets

June 30, 2009

	<u>Primary Government Governmental Activities</u>	<u>Component Unit</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 20,679,625	\$ 372,946
Property taxes receivable	90,746	-
Other taxes receivable	146,158	-
Due from other governments	834,758	64,369
Other receivables	4,266	-
Inventory	9,086	-
	<u>21,764,639</u>	<u>437,315</u>
Total current assets		
Noncurrent assets		
Restricted cash and cash equivalents	4,477,306	-
Bond issuance costs (net of amortization of \$48,938)	155,429	-
Capital assets	95,829,308	337,164
Less: accumulated depreciation	<u>(38,651,572)</u>	<u>(26,230)</u>
	<u>61,810,471</u>	<u>310,934</u>
Total noncurrent assets		
Total assets	<u>\$ 83,575,110</u>	<u>\$ 748,249</u>

The accompanying notes are an integral part of these financial statements

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component Unit</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 2,037,903	\$ 7,536
Accrued payroll	747,667	30,644
Due to PED	12,621	-
Accrued interest	429,689	-
Deferred revenue	32,450	-
Current portion of accrued compensated absences	70,241	-
Current portion of bonds payable	3,100,000	-
	<u>6,430,571</u>	<u>38,180</u>
Total current liabilities		
Noncurrent liabilities		
Accrued compensated absences	36,018	-
Bond underwriter premiums (net of amortization of \$9,374)	140,611	-
Bonds payable	40,225,000	-
	<u>40,401,629</u>	<u>-</u>
Total noncurrent liabilities		
	<u>46,832,200</u>	<u>38,180</u>
Total liabilities		
Net assets		
Invested in capital assets, net of related debt	13,852,736	310,934
Restricted for:		
Debt service	6,578,854	-
Capital projects	3,739,443	4,056
Other purposes	367,286	44,214
Unrestricted	12,204,591	350,865
	<u>36,742,910</u>	<u>710,069</u>
Total net assets		
	<u>\$ 83,575,110</u>	<u>\$ 748,249</u>
Total liabilities and net assets		

STATE OF NEW MEXICO
Aztec Municipal Schools
Statement of Activities
For the Year Ended June 30, 2009

Program Revenues

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental Activities:			
Instruction	\$ 16,569,286	\$ 47,736	\$ 1,182,718
Support services - students	2,491,562	7,179	177,848
Support services - instruction	669,696	1,929	47,803
Support services - general administration	1,077,479	3,104	76,911
Support services - school administration	1,919,480	5,530	137,013
Central services	646,806	1,863	46,169
Operation & maintenance of plant	6,722,274	19,367	479,837
Student transportation	2,122,770	-	1,342,177
Food services operations	1,236,734	531,215	578,839
Interest on long-term debt	1,584,310	-	-
	<u>\$ 35,040,397</u>	<u>\$ 617,923</u>	<u>\$ 4,069,315</u>
Component Unit Activities:			
Charter school	<u>\$ 1,547,733</u>	<u>\$ -</u>	<u>\$ 163,089</u>

General Revenues:

Taxes
Property taxes, levied for operating programs
Property taxes, levied for debt services
Property taxes, levied for capital projects
Oil and gas taxes
State equalization guarantee
Federal and state aid
Interest and investment earnings
Miscellaneous
Loss on disposition of assets

Subtotal, general revenues

Changes in net assets

Net assets - beginning
Restatement (Note 14)
Net assets - beginning as restated

Net assets - ending

The accompanying notes are an integral part of these financial statements

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Charter School</u>
\$ 315,625	\$ (15,023,207)	\$ -
47,461	(2,259,074)	-
12,757	(607,207)	-
20,525	(976,939)	-
36,564	(1,740,373)	-
12,321	(586,453)	-
128,051	(6,095,019)	-
-	(780,593)	-
-	(126,680)	-
-	(1,584,310)	-
<u>\$ 573,304</u>	(29,779,855)	-
<u>\$ 169,693</u>		(1,214,951)
	127,705	-
	997,603	-
	617,508	-
	4,563,265	-
	21,202,120	1,371,568
	418,259	-
	158,634	-
	66,520	1
	(16,817)	-
	<u>28,134,797</u>	<u>156,618</u>
	(1,645,058)	156,618
	39,692,022	543,442
	(1,304,054)	10,009
	<u>38,387,968</u>	<u>553,451</u>
	<u>\$ 36,742,910</u>	<u>\$ 710,069</u>

STATE OF NEW MEXICO

Aztec Municipal Schools

Balance Sheet

Governmental Funds

June 30, 2009

	<u>General Fund</u>	<u>Bond Building</u>	<u>Capital Improvement SB-9</u>
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ 1,625,212	\$ 13,314,453	\$ 5,498,198
Property taxes receivable	5,702	-	50,798
Other taxes receivable	13,312	-	53,248
Due from other governments	14,758	-	3,508
Other receivables	-	-	-
Inventory	-	-	-
Due from other funds	607,001	-	-
	<hr/>	<hr/>	<hr/>
<i>Total assets</i>	<u>\$ 2,265,985</u>	<u>\$ 13,314,453</u>	<u>\$ 5,605,752</u>
LIABILITIES AND FUND BALANCES			
<i>Current liabilities</i>			
Accounts payable	\$ 91,581	\$ 1,946,322	\$ -
Accrued payroll	698,847	-	-
Due to PED	-	-	-
Deferred revenue	3,931	-	40,342
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total liabilities</i>	<u>794,359</u>	<u>1,946,322</u>	<u>40,342</u>
<i>Fund balances</i>			
Reserved for			
Inventory	-	-	-
Unreserved			
Undesignated, reported in			
General fund	1,471,626	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	11,368,131	5,565,410
	<hr/>	<hr/>	<hr/>
<i>Total fund balances</i>	<u>1,471,626</u>	<u>11,368,131</u>	<u>5,565,410</u>
	<hr/>	<hr/>	<hr/>
<i>Total liabilities and fund balances</i>	<u>\$ 2,265,985</u>	<u>\$ 13,314,453</u>	<u>\$ 5,605,752</u>

The accompanying notes are an integral part of these financial statements

<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 4,477,306	\$ 241,762	\$ 25,156,931
34,246	-	90,746
79,598	-	146,158
-	816,492	834,758
-	4,266	4,266
-	9,086	9,086
-	156,940	763,941
<u>\$ 4,591,150</u>	<u>\$ 1,228,546</u>	<u>\$ 27,005,886</u>
\$ -	\$ -	\$ 2,037,903
-	48,820	747,667
-	12,621	12,621
18,818	32,450	95,541
-	763,941	763,941
<u>18,818</u>	<u>857,832</u>	<u>3,657,673</u>
-	9,086	9,086
-	-	1,471,626
-	361,574	361,574
4,572,332	-	4,572,332
-	54	16,933,595
<u>4,572,332</u>	<u>370,714</u>	<u>23,348,213</u>
<u>\$ 4,591,150</u>	<u>\$ 1,228,546</u>	<u>\$ 27,005,886</u>

(This page intentionally left blank.)

STATE OF NEW MEXICO

Aztec Municipal Schools

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2009

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$	23,348,213
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		57,177,736
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities		63,091
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Bond issuance costs, including original issue discounts and premiums are not financial resources and, therefore, are not reported in the funds		
Bond issuance cost (net of amortization)		155,429
Bond underwriter premiums (net of amortization)		(140,611)
Accrued interest is not due and payable with current financial resources therefore is not reported in the funds		(429,689)
Certain liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		
Bonds payable		(43,325,000)
Current portion of accrued compensated absences		(70,241)
Long term portion of accrued compensated absences		(36,018)
		<hr style="border-top: 1px solid black;"/>
Total net assets - governmental activities	\$	<u><u>36,742,910</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Statements of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General Fund</u>	<u>Bond Building</u>	<u>Capital Improvement SB-9</u>
<i>Revenues</i>			
Property taxes	\$ 123,774	\$ -	\$ 654,252
Oil and gas taxes	416,271	-	1,665,074
Intergovernmental revenue			
Federal flowthrough	17,658	-	-
Federal direct	1,157	-	-
Local sources	-	-	-
State flowthrough	21,304,484	-	129,892
State direct	790,257	-	-
Transportation distribution	889,645	-	-
Charges for services	86,708	-	-
Interest	28,838	70,855	41,402
Miscellaneous	60,624	-	-
<i>Total revenues</i>	<u>23,719,416</u>	<u>70,855</u>	<u>2,490,620</u>
<i>Expenditures</i>			
Current			
Instruction	14,043,375	-	-
Support services - students	2,054,513	-	-
Support services - instruction	433,037	-	-
Support services - general administration	310,698	-	686,870
Support services - school administration	1,718,406	-	-
Central services	571,045	-	-
Operation & maintenance of plant	2,863,460	3,770,309	-
Student transportation	1,828,285	-	-
Food services operations	-	-	-
Capital outlay	-	8,824,290	1,607,559
Debt service			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	67,592	-
<i>Total expenditures</i>	<u>23,822,819</u>	<u>12,662,191</u>	<u>2,294,429</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(103,403)</u>	<u>(12,591,336)</u>	<u>196,191</u>
<i>Other financing sources (uses)</i>			
Bond proceeds	-	13,225,000	-
Bond premiums	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>13,225,000</u>	<u>-</u>
<i>Net change in fund balances</i>	(103,403)	633,664	196,191
<i>Fund balances - beginning of year</i>	<u>1,575,029</u>	<u>10,734,467</u>	<u>5,369,219</u>
<i>Fund balances - ending of year</i>	<u>\$ 1,471,626</u>	<u>\$ 11,368,131</u>	<u>\$ 5,565,410</u>

The accompanying notes are an integral part of these financial statements

Debt Service Fund	Other Governmental Funds	Total
\$ 978,785	\$ -	\$ 1,756,811
2,481,920	-	4,563,265
-	2,097,579	2,115,237
-	101,693	102,850
-	79,377	79,377
-	304,153	21,738,529
-	547,103	1,337,360
-	-	889,645
-	531,215	617,923
16,902	637	158,634
-	5,896	66,520
<u>3,477,607</u>	<u>3,667,653</u>	<u>33,426,151</u>
-	1,317,218	15,360,593
-	295,639	2,350,152
-	33,635	466,672
9,800	25,995	1,033,363
-	155,455	1,873,861
-	9,536	580,581
-	-	6,633,769
-	15,218	1,843,503
-	1,222,130	1,222,130
-	443,412	10,875,261
2,200,000	-	2,200,000
1,504,477	-	1,504,477
-	-	67,592
<u>3,714,277</u>	<u>3,518,238</u>	<u>46,011,954</u>
<u>(236,670)</u>	<u>149,415</u>	<u>(12,585,803)</u>
-	-	13,225,000
<u>149,985</u>	<u>-</u>	<u>149,985</u>
<u>149,985</u>	<u>-</u>	<u>13,374,985</u>
(86,685)	149,415	789,182
<u>4,659,017</u>	<u>221,299</u>	<u>22,559,031</u>
<u>\$ 4,572,332</u>	<u>\$ 370,714</u>	<u>\$ 23,348,213</u>

(This page intentionally left blank.)

STATE OF NEW MEXICO

Aztec Municipal Schools

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the year Ended June 30, 2009

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$	789,182
--	----	---------

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:

Capital expenditures reported as capital outlay expenditures		10,875,261
Depreciation expense		(2,070,456)

In the statement of activities, only the loss on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the disposition increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets disposed.

		(16,817)
--	--	----------

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

Change in deferred revenue related to property taxes receivable		(13,995)
---	--	----------

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 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:

Bond issuance cost		67,592
Bond premium		(149,985)
Amortization of bond issuance cost		(17,522)
Amortization of bond premiums		9,374
Increase in compensated absences		(21,007)
Increase in accrued interest		(71,685)
Bond proceeds		(13,225,000)
Principal payments on bonds		<u>2,200,000</u>

Change in net assets of governmental activities	\$	<u><u>(1,645,058)</u></u>
---	----	---------------------------

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-1

Aztec Municipal Schools

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ 126,006	\$ 126,006	\$ 124,643	\$ (1,363)
Oil and gas taxes	503,093	503,093	489,547	(13,546)
<i>Intergovernmental</i>				
Federal flowthrough	10,000	10,000	17,658	7,658
Federal direct	1,000	1,000	1,157	157
Local sources	-	-	-	-
State flowthrough	21,339,833	21,250,694	21,297,550	46,856
State direct	25,996	841,213	790,053	(51,160)
Transportation distribution	1,403,843	1,274,360	1,393,436	119,076
Charges for services	74,000	74,000	78,884	4,884
Interest	90,000	90,000	28,838	(61,162)
Miscellaneous	27,201	27,201	60,828	33,627
<i>Total revenues</i>	<u>23,600,972</u>	<u>24,197,567</u>	<u>24,282,594</u>	<u>85,027</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	14,203,211	14,522,106	13,349,801	1,172,305
Support services - students	2,386,793	2,385,697	2,059,032	326,665
Support services - instruction	516,151	532,051	446,212	85,839
Support services - general administration	364,199	363,145	313,110	50,035
Support services - school administration	1,789,253	1,787,646	1,720,446	67,200
Central services	574,399	574,399	573,315	1,084
Operation & maintenance of plant	3,101,197	3,062,087	2,825,034	237,053
Student transportation	1,435,434	1,845,876	1,845,860	16
Other support services	274,552	166,669	-	166,669
<i>Total expenditures</i>	<u>24,645,189</u>	<u>25,239,676</u>	<u>23,132,810</u>	<u>2,106,866</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,044,217)</u>	<u>(1,042,109)</u>	<u>1,149,784</u>	<u>2,191,893</u>
<i>Other financing sources (uses)</i>				
Designated cash	1,044,217	1,042,109	-	(1,042,109)
<i>Total other financing sources (uses)</i>	<u>1,044,217</u>	<u>1,042,109</u>	<u>-</u>	<u>(1,042,109)</u>
<i>Net change in fund balances</i>	-	-	1,149,784	1,149,784
<i>Fund balances - beginning of year</i>	-	-	1,082,429	1,082,429
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,232,213</u>	<u>\$ 2,232,213</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 1,149,784
Adjustments to revenues for oil and gas taxes, transportation distribution, and state flowthrough				(563,178)
Adjustments to expenditures for salaries, general supplies and material, and other contract services				(690,009)
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (103,403)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Exhibit D-1

<i>Assets</i>	
Cash	<u>\$ 348,909</u>
<i>Total assets</i>	<u><u>\$ 348,909</u></u>
 <i>Liabilities</i>	
Due to student organizations	<u>\$ 348,909</u>
<i>Total liabilities</i>	<u><u>\$ 348,909</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies

Aztec Municipal Schools (“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 of the City of Aztec, New Mexico. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of the District’s management who is responsible for their integrity and objectivity. The financial statements and notes of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for the governmental units. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The government-wide financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued after November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance. The more significant of the District’s accounting policies are described below.

A. *Financial Reporting Entity*

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set for the in GASB Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion in the reporting entity. Based upon the application of these criteria, the District has one component unit and is not a component unit of another government agency.

Mosaic Academy 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 is deemed to be fiscally dependent upon the District and has been deemed to be a separate legal entity based on state statute and is presented as a discrete component unit.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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*, as is the fiduciary fund financial statement. 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 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.

Property taxes, franchise taxes, licenses, 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. Property tax receivables are recognized in the period for which the taxes are levied, net of estimated refunds and uncollectible amounts. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. All other revenue items are considered to be measurable and available only when cash is received by the government.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The government reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by School tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.

Bond Building Capital Projects Fund is used to account for bond proceeds plus any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

The *Capital Improvements SB-9 Capital Projects Fund* is used to provide financing for 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.

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.

Additionally, the government reports the following agency fund:

The *Fiduciary Funds* account for assets held by the Schools in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Deposits and Investments: The District'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 District to invest in Certificates of Deposit, obligations of the U.S. Government, and the Local Government Investment Pool. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. As of June 30, 2009 the District does not have any investments.

Restricted Assets: Certain proceeds of the District's revenue bonds and general obligation bonds are classified as restricted assets on the balance sheet because their use is limited by the applicable bond covenants.

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

STATE OF NEW MEXICO
 Aztec Municipal Schools
 Notes to Financial Statements
 June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity

The District receives monthly income from a tax levy from San Juan County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2009 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2009. Period of availability is deemed to be sixty days subsequent to year end.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various schools for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the New Mexico Public Education Department "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. The District are allowed to carryforward unused allocations from year to year.

