

**STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS**

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

FOR THE YEAR ENDED JUNE 30, 2010

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Aztec Municipal Schools
Official Roster
June 30, 2010

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Mitch Waggoner		President
Roger Collins		Vice President
Christy Lillywhite		Secretary
Wayne Ritter		Member
Wayne Farm		Member
	<u>School Officials</u>	
Kirk Carpenter		Superintendent
Tania Prokop		Deputy 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

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 Aztec Municipal Schools
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FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

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, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also 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 improvements 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, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2010, and the respective changes in financial position, thereof, 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, 2010, the respective changes in financial position, thereof, and the respective budgetary comparisons for the bond building capital projects fund, the capital improvements 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 dated November 2, 2010 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *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 2, 2010

STATE OF NEW MEXICO
Aztec Municipal Schools
Management's Discussion and Analysis
For the Fiscal Year Ended
June 30, 2010

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, 2010 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 2010 are:

- The District maintained a strong **Aa3** rating from Moody's Investor Services for the sale of General Obligation Bonds. During the fiscal year ending June 30, 2010, the District's debt management program produced a tax rate for debt at \$7,630 per thousand dollars of assessed valuation. This rate increased from \$5,277 in the prior year.
- Total Assets of Governmental Activities was \$81,052,504 (Ex. A-1)
- Total Liabilities of Governmental Activities was \$42,662,567 (Ex. A-1)
- Net Assets of Governmental Activities was \$38,389,937 (Ex. A-1)
- General Fund expenditures exceeded revenues by \$13,836 resulting in a year-end fund balance of \$1,457,790 (Ex. B-2)
- 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 \$103,447,046 with accumulated depreciation of \$41,029,519 were recorded. (Note 6)

Basic Financial Statements 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, 2010

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, 2010</u>	<u>June 30, 2009</u>
<u>Assets</u>		
Current assets	\$ 13,916,952	\$ 21,764,639
Capital asset	102,598,754	95,829,308
Accumulated depreciation	(41,029,519)	(38,651,572)
Other noncurrent assets	<u>4,718,025</u>	<u>4,632,735</u>
 Total assets	 <u>\$ 81,052,504</u>	 <u>\$ 83,575,110</u>
 <u>Liabilities</u>		
Accounts payable	\$ 1,016,413	\$ 2,037,903
Accrued interest	397,476	429,689
Other current liabilities	3,532,037	3,962,979
Long-term liabilities	<u>37,716,641</u>	<u>40,401,629</u>
 Total liabilities	 <u>42,662,567</u>	 <u>46,832,200</u>
 <u>Net Assets</u>		
Invested in capital assets	17,940,763	13,852,736
Restricted: Debt service	7,968,069	6,578,854
Restricted: Capital projects	9,879,439	3,739,443
Restricted: Other Purpose	490,949	367,286
Unrestricted	<u>2,110,717</u>	<u>12,204,591</u>
 Total net assets	 <u>\$ 38,389,937</u>	 <u>\$ 36,742,910</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. (See Statements D)

STATE OF NEW MEXICO
Aztec Municipal Schools
Management's Discussion and Analysis
For the Fiscal Year Ended
June 30, 2010

Summary of Statement of Activities

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
<u>Revenues</u>		
Program revenues:		
Charges for services	\$ 517,477	\$ 617,923
Operating grants	6,105,381	4,069,315
Capital grants	170,289	573,304
General revenues:		
Property taxes	2,731,404	1,742,816
Federal and state aid	19,519,359	21,620,379
Other	<u>4,726,221</u>	<u>4,771,602</u>
 Total revenues	 <u>33,770,131</u>	 <u>33,395,339</u>
 <u>Expenses</u>		
Instruction	16,265,520	16,569,286
Support services	13,189,073	15,650,067
Food service	1,040,416	1,236,734
Interest on long term debt	<u>1,628,095</u>	<u>1,584,310</u>
 Total expenses	 <u>32,123,104</u>	 <u>35,040,397</u>
 Changes in net assets	 <u>\$ 1,647,027</u>	 <u>\$ (1,645,058)</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 2010.

STATE OF NEW MEXICO
Aztec Municipal Schools
Management's Discussion and Analysis
For the Fiscal Year Ended
June 30, 2010

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 \$33,709,312 and expenditures of \$40,214,507. The net change in the governmental fund balance for the fiscal year decreased \$6,505,195. These governmental funds are accounted for using the modified accrual basis of accounting as required by the New Mexico Public Education Department.