Inventory: The District method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer recognition of the expenditures until the period in which the inventories actually are consumed. Inventory in the Food Service Special Revenue Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditures at the time individual inventory items are consumed.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. 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. Information Technology equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). The District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Library books are deemed to have useful lives of one year and are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction. Construction projects paid for by the Public School Capital Outlay Council are included in the District's capital assets.

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/ building improvements	20-40
Furniture, fixtures, and equipment	3-7

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Deferred Revenues: There are two sets of circumstances in which the District accrues deferred revenue.

- *Unearned revenue* - Under both the accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for *deferred revenue*.
- *Unavailable revenue* – Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. Revenue must also be susceptible to accrual (it must be both measureable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue.

Compensated Absences: Twelve-month employees are entitled to accumulate annual leave up to 15 days per year, depending on length of service, and the employee’s hire date and the employee’s employment status (administrator or classified). Annual leave is supposed to be taken in the year earned or the succeeding fiscal year; however, a maximum of 24 days, depending on the employment status of the employee, may be carried over to the succeeding year or put into the employee’s annual leave bank. The employee’s annual leave bank may accumulate up to a maximum of 20 working days and then any days over the 20 are paid out at a rate of \$10 per day. Once days are banked they may not be withdrawn. If an employee retires from the District, employees are paid out at their hourly rate for unused vacation and \$10 per day for unused sick leave. Qualified employees are entitled to accumulate sick leave. If an employee accumulates more than 90 days of sick leave they are paid out at a rate of \$10 per day.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net assets.

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 or straight line method if the difference is inconsequential.

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 the 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 debt service expenditures.

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance 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.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Net Assets or Fund Equity. Equity is classified as net assets and displayed in three components:

- a. Net assets invested in 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.
- b. Restricted Net Assets: Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net assets restricted for “special revenue, debt service, and capital projects” are described on pages 61-63. The government-wide statement of net assets reports \$10,685,583 of restricted net assets, of which \$4,106,729 is restricted by enabling legislation.
- c. Unrestricted Net assets: All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

E. *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 costs.

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 \$21,202,120 in state equalization guarantee distributions during the year ended June 30, 2009.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered ‘measurable’ and ‘available’ in the governmental fund financial statements. The District recognized \$1,756,811 in property tax revenues in the governmental fund financial statements during the year ended June 30, 2009. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive 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 \$889,645 in transportation distributions during the year ended June 30, 2009.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

E. *Revenues (continued)*

Instructional Materials: The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. The District received \$338,644 in instructional materials revenue from the State for the year ended June 30, 2009.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District received \$129,892 in SB-9 matching revenue during the year ended June 30, 2009.

Capital Outlay: The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate education program per Section 22-24-4(B); core administrative function of the public school facilities authority and for project management expense upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

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

During the year ended June 30, 2009, the District received \$443,412 in state special capital outlay fund.

Federal Grants: The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operates under its own budget, which has been approved by the Federal Department or the flowthrough agency (usually the New Mexico Public Education Department). The various budgets are approved by the Local School Board and the New Mexico Public Education Department. For this purpose, the government considers reimbursement grant revenues to be available if they are collected within 120 days of the end of the current fiscal period.

The District also receives reimbursement under the National School Lunch and Breakfast for its food services operations, and the distribution of commodities through the New Mexico Human Services Department. These items are recorded as intergovernmental income.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Budgets for the General, Special Revenue, Debt Service, and Capital Projects are prepared by management and are approved by the local Board of Education and the 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.

Actual expenditures may not exceed the budget at the function (or “series”) level. 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 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 must certify the budget. The school board meeting is open for the general public unless a closed meeting has been called.
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 Fund, and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Debt Service, and Capital Projects are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Budget basis expenditures exclude encumbrances.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits a District from exceeding budgetary control at the function level.

STATE OF NEW MEXICO
 Aztec Municipal Schools
 Notes to Financial Statements
 June 30, 2009

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

The appropriated budget for the year ended June 30, 2009, was properly amended by the District's Board of Education throughout the year. These amendments resulted in no changes in the budget.

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (1,044,217)	\$ (1,042,109)
Bond Building	\$ (10,190,189)	\$ (23,415,189)
Capital Improvement SB-9	\$ (4,232,049)	\$ (4,232,049)
Debt Service	\$ (3,932,239)	\$ (3,932,239)
Nonmajor Funds	\$ (176,712)	\$ (1,430,875)

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

NOTE 3. Deposits and Investments

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2009.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance

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

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.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 3. Deposits and Investments (continued)

Custodial Credit Risk – Deposits Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2009, \$12,576,329 of the District’s bank balance of \$13,076,329 was exposed to custodial credit risk. \$8,219,674 was uninsured and collateralized by collateral held by bank’s trust department, not in the District’s name. \$4,356,655 was uninsured and uncollateralized at June 30, 2009.

	Wells Fargo Bank	Citizens Bank	Total
Amount of deposits	\$ 4,884,604	\$ 8,191,725	\$ 13,076,329
FDIC Coverage	(250,000)	(250,000)	(500,000)
Total uninsured public funds	<u>4,634,604</u>	<u>7,941,725</u>	<u>12,576,329</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>2,652,501</u>	<u>5,567,173</u>	<u>8,219,674</u>
Uninsured and uncollateralized	<u>\$ 1,982,103</u>	<u>\$ 2,374,552</u>	<u>\$ 4,356,655</u>
Collateral requirement (50% of uninsured funds)	\$ 2,317,302	\$ 3,970,863	\$ 6,288,165
Pledged Collateral	<u>2,652,501</u>	<u>5,567,173</u>	<u>8,219,674</u>
Over (Under) collateralized	<u>\$ 335,199</u>	<u>\$ 1,596,310</u>	<u>\$ 1,931,509</u>

The collateral pledged is listed on Schedule III on this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, District or political subdivision of the State of New Mexico.

Custodial Credit Risk – Investments For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial risk. New Mexico State Statutes require collateral pledged to be delivered for securities underlying an overnight repurchase agreement, or a joint safekeeping receipt be issued to the District for at least one hundred two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution. At June 30, 2009, the entire District’s investment balance in repurchase agreements of \$13,005,842 was exposed to custodial credit risk because it was uninsured and the collateral was held by the counterparty and not in the District’s name.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 3. Deposits and Investments (continued)

	Wells Fargo Bank
Repurchase agreements	\$ 13,005,842
FDIC Coverage	-
Total uninsured public funds	13,005,842
Securities underlying an overnight repurchase agreement	13,005,842
Total Investments subject to custodial credit risk	\$ -
Collateral requirement for repurchase agreements	\$ 13,265,959
Pledged Collateral	13,265,959
Over (Under) collateralized	\$ -

The District utilizes pooled accounts for some of their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheets as of June 30, 2009. Funds 24000 through 25000 are federal funds and 26000 through 31700 are nonfederal funds. The following individual funds had negative cash balances as of June 30, 2009:

Special Revenue Funds:

24101	Food Service	\$ 19,241
24106	Entitlement IDEA-B	101,904
24107	Discretionary IDEA B	30,302
24109	Preschool IDEA-B	12,631
24154	Teacher/Principal Training & Recruiting	14,496
24162	Title I School Improvement	3,180
25184	Indian Education Formula Grant	12,341
26125	Wallace Foundation	9,404
27141	Truancy Initiative PED	5,900
27163	Schools in Need of Improvement	68,686
		\$ 278,085

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statements of Net Assets

The carrying amount of deposits and investments shown above are included in the District's Statement of Net Assets as follows:

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents- Governmental Activities Exhibit A-1	\$ 20,679,625
Restricted cash and cash equivalents- Governmental Activities Exhibit A-1	4,477,306
Fiduciary Funds - Exhibit D-1	<u>348,909</u>
 Total cash and cash equivalents	 <u>25,505,840</u>
 Add: deposits in transit and other reconciling items	 576,331
Less: Repurchase agreements	<u>(13,005,842)</u>
 Bank balance of deposits	 <u><u>\$ 13,076,329</u></u>

Custodial Credit Risk – Deposits Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2009, \$217,634 of the District's bank balance of \$467,634 was exposed to custodial credit risk. \$365,60 was uninsured and collateralized by collateral held by bank's trust department, not in the District's name. \$0 was uninsured and uncollateralized at June 30, 2009. At June 30, 2009, cash shown on the statement of net assets at Exhibit A-1 is \$372,946 and the amount shown in the fiduciary funds at Schedule IV is \$11,970.

Component Unit Activities:

	Citizens Bank
Amount of deposits	\$ 467,634
FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	<u>217,634</u>
 Collateralized by securities held by pledging institutions or by its trust department or agent in other than the School's name	 <u>365,600</u>
Uninsured and uncollateralized	<u><u>\$ -</u></u>
 Collateral requirement (50% of uninsured funds)	 \$ 108,817
Pledged Collateral	<u>365,600</u>
Over (Under) collateralized	<u><u>\$ 256,783</u></u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statements of Net Assets

The carrying amount of deposits and investments shown above are included in the District's statements of net assets as follows:

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents- Component Unit Exhibit A-1	\$ 372,946
Fiduciary funds - Component Unit Statement D-3	11,970
	384,916
Total cash and cash equivalents	384,916
Add: deposits in transit and other reconciling items	82,718
	82,718
Bank balance of deposits	\$ 467,634
	\$ 467,634

NOTE 4. Accounts Receivable

Primary Government:

Accounts receivable as of June 30, 2009, are as follows:

	General Fund	Bond Building	Capital Improvement SB-9	Debt Service
Property taxes receivable	\$ 5,702	\$ -	\$ 50,798	\$ 34,246
Other taxes receivable				
Oil and gas taxes	13,312	-	53,248	79,598
Due from other governments				
Federal sources	-	-	-	-
State sources	14,758	-	3,508	-
Other receivables	-	-	-	-
	\$ 33,772	\$ -	\$ 107,554	\$ 113,844
	Other Governmental Funds	Total		
Property taxes receivable	\$ -	\$ 90,746		
Other taxes receivable				
Oil and gas taxes	-	146,158		
Due from other governments				
Federal sources	688,550	688,550		
State sources	127,942	146,208		
Other receivables	4,266	4,266		
	\$ 820,758	\$ 1,075,928		

The above receivables are deemed 100% collectible.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 4. Accounts Receivable (continued)

Component Unit Activities:

Accounts receivable as of June 30, 2009, are as follows:

Property taxes receivable	\$	-
Due from other governments		
Federal sources		-
State sources		64,369
Other receivables		-
		<u> </u>
	\$	<u>64,369</u>

NOTE 5. Interfund Receivables, Payables, and Transfers

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received.

The composition of interfund balances during the year ended June 30, 2009 is as follows:

Primary Government

<u>Due from other fund</u>	<u>Due to Other fund</u>	<u>Amount</u>
General Fund	Title I IASA	\$ 159,930
General Fund	Entitlement IDEA-B	316,121
General Fund	Preschool IDEA-B	15,349
General Fund	Teacher/Principal Training & Recruiting	30,600
General Fund	Safe & Drug Free Schools & Communities	3,117
General Fund	Johnson O'Malley	4,090
General Fund	Indian Education Formula Grant	14,970
General Fund	Wallace Foundation	17,447
General Fund	Truancy Initiative PED	26,136
General Fund	Food Service	19,241
Technology for Education PED	Discretionary IDEA-B	30,302
Technology for Education PED	Preschool IDEA-B	12,631
Technology for Education PED	Teacher/Principal Training & Recruiting	14,496
Technology for Education PED	Title I School Improvement	3,180
Technology for Education PED	Indian Education Formula Grant	12,341
Technology for Education PED	Wallace Foundation	9,404
Technology for Education PED	Truancy Initiative PED	5,900
Technology for Education PED	Schools in Need of Improvement	1,563
Medicaid HSD	Schools in Need of Improvement	67,123
		<u> </u>
Total		<u>\$ 763,941</u>

Component Unit

<u>Due from other fund</u>	<u>Due to Other fund</u>	<u>Amount</u>
General Fund	Entitlement IDEA-B	\$ 13,101
General Fund	Public School Capital Outlay	33,183
		<u> </u>
Total		<u>\$ 46,284</u>

All interfund balances are to be repaid within one year. There were no operating transfers for the year ended June 30, 2009.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2009, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Governmental Activities:

	Balance June 30, 2008	Additions	Deletions	Adjustments	Balance June 30, 2009
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 5,895,514	\$ -	\$ -	\$ -	\$ 5,895,514
Construction in progress	2,024,142	6,355,276	-	(1,420,759)	6,958,659
Total capital assets not being depreciated	7,919,656	6,355,276	-	(1,420,759)	12,854,173
Capital assets being depreciated:					
Land improvements	22,649	-	-	-	22,649
Buildings and improvements	71,727,064	3,785,171	-	939,329	76,451,564
Furniture, fixtures, and equipment	8,445,052	734,814	736,288	(1,942,656)	6,500,922
Total capital assets being depreciated	80,194,765	4,519,985	736,288	(1,003,327)	82,975,135
Less accumulated depreciation:					
Land improvements	1,227	1,132	-	-	2,359
Buildings and improvements	33,039,257	1,607,346	-	105,073	34,751,676
Furniture, fixtures, and equipment	5,380,135	461,978	719,471	(1,225,105)	3,897,537
Total accumulated depreciation	38,420,619	2,070,456	719,471	(1,120,032)	38,651,572
Total capital assets, net of depreciation	\$ 49,693,802	\$ 8,804,805	\$ 16,817	\$ (1,304,054)	\$ 57,177,736

Depreciation expense for the year ended June 30, 2009 was charged to the following functions and funds:

Governmental Activities

Instruction	\$ 1,149,421
Support services-students	136,570
Support services-instruction	282,816
Support services-general administration	43,382
Support services-school administration	35,018
Central services	62,695
Operations and maintenance of plant	76,699
Student transportation	269,251
Food services operations	14,604
	<u>\$ 2,070,456</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 6. Capital Assets (continued)

Component Unit:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Component unit:				
Capital assets not being depreciated:				
Construction in progress	\$ 96,192	\$ -	\$ 96,192	\$ -
Total capital assets not being depreciated	96,192	-	96,192	-
Capital assets being depreciated:				
Buildings and improvements	167,541	123,882	-	291,423
Furniture, fixtures, and equipment	-	45,741	-	45,741
Total capital assets being depreciated	167,541	169,623	-	337,164
Less accumulated depreciation:				
Buildings and improvements	11,163	11,738	-	22,901
Furniture, fixtures, and equipment	-	3,329	-	3,329
Total accumulated depreciation	11,163	15,067	-	26,230
Total capital assets, net of depreciation	\$ 252,570	\$ 154,556	\$ 96,192	\$ 310,934

Depreciation expense for the year ended June 30, 2009 was charged to the following functions and funds:

Component Unit

Instruction	\$ 1,831
Central services	1,748
Operations and maintenance of plant	11,488
	<u>\$ 15,067</u>

NOTE 7. Long-term Debt

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$48,925,000. During the year, general obligation bonds for the same purpose totaling \$13,225,000 were issued.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2009 are for governmental activities.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 7. Long-term Debt (continued)

Bonds outstanding at June 30, 2009, are comprised of the following:

	Series 2000	Series 2001	Series 2002
Original Issue:	\$ 3,000,000	\$ 4,500,000	\$ 13,200,000
Maturity Date	10/1/2011	10/1/2011	10/1/2015
Principal	\$ 1,900,000	\$ 3,600,000	\$ 10,800,000
Interest Rate	5.00% to 5.75%	4.50% to 4.75%	3.50% to 5.50%

	Series 2007	Series 2008
Original Issue:	\$ 15,000,000	\$ 13,225,000
Maturity Date	10/1/2020	10/1/2020
Principal	\$ 13,800,000	\$ 13,225,000
Interest Rate	3.63% to 4.00%	3.00% to 4.00%