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 \$21,589,388 and actual cash basis revenue of \$21,545,552. Expenditures were budgeted at \$23,131,485 and actual cash basis expenditures were \$20,989,625. The difference between budget and actual expenditures was due to budgetary savings/requirements within the budget and allowable cash balance. General Fund balance at year end was \$1,457,790.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2010 the District had \$103,447,046 invested in capitalized assets and had accumulated depreciation of \$41,029,519 (Notes to Financial Statements Note 6). 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. During the fiscal year the major capital additions were the Fred Cook Sports Complex and Tiger Sports Complex.

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, 2010 the District had outstanding General Obligation bonds in the amount of \$40,225,000. The District is bonded to 48.35% of the legal limit of \$77,552,282 based on assessed property value of \$1,292,538,033. The District subsequently issued \$12,200,000 of additional debt on August 24, 2010, and refinanced \$23,750,000 of its outstanding bonds on November 9, 2010, reducing total debt service payable by \$1,621,828. After these subsequent events the District will have outstanding debt of \$47,325,000 and be bonded to 96.19% of its legal capacity, taking into account the District's reduced assessed valuation.

STATE OF NEW MEXICO
Aztec Municipal Schools
Management's Discussion and Analysis
For the Fiscal Year Ended
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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, 2010

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
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505-334-9474

Other District information may be accessed at:

www.aztecschools.com

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

Aztec Municipal Schools

Statement of Net Assets

June 30, 2010

	<u>Primary Government Governmental Activities</u>	<u>Component Unit</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 12,527,110	\$ 314,964
Property taxes receivable	143,249	-
Other taxes receivable	241,353	-
Due from other governments	991,767	55,618
Other receivables	-	50
Inventory	13,473	-
Total current assets	<u>13,916,952</u>	<u>370,632</u>
Noncurrent assets		
Restricted cash and cash equivalents	4,581,073	-
Bond issuance costs (net of accumulated amortization of \$67,415)	136,952	-
Capital assets	103,447,046	349,644
Less: accumulated depreciation	<u>(41,029,519)</u>	<u>(55,808)</u>
Total noncurrent assets	<u>67,135,552</u>	<u>293,836</u>
Total assets	<u>\$ 81,052,504</u>	<u>\$ 664,468</u>

The accompanying notes are an integral part of these financial statements

	<u>Primary Government Governmental Activities</u>	<u>Component Unit</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 1,016,413	\$ 1,645
Accrued payroll	747,061	28,972
Due to PED	12,621	-
Accrued interest	397,476	-
Current portion of accrued compensated absences	47,355	-
Current portion of capital lease payable	-	3,120
Current portion of bonds payable	2,725,000	-
Total current liabilities	<u>4,945,926</u>	<u>33,737</u>
Noncurrent liabilities		
Accrued compensated absences	88,529	-
Bond underwriter premiums (net of accumulated amortization of \$21,873)	128,112	-
Capital lease payable	-	6,500
Bonds payable	37,500,000	-
Total noncurrent liabilities	<u>37,716,641</u>	<u>6,500</u>
Total liabilities	<u>42,662,567</u>	<u>40,237</u>
Net assets		
Invested in capital assets, net of related debt	17,940,763	284,216
Restricted for:		
Debt service	7,968,069	-
Capital projects	9,879,439	4,056
Other purposes	490,949	35,312
Unrestricted	2,110,717	300,647
Total net assets	<u>38,389,937</u>	<u>624,231</u>
Total liabilities and net assets	<u>\$ 81,052,504</u>	<u>\$ 664,468</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Statement of Activities
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental Activities:				
Instruction	\$ 16,265,520	\$ 39,975	\$ 2,397,191	\$ 99,439
Support services - students	2,177,565	5,352	320,927	13,313
Support services - instruction	1,789,006	4,397	263,661	10,937
Support services - general administration	1,063,827	2,615	156,785	6,504
Support services - school administration	1,786,766	4,391	263,331	10,923
Central services	627,233	1,542	92,441	3,835
Operation and maintenance of plant	4,144,643	10,186	610,832	25,338
Student transportation	1,600,033	-	1,287,865	-
Food services operations	1,040,416	449,020	712,347	-
Interest on long-term debt	1,628,095	-	-	-
	<u>\$ 32,123,104</u>	<u>\$ 517,477</u>	<u>\$ 6,105,381</u>	<u>\$ 170,289</u>
Component Unit Activities:				
Charter school	<u>\$ 1,482,704</u>	<u>\$ -</u>	<u>\$ 84,013</u>	<u>\$ 130,449</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
- Interest and investment earnings
- Miscellaneous