Governmental Activities:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009	Due Within One Year
General obligations bonds Series 2000	\$ 2,300,000	\$ -	\$ 400,000	\$ 1,900,000	\$ 600,000
General obligations bonds Series 2001	3,700,000	-	100,000	3,600,000	1,000,000
General obligations bonds Series 2002	11,300,000	-	500,000	10,800,000	500,000
General obligations bonds Series 2007	15,000,000	-	1,200,000	13,800,000	500,000
General obligations bonds Series 2008	-	13,225,000	-	13,225,000	500,000
	<u>32,300,000</u>	<u>13,225,000</u>	<u>2,200,000</u>	<u>43,325,000</u>	<u>3,100,000</u>
Compensated absences	<u>85,252</u>	<u>91,248</u>	<u>70,241</u>	<u>106,259</u>	<u>70,241</u>
Total Long-Term Debt	<u>\$ 32,385,252</u>	<u>\$ 13,316,248</u>	<u>\$ 2,270,241</u>	<u>\$ 43,431,259</u>	<u>\$ 3,170,241</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2009, compensated absences increased \$21,007 from the prior year accrual.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the General Obligation Bonds as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2010	\$ 3,100,000	\$ 1,654,330	\$ 4,754,330
2011	2,725,000	1,529,968	4,254,968
2012	3,100,000	1,402,280	4,502,280
2013	3,500,000	1,268,190	4,768,190
2014	3,800,000	1,129,700	4,929,700
2015-2019	17,600,000	3,236,375	20,836,375
2020-2024	9,500,000	312,100	9,812,100
	<u>\$ 43,325,000</u>	<u>\$ 10,532,943</u>	<u>\$ 53,857,943</u>

The annual requirements to amortize the March 9, 2000 Series general obligation bonds outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2010	\$ 600,000	\$ 82,575	\$ 682,575
2011	650,000	50,538	700,538
2012	650,000	16,900	666,900
	<u>\$ 1,900,000</u>	<u>\$ 150,013</u>	<u>\$ 2,050,013</u>

The annual requirements to amortize the December 14, 2000 Series general obligation bonds outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2010	\$ 1,000,000	\$ 144,000	\$ 1,144,000
2011	1,200,000	92,500	1,292,500
2012	1,400,000	32,375	1,432,375
	<u>\$ 3,600,000</u>	<u>\$ 268,875</u>	<u>\$ 3,868,875</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the November 21, 2002 Series general obligation bonds outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2010	\$ 500,000	\$ 424,800	\$ 924,800
2011	500,000	407,050	907,050
2012	500,000	388,675	888,675
2013	2,200,000	335,300	2,535,300
2014	2,300,000	245,300	2,545,300
2015-2019	2,300,000	152,150	2,452,150
2020-2024	2,500,000	52,500	2,552,500
	<u>\$ 10,800,000</u>	<u>\$ 2,005,775</u>	<u>\$ 12,805,775</u>

The annual requirements to amortize July 13, 2007 Series general obligation bonds outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2010	\$ 500,000	\$ 521,455	\$ 1,021,455
2011	250,000	507,755	757,755
2012	250,000	498,580	748,580
2013	800,000	479,140	1,279,140
2014	1,000,000	445,650	1,445,650
2015-2019	8,000,000	1,430,100	9,430,100
2020-2024	3,000,000	99,600	3,099,600
	<u>\$ 13,800,000</u>	<u>\$ 3,982,280</u>	<u>\$ 17,782,280</u>

The annual requirements to amortize the October 14, 2008 Series general obligation bonds outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2010	\$ 500,000	\$ 481,500	\$ 981,500
2011	125,000	472,125	597,125
2012	300,000	465,750	765,750
2013	500,000	453,750	953,750
2014	500,000	438,750	938,750
2015-2019	7,300,000	1,654,125	8,954,125
2020-2024	4,000,000	160,000	4,160,000
	<u>\$ 13,225,000</u>	<u>\$ 4,126,000</u>	<u>\$ 17,351,000</u>

STATE OF NEW MEXICO
 Aztec Municipal Schools
 Notes to Financial Statements
 June 30, 2009

NOTE 8. 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; and natural disasters. Therefore, the District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. No settlements exceeded insurance coverage for 2009.

NOTE 9. Deficit Fund Balances and Budget Noncompliance Issues

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balance of individual funds. The following funds reflected a deficit fund balance as of June 30, 2009:

Primary Government:

Food Service Special Revenue Fund	\$ 5,889
Wallace Foundation Special Revenue Fund	<u>4,526</u>
 Total	 <u><u>\$ 10,415</u></u>

Component Unit:

None

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 9. Deficit Fund Balances and Budget Noncompliance Issues (continued)

B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2009:

Primary Government:

Food Service	
Food services operations	\$ 83,285
Wallace Foundation Grant	
Support services	\$ 273
Medicaid HSD	
Support services	\$ 1,865
Bond Building	
Capital outlay	\$ 1,854,222
Capital Improvement SB-9	
Support services	\$ 678,495
Debt Service	
Support services	\$ 1,294

The District's reason for these excess of expenditures over appropriations is due to the change in personnel in mid-June, we did not have time to address all the transfers needed at year end to make sure our budgets were in balance at the function level. We failed to submit BARS to show additional revenues for Food Service and Medicaid. The remaining funds were not overspent in total, but were overspent at the function level. Transfers need to be made and approved by the State Department of Education and the Board of Education before the end of the fiscal year. Management will review the budget on a timely basis to insure the budget is properly maintained.

Component Unit:

None

C. In the beginning budget designated cash appropriations exceeded prior year available balances. The following funds exceeded approved budgetary authority for the year ended June 30, 2009:

Primary Government:

Entitlement IDEA-B	\$ 288,163
Preschool IDEA-B	<u>25,399</u>
Total	<u><u>\$ 313,562</u></u>

Component Unit:

Charter Schools Fund	\$ 47,181
Public School Capital Outlay	<u>165,637</u>
Total	<u><u>\$ 212,818</u></u>

The District's reason for these deficits is inadequate monitoring of cash available to be rebudgeted. To correct this problem the District plans to implement a process through the Performance Budget Analysis Team to consider an estimate of designated cash when budgets are established.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 10. ERB Pension Plan

Plan Description. Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (ERA) (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board 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 and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy. Plan members are required to contribute 7.90% of their gross salary. The District is required to contribute 11.65% of the gross covered salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2009, 2008 and 2007 were \$1,825,443, \$1,734,943, and \$1,554,853, respectively.

NOTE 11. Post-Employment Benefits – Retiree Health Care Plan

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2009

NOTE 11. Post-Employment Benefits – Retiree Health Care Plan (continued)

The District’s contributions to the RHCA for the years ended June 30, 2009 and 2008 were \$206,322 and \$206,912 respectively which equaled the required contributions each year.

NOTE 12. Contingent Liabilities

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

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District’s legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 13. Commitments

The District’s commitments as of June 30, 2009 are as follows:

<u>Construction Projects</u>	<u>Contract Amount</u>	<u>Remaining Amount</u>
Vista Nueva Alternative High School	\$ 472,753	\$ 472,753
Park Avenue Elementary School	\$ 2,021,422	\$ 2,021,422
Koogler Middle School	\$ 12,254,912	\$ 12,254,912

NOTE 14. Net Assets Restatement

The Districts capital assets and depreciation did not properly roll forward in the prior year so adjustments were needed in the amount of \$1,304,054 to restate prior year net assets. Adjustments were made for capital assets that were overstated in the amount \$2,424,086, as a result of the client removing assets that were incorrectly included in the prior year cumulative capital asset roll forward. Updates to the cumulative capital assets roll forward were made from a physical inventory count performed in 2008-2009 fiscal year by the District. Accumulated depreciation was understated in the amount of 1,120,032 in the prior year, as a result of depreciation being miscalculated. Beginning net assets were decreased in the amount of \$1,304,054. No funds were affected by this adjustment.

The Component unit’s erroneously recorded accrued compensated absences in the prior year so adjustments were needed in the amount of \$10,009 to restate prior year net assets. Adjustments were made for accrued compensated absences that were overstated in the amount of \$10,009 in the prior year. Beginning net assets were increased in the amount of \$10,009. No funds were affected by this adjustment.

SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO

Aztec Municipal Schools

Non-major Funds

June 30, 2009

ALL FEDERAL FUNDS - The Special Revenue Fund accounts are used to account for grant funds received from the U.S. Department of Education through the New Mexico Department of Education. These funds are to be used for purposes specified in the grant awards and may not be used for any other purpose.

Food Service (21000) – This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Cafeteria Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13

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

Title I IASA (24101) – The major objectives of the Title I program are to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the Schools through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

Entitlement IDEA-B (24106) – To account for a program funded by a Federal grant to assist the Schools in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

Discretionary IDEA-B (24107) – The purpose of this program is to provide administrators and program directors with information and strategies that will support licensed and waived teachers in the areas of special education with day-to-day functions of the classroom. Authority for creation of this fund is Individuals with Disabilities Education Act (IDEA), Part B, Sections 611-617, and Part D, Section 674 as amended, 20 U.S.C. 1411-1417 and 1420, Public Law 105-17.

Competitive IDEA-B (24108) – To account for the infusion of experiential methods into classroom curriculum and support services to promote success for all students in inclusive and special education settings. (P.L. 105-17)

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

Title VI IASA (24112) – To account for a program funded by a Federal grant to assist the Schools to make improvements in elementary and secondary education. Funding authorized by 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 of 1988, Public Law 100-297, 20 U.S.C. 2911-2952, 2971-2976.

Carl D. Perkins Tech Prep - Current (24119) - To account for a grants to 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.

STATE OF NEW MEXICO

Aztec Municipal Schools

Non-major Funds

June 30, 2009

Class Size Reduction Act (24137) – To stimulate school-wide changes in schools that need to substantially improve student academics, particularly Title I schools, so that students in these schools can meet state content and performance standards. Funding authority is the State of New Mexico Department of Education.

Title V Innovative Education Program (24150) – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources.

Teacher/Principal Training & Recruiting (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is the Rehabilitation Act of 1973, as amended, Title III, Section 303(b)-(d). 20 U.S.C. 777a and 797a.

Safe & Drug Free Schools & Communities (24157) – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources. The authority for creation of this fund is the Elementary and Secondary Education Act, Title IV, Part A, Subpart 1, as amended. 20 U.S.C. 7111-7118.

Title I School Improvement (24162) – To account for federal funds to provide family-center education projects to help parents become full partners in the education of their children and to assist children in reaching their full potential as leaders. Authority is Public Law 100-297.

Johnson O'Malley (25131) - To account for grant funds (through the Navajo Nation) to be used to fulfill the needs of Indian students. The funding authority is The Navajo Nation Department of Education. PL93-638 and PL100-427.

Indian Education Formula Grant (25184) - To account for a program funded by a Federal grant to develop and carry out supplementary elementary and secondary school programs designed to meet the special educational and culturally related academic needs of Indian children, for example to: 1) Improve academic performance, 2) Reduce school dropout rates and improve attendance, and 3) Integrate the value of cultural education into the school curriculum for Indian children. Funding authorized by Indian Education Act of 1988, Title V, Part C, Subpart 1, as amended, Public Law 100-297 and 93-638, 25 U.S.C. 2601-2606

Wallace Foundation (26125) – To account for funds received for mentoring new principals and support for recruitment and training of aspiring principals.

Technology for Education PED (27117) – The purpose of this grant is to assist the Schools to develop and implement a strategic, long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is NMSA 22-15A-1 to 22-15A-10.

Incentives for School Improvement Act (27138) – To account for monies received from the Award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools. Authority for the creation of this fund is the New Mexico Public Education Department.

Truancy Initiative PED (27141) – School implement programs and strategies for the purpose of identifying best practices for truancy prevention that are unique to New Mexico populations and cultures that will assist student to stay in school succeed.

Reading Improvement Initiatives (27152) - To provide the cost of teachers and direct teaching expenses for reading initiative. Funding is by the Elementary and Secondary Education Act of 1965.

Beginning Teacher Mentoring Program (27154) – The objective of this program is to provide beginning teachers an effective transition into the teaching profession, retain capable teachers, improve the achievement of students and improve the overall success of the school. Funding is provided by the New Mexico Board of Education. Authority for creation of this fund is NMSA 22-2-8-10.

Schools in Need of Improvement (27163) – Implement an extended school day program to focus on student needs and monitor student progress. Results are reported to New Mexico Public Education Department.

STATE OF NEW MEXICO

Aztec Municipal Schools

Non-major Funds

June 30, 2009

Libraries – SB 301 GO Bonds (27170) – Funds are used for the improvement or acquisition of all public school libraries and expand library collections in order to circulate and provide access of materials to students and teachers.

NM Arts Div (28131) – To account for grant reserved from the New Mexico Arts.

Medicaid HSD (28144) – 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.

Resources for School Health (28151) - 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.

Public School Capital Outlay (31200) – To account for proceeds from taxes for the cost of improvement of land, buildings, and purchase equipment. Funding authority is the State Department of Education.

Special Capital Outlay State (31400) – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of specific capital outlay projects.

STATE OF NEW MEXICO
Aztec Municipal Schools
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2009

Special Revenue

ASSETS	<u>Food Service</u>	<u>Athletics</u>	<u>Title I IASA</u>	<u>Entitlement IDEA- B</u>
<i>Current assets</i>				
Cash and cash equivalents	\$ -	\$ 164,594	\$ -	\$ -
Due from other governments	-	-	173,271	343,480
Other receivables	4,266	-	-	-
Inventory	9,086	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 13,352</u>	<u>\$ 164,594</u>	<u>\$ 173,271</u>	<u>\$ 343,480</u>
LIABILITIES AND FUND BALANCE				
<i>Current liabilities</i>				
Accrued payroll	\$ -	\$ -	\$ 13,341	\$ 27,359
Due to PED	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	19,241	-	159,930	316,121
<i>Total liabilities</i>	<u>19,241</u>	<u>-</u>	<u>173,271</u>	<u>343,480</u>
<i>Fund balances</i>				
Reserved for				
Inventory	9,086	-	-	-
Unreserved				
Undesignated, reported in				
Special revenue funds	(14,975)	164,594	-	-
Capital projects funds	-	-	-	-
<i>Total fund balance</i>	<u>(5,889)</u>	<u>164,594</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 13,352</u>	<u>\$ 164,594</u>	<u>\$ 173,271</u>	<u>\$ 343,480</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Discretionary IDEA-B	Competitive IDEA-B	Preschool IDEA- B	Title VI IASA	Carl D. Perkins Tech Prep - Current	Class Size Reduction Act
\$ -	\$ 303	\$ -	\$ 43	\$ 248	\$ 47
31,864	-	27,980	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 31,864</u>	<u>\$ 303</u>	<u>\$ 27,980</u>	<u>\$ 43</u>	<u>\$ 248</u>	<u>\$ 47</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	303	-	43	248	47
1,562	-	-	-	-	-
30,302	-	27,980	-	-	-
<u>31,864</u>	<u>303</u>	<u>27,980</u>	<u>43</u>	<u>248</u>	<u>47</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 31,864</u>	<u>\$ 303</u>	<u>\$ 27,980</u>	<u>\$ 43</u>	<u>\$ 248</u>	<u>\$ 47</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2009

Special Revenue				
	Title V Innovative Education Program	Teacher/Principal Training & Recruiting	Safe & Drug Free Schools & Communities	Title I School Improvement
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	48,244	3,117	29,122
Other receivables	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	-	-	-	-
<i>Total assets</i>	\$ -	\$ 48,244	\$ 3,117	\$ 29,122
LIABILITIES AND FUND BALANCE				
<i>Current liabilities</i>				
Accrued payroll	\$ -	\$ 3,148	\$ -	\$ 3
Due to PED	-	-	-	-
Deferred revenue	-	-	-	25,939
Due to other funds	-	45,096	3,117	3,180
	-	45,096	3,117	3,180
<i>Total liabilities</i>	-	48,244	3,117	29,122
<i>Fund balances</i>				
Reserved for				
Inventory	-	-	-	-
Unreserved				
Undesignated, reported in				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
	-	-	-	-
<i>Total fund balance</i>	-	-	-	-
<i>Total liabilities and fund balance</i>	\$ -	\$ 48,244	\$ 3,117	\$ 29,122

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Johnson O'Malley</u>	<u>Indian Education Formula Grant</u>	<u>Wallace Foundation</u>	<u>Technology for Education PED</u>	<u>Incentives for School Improvement Act</u>	<u>Truancy Initiative PED</u>
\$ -	\$ -	\$ -	\$ 52,515	\$ 8,550	\$ -
4,093	27,379	25,804	-	-	33,452
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	89,817	-	-
<u>\$ 4,093</u>	<u>\$ 27,379</u>	<u>\$ 25,804</u>	<u>\$ 142,332</u>	<u>\$ 8,550</u>	<u>\$ 33,452</u>
\$ 3	\$ 68	\$ 3,479	\$ 3	\$ -	\$ 1,416
-	-	-	-	8,550	-
-	-	-	-	-	-
4,090	27,311	26,851	-	-	32,036
<u>4,093</u>	<u>27,379</u>	<u>30,330</u>	<u>3</u>	<u>8,550</u>	<u>33,452</u>
-	-	-	-	-	-
-	-	(4,526)	142,329	-	-
-	-	-	-	-	-
-	-	(4,526)	142,329	-	-
<u>\$ 4,093</u>	<u>\$ 27,379</u>	<u>\$ 25,804</u>	<u>\$ 142,332</u>	<u>\$ 8,550</u>	<u>\$ 33,452</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2009