Subtotal, general revenues

Changes in net assets

Net assets - beginning

Net assets - ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Assets

<u>Primary Government</u>	<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Charter School</u>
\$ (13,728,914)	\$ -
(1,837,974)	-
(1,510,011)	-
(897,923)	-
(1,508,120)	-
(529,416)	-
(3,498,286)	-
(312,168)	-
120,951	-
<u>(1,628,095)</u>	<u>-</u>
(25,329,957)	-
	(1,268,242)
129,270	-
1,940,492	-
661,642	-
4,647,135	-
19,519,359	1,182,404
33,920	-
45,166	-
<u>26,976,984</u>	<u>(85,838)</u>
1,647,027	(85,838)
<u>36,742,910</u>	<u>710,069</u>
<u>\$ 38,389,937</u>	<u>\$ 624,231</u>

STATE OF NEW MEXICO

Aztec Municipal Schools

Governmental Funds

Balance Sheet

June 30, 2010

	<u>General Fund</u>	<u>Bond Building</u>	<u>Capital Improvements SB-9</u>
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ 1,201,455	\$ 4,953,572	\$ 5,707,937
Property taxes receivable	6,949	-	39,656
Other taxes receivable	15,379	-	61,516
Due from other governments	5,027	-	138,939
Inventory	-	-	-
Due from other funds	<u>1,002,355</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u><u>\$ 2,231,165</u></u>	<u><u>\$ 4,953,572</u></u>	<u><u>\$ 5,948,048</u></u>
LIABILITIES AND FUND BALANCES			
<i>Current liabilities</i>			
Accounts payable	\$ 2,146	\$ 851,793	\$ 130,100
Accrued payroll	692,147	-	-
Due to PED	-	-	-
Deferred revenue	5,835	-	32,863
Due to other funds	<u>73,247</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>773,375</u>	<u>851,793</u>	<u>162,963</u>
<i>Fund balances</i>			
Reserved for			
Inventory	-	-	-
Unreserved			
Undesignated, reported in			
General fund	1,457,790	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	<u>-</u>	<u>4,101,779</u>	<u>5,785,085</u>
<i>Total fund balances</i>	<u>1,457,790</u>	<u>4,101,779</u>	<u>5,785,085</u>
<i>Total liabilities and fund balances</i>	<u><u>\$ 2,231,165</u></u>	<u><u>\$ 4,953,572</u></u>	<u><u>\$ 5,948,048</u></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>
\$ 4,581,073	\$ 664,146	\$ 17,108,183
96,644	-	143,249
164,458	-	241,353
-	847,801	991,767
-	13,473	13,473
-	-	1,002,355
<u>\$ 4,842,175</u>	<u>\$ 1,525,420</u>	<u>\$ 19,500,380</u>
\$ -	\$ 32,374	\$ 1,016,413
-	54,914	747,061
-	12,621	12,621
79,931	4,241	122,870
-	929,108	1,002,355
<u>79,931</u>	<u>1,033,258</u>	<u>2,901,320</u>
-	13,473	13,473
-	-	1,457,790
-	478,635	478,635
4,762,244	-	4,762,244
-	54	9,886,918
<u>4,762,244</u>	<u>492,162</u>	<u>16,599,060</u>
<u>\$ 4,842,175</u>	<u>\$ 1,525,420</u>	<u>\$ 19,500,380</u>

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STATE OF NEW MEXICO

Aztec Municipal Schools

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2010

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	\$ 16,599,060
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	62,417,527
Revenue 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	
Delinquent property taxes	118,629
Grant revenue	4,241
Bond issuance cost (net of accumulated amortization)	136,952
Accrued interest is not due and payable with current financial resources therefore is not reported in the funds	(397,476)
Bond underwriter premiums (net of accumulated amortization)	(128,112)
Certain liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds payable	(40,225,000)
Current portion of accrued compensated absences	(47,355)
Long term portion of accrued compensated absences	<u>(88,529)</u>
Total net assets - governmental activities	<u>\$ 38,389,937</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Governmental Funds
Statements of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2010

	General Fund	Bond Building	Capital Improvements SB-9
<i>Revenues</i>			
Property taxes	\$ 127,366	\$ -	\$ 669,121
Oil and gas taxes	313,981	-	1,256,126
Intergovernmental revenue			
Federal flowthrough	9,688	-	-
Federal direct	594	-	-
Local sources	-	-	-
State flowthrough	19,547,906	-	170,289
State direct	129,487	-	-
Transportation distribution	1,287,865	-	-
Charges for services	68,457	-	-
Interest	7,534	6,946	11,427
Miscellaneous	44,353	-	-
<i>Total revenues</i>	<u>21,537,231</u>	<u>6,946</u>	<u>2,106,963</u>
<i>Expenditures</i>			
Current			
Instruction	13,775,869	-	-
Support services - students	1,937,407	-	-
Support services - instruction	418,639	-	-
Support services - general administration	368,094	-	603,070
Support services - school administration	1,550,455	-	-
Central services	486,784	-	-
Operation and maintenance of plant	1,715,198	895,866	-
Student transportation	1,298,621	-	-
Food services operations	-	-	-
Capital outlay	-	6,377,432	1,284,218
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>21,551,067</u>	<u>7,273,298</u>	<u>1,887,288</u>
<i>Net change in fund balances</i>	(13,836)	(7,266,352)	219,675
<i>Fund balances - beginning of year</i>	<u>1,471,626</u>	<u>11,368,131</u>	<u>5,565,410</u>
<i>Fund balances - ending of year</i>	<u>\$ 1,457,790</u>	<u>\$ 4,101,779</u>	<u>\$ 5,785,085</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>
\$ 1,879,379	\$ -	\$ 2,675,866
3,077,028	-	4,647,135
-	2,634,552	2,644,240
-	1,763,954	1,764,548
-	39,909	39,909
-	95,773	19,813,968
-	110,771	240,258
-	-	1,287,865
-	449,020	517,477
7,786	227	33,920
-	813	45,166
<u>4,964,193</u>	<u>5,095,019</u>	<u>33,710,352</u>
-	1,674,762	15,450,631
-	244,998	2,182,405
-	314,645	733,284
19,951	31,126	1,022,241
-	210,819	1,761,274
-	8,838	495,622
-	1,448,981	4,060,045
-	14,263	1,312,884
-	1,025,139	1,025,139
-	-	7,661,650
3,100,000	-	3,100,000
1,654,330	-	1,654,330
<u>4,774,281</u>	<u>4,973,571</u>	<u>40,459,505</u>
189,912	121,448	(6,749,153)
<u>4,572,332</u>	<u>370,714</u>	<u>23,348,213</u>
<u>\$ 4,762,244</u>	<u>\$ 492,162</u>	<u>\$ 16,599,060</u>

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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, 2010

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	\$ (6,749,153)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures reported as capital outlay expenditures	7,661,650
Depreciation expense	(2,421,859)

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	55,538
Change in deferred revenue related to grant receivable	4,241

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:

Amortization of bond issuance cost	(18,477)
Amortization of bond premiums	12,499
Increase in compensated absences	(29,625)
Decrease in accrued interest	32,213
Principal payments on bonds	3,100,000