Special Revenue

	Reading Improvement Initiatives	Beginning Teacher Mentoring Program	Schools in Need of Improvement	Libraries - SB 301 GO Bonds
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 49	\$ 4,949	\$ -	\$ 7,029
Due from other governments	-	-	68,686	-
Other receivables	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 49</u>	<u>\$ 4,949</u>	<u>\$ 68,686</u>	<u>\$ 7,029</u>
LIABILITIES AND FUND BALANCE				
<i>Current liabilities</i>				
Accrued payroll	\$ -	\$ -	\$ -	\$ -
Due to PED	49	-	-	-
Deferred revenue	-	4,949	-	-
Due to other funds	-	-	68,686	-
<i>Total liabilities</i>	<u>49</u>	<u>4,949</u>	<u>68,686</u>	<u>-</u>
<i>Fund balances</i>				
Reserved for				
Inventory	-	-	-	-
Unreserved				
Undesignated, reported in				
Special revenue funds	-	-	-	7,029
Capital projects funds	-	-	-	-
<i>Total fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,029</u>
<i>Total liabilities and fund balance</i>	<u>\$ 49</u>	<u>\$ 4,949</u>	<u>\$ 68,686</u>	<u>\$ 7,029</u>

The accompanying notes are an integral part of these financial statements

<u>Special Revenue</u>			<u>Capital Projects</u>			
<u>NM Arts Div</u>	<u>Medicaid HSD</u>	<u>Resources for School Health</u>	<u>Public School Capital Outlay</u>	<u>Special Capital Outlay State</u>		<u>Total Nonmajor Governmental Funds</u>
\$ 156	\$ -	\$ 3,225	\$ 54	\$ -		\$ 241,762
-	-	-	-	-		816,492
-	-	-	-	-		4,266
-	-	-	-	-		9,086
-	67,123	-	-	-		156,940
<u>\$ 156</u>	<u>\$ 67,123</u>	<u>\$ 3,225</u>	<u>\$ 54</u>	<u>\$ -</u>		<u>\$ 1,228,546</u>
\$ -	\$ -	\$ -	\$ -	\$ -		\$ 48,820
156	-	3,225	-	-		12,621
-	-	-	-	-		32,450
-	-	-	-	-		763,941
<u>156</u>	<u>-</u>	<u>3,225</u>	<u>-</u>	<u>-</u>		<u>857,832</u>
-	-	-	-	-		9,086
-	67,123	-	-	-		361,574
-	-	-	54	-		54
-	67,123	-	54	-		370,714
<u>\$ 156</u>	<u>\$ 67,123</u>	<u>\$ 3,225</u>	<u>\$ 54</u>	<u>\$ -</u>		<u>\$ 1,228,546</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

Special Revenue

	Food Service	Athletics	Title I IASA	Entitlement IDEA-B
<i>Revenues</i>				
Intergovernmental revenue				
Federal flowthrough	\$ 644,667	\$ -	\$ 420,049	\$ 802,636
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	27,562	-	-	-
Charges for services	439,109	92,106	-	-
Interest	464	173	-	-
Miscellaneous	5,896	-	-	-
<i>Total revenues</i>	<u>1,117,698</u>	<u>92,279</u>	<u>420,049</u>	<u>802,636</u>
<i>Expenditures</i>				
Current				
Instruction	-	50,387	354,783	500,976
Support services - students	-	-	-	212,787
Support services - instruction	-	-	115	-
Support services - general administration	-	-	6,322	8,324
Support services - school administration	-	-	58,829	65,331
Central services	-	-	-	-
Student transportation	-	-	-	15,218
Food services operations	1,222,130	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,222,130</u>	<u>50,387</u>	<u>420,049</u>	<u>802,636</u>
<i>Net change in fund balances</i>	(104,432)	41,892	-	-
<i>Fund balances - beginning of year</i>	<u>98,543</u>	<u>122,702</u>	<u>-</u>	<u>-</u>
<i>Fund balances - ending of year</i>	<u>\$ (5,889)</u>	<u>\$ 164,594</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Discretionary IDEA-B	Competitive IDEA- B	Preschool IDEA-B	Title VI IASA	Carl D. Perkins Tech Prep - Current	Class Size Reduction Act
\$ 30,302	\$ -	\$ 31,393	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>30,302</u>	<u>-</u>	<u>31,393</u>	<u>-</u>	<u>-</u>	<u>-</u>
30,302	-	14,954	-	-	-
-	-	11,370	-	-	-
-	-	-	-	-	-
-	-	368	-	-	-
-	-	4,701	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>30,302</u>	<u>-</u>	<u>31,393</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

Special Revenue

	Title V Innovative Education Program	Teacher/Principal Training & Recruiting	Safe & Drug Free Schools & Communities	Title I School Improvement
<i>Revenues</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ 130,009	\$ 4,384	\$ 34,139
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>130,009</u>	<u>4,384</u>	<u>34,139</u>
<i>Expenditures</i>				
Current				
Instruction	-	128,467	4,314	34,139
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	1,542	70	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>130,009</u>	<u>4,384</u>	<u>34,139</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - ending of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Johnson O'Malley</u>	<u>Indian Education Formula Grant</u>	<u>Wallace Foundation</u>	<u>Technology for Education PED</u>	<u>Incentives for School Improvement Act</u>	<u>Truancy Initiative PED</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18,020	83,673	-	-	-	-
-	-	79,377	-	-	-
-	-	-	180,806	-	33,452
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,020</u>	<u>83,673</u>	<u>79,377</u>	<u>180,806</u>	<u>-</u>	<u>33,452</u>
4,845	51,305	70,813	3,194	-	-
12,940	19,879	-	-	-	33,452
-	-	-	24,565	-	-
235	993	6,959	1,182	-	-
-	11,496	6,131	-	-	-
-	-	-	9,536	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,020</u>	<u>83,673</u>	<u>83,903</u>	<u>38,477</u>	<u>-</u>	<u>33,452</u>
-	-	(4,526)	142,329	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,526)</u>	<u>\$ 142,329</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue			
	Reading Improvement Initiatives	Beginning Teacher Mentoring Program	Schools in Need of Improvement	Libraries - SB 301 GO Bonds
<i>Revenues</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	5,225	68,686	15,984
State direct	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>5,225</u>	<u>68,686</u>	<u>15,984</u>
<i>Expenditures</i>				
Current				
Instruction	-	53	68,686	-
Support services - students	-	5,172	-	-
Support services - instruction	-	-	-	8,955
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>5,225</u>	<u>68,686</u>	<u>8,955</u>
<i>Net change in fund balances</i>	-	-	-	7,029
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - ending of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,029</u>

The accompanying notes are an integral part of these financial statements

Special Revenue			Capital Projects		Total Nonmajor Governmental Funds
NM Arts Div	Medicaid HSD	Resources for School Health	Public School Capital Outlay	Special Capital Outlay State	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,097,579
-	-	-	-	-	101,693
-	-	-	-	-	79,377
-	-	-	-	-	304,153
-	76,129	-	-	443,412	547,103
-	-	-	-	-	531,215
-	-	-	-	-	637
-	-	-	-	-	5,896
-	<u>76,129</u>	-	-	<u>443,412</u>	<u>3,667,653</u>
-	-	-	-	-	1,317,218
-	39	-	-	-	295,639
-	-	-	-	-	33,635
-	-	-	-	-	25,995
-	8,967	-	-	-	155,455
-	-	-	-	-	9,536
-	-	-	-	-	15,218
-	-	-	-	-	1,222,130
-	-	-	-	443,412	443,412
-	<u>9,006</u>	-	-	<u>443,412</u>	<u>3,518,238</u>
-	67,123	-	-	-	149,415
-	-	-	54	-	221,299
<u>\$ -</u>	<u>\$ 67,123</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 370,714</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Food Service Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-1

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	548,954	548,954	637,603	88,649
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	27,351	27,351	27,562	211
Combined local/state	-	-	-	-
Charges for services	422,600	422,600	434,843	12,243
Interest	4,000	4,000	464	(3,536)
Miscellaneous	-	-	5,896	5,896
<i>Total revenues</i>	<u>1,002,905</u>	<u>1,002,905</u>	<u>1,106,368</u>	<u>103,463</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	500	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	1,061,876	1,061,876	1,145,161	(83,285)
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,062,376</u>	<u>1,061,876</u>	<u>1,145,161</u>	<u>(83,285)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(59,471)</u>	<u>(58,971)</u>	<u>(38,793)</u>	<u>20,178</u>
<i>Other financing sources (uses)</i>				
Designated cash	59,471	58,971	-	(58,971)
<i>Total other financing sources (uses)</i>	<u>59,471</u>	<u>58,971</u>	<u>-</u>	<u>(58,971)</u>
<i>Net change in fund balances</i>	-	-	(38,793)	(38,793)
<i>Fund balances - beginning of year</i>	-	-	19,552	19,552
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,241)</u>	<u>\$ (19,241)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (38,793)
Adjustments to revenues for federal flowthrough grants and charges for services.				11,330
Adjustments to expenditures for food costs.				<u>(76,969)</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (104,432)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Athletics Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-2

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	70,000	70,000	95,149	25,149
Interest	100	100	173	73
Miscellaneous	-	-	-	-
<i>Total revenues</i>	70,100	70,100	95,322	25,222
<i>Expenditures</i>				
Current				
Instruction	187,841	187,841	50,387	137,454
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	187,841	187,841	50,387	137,454
<i>Excess (deficiency) of revenues over expenditures</i>	(117,741)	(117,741)	44,935	162,676
<i>Other financing sources (uses)</i>				
Designated cash	117,741	117,741	-	(117,741)
<i>Total other financing sources (uses)</i>	117,741	117,741	-	(117,741)
<i>Net change in fund balances</i>	-	-	44,935	44,935
<i>Fund balances - beginning of year</i>	-	-	119,659	119,659
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 164,594	\$ 164,594
<i>Net change in fund balances (Budget Basis)</i>				\$ 44,935
Adjustments to revenue for fees to users.				(3,043)
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ 41,892

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Title I IASA Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-3

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	454,751	454,751	402,153	(52,598)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>454,751</u>	<u>454,751</u>	<u>402,153</u>	<u>(52,598)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	383,133	383,133	341,442	41,691
Support services - students	-	-	-	-
Support services - instruction	-	115	115	-
Support services - general administration	9,277	9,277	6,322	2,955
Support services - school administration	61,841	62,226	58,829	3,397
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>454,251</u>	<u>454,751</u>	<u>406,708</u>	<u>48,043</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>500</u>	<u>-</u>	<u>(4,555)</u>	<u>(4,555)</u>
<i>Other financing sources (uses)</i>				
Designated cash	(500)	-	-	-
<i>Total other financing sources (uses)</i>	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(4,555)	(4,555)
<i>Fund balances - beginning of year</i>	-	-	(155,375)	(155,375)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (159,930)</u>	<u>\$ (159,930)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (4,555)
Adjustments to revenues for federal flowthrough grants.				17,896
Adjustments to expenditures for general supplies and materials.				<u>(13,341)</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Entitlement IDEA-B Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-4

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	710,010	704,271	548,372	(155,899)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>710,010</u>	<u>704,271</u>	<u>548,372</u>	<u>(155,899)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	500,720	567,481	473,617	93,864
Support services - students	115,095	212,786	212,787	(1)
Support services - instruction	-	-	-	-
Support services - general administration	15,500	16,055	8,324	7,731
Support services - school administration	63,803	180,753	65,331	115,422
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student Transportation	14,892	15,359	15,218	141
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>710,010</u>	<u>992,434</u>	<u>775,277</u>	<u>217,157</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	(288,163)	(226,905)	61,258
<i>Other financing sources (uses)</i>				
Designated cash	-	288,163	-	(288,163)
<i>Total other financing sources (uses)</i>	-	288,163	-	(288,163)
<i>Net change in fund balances</i>	-	-	(226,905)	(226,905)
<i>Fund balances - beginning of year</i>	-	-	(89,216)	(89,216)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (316,121)</u>	<u>\$ (316,121)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (226,905)
Adjustments to revenues for federal flowthrough grants.				254,264
Adjustments to expenditures for general supplies and materials.				<u>(27,359)</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Discretionary IDEA-B Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-5

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	33,393	-	(33,393)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>33,393</u>	<u>-</u>	<u>(33,393)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	31,934	30,302	1,632
Support services - students	-	1,459	-	1,459
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>33,393</u>	<u>30,302</u>	<u>3,091</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(30,302)</u>	<u>(30,302)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(30,302)	(30,302)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,302)</u>	<u>\$ (30,302)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (30,302)
Adjustments to revenues for federal flowthrough grants.				30,302
No adjustments to expenditures.				<u>-</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Competitive IDEA-B Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-6

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>303</u>	<u>303</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303</u>	<u>\$ 303</u>
<i>Net change in fund balances (Budget Basis)</i>			\$ -	-
No adjustments to revenues.				-
No adjustments to expenditures.				<u>-</u>
<i>Net change in fund balances (GAAP Basis)</i>			<u>\$ -</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Preschool IDEA-B Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-7

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	23,840	23,840	24,728	888
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	23,840	23,840	24,728	888
<i>Expenditures</i>				
<i>Current</i>				
Instruction	19,356	33,356	20,921	12,435
Support services - students	3,484	16,648	11,370	5,278
Support services - instruction	-	-	-	-
Support services - general administration	500	500	368	132
Support services - school administration	500	4,701	4,701	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	23,840	55,205	37,360	17,845
<i>Excess (deficiency) of revenues over expenditures</i>	-	(31,365)	(12,632)	18,733
<i>Other financing sources (uses)</i>				
Designated cash	-	31,365	-	(31,365)
<i>Total other financing sources (uses)</i>	-	31,365	-	(31,365)
<i>Net change in fund balances</i>	-	-	(12,632)	(12,632)
<i>Fund balances - beginning of year</i>	-	-	(15,348)	(15,348)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (27,980)	\$ (27,980)
<i>Net change in fund balances (Budget Basis)</i>				\$ (12,632)
Adjustments to revenues for federal flowthrough grants.				6,665
Adjustments to expenditures for general supplies and materials.				5,967
<i>Net change in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Title VI IASA Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-8

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	43	43
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 43	\$ 43
<i>Net change in fund balances (Budget Basis)</i>			\$	-
No adjustments to revenues.				-
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>			\$	-

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Carl D. Perkins Tech Prep - Current Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-9

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	248	248
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 248	\$ 248
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments to revenues.				-
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Class Size Reduction Act Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-10

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>47</u>	<u>47</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47</u>	<u>\$ 47</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments to revenues.				-
No adjustments to expenditures.				<u>-</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Title V Innovative Education Program Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-11

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	1,505	1,505
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,505</u>	<u>1,505</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>1,505</u>	<u>1,505</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	1,505	1,505
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(1,505)</u>	<u>(1,505)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 1,505
Adjustments to revenues for federal flowthrough grants.				(1,505)
No adjustments to expenditures.				<u>-</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Teacher/Principal Training & Recruiting Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-12

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	143,047	143,047	112,357	(30,690)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>143,047</u>	<u>143,047</u>	<u>112,357</u>	<u>(30,690)</u>
<i>Expenditures</i>				
Current				
Instruction	139,828	139,828	125,319	14,509
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	2,919	2,919	1,542	1,377
Support services - school administration	300	300	-	300
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>143,047</u>	<u>143,047</u>	<u>126,861</u>	<u>16,186</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(14,504)	(14,504)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(14,504)	(14,504)
<i>Fund balances - beginning of year</i>	-	-	(30,592)	(30,592)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,096)</u>	<u>\$ (45,096)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (14,504)
Adjustments to revenues for federal flowthrough grants.				17,652
Adjustments to expenditures for salaries.				<u>(3,148)</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

Aztec Municipal Schools

Safe & Drug Free Schools & Communities Special Revenue Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	10,803	10,803	6,037	(4,766)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>10,803</u>	<u>10,803</u>	<u>6,037</u>	<u>(4,766)</u>
<i>Expenditures</i>				
Current				
Instruction	10,000	10,000	4,445	5,555
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	221	221	70	151
Support services - school administration	582	582	-	582
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>10,803</u>	<u>10,803</u>	<u>4,515</u>	<u>6,288</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	1,522	1,522
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	1,522	1,522
<i>Fund balances - beginning of year</i>	-	-	(4,639)	(4,639)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,117)</u>	<u>\$ (3,117)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 1,522
Adjustments to revenues for federal flowthrough grants.				(1,653)
Adjustments to expenditures to general supplies.				<u>131</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Title I School Improvement Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-14

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	50,000	30,956	(19,044)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	50,000	30,956	(19,044)
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	50,000	34,136	15,864
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	50,000	34,136	15,864
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(3,180)	(3,180)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(3,180)	(3,180)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (3,180)	\$ (3,180)
<i>Net change in fund balances (Budget Basis)</i>				\$ (3,180)
Adjustments to revenues for federal flowthrough grants.				3,183
Adjustments to expenditures for salaries.				(3)
<i>Net change in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Johnson O'Malley Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-15

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	23,870	23,870	29,362	5,492
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	23,870	23,870	29,362	5,492
<i>Expenditures</i>				
<i>Current</i>				
Instruction	9,098	9,098	4,842	4,256
Support services - students	14,294	14,294	12,940	1,354
Support services - instruction	-	-	-	-
Support services - general administration	478	478	235	243
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	23,870	23,870	18,017	5,853
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	11,345	11,345
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	11,345	11,345
<i>Fund balances - beginning of year</i>	-	-	(15,435)	(15,435)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (4,090)	\$ (4,090)
<i>Net change in fund balances (Budget Basis)</i>				\$ 11,345
Adjustments to revenues for federal direct grants.				(11,342)
Adjustments to expenditures for salaries.				(3)
<i>Net change in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Indian Education Formula Grant Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-16

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	86,267	86,267	71,257	(15,010)
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>86,267</u>	<u>86,267</u>	<u>71,257</u>	<u>(15,010)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	52,091	52,091	51,237	854
Support services - students	20,074	20,074	19,879	195
Support services - instruction	-	-	-	-
Support services - general administration	1,725	1,725	993	732
Support services - school administration	12,377	12,377	11,496	881
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>86,267</u>	<u>86,267</u>	<u>83,605</u>	<u>2,662</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(12,348)	(12,348)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(12,348)	(12,348)
<i>Fund balances - beginning of year</i>	-	-	(14,963)	(14,963)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,311)</u>	<u>\$ (27,311)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (12,348)
Adjustments to revenues for federal direct grants.				12,416
Adjustments to expenditures for salaries.				<u>(68)</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Wallace Foundation Grant Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-17

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	85,000	60,975	(24,025)
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	10,045	10,045
<i>Total revenues</i>	<u>-</u>	<u>85,000</u>	<u>71,020</u>	<u>(13,980)</u>
<i>Expenditures</i>				
Current				
Instruction	-	72,183	67,334	4,849
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	6,688	6,959	(271)
Support services - school administration	-	6,129	6,131	(2)
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>85,000</u>	<u>80,424</u>	<u>4,576</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(9,404)</u>	<u>(9,404)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(9,404)	(9,404)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(17,447)</u>	<u>(17,447)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,851)</u>	<u>\$ (26,851)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (9,404)
Adjustments to revenues for local grants.				8,357
Adjustments to expenditures for salaries.				<u>(3,479)</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (4,526)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Technology for Education PED Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-18

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	58,957	57,225	(1,732)
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	58,957	57,225	(1,732)
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	3,200	3,191	9
Support services - students	-	-	-	-
Support services - instruction	-	39,245	24,565	14,680
Support services - general administration	-	1,182	1,182	-
Support services - school administration	-	-	-	-
Central services	-	15,330	9,536	5,794
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	58,957	38,474	20,483
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	18,751	18,751
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	18,751	18,751
<i>Fund balances - beginning of year</i>	-	-	123,581	123,581
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 142,332	\$ 142,332
<i>Net change in fund balances (Budget Basis)</i>				\$ 18,751
Adjustments to revenues for state flowthrough grants.				123,581
Adjustments to expenditures for salaries.				(3)
<i>Net change in fund balances (GAAP Basis)</i>				\$ 142,329

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Incentives for School Improvement Act Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-19

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	8,550	8,550
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 8,550	\$ 8,550
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments to revenues.				-
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Truancy Initiative PED Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-20

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	30,000	17,359	(12,641)
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>30,000</u>	<u>17,359</u>	<u>(12,641)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	30,000	23,192	6,808
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>30,000</u>	<u>23,192</u>	<u>6,808</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(5,833)</u>	<u>(5,833)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(5,833)	(5,833)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(26,203)</u>	<u>(26,203)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,036)</u>	<u>\$ (32,036)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (5,833)
Adjustments to revenues for state flowthrough grants.				16,093
Adjustments to expenditures to general supplies and materials.				<u>(10,260)</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Reading Improvement Initiatives Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-21

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>49</u>	<u>49</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 49</u>
<i>Net change in fund balances (Budget Basis)</i>			\$	-
No adjustments to revenues.				-
No adjustments to expenditures.				<u>-</u>
<i>Net change in fund balances (GAAP Basis)</i>			<u>\$</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Beginning Teacher Mentoring Program Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-22

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	10,031	10,031	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	10,031	10,031	-
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	4,643	53	4,590
Support services - students	-	5,388	5,172	216
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	10,031	5,225	4,806
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	4,806	4,806
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	4,806	4,806
<i>Fund balances - beginning of year</i>	-	-	143	143
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 4,949	\$ 4,949
<i>Net change in fund balances (Budget Basis)</i>				\$ 4,806
Adjustments to revenues for state flowthrough grants.				(4,806)
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Schools in Need of Improvement Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-23

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	70,000	-	(70,000)
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	70,000	-	(70,000)
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	70,000	68,686	1,314
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	70,000	68,686	1,314
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(68,686)	(68,686)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(68,686)	(68,686)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (68,686)	\$ (68,686)
<i>Net change in fund balances (Budget Basis)</i>				\$ (68,686)
Adjustments to revenues for state flowthrough grants.				68,686
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Libraries - SB 301 GO Bonds Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-24

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	11,117	27,706	16,589
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	11,117	27,706	16,589
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	11,117	8,955	2,162
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	11,117	8,955	2,162
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	18,751	18,751
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	18,751	18,751
<i>Fund balances - beginning of year</i>	-	-	(11,722)	(11,722)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 7,029	\$ 7,029
<i>Net change in fund balances (Budget Basis)</i>				\$ 18,751
Adjustments to revenues for state flowthrough grants.				(11,722)
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ 7,029

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
NM Arts Div Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-25

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	156	156
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 156	\$ 156
<i>Net change in fund balances (Budget Basis)</i>			\$	-
No adjustments to revenues.				-
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>			\$	-

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Medicaid HSD Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-26

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	68,988	68,988
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	68,988	68,988
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services - students	-	-	39	(39)
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	7,875	9,701	(1,826)
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	7,875	9,740	(1,865)
<i>Excess (deficiency) of revenues over expenditures</i>	-	(7,875)	59,248	67,123
<i>Other financing sources (uses)</i>				
Designated cash	-	7,875	-	(7,875)
<i>Total other financing sources (uses)</i>	-	7,875	-	(7,875)
<i>Net change in fund balances</i>	-	-	59,248	59,248
<i>Fund balances - beginning of year</i>	-	-	7,875	7,875
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 67,123	\$ 67,123
<i>Net change in fund balances (Budget Basis)</i>				\$ 59,248
Adjustments to revenues for state direct grants.				7,141
Adjustments to expenditures for general supplies and materials.				734
<i>Net change in fund balances (GAAP Basis)</i>				\$ 67,123

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Resources for School Health Special Revenue Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-27

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,225</u>	<u>3,225</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,225</u>	<u>\$ 3,225</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments to revenues.				-
No adjustments to expenditures.				<u>-</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Public School Capital Outlay Capital Projects Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-28

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	54	54
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 54	\$ 54
<i>Net change in fund balances (Budget Basis)</i>			\$	-
No adjustments to revenues.				-
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>			\$	-

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Special Capital Outlay State Capital Projects Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-29

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	584,001	443,412	(140,589)
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	584,001	443,412	(140,589)
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	584,001	443,412	140,589
<i>Total expenditures</i>	-	584,001	443,412	140,589
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments to revenues.				-
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Bond Building Capital Projects Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-30

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Interest	500,000	500,000	70,855	(429,145)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>500,000</u>	<u>500,000</u>	<u>70,855</u>	<u>(429,145)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	1,660,189	-	1,854,222	(1,854,222)
Capital outlay	9,030,000	23,915,189	10,072,643	13,842,546
<i>Total expenditures</i>	<u>10,690,189</u>	<u>23,915,189</u>	<u>11,926,865</u>	<u>11,988,324</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(10,190,189)</u>	<u>(23,415,189)</u>	<u>(11,856,010)</u>	<u>11,559,179</u>
<i>Other financing sources (uses)</i>				
Designated cash	10,190,189	10,190,189	-	(10,190,189)
Bond proceeds	-	13,225,000	13,225,000	-
Bond issuance costs	-	-	(67,592)	(67,592)
<i>Total other financing sources (uses)</i>	<u>10,190,189</u>	<u>23,415,189</u>	<u>13,157,408</u>	<u>(10,257,781)</u>
<i>Net change in fund balances</i>	-	-	1,301,398	1,301,398
<i>Fund balances - beginning of year</i>	-	-	12,013,055	12,013,055
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,314,453</u>	<u>\$ 13,314,453</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 1,301,398
No adjustments to revenues.				-
Adjustments to expenditures for construction services.				<u>(667,734)</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 633,664</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Capital Improvement SB-9 Capital Projects Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-31

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 651,495	\$ 651,495	\$ 655,570	\$ 4,075
Oil and gas taxes	2,012,372	2,012,372	1,958,177	(54,195)
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	65,110	126,384	61,274
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	140,000	140,000	41,402	(98,598)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,803,867</u>	<u>2,868,977</u>	<u>2,781,533</u>	<u>(87,444)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	1,434,920	9,000	687,495	(678,495)
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	5,600,996	7,092,026	1,607,559	5,484,467
<i>Total expenditures</i>	<u>7,035,916</u>	<u>7,101,026</u>	<u>2,295,054</u>	<u>4,805,972</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,232,049)</u>	<u>(4,232,049)</u>	<u>486,479</u>	<u>4,718,528</u>
<i>Other financing sources (uses)</i>				
Designated cash	4,232,049	4,232,049	-	(4,232,049)
<i>Total other financing sources (uses)</i>	<u>4,232,049</u>	<u>4,232,049</u>	<u>-</u>	<u>(4,232,049)</u>
<i>Net change in fund balances</i>	-	-	486,479	486,479
<i>Fund balances - beginning of year</i>	-	-	5,011,719	5,011,719
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,498,198</u>	<u>\$ 5,498,198</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 486,479
Adjustments to revenues for ad valorem tax and oil and gas taxes.				(290,913)
Adjustments to expenditures for general supplies and materials.				<u>625</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 196,191</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-32

Aztec Municipal Schools

Debt Service Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 850,518	\$ 850,518	\$ 980,103	\$ 129,585
Oil and gas taxes	2,627,117	2,627,117	2,913,152	286,035
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	28,000	28,000	16,902	(11,098)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,505,635</u>	<u>3,505,635</u>	<u>3,910,157</u>	<u>404,522</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	8,506	8,506	9,800	(1,294)
Support services - school administration	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	6,151,733	5,924,891	2,200,000	3,724,891
Interest	1,277,635	1,504,477	1,504,477	-
<i>Total expenditures</i>	<u>7,437,874</u>	<u>7,437,874</u>	<u>3,714,277</u>	<u>3,723,597</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,932,239)</u>	<u>(3,932,239)</u>	<u>195,880</u>	<u>4,128,119</u>
<i>Other financing sources (uses)</i>				
Designated cash	3,932,239	3,932,239	-	(3,932,239)
Bond premiums	-	-	149,985	149,985
<i>Total other financing sources (uses)</i>	<u>3,932,239</u>	<u>3,932,239</u>	<u>149,985</u>	<u>(3,782,254)</u>
<i>Net change in fund balances</i>	-	-	345,865	345,865
<i>Fund balances - beginning of year</i>	-	-	4,131,441	4,131,441
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,477,306</u>	<u>\$ 4,477,306</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 345,865
Adjustments to revenues for ad valorem tax and oil and gas taxes.				(432,550)
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (86,685)</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank.)

GENERAL FUND

STATE OF NEW MEXICO

Statement C-1

Aztec Municipal Schools
 Combining Balance Sheet
 General Fund
 June 30, 2009

	Operating	Pupil Transportation	Instructional Materials	Total
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 1,376,829	\$ 62,248	\$ 186,135	\$ 1,625,212
Property taxes receivable	5,702	-	-	5,702
Other taxes receivable	13,312	-	-	13,312
Due from other governments	13,178	-	1,580	14,758
Due from other funds	607,001	-	-	607,001
<i>Total assets</i>	<u>\$ 2,016,022</u>	<u>\$ 62,248</u>	<u>\$ 187,715</u>	<u>\$ 2,265,985</u>
LIABILITIES AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ 91,581	\$ -	\$ -	\$ 91,581
Accrued payroll	636,877	61,970	-	698,847
Deferred revenue	3,931	-	-	3,931
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>732,389</u>	<u>61,970</u>	<u>-</u>	<u>794,359</u>
<i>Fund balances</i>				
Fund balances				
Unreserved, reported in:				
General Fund	1,283,633	278	187,715	1,471,626
<i>Total fund balances</i>	<u>1,283,633</u>	<u>278</u>	<u>187,715</u>	<u>1,471,626</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2,016,022</u>	<u>\$ 62,248</u>	<u>\$ 187,715</u>	<u>\$ 2,265,985</u>

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

STATE OF NEW MEXICO

Statement C-2

Aztec Municipal Schools

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

For the Year Ended June 30, 2009

	Operating	Pupil Transportation	Instructional Materials	Total
<i>Revenues:</i>				
Property taxes	\$ 123,774	\$ -	\$ -	\$ 123,774
Oil and gas taxes	416,271	-	-	416,271
Intergovernmental revenue				
Federal flowthrough	17,658	-	-	17,658
Federal direct	1,157	-	-	1,157
State flowthrough	21,235,434	-	69,050	21,304,484
State direct	25,597	501,019	263,641	790,257
Transportation distribution	-	889,645	-	889,645
Charges for services	86,708	-	-	86,708
Interest	28,838	-	-	28,838
Miscellaneous	54,669	-	5,955	60,624
<i>Total revenues</i>	<u>21,990,106</u>	<u>1,390,664</u>	<u>338,646</u>	<u>23,719,416</u>
<i>Expenditures:</i>				
Current:				
Instruction	13,841,345	-	202,030	14,043,375
Support services - students	2,054,513	-	-	2,054,513
Support services - instruction	421,962	-	11,075	433,037
Support services - general administration	310,698	-	-	310,698
Support services - school administration	1,718,406	-	-	1,718,406
Central services	571,045	-	-	571,045
Operation & maintenance plant	2,863,460	-	-	2,863,460
Student transportation	68,608	1,759,677	-	1,828,285
<i>Total expenditures</i>	<u>21,850,037</u>	<u>1,759,677</u>	<u>213,105</u>	<u>23,822,819</u>
<i>Net change in fund balances</i>	140,069	(369,013)	125,541	(103,403)
<i>Fund balances - beginning of year</i>	<u>1,143,564</u>	<u>369,291</u>	<u>62,174</u>	<u>1,575,029</u>
<i>Fund balances - end of year</i>	<u>\$ 1,283,633</u>	<u>\$ 278</u>	<u>\$ 187,715</u>	<u>\$ 1,471,626</u>