Change in net assets of governmental activities	\$ 1,647,027
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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 Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ 125,510	\$ 125,510	\$ 128,023	\$ 2,513
Oil and gas taxes	482,354	482,354	311,914	(170,440)
<i>Intergovernmental</i>				
Federal flowthrough	-	-	9,688	9,688
Federal direct	-	-	594	594
Local sources	-	-	-	-
State flowthrough	19,463,268	19,381,800	19,554,840	173,040
State direct	116,697	154,788	129,487	(25,301)
Transportation distribution	1,275,920	1,287,865	1,287,865	-
Charges for services	51,000	51,000	71,404	20,404
Interest	70,011	70,011	7,534	(62,477)
Miscellaneous	36,060	36,060	44,203	8,143
<i>Total revenues</i>	<u>21,620,820</u>	<u>21,589,388</u>	<u>21,545,552</u>	<u>(43,836)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	13,898,776	14,123,002	13,084,880	1,038,122
Support services - students	2,359,511	2,359,511	1,936,854	422,657
Support services - instruction	514,677	514,677	418,639	96,038
Support services - general administration	398,914	398,914	370,122	28,792
Support services - school administration	1,767,418	1,767,418	1,557,772	209,646
Central services	576,267	576,267	490,874	85,393
Operation & maintenance of plant	1,965,316	1,883,848	1,832,457	51,391
Student transportation	1,495,903	1,507,848	1,298,027	209,821
Other support services	-	-	-	-
<i>Total expenditures</i>	<u>22,976,782</u>	<u>23,131,485</u>	<u>20,989,625</u>	<u>2,141,860</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,355,962)</u>	<u>(1,542,097)</u>	<u>555,927</u>	<u>2,098,024</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,355,962	1,542,097	-	(1,542,097)
<i>Total other financing sources (uses)</i>	<u>1,355,962</u>	<u>1,542,097</u>	<u>-</u>	<u>(1,542,097)</u>
<i>Net change in fund balances</i>	-	-	555,927	555,927
<i>Fund balances - beginning of year</i>	-	-	1,574,636	1,574,636
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,130,563</u>	<u>\$ 2,130,563</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 555,927
Adjustments to revenues for property taxes, oil and gas taxes and state flowthrough				(8,321)
Adjustments to expenditures for salaries, general supplies and material, and other contract services				(561,442)
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (13,836)</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, 2010

Exhibit D-1

<i>Assets</i>	
Cash	<u>\$ 369,802</u>
<i>Total assets</i>	<u><u>\$ 369,802</u></u>
 <i>Liabilities</i>	
Due to student organizations	<u>\$ 369,802</u>
<i>Total liabilities</i>	<u><u>\$ 369,802</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, 2010

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, 2010

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 sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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, 2010

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 student organizations.

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, 2010, 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, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 2010 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2010. 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.

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 assets to report.

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>
Land improvements	20-40
Buildings and improvements	20-40
Furniture, fixtures, and equipment	3-7

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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, 2010

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. Invested in capital assets, net of related debt: 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. At June 30, 2010, \$4,251,764 of the 2010 bond series remained unexpended. Therefore, the \$4,251,764 does not reduce invested in capital assets, net of accumulated depreciation and related debt.
- 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 64-67. The government-wide statement of net assets reports \$18,337,209 of restricted net assets, of which \$10,519,125 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 \$19,519,359 in state equalization guarantee distributions during the year ended June 30, 2010.

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 \$2,675,866 in property tax revenues in the governmental fund financial statements during the year ended June 30, 2010. 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 \$1,287,865 in transportation distributions during the year ended June 30, 2010.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2010

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 \$154,753 in instructional materials revenue from the State for the year ended June 30, 2010.

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 \$170,289 in SB-9 matching revenue during the year ended June 30, 2010.

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, 2010, the District did not receive appropriations in the 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, 2010

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 Public Education Department. 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 Public Education Department.
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 Public Education Department.
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, 2010

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

The appropriated budget for the year ended June 30, 2010, was properly amended by the District's Board of Education throughout the year.

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (1,355,962)	\$ (1,542,097)
Bond Building	\$ (8,985,360)	\$ (13,314,453)
Capital Improvement SB-9	\$ (125,267)	\$ (5,623,466)
Debt Service	\$ (4,344,319)	\$ (4,344,319)
Nonmajor Funds	\$ (188,928)	\$ (270,889)

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, 2010.

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

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

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 (FDIC), 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.

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, 2010, \$18,494,808 of the District's bank balance of \$19,132,428 was subject to custodial credit risk. \$16,206,376 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. At June 30, 2010, \$2,288,432 of the District's deposits were uninsured and uncollateralized.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2010

NOTE 3. Deposits and Investments (continued)

	Wells Fargo Bank	Citizens Bank	Total
Amount of deposits	\$ 10,046,854	\$ 9,085,574	\$ 19,132,428
FDIC Coverage	(250,000)	(387,620)	(637,620)
Total uninsured public funds	<u>9,796,854</u>	<u>8,697,954</u>	<u>18,494,808</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>9,796,854</u>	<u>6,409,522</u>	<u>16,206,376</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 2,288,432</u>	<u>\$ 2,288,432</u>
Collateral requirement (50% of uninsured funds)	\$ 4,898,427	\$ 4,348,977	\$ 9,247,404
Pledged Collateral	<u>10,127,543</u>	<u>6,409,522</u>	<u>16,537,065</u>
Over (Under) collateralized	<u>\$ 5,229,116</u>	<u>\$ 2,060,545</u>	<u>\$ 7,289,661</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.