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

STATE OF NEW MEXICO

Statement C-3

Aztec Municipal Schools

Operating Fund

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts			Variations Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
<i>Revenues:</i>				
Property taxes	\$ 126,006	\$ 126,006	\$ 124,643	\$ (1,363)
Oil and gas taxes	503,093	503,093	489,547	(13,546)
Intergovernmental revenue				
Federal flowthrough	10,000	10,000	17,658	7,658
Federal direct	1,000	1,000	1,157	157
Local sources	-	-	-	-
State flowthrough	21,339,833	21,231,950	21,230,080	(1,870)
State direct	25,996	25,996	25,597	(399)
Transportation distribution	-	-	-	-
Charges for services	74,000	74,000	78,884	4,884
Interest	90,000	90,000	28,838	(61,162)
Miscellaneous	27,201	27,201	54,669	27,468
<i>Total revenues</i>	<u>22,197,129</u>	<u>22,089,246</u>	<u>22,051,073</u>	<u>(38,173)</u>
<i>Expenditures:</i>				
Current:				
Instruction	14,203,211	14,207,704	13,208,474	999,230
Support services - students	2,386,793	2,385,697	2,059,032	326,665
Support services - instruction	516,151	513,307	435,137	78,170
Support services - general admin.	364,199	363,145	313,110	50,035
Support services - school admin.	1,789,253	1,787,646	1,720,446	67,200
Central services	574,399	574,399	573,315	1,084
Operation/maintenance plant	3,101,197	3,062,087	2,825,034	237,053
Student transportation	31,591	70,701	70,685	16
Other support services	274,552	166,669	-	166,669
<i>Total expenditures</i>	<u>23,241,346</u>	<u>23,131,355</u>	<u>21,205,233</u>	<u>1,926,122</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,044,217)</u>	<u>(1,042,109)</u>	<u>845,840</u>	<u>1,887,949</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	1,044,217	1,042,109	-	(1,042,109)
<i>Total other financing sources (uses)</i>	<u>1,044,217</u>	<u>1,042,109</u>	<u>-</u>	<u>(1,042,109)</u>
<i>Net change in fund balances</i>	-	-	845,840	845,840
<i>Fund balances - beginning of year</i>	-	-	1,137,990	1,137,990
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,983,830</u>	<u>\$ 1,983,830</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 845,840
Adjustments to revenues for property, oil, & gas taxes and state flowthrough				(60,967)
Adjustments to expenditures for salaries, general supplies and material, and other contract services				(644,804)
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 140,069</u>

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

STATE OF NEW MEXICO

Statement C-4

Aztec Municipal Schools

Pupil Transportation Fund

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts			Variations Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	500,815	501,019	204
Transportation distribution	1,403,843	1,274,360	1,393,436	119,076
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,403,843</u>	<u>1,775,175</u>	<u>1,894,455</u>	<u>119,280</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin.	-	-	-	-
Support services - school admin.	-	-	-	-
Central services	-	-	-	-
Operation/maintenance plant	-	-	-	-
Student transportation	1,403,843	1,775,175	1,713,205	61,970
Other support services	-	-	-	-
<i>Total expenditures</i>	<u>1,403,843</u>	<u>1,775,175</u>	<u>1,713,205</u>	<u>61,970</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>181,250</u>	<u>181,250</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	181,250	181,250
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(119,002)</u>	<u>(119,002)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,248</u>	<u>\$ 62,248</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 181,250
Adjustments to revenues for transportation distribution				(503,791)
Adjustments to expenditures for general supplies and material				(46,472)
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (369,013)</u>

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

(This page intentionally left blank.)

STATE OF NEW MEXICO

Statement C-5

Aztec Municipal Schools

Instructional Materials Fund

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts			Variations Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	18,744	67,470	48,726
State direct	-	314,402	263,641	(50,761)
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	5,955	5,955
<i>Total revenues</i>	<u>-</u>	<u>333,146</u>	<u>337,066</u>	<u>3,920</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	314,402	203,297	111,105
Support services - students	-	-	-	-
Support services - instruction	-	18,744	11,075	7,669
Support services - general admin.	-	-	-	-
Support services - school admin.	-	-	-	-
Central services	-	-	-	-
Operation/maintenance plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>333,146</u>	<u>214,372</u>	<u>118,774</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>122,694</u>	<u>122,694</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	122,694	122,694
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>63,441</u>	<u>63,441</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,135</u>	<u>\$ 186,135</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 122,694
Adjustments to revenues for state flowthrough				1,580
Adjustments to expenditures for general supplies and materials				1,267
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 125,541</u>

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

(This page intentionally left blank.)

MOSAIC ACADEMY CHARTER SCHOOL

STATE OF NEW MEXICO
Mosaic Academy Charter School
Governmental Funds
Combining Balance Sheet
June 30, 2009

	General		Special Revenue	
	Operational Fund	Instructional Materials Fund	Entitlement IDEA- B	Charter Schools Fund
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 285,928	\$ 40,423	\$ 2,381	\$ -
Due from other governments	-	14,029	13,101	-
Due from other funds	46,284	-	-	-
<i>Total assets</i>	\$ 332,212	\$ 54,452	\$ 15,482	\$ -
LIABILITIES AND FUND BALANCE				
<i>Current Liabilities</i>				
Accounts payable	\$ 7,536	\$ -	\$ -	\$ -
Accrued payroll	28,263	-	2,381	-
Due to other funds	-	-	13,101	-
<i>Total liabilities</i>	35,799	-	15,482	-
<i>Fund balances</i>				
Unreserved				
Undesignated, reported in				
General fund	296,413	54,452	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
<i>Total fund balance</i>	296,413	54,452	-	-
<i>Total liabilities and fund balance</i>	\$ 332,212	\$ 54,452	\$ 15,482	\$ -

The accompanying notes are an integral part of these financial statements

Special Revenue				Capital Projects	
Microsoft Settlement Fund	Beginning Teacher Mentoring Program	Library Book Fund	Libraries - SB 301 GO Bonds- Laws of 2006	Public School Capital Outlay	Total
\$ 43,665	\$ 1	\$ 547	\$ 1	\$ -	\$ 372,946
-	-	-	-	37,239	64,369
-	-	-	-	-	46,284
<u>\$ 43,665</u>	<u>\$ 1</u>	<u>\$ 547</u>	<u>\$ 1</u>	<u>\$ 37,239</u>	<u>\$ 483,599</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,536
-	-	-	-	-	30,644
-	-	-	-	33,183	46,284
-	-	-	-	33,183	84,464
-	-	-	-	-	350,865
43,665	1	547	1	-	44,214
-	-	-	-	4,056	4,056
<u>43,665</u>	<u>1</u>	<u>547</u>	<u>1</u>	<u>4,056</u>	<u>399,135</u>
<u>\$ 43,665</u>	<u>\$ 1</u>	<u>\$ 547</u>	<u>\$ 1</u>	<u>\$ 37,239</u>	<u>\$ 483,599</u>

Reconciliation of Balance Sheet to Statement of Net Assets

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

Fund balance - total governmental funds	\$ 399,135
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	310,934
Net assets - component units	<u>\$ 710,069</u>

STATE OF NEW MEXICO
Mosaic Academy Charter School
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2009

	General		Special Revenue	
	Operational Fund	Instructional Materials Fund	Entitlement IDEA- B	Charter Schools Fund
<i>Revenues</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ 37,038	\$ 47,181
Local sources	-	-	-	-
State flowthrough	1,372,096	880	-	-
State direct	-	27,914	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,372,096	28,794	37,038	47,181
<i>Expenditures</i>				
Current				
Instruction	815,145	21,974	37,038	16,345
Support services - students	9,081	-	-	-
Support services - instruction	17,446	479	-	-
Support services - general administration	10,183	-	-	-
Support services - school administration	227,790	-	-	-
Central services	100,836	-	-	-
Operation & maintenance of plant	108,162	-	-	-
Student transportation	13,952	-	-	-
Food services operations	4,000	-	-	-
Capital outlay	42,595	-	-	30,836
<i>Total expenditures</i>	1,349,190	22,453	37,038	47,181
<i>Net change in fund balances</i>	22,906	6,341	-	-
<i>Fund balances - beginning of year</i>	273,507	48,111	-	-
<i>Fund balances - ending of year</i>	\$ 296,413	\$ 54,452	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

Special Revenue				Capital Projects	
Microsoft Settlement Fund	Beginning Teacher Mentoring Program	Library Book Fund	Libraries - SB 301 GO Bonds-Laws of 2006	Public School Capital Outlay	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,219
49,000	-	-	-	-	49,000
-	1	547	-	-	1,373,524
-	-	-	-	169,693	197,607
-	-	-	1	-	1
<u>49,000</u>	<u>1</u>	<u>547</u>	<u>1</u>	<u>169,693</u>	<u>1,704,351</u>
5,335	-	-	-	144,900	1,040,737
-	-	-	-	-	9,081
-	-	-	-	-	17,925
-	-	-	-	-	10,183
-	-	-	-	-	227,790
-	-	-	-	-	100,836
-	-	-	-	-	108,162
-	-	-	-	-	13,952
-	-	-	-	-	4,000
-	-	-	-	-	73,431
<u>5,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,900</u>	<u>1,606,097</u>
43,665	1	547	1	24,793	98,254
-	-	-	-	(20,737)	300,881
<u>\$ 43,665</u>	<u>\$ 1</u>	<u>\$ 547</u>	<u>\$ 1</u>	<u>\$ 4,056</u>	<u>\$ 399,135</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds	\$ 98,254
Capital expenditures reported as capital outlay	73,431
Depreciation expense	<u>(15,067)</u>
Changes in net assets of component unit activities	<u>\$ 156,618</u>

STATE OF NEW MEXICO
Mosaic Academy Charter School
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Statement D-3

<i>Assets</i>	
Cash	<u>\$ 11,970</u>
<i>Total assets</i>	<u><u>\$ 11,970</u></u>
 <i>Liabilities</i>	
Due to student organizations	<u>\$ 11,970</u>
<i>Total liabilities</i>	<u><u>\$ 11,970</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-4

Mosaic Academy Charter School

Operational Fund

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
State flowthrough	1,323,071	1,323,071	1,372,096	49,025
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,323,071</u>	<u>1,323,071</u>	<u>1,372,096</u>	<u>49,025</u>
<i>Expenditures:</i>				
Current:				
Instruction	779,085	840,297	791,343	48,954
Support service - students	12,540	11,089	9,081	2,008
Support service - instruction	4,000	18,496	17,609	887
Support service - general administration	15,000	14,295	10,183	4,112
Support service - school administration	232,943	238,543	227,790	10,753
Central services	57,475	114,100	99,018	15,082
Operation and maintenance of plant	303,552	165,775	108,049	57,726
Student transportation	15,000	15,000	13,952	1,048
Other support services	17,033	17,033	-	17,033
Food services operations	4,000	4,000	4,000	-
Capital outlay	35,919	37,919	36,897	1,022
<i>Total expenditures</i>	<u>1,476,547</u>	<u>1,476,547</u>	<u>1,317,922</u>	<u>158,625</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(153,476)</u>	<u>(153,476)</u>	<u>54,174</u>	<u>207,650</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	153,476	153,476	-	(153,476)
<i>Total other financing sources (uses)</i>	<u>153,476</u>	<u>153,476</u>	<u>-</u>	<u>(153,476)</u>
<i>Net change in fund balances</i>	-	-	54,174	54,174
<i>Fund balance - beginning of year</i>	-	-	278,038	278,038
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,212</u>	<u>\$ 332,212</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 54,174
No adjustments to revenue.				-
Adjustments to expenditures for salaries.				(31,268)
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 22,906</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-5

Mosaic Academy Charter School

Instructional Materials Fund

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		(Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
State flowthrough	880	880	880	-
State direct	13,885	13,885	13,885	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>14,765</u>	<u>14,765</u>	<u>14,765</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	13,885	58,294	21,974	36,320
Support service - students	-	-	-	-
Support service - instruction	880	4,582	479	4,103
Support service - general administration	-	-	-	-
Support service - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>14,765</u>	<u>62,876</u>	<u>22,453</u>	<u>40,423</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(48,111)</u>	<u>(7,688)</u>	<u>40,423</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	48,111	-	(48,111)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>48,111</u>	<u>-</u>	<u>(48,111)</u>
<i>Net change in fund balances</i>	-	-	(7,688)	(7,688)
<i>Fund balance - beginning of year</i>	-	-	48,111	48,111
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,423</u>	<u>\$ 40,423</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (7,688)
Adjustments to revenue for state direct revenue.				14,029
No adjustments to expenditures.				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 6,341</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-6

Mosaic Academy Charter School
Entitlement IDEA-B Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ 92,943	\$ 89,567	\$ 23,850	\$ (65,717)
State flowthrough	-	-	-	-
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>92,943</u>	<u>89,567</u>	<u>23,850</u>	<u>(65,717)</u>
<i>Expenditures:</i>				
Current:				
Instruction	40,401	37,089	37,038	51
Support service - students	-	-	-	-
Support service - instruction	-	-	-	-
Support service - general administration	-	-	-	-
Support service - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>40,401</u>	<u>37,089</u>	<u>37,038</u>	<u>51</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>52,542</u>	<u>52,478</u>	<u>(13,188)</u>	<u>(65,666)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	(52,542)	(52,478)	-	52,478
<i>Total other financing sources (uses)</i>	<u>(52,542)</u>	<u>(52,478)</u>	<u>-</u>	<u>52,478</u>
<i>Net change in fund balances</i>	-	-	(13,188)	(13,188)
<i>Fund balance - beginning of year</i>	-	-	87	87
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,101)</u>	<u>\$ (13,101)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (13,188)
Adjustments to revenue for federal flowthrough revenue.				13,188
No adjustments to expenditures.				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-7

Mosaic Academy Charter School
 Charter Schools Fund Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in
 Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ 182,722	\$ 182,722
State flowthrough	-	-	-	-
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>182,722</u>	<u>182,722</u>
<i>Expenditures:</i>				
Current:				
Instruction	2,542	16,345	16,345	-
Support service - students	-	-	-	-
Support service - instruction	-	-	-	-
Support service - general administration	-	-	-	-
Support service - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	50,000	42,885	42,885	-
<i>Total expenditures</i>	<u>52,542</u>	<u>59,230</u>	<u>59,230</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(52,542)</u>	<u>(59,230)</u>	<u>123,492</u>	<u>182,722</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	52,542	59,230	-	(59,230)
<i>Total other financing sources (uses)</i>	<u>52,542</u>	<u>59,230</u>	<u>-</u>	<u>(59,230)</u>
<i>Net change in fund balances</i>	-	-	123,492	123,492
<i>Fund balance - beginning of year</i>	-	-	(123,492)	(123,492)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 123,492
Adjustments to revenue for federal flowthrough revenue.				(135,541)
Adjustments to expenditures for general supplies and materials.				12,049
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-8

Mosaic Academy Charter School
 Microsoft Settlement Fund Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in
 Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Local sources	49,000	49,000	21,420	(27,580)
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>49,000</u>	<u>49,000</u>	<u>21,420</u>	<u>(27,580)</u>
<i>Expenditures:</i>				
Current:				
Instruction	49,000	49,000	5,335	43,665
Support service - students	-	-	-	-
Support service - instruction	-	-	-	-
Support service - general administration	-	-	-	-
Support service - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>49,000</u>	<u>49,000</u>	<u>5,335</u>	<u>43,665</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>16,085</u>	<u>16,085</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	16,085	16,085
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>27,580</u>	<u>27,580</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,665</u>	<u>\$ 43,665</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 16,085
Adjustments to revenue for state flowthrough revenue.				27,580
No adjustments to expenditures.				<u>-</u>
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 43,665</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-9

Mosaic Academy Charter School
 Beginning Teacher Mentoring Program Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in
 Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
State flowthrough	-	-	-	-
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support service - students	-	-	-	-
Support service - instruction	-	-	-	-
Support service - general administration	-	-	-	-
Support service - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
Adjustments to revenue for state flowthrough revenue.				1
No adjustments to expenditures.				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 1</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-10

Mosaic Academy Charter School
 Library Book Fund Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in
 Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
State flowthrough	-	-	547	547
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>547</u>	<u>547</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support service - students	-	-	-	-
Support service - instruction	-	-	-	-
Support service - general administration	-	-	-	-
Support service - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>547</u>	<u>547</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	547	547
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 547</u>	<u>\$ 547</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 547
No adjustments to revenue.				-
No adjustments to expenditures.				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 547</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-11

Mosaic Academy Charter School
 Libraries - SB 301 GO Bonds-Laws of 2006 Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in
 Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
State flowthrough	-	-	-	-
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support service - students	-	-	-	-
Support service - instruction	-	-	-	-
Support service - general administration	-	-	-	-
Support service - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
Adjustments to revenue for miscellaneous revenue.				1
No adjustments to expenditures.				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 1</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-12

Mosaic Academy Charter School
Public School Capital Outlay Capital Projects Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
State flowthrough	-	-	-	-
State direct	-	-	132,455	132,455
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>132,455</u>	<u>132,455</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	144,900	144,900	-
Support service - students	-	-	-	-
Support service - instruction	-	-	-	-
Support service - general administration	-	-	-	-
Support service - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>144,900</u>	<u>144,900</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(144,900)</u>	<u>(12,445)</u>	<u>132,455</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	144,900	-	(144,900)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>144,900</u>	<u>-</u>	<u>(144,900)</u>
<i>Net change in fund balances</i>	-	-	(12,445)	(12,445)
<i>Fund balance - beginning of year</i>	-	-	(20,738)	(20,738)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,183)</u>	<u>\$ (33,183)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (12,445)
Adjustments to revenue for state direct revenue.				37,238
No adjustments to expenditures.				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 24,793</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank.)

SUPPORTING SCHEDULES

(This page intentionally left blank.)

STATE OF NEW MEXICO
 Aztec Municipal Schools
 Schedule of Deposit and Investment Accounts
 June 30, 2009

Schedule I

Primary Government

Deposit or Investment Account Type	Citizens Bank	Wells Fargo Bank	Totals
Operational & Capital Improvements - Checking	\$ 6,701,755	\$ -	\$ 6,701,755
Athletic Account - Checking	164,466	-	164,466
Federal Projects - Checking	39,015	-	39,015
Activity Account - Checking	351,185	-	351,185
Payroll Clearing - Checking	935,304	-	935,304
Accounts Payable Clearing - Checking	-	7,283	7,283
Debt Service Account - Checking	-	4,327,321	4,327,321
Cafeteria - Checking	-	550,000	550,000
Cafeteria Sweep Account - Checking	-	13,005,842	13,005,842
Total on deposit and investment	8,191,725	17,890,446	26,082,171
Reconciling items	(461,791)	(114,540)	(576,331)
Reconciled balance June 30, 2009	<u>\$ 7,729,934</u>	<u>\$ 17,775,906</u>	<u>\$ 25,505,840</u>
Reconciliation to financial statements:			
Cash and cash equivalents:			
Government-wide statement of net assets - Exhibit A-1			\$ 20,679,625
Restricted Cash and cash equivalents:			
Government-wide statement of net assets - Exhibit A-1			4,477,306
Fiduciary statement of fiduciary assets and liabilities - Exhibit D-1			348,909
			<u>\$ 25,505,840</u>

Component Unit

Deposit Account Type	Citizens Bank
Operational - Checking	\$ 361,100
Payroll Clearing - Checking	62,704
Accounts Payable Clearing - Checking	43,830
Total on deposit	467,634
Reconciling items	(82,718)
Reconciled balance June 30, 2009	<u>\$ 384,916</u>
Reconciliation to financial statements:	
Cash and cash equivalents:	
Government-wide statement net assets - Exhibit A-1	\$ 372,946
Fiduciary statement fiduciary assets and liabilities - Statement D-3	11,970
	<u>\$ 384,916</u>

See accompanying independent auditors' report

STATE OF NEW MEXICO
Aztec Municipal Schools
Cash Reconciliation
For the Year Ended June 30, 2009

Primary Government

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>
Audited Cash June 30, 2008	\$ 563,284	\$ 73,321	\$ 63,376	\$ 17,329
Add:				
Current year receipts	<u>22,051,070</u>	<u>1,894,455</u>	<u>337,066</u>	<u>1,106,367</u>
Total cash available	<u>22,614,354</u>	<u>1,967,776</u>	<u>400,442</u>	<u>1,123,696</u>
Less:				
Current year expenditures	(21,947,675)	(1,713,205)	(214,372)	(1,125,919)
Permanent cash transfers	(5,954)	(119,076)	25	247
Net of prior year outstanding loans	-	-	-	-
Outstandings loans	715,694	(73,247)	-	-
Charge backs(overdrafts)	<u>410</u>	<u>-</u>	<u>40</u>	<u>1,976</u>
Total cash balance, June 30, 2009	<u>\$ 1,376,829</u>	<u>\$ 62,248</u>	<u>\$ 186,135</u>	<u>\$ -</u>

Component Unit

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>
Audited Cash June 30, 2008	\$ 133,025	\$ -	\$ 48,111	\$ -
Add:				
Current year receipts	<u>1,372,096</u>	<u>-</u>	<u>14,765</u>	<u>-</u>
Total cash available	<u>1,505,121</u>	<u>-</u>	<u>62,876</u>	<u>-</u>
Less:				
Current year expenditures	(1,317,922)	-	(22,453)	-
Permanent cash transfers	-	-	-	-
Net of prior year outstanding loans	-	-	-	-
Outstandings loans	98,729	-	-	-
Charge backs(overdrafts)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash balance, June 30, 2009	<u>\$ 285,928</u>	<u>\$ -</u>	<u>\$ 40,423</u>	<u>\$ -</u>

See accompanying independent auditor's report

Athletics	Federal Flowthrough	Federal Direct	Local Grants	State Flowthrough	State Direct
\$ 119,659	\$ 549	\$ 7	\$ -	\$ 130,238	\$ 11,256
95,472	968,567	100,619	60,975	80,859	1,864
215,131	969,116	100,626	60,975	211,097	13,120
(53,780)	(534,720)	(70,221)	(43,528)	(102,165)	(9,739)
(3,000)	-	-	-	-	-
-	125,000	-	-	-	-
6,200	(558,755)	(30,405)	(17,447)	(35,840)	-
43	-	-	-	-	-
<u>\$ 164,594</u>	<u>\$ 641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,092</u>	<u>\$ 3,381</u>

Athletics	Federal Flowthrough	Federal Direct	Local Grants	State Flowthrough	State Direct
\$ -	\$ 869	\$ -	\$ 27,580	\$ 2	\$ -
-	206,572	-	21,420	547	-
-	207,441	-	49,000	549	-
-	(93,887)	-	(5,335)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(111,173)	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,381</u>	<u>\$ -</u>	<u>\$ 43,665</u>	<u>\$ 549</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Cash Reconciliation
For the Year Ended June 30, 2009

Primary Government

	Bond Building	Public School Capital Outlay	Special Capital Outlay-State	Capital Improvements SB9
Audited Cash June 30, 2008	\$ 12,013,055	\$ 54	\$ -	\$ 5,011,719
Add:				
Current year receipts	<u>13,444,652</u>	<u>50</u>	<u>443,412</u>	<u>2,928,586</u>
Total cash available	<u>25,457,707</u>	<u>104</u>	<u>443,412</u>	<u>7,940,305</u>
Less:				
Current year expenditures	(12,143,254)	(50)	(443,412)	(2,442,107)
Permanent cash transfers	-	-	-	-
Net of prior year outstanding loans	-	-	-	-
Outstandings loans	-	-	-	-
Charge backs(overdrafts)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash balance, June 30, 2009	<u>\$ 13,314,453</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 5,498,198</u>

Component Unit

	Bond Building	Public School Capital Outlay	Special Capital Outlay-State	Capital Improvements SB9
Audited Cash June 30, 2008	\$ -	\$ 1	\$ -	\$ -
Add:				
Current year receipts	<u>-</u>	<u>132,455</u>	<u>-</u>	<u>-</u>
Total cash available	<u>-</u>	<u>132,456</u>	<u>-</u>	<u>-</u>
Less:				
Current year expenditures	-	(144,900)	-	-
Permanent cash transfers	-	-	-	-
Net of prior year outstanding loans	-	-	-	-
Outstandings loans	-	12,444	-	-
Charge backs(overdrafts)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report

<u>Debt Service</u>	<u>Total</u>
\$ 4,131,441	\$ 22,135,288
<u>3,910,159</u>	<u>47,424,173</u>
<u>8,041,600</u>	<u>69,559,461</u>
(3,564,294)	(44,408,441)
-	(127,758)
-	125,000
-	6,200
<u>-</u>	<u>2,469</u>
<u>\$ 4,477,306</u>	<u>\$ 25,156,931</u>

<u>Debt Service</u>	<u>Total</u>
\$ -	\$ 209,588
<u>-</u>	<u>1,747,855</u>
<u>-</u>	<u>1,957,443</u>
-	(1,584,497)
-	-
-	-
<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 372,946</u>

(This page intentionally left blank.)

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Collateral Pledged By Depository
For Public Funds
June 30, 2009

Schedule III

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2009	Location of Safekeeper
Primary Government					
Wells Fargo Bank					
	FNION Note	1/1/2036	31371MNG8	\$ 1,653,858	San Francisco, CA
	FNCL Note	6/1/2037	31412LQ45	6,941,457	San Francisco, CA
	FNCL Note	4/1/2036	31409WFC0	5,756,170	San Francisco, CA
	FNCL Note	11/1/2029	31384VL75	20,334	San Francisco, CA
	FNCL Note	1/1/2036	31408BJB9	61,934	San Francisco, CA
	FNCL Note	5/1/2036	31408H2Z7	1,127,403	San Francisco, CA
	GNSF Note	1/15/2029	36210BZF7	68,195	San Francisco, CA
	GNSF Note	9/15/2029	36225BKK5	22,726	San Francisco, CA
	GNSF Note	2/15/2031	3622SHL30	108,981	San Francisco, CA
	GNSF Note	4/15/2031	36225BM54	<u>157,402</u>	San Francisco, CA
	Total Wells Fargo Bank			15,918,460	
Citizens Bank					
	FHLB Note	5/1/2012	31283KPA0	203,764	Dallas, TX
	FHLB Note	1/22/2018	3133XNZ44	2,043,120	Dallas, TX
	FHLB Note	2/25/2030	31392JFC8	44,436	Dallas, TX
	FHLB Note	11/15/2032	31392XXQ6	574,501	Dallas, TX
	FHLB Note	3/25/2033	31393CUS0	216,895	Dallas, TX
	FHLB Note	12/1/2034	31394BW26	1,741,039	Dallas, TX
	FHLB Note	2/25/2034	31394DVM9	174,632	Dallas, TX
	FHLB Note	1/15/2022	36223SBZ5	50,051	Dallas, TX
	FHLB Note	5/1/2015	388240DK6	<u>518,735</u>	Dallas, TX
	Total Citizens Bank			<u>5,567,173</u>	
	Total Pledged Collateral for Primary Government			<u><u>\$ 21,485,633</u></u>	
Component Unit					
Citizens Bank					
	GNMA II	12/20/2033	36202D2V2	\$ 315,600	Dallas, TX
	FHLB 5.0	1/22/2018	3133XNZ44	<u>50,000</u>	Dallas, TX
	Total Pledged Collateral for Component Unit			<u><u>\$ 365,600</u></u>	

See the accompanying independent auditor's report.

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Changes in Fiduciary Assets and Liabilities-Agency Funds
For the Year Ended June 30, 2009

Primary Government

	June 30, 2008	Additions	Deletions	June 30, 2009
Summer School	\$ 178	\$ 12,850	\$ 8,393	\$ 4,635
Woodshop	645	4,036	380	4,301
Welding	457	-	-	457
FACS	1,590	1,810	1,721	1,679
Art	253	-	-	253
ROTC	3,999	6,187	-	10,186
Spanish	217	-	217	-
Math	181	-	-	181
Prom	214	1,185	1,398	1
Interest	-	3,269	-	3,269
AGH Grant	81	-	-	81
Nurses	62	-	-	62
School Board	7,109	3,998	3,150	7,957
Slidell HS Fundraiser	490	-	490	-
Sam's Club Scholarships	270	-	26	244
Football	54	71	376	(251)
Trainer Donation	2,040	500	3,702	(1,162)
Boys Basketball	389	-	-	389
Girls Basketball	646	4,322	4,185	783
Volleyball	857	232	373	716
Wrestling	356	-	-	356
Track	121	1,040	16	1,145
Softball	670	1,716	1,061	1,325
Baseball	368	6,326	7,995	(1,301)
Boys Soccer	148	1,675	-	1,823
Cross County	43	-	-	43
Miscellaneous	168,561	110,222	117,156	161,627
Coke Exclusivity	1,404	-	-	1,404
Activity Interest	2,250	-	782	1,468
SQS Category V	9,601	-	-	9,601
Golf	80	300	-	380
Bayless Surface Damage	9,718	-	-	9,718
Rebates	18,340	11,134	559	28,915
Wellness Fair	7	-	-	7
Cheerleaders	118	-	-	118
Teachers	2,941	-	-	2,941
Instructional Technology	500	-	-	500
Drill Team	7,003	9,984	15,533	1,454
Girls Soccer	1,426	4,284	2,263	3,447
Director	6,435	17,811	10,517	13,729
Scholarship	10,000	-	-	10,000
Subtotals	<u>\$ 259,822</u>	<u>\$ 202,952</u>	<u>\$ 180,293</u>	<u>\$ 282,481</u>

See accompanying independent auditor's reports

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Changes in Fiduciary Assets and Liabilities-Agency Funds
For the Year Ended June 30, 2009

	June 30, 2008	Additions	Deletions	June 30, 2009
Subtotals	\$ 259,822	\$ 202,952	\$ 180,293	\$ 282,481
Band	1,957	1,781	672	3,066
Instrument Rentals	652	225	376	501
Choir	7,625	4,470	66	12,029
Tri-M	49	491	450	90
Foreign Language	11	-	11	-
Student Government	7,966	18,935	20,118	6,783
Parking	2,074	1,215	762	2,527
FCA	1	1,119	1,120	-
Physics	350	-	350	-
Library	2,832	16,817	8,255	11,394
FFA	15,367	17,576	28,364	4,579
FFA Barn	1,357	-	-	1,357
Social Studies	1,004	653	1,517	140
PNM Grant	6,063	17,654	15,138	8,579
Yearbook	33	30,457	29,716	774
BPOA	1,516	-	-	1,516
Newspaper	1,127	-	1,427	(300)
Close-up	2	-	-	2
Hope	3,103	2,806	3,428	2,481
Destination Imagination	741	-	-	741
PE	604	-	-	604
AHS School Store	759	1,602	815	1,546
KMS Positive Behavior	981	-	881	100
Drama	5,294	8,279	8,161	5,412
River Watch	423	-	289	134
Key Club	2,692	2,148	3,093	1,747
NHS	785	165	106	844
Risk Intervention	6,726	-	6,906	(180)
Gentle Especial	80	-	-	80
Chess Club	-	105	332	(227)
English	550	-	550	-
Cheerleader Uniforms	25	-	-	25
Supercomputing	26	-	-	26
Native American	58	-	-	58
Totals	<u>\$ 332,655</u>	<u>\$ 329,450</u>	<u>\$ 313,196</u>	<u>\$ 348,909</u>
Component Unit				
Activity Fund	<u>\$ 13,230</u>	<u>\$ 25,941</u>	<u>\$ 27,201</u>	<u>\$ 11,970</u>

See accompanying independent auditor's reports

(This page intentionally left blank.)

COMPLIANCE SECTION



Accounting & Consulting Group, LLP
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 Balderas
New Mexico State Auditor
The Office of Management and Budget
To the Board of Education
Aztec Municipal Schools
Aztec, New Mexico

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, the budgetary comparison for the general fund and the aggregate remaining fund information of Aztec Municipal Schools (the “District”), as of and for the year ended June 30, 2009, which collectively comprise the District’s basic financial statements as listed in the table of contents and have issued our report thereon dated November 6, 2009. We also have audited the financial statements of each of the District’s nonmajor governmental funds, the combining financial statements for the general fund, the component unit funds and the budgetary comparisons for the bond building capital projects fund, the capital improvement SB-9 capital projects fund, the debt service fund, the component unit funds, and the nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009 as listed in the table of contents and have issued our report thereon dated November 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 entity’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 entity’s financial statements that is more than inconsequential will not be prevented or detected by the District’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 as items FS 08-01, FS 09-01, FS 09-02, FS 09-04, and FS 09-07.

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

Certified Public Accountants

2700 San Pedro Northeast [87110-333] – P.O. Box 3130, Albuquerque, New Mexico 87190-3130
866.307.2727 – 505.883.2727 – Fax 505.884.6719 – albuquerque.office@acgnm.com – www.acgnm.com

Alamogordo – Albuquerque – Carlsbad – Clovis – Hobbs – Lubbock

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 the items FS 08-01, FS 09-02, and FS 09-07 to be material weaknesses.

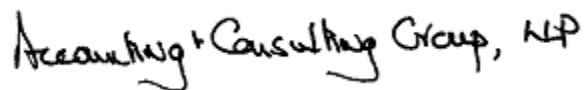
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as findings FS 09-06.

We noted certain matters that are required to be reported under Government Auditing Standards January 2007 Revision paragraphs 5.14 and 5.16, and section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and response as findings FS 09-03, FS 09-05, and FS 09-08.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, Board of Education, the Office of the State Auditor, the New Mexico Public Education Department, the New Mexico Legislature, 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.



Accounting & Consulting Group, LLP
Albuquerque, NM
November 6, 2009

(This page intentionally left blank.)

FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP

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

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
To the Board of Education
Aztec Municipal Schools
Aztec, New Mexico

Compliance

We have audited the compliance of the Aztec Municipal Schools (District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings 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 the District's management. Our responsibility is to express an opinion on the District'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 the District'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 of the District's compliance with those requirements.

In our opinion, the District 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, 2009.

Internal Control Over Compliance

The management of the District 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 the District'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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in an entity'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 entity'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 entity'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 the 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 audit committee, management, others within the organization, Board of Education, the Office of the State Auditor, the New Mexico Public Education Department, the New Mexico Legislature, 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.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
November 6, 2009

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantee/Pass Through Grantor/Program Title	Pass Thru Number	Federal C.F.D.A. Number		Expenditures
U.S. Department Education				
<i>Passthrough - State of NM Public Education Department</i>				
Title I IASA	24101	84.010	(1)	\$ 420,049
IDEA-B Entitlement	24106	84.027	(1)	802,636
IDEA-B Discretionary	24107	84.027	(1)	30,302
IDEA-B Competitive	24108	84.027	(1)	-
IDEA-B Preschool	24109	84.027	(1)	31,393
Teacher/Principal Training	24154	84.367A		130,009 M
Safe & Drug Free Schools & Communities	24157	84.186		4,384
Title I School Improvement	24162	84.010	(1)	34,139
Total USDE Passthrough - State of NM Public Education Department				<u>1,452,912</u>
<i>Federal Direct Grants</i>				
Indian Education Formula Grant	25184	84.060A		<u>83,673</u>
Total U.S. Department Education				<u>1,536,585</u>
<i>Bureau of Indian Affairs</i>				
Johnson O'Malley	25131	15.130		<u>18,020</u>
Total Bureau of Indian Affairs				
<i>U.S. Department of Agriculture</i>				
National Schools Lunch Program				
Food Distribution	21000	10.550	(1)	65,828 M
National School Breakfast	21000	10.553	(1)	534,746 M
National School Lunch Act	21000	10.555	(1)	152,817 M
Total USDA				<u>753,391</u>
Total Federal Awards				<u>\$ 2,307,996</u>

M=Denotes Major Federal financial assistance program (1) Denotes cluster

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Aztec Municipal Schools, New Mexico (District) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the modified accrual basis financial statements.

Subrecipients

The District did not provide any federal awards to subrecipients during the year.

Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2009 was \$65,828 and is reported in the schedule of Expenditures of Federal Awards under the Department of Agriculture Program, CFDA number 10.550

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,307,996
Total expenditures funded by other sources	<u>43,703,958</u>
Total expenditures	<u><u>\$ 46,011,954</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Schedule VI

A. SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditors' report issued | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | Yes |

Federal Awards:

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditors' report issued on compliance for major programs | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
10.555	National Schools Lunch Program
84.367A	Teacher/Principal Training

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Schedule VI

B. FINDINGS-FINANCIAL STATEMENT AUDIT

Primary Government:

FS 09-01 — Lack of Supporting Documentation for Receipts

Criteria: Sound accounting practices and the NMSA 6.20.2.14 require that Schools maintain records along with all other supporting documents, for receipts so that verification of correct receipt may be ascertained.

Condition: During our testwork of cash receipts, it was noted that there were 2 out of 5 items tested were not properly verified by two individuals. It was also noted, that 1 out of the 5 items lacked the correct supporting documentation and 1 item could not be located.

Effect: Lack of adequate documentation of receipts increase the risk of preventing or detecting errors or irregularities on a timely basis.

Cause: The District does not have sufficient internal controls in place to ensure all receipts are supported by adequate documentation.

Auditors' Recommendation: ACG recommends that the District reevaluate the transition of management, so that the new management may assess what went wrong in order to ensure that such problems do not reoccur, and follow its own policies and procedures for record retention. Also, the District must implement internal controls during the receipts process to ensure supporting documentation is available for all receipts.

Management's Response: We have once again sent training material to the school sites. The schools secretaries will make sure they have their receipts verified by a 2nd person and all receipts have adequate supporting documentation attached. The controls will be reviewed quarterly by management.

FS 09-02 — Bank Reconciliations

Condition: During our testwork of the District's bank reconciliations, we noted that various bank reconciliation were not performed timely and not accurately reconciled with the general ledger prior to the auditor's arrival to perform fieldwork. The reconciliations needed to be materially adjusted to correctly present the year end balance.

Criteria: NMAC 6.20.2.14 K. requires that all cash accounts be reconciled on a monthly basis and also should be reviewed by management.

Effect: Untimely and inaccurate bank reconciliations may lead to poor management decisions based on incomplete information and possible errors or fraudulent activity within the account without detection.

Cause: There is a lack of internal controls in the preparation and review process of bank reconciliations.

Auditors' Recommendation: We recommend that each bank statement be reconciled to the general ledger balances timely and accurately. An internal control process must be implemented to ensure adjustments and reconciliation are appropriately reflected in the general ledger.

Management's Response: The District did not have adequate trained staff in place at the end of the fiscal year to get the bank reconciliations done on time. The bookkeeper responsible for these duties left the District on June 11, 2009 leaving the District shorthanded and untrained in the banking procedures in place. The District routinely receives wire transfers from the State Department of Education which are unidentified and need to be researched to determine which fund the deposit belongs to. Although new personnel identified the reconciling items, they were not posted to the general ledger on a timely basis and simply shown as items that needed to be identified and posted to the general ledger. A new degreed accountant was hired as the Comptroller July 20th and we expect all bank reconciliations and reports to be done on time.

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Schedule VI

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 09-03 — PED Cash Reports

Condition: The District's submitted PED Cash Report at year end did not properly reflect the June 30, 2009 cash balances.

Criteria: 6.20.2.11 (B) (6) NMAC and Regulation SBE-6 the reports sent to the New Mexico Public Education Department (PED) must agree to the District's general ledger and must be submitted quarterly and annually by July 31.

Effect: Submissions of late or inaccurate reports to a State or Federal Awarding agency may result in the reduction of funding or other disciplinary actions by the awarding agencies.

Cause: The lack of internal controls over bank reconciliation led to inaccurate information in order to compile the PED Cash Report.

Auditors' Recommendation: The District must have appropriate personnel complete the PED reports based upon the general ledger timely. Additionally, an individual should review the report to ensure that the report does match the general ledger.

Management's Response: The reconciliation problem identified above, deposits received by the bank but not posted to the general ledger, caused the cash report to be filed incorrectly because the information is downloaded directly to the State Department of Education through our general ledger software. The District has put procedures and personnel in place to insure all reconciliations and reports are filed correctly and on time.

FS 09-04 COSO Framework Monitoring Deficiencies

Condition: During our testwork, it was noted that the internal controls were not being monitored throughout the year.

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework suggests that internal control systems need to be monitored – a process that assesses the quality of the system's performance over time. This is accomplished through ongoing monitoring activities or separate evaluations. Internal control deficiencies detected through these monitoring activities should be reported upstream and corrective actions should be taken to ensure continuous improvement of the system.

Effect: The District cannot ascertain that all internal controls are being implemented and operating effectively, which increase the risk of assets to be misappropriated and misstatements in the financial statements to go undetected.

Cause: The District did not realize the importance of ongoing monitoring as a critical element in effective internal controls.

Auditors' Recommendation: We recommend that the District adopt and implement a policy requiring monitoring of its internal controls and make modifications as needed. Monitoring is accomplished through ongoing management activities, separate evaluations, or both.

Management's Response: Due to a change in the Director of Finance at the end of February, 2009, and the loss of a key employee at year end, the business office was not adequately prepared to meet the complicated requirements of year-end procedures and the time demands of two audit teams. The District does understand the need for ongoing monitoring and is planning quarterly reviews to monitor budgeting and internal control procedures.

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Schedule VI

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 09-05 - Cash Appropriations in Excess of Available Cash Balances

Condition: The District's designated cash appropriations in excess of available balances in the following funds:

Entitlement IDEA-B Special Revenue Fund	\$ 288,163
Preschool IDEA-B Special Revenue Fund	<u>25,399</u>
Total Governmental Funds	<u>\$ 313,562</u>

Criteria: All District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the Public Education Department for approval. Once adopted, any claims or warrants in excess of budget are a violation of Section 6.20.2.9.

Effect: The District may incur debt to pay for current year budgeted expenditures, which would result in noncompliance with the Bateman Act. Also, budget deficits and decreasing cash balance could lead to financial difficulties.

Cause: The District did not adequately monitor cash available to be rebudgeted.

Auditors' Recommendation: Greater attention should be given to the cash balances actually available to absorb budget deficits.

Management's Response: The District received two approved BARS to increase the budget for cash carryover funds for these two funds in the amounts of \$288,162.70 and \$31,366.92; however, the BARS were not approved by the State Department of Education until June 9, 2009, which was too late to include in the current budget. The awards letter was dated April 30, 2009, well past the close of the 07/08 fiscal year end. This additional revenue will be included in the IDEA budgets for 2009/2010 fiscal year.

STATE OF NEW MEXICO
 Aztec Municipal Schools
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2009

Schedule VI

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 09-06 Exceeded Budget Authority

Condition: The District has the following expenditure functions where actual expenditures exceeded budgetary authority.

	<u>Amount</u>
Food Service Fund	
Food services operations	\$ 83,285
Wallace Foundation Grant Special Revenue Fund	
Support services	\$ 273
Medicaid Special Revenue Fund	
Support services	\$ 1,865
Bond Building Capital Projects Fund	
Capital Outlay	\$1,854,222
Capital Improvement SB-9 Capital Projects Fund	
Support services	\$ 678,495
Debt Service	
Support services	\$ 1,294

Criteria: Sound financial management and 6.20.2.9 (A) NMAC and 22-8-5 to 22-8-12.2 NMSA 1978 require that budgets not be exceeded at the legal level of control. For the District, the expenditure function is the legal level of control.

Effect: Over expenditure of the annual budget may result in operating funds to absorb these over runs and could lead to financial difficulties in the future.

Cause: The District policies and procedures do not prevent over expenditure of funds nor require budget adjustments when necessary.

Auditors' Recommendation: The District should establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

Management's Response: Due to the change in personnel in mid-June, we did not have time to address all the transfers needed at year end to make sure our budgets were in balance at the function level. We failed to submit BARS to show additional revenues for Food Service and Medicaid. The remaining funds were not overspent in total, but were overspent at the function level. Transfers need to be made and approved by the State Department of Education and the Board of Education before the end of the fiscal year. Management will review the budget on a timely basis to insure the budget is properly maintained.

STATE OF NEW MEXICO
 Aztec Municipal Schools
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2009

Schedule VI

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

Component Unit:

FS 09-07 –Lack of Internal Controls Over Non-Standard Journal Entries

Condition: The Charter School does not have adequate internal controls over non-standard journal entries entered into its accounting system.

Criteria: According to the State Board of Education Title 6, section 6.20.2.11, policies and procedures documenting administrative and accounting controls in accordance with Generally Accepted Accounting Principles are required. In addition, sound business practices require review and approval of all non-standard journal entries.

Effect: Improper adjustments could result in balances being materially misstated. Also, the risk of misappropriation acts increases without proper internal controls.

Cause: The Charter School was unaware they needed to implement internal controls over non-standard journal entries.

Auditors' Recommendation: We recommend the Charter School update their policies and procedures regarding the review and approval of manual journal entries and implement a procedure to insure non-standard journal entries are reviewed, approved, and supported.

Management's Response: Effective July 1, 2009, the Charter School - with the purchase of a newer accounting software package - has internal controls in place through the security of the accounting package that will not allow a journal entry to be posted to the general ledger until it receives the approval of upper management. Additionally, upper management approves the journal entry only after review of supporting documentation for the journal entry with the individual originating the journal entry.

FS 09-08 –Cash Appropriations in Excess of Available Cash Balances

Condition: The Charter School's designated cash appropriations in excess of available balances in the following funds:

Charter School Fund Special Revenue Fund	\$	47,181
Public School Capital Outlay Capital Projects Fund		<u>165,637</u>
Total Governmental Funds	\$	<u>212,818</u>

Criteria: All Charter School funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the Public Education Department for approval. Once adopted, any claims or warrants in excess of budget are a violation of Section 6.20.2.9.

Effect: The School may incur debt to pay for current year budgeted expenditures, which would result in noncompliance with the Bateman Act. Also, budget deficits and decreasing cash balance could lead to financial difficulties.

Cause: The School did not adequately monitor cash available to be rebudgeted.

Auditors' Recommendation: Greater attention should be given to the cash balances actually available to absorb budget deficits.

Management's Response: The Charter will develop a system to ensure it has adequate cash to support expenditures projected during the development of the subsequent year's budget when there is no revenue available to budget. The system will include a review of the accrual entries affecting cash in the prior year's audit to ensure that there is actually sufficient cash to support the projected expenditures placed in the subsequent year's budget.

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Schedule VI

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

Primary Government and Component Unit

FS 08-01: Preparation of Financial Statements

Condition: The Body charged with governance does not exercise effective oversight, as defined by Statement on Auditing Standards No. 112, of the internal control and financial reporting processing. The financial statements and related disclosures are not being prepared by District management.

Criteria: According to the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well designed systems include controls over financial statement preparation, including footnote disclosures. The body charged with governance must provide effective oversight of the controls over the financial reporting process.

Effect: When sufficient controls over the preparation of financial statements and related disclosures are not designed, implemented and operating effectively, an entity's ability to prevent or detect a misstatement in its financial statements is limited.

Cause: The Body charged with governance was unaware of the requirements of Statement on Auditing Standards No. 112 to provide effective oversight of control over the financial reporting processing. District personnel do not have the time and have not been adequately trained in understanding the elements of external financial reporting including the preparation of financial statements and related footnote disclosures.

Auditors' Recommendation: We recommend that District management and personnel receive training on understanding the requirements of external financial reporting.

The training should include, but not be limited to:

- Selection of appropriate accounting policies:
 - Governmental Accounting Standards Board (GASB)
 - Generally Accepted Accounting Principles (specifically as applied to governmental units)
 - Financial Accounting Standards Board (FASB)
- Understanding the financial reporting entity
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information
 - Management's discussion and analysis
- Supplementary information required by the Office of the State Auditor

In addition, we recommend that the District management should periodically present a reporting package to the body charged with governance for review. The governing board's review of the reporting package should be documented in the minutes. The reporting package could include items such as budget variances and analyses, a review of internal control processes over a significant transaction class like payroll or cash receipts, and other reports or processes that management uses for the internal control and financial reporting processes. The Body charged with governance should gain of an understanding of internal control processes and the financial reporting process.

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Schedule VI

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

Primary Government and Component Unit

FS 08-01: Preparation of Financial Statements

Primary Government Management's Response: The District does not have adequate personnel to fully implement this finding, however, we will work hard to improve the reporting of information by Management and participate in the preparation of the financial statements.

Component Unit Management's Response: The Charter regularly provides training to its Governing Council to help them understand the history of the development of the Charter School, the mission and goals of the Charter School and the financial documents presented to the Council at their monthly meetings. The Charter will expand this training to include internal controls in place to protect the transactions of the Charter; especially those areas with significant transactions. Additionally, the management of the Charter will demonstrate its knowledge base for financial statement preparation during the next audit process and will continue to involve themselves in continuing education credits in this area.

C. FEDERAL FINDINGS - NONE

D. PRIOR YEAR AUDIT FINDINGS

Primary Government

FS 08-01: Preparation of Financial Statements – Repeated and Revised

FS 08-02: Internal Controls over Capital Assets - Resolved

FS 08-03: Reporting Deletions to the State Auditor's Office - Resolved

FS 08-04: Late Audit Report - Resolved

Component Unit

FS 08-01: Internal Controls over Capital Assets - Resolved

STATE OF NEW MEXICO
Aztec Municipal Schools
Other Disclosures
For the Year Ended June 30, 2009

Schedule VI

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Although it would be preferred and desirable for the District to prepare its own GAAP-basis financial statements, it is felt that the District's personnel do not have the time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

B. EXIT CONFERENCE

The contents of this report were discussed on November 6, 2009. The following individuals were in attendance.

Primary Government

Kirk Carpenter - Superintendent
Kathleen Runnels, Finance Director
Christy Lillywhite, Board Member
Ryan Manning, Comptroller
Nathan Holmes, Director of Technology

Accounting & Consulting Group, LLP

Ray Roberts, CPA, Managing Partner

Component Unit

Barbara Galvich, Board Member
Jen Merritt, Board Member
Bonnie Barden, Principal
Nancy Ross, Finance Director