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, 2010. 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, 2010:

13000	Pupil Transportation	\$ 73,247
24101	Title I IASA	209,684
24106	Entitlement IDEA-B	234,217
24109	Preschool IDEA-B	15,349
24150	Title V Innovative Education Program	3,130
24154	Teacher/Principal Training & Recruiting	93,453
24157	Safe & Drug Free Schools & Communities	4,640
24162	Title I School Improvement	25,934
24201	Title I - IASA - Federal Stimulus	135,443
24206	Entitlement IDEA-B - Federal Stimulus	75,246
25131	Johnson O'Malley	15,435
25184	Indian Education Formula Grant	22,068
25250	State Equalization Guarantee - Federal Stimulus	10,827
26125	Wallace Foundation	20,705
27105	2008 GO Bond Student Library Fund	7,343
27141	Truancy Initiative PED	33,452
27163	Schools in Need of Improvement	4,705
27170	Libraries - SB 301 GO Bonds-Laws of 2006	9,704
27549	Library Book Fund	7,773
		<u>\$ 1,002,355</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2010

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Assets

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

Cash and cash equivalents- Governmental Activities Exhibit A-1	\$ 12,527,110
Restricted cash and cash equivalents- Governmental Activities Exhibit A-1	4,581,073
Fiduciary Funds - Exhibit D-1	<u>369,802</u>
 Total cash and cash equivalents	 <u>17,477,985</u>
 Add: outstanding checks, and other reconciling items	 <u>1,654,443</u>
 Bank balance of deposits	 <u><u>\$ 19,132,428</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, 2010, \$133,632 of the District's bank balance of \$383,632 was exposed to custodial credit risk.

Component Unit Activities:

	<u>Citizens Bank</u>
Amount of deposits	\$ 383,632
FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	<u>133,632</u>
 Collateralized by securities held by pledging institutions or by its trust department or agent in other than the School's name	 <u>133,632</u>
Uninsured and uncollateralized	<u><u>\$ -</u></u>
 Collateral requirement (50% of uninsured funds)	 \$ 66,816
Pledged Collateral	<u>268,739</u>
Over (Under) collateralized	<u><u>\$ 201,923</u></u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2010

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:

Cash and cash equivalents- Component Unit Exhibit A-1	\$ 314,964
Fiduciary funds - Component Unit Statement D-3	6,602
	321,566
 Total cash and cash equivalents	 321,566
 Add: outstanding checks, and other reconciling items	 62,066
 Bank balance of deposits	 \$ 383,632

NOTE 4. Accounts Receivable

Primary Government:

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

	General Fund	Bond Building	Capital Improvements SB-9	Debt Service
Property taxes receivable	\$ 6,949	\$ -	\$ 39,656	\$ 96,644
Other taxes receivable				
Oil and gas taxes	15,379	-	61,516	164,458
Due from other governments				
Federal sources	-	-	-	-
State sources	5,027	-	138,939	-
	\$ 27,355	\$ -	\$ 240,111	\$ 261,102
	Other Governmental Funds	Total		
Property taxes receivable	\$ -	\$ 143,249		
Other taxes receivable				
Oil and gas taxes	-	241,353		
Due from other governments				
Federal sources	816,184	816,184		
State sources	31,617	175,583		
	\$ 847,801	\$ 1,376,369		

The above receivables are deemed 100% collectible.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2010

NOTE 4. Accounts Receivable (continued)

Component Unit Activities:

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

Due from other governments		
Federal sources	\$	53,527
State sources		<u>2,141</u>
	<u>\$</u>	<u>55,668</u>

NOTE 5. Interfund Receivables, Payables, and Transfers

The District and the Component Unit 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, 2010 is as follows:

<u>Due from other fund</u>	<u>Due to Other fund</u>	<u>Amount</u>
Operating Fund	Pupil Transportation	\$ 73,247
Operating Fund	Title I IASA	209,684
Operating Fund	Entitlement IDEA-B	234,217
Operating Fund	Preschool IDEA-B	15,349
Operating Fund	Title V Innovative Education Program	3,130
Operating Fund	Teacher/Principal Training & Recruiting	93,453
Operating Fund	Safe & Drug Free Schools & Communities	4,640
Operating Fund	Title I School Improvement	25,934
Operating Fund	Title I - IASA - Federal Stimulus	135,443
Operating Fund	Entitlement IDEA-B - Federal Stimulus	75,246
Operating Fund	Johnson O'Malley	15,435
Operating Fund	Indian Education Formula Grant	22,068
Operating Fund	State Equalization Guarantee - Federal Stimulus	10,827
Operating Fund	Wallace Foundation	20,705
Operating Fund	2008 GO Bond Student Library Fund	7,343
Operating Fund	Truancy Initiative PED	33,452
Operating Fund	Schools in Need of Improvement	4,705
Operating Fund	Libraries - SB 301 GO Bonds-Laws of 2006	9,704
Operating Fund	Library Book Fund	<u>7,773</u>
Total		<u>\$ 1,002,355</u>

Component Unit:

<u>Due from other fund</u>	<u>Due to Other fund</u>	<u>Amount</u>
General Fund	Entitlement IDEA-B	\$ 14,123
General Fund	State Equalization Guarantee - Federal	34,580
General Fund	2008 GO Bond Student Library Fund	<u>2,091</u>
Total		<u>\$ 50,794</u>

All interfund balances are to be repaid within one year. There were no operating transfers for the year ended June 30, 2010.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2010

NOTE 6. Capital Assets

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

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,895,514	\$ -	\$ -	\$ 5,895,514
Construction in progress	<u>6,958,659</u>	<u>1,088,650</u>	<u>6,958,659</u>	<u>1,088,650</u>
Total capital assets not being depreciated	<u>12,854,173</u>	<u>1,088,650</u>	<u>6,958,659</u>	<u>6,984,164</u>
Capital assets being depreciated:				
Land improvements	22,649	24,900	-	47,549
Buildings and improvements	76,451,564	12,484,749	-	88,936,313
Furniture, fixtures, and equipment	<u>6,500,922</u>	<u>1,022,010</u>	<u>43,912</u>	<u>7,479,020</u>
Total capital assets being depreciated	<u>82,975,135</u>	<u>13,531,659</u>	<u>43,912</u>	<u>96,462,882</u>
Less accumulated depreciation:				
Land improvements	2,359	3,537	-	5,896
Buildings and improvements	34,751,676	1,947,237	-	36,698,913
Furniture, fixtures, and equipment	<u>3,897,537</u>	<u>471,085</u>	<u>43,912</u>	<u>4,324,710</u>
Total accumulated depreciation	<u>38,651,572</u>	<u>2,421,859</u>	<u>43,912</u>	<u>41,029,519</u>
Total capital assets, net of depreciation	<u>\$ 57,177,736</u>	<u>\$ 12,198,450</u>	<u>\$ 6,958,659</u>	<u>\$ 62,417,527</u>

Depreciation expense for the year ended June 30, 2010 was charged to the following functions:

Governmental Activities

Instruction	\$ 842,487
Support services-students	4,971
Support services-instruction	1,056,211
Support services-general administration	43,490
Support services-school administration	32,557
Central services	135,141
Operations and maintenance of plant	40,405
Student transportation	251,320
Food services operations	<u>15,277</u>
Total	<u>\$ 2,421,859</u>

STATE OF NEW MEXICO
 Aztec Municipal Schools
 Notes to Financial Statements
 June 30, 2010

NOTE 6. Capital Assets (continued)

Component Unit:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Component unit:				
Capital assets being depreciated:				
Buildings and improvements	\$ 291,423	\$ -	\$ -	\$ 291,423
Furniture, fixtures, and equipment	45,741	12,480	-	58,221
Total capital assets being depreciated	337,164	12,480	-	349,644
Less accumulated depreciation:				
Buildings and improvements	22,901	13,990	-	36,891
Furniture, fixtures, and equipment	3,329	15,588	-	18,917
Total accumulated depreciation	26,230	29,578	-	55,808
Total capital assets, net of depreciation	\$ 310,934	\$ (17,098)	\$ -	\$ 293,836

Depreciation expense for the year ended June 30, 2010 was charged to the following functions:

Component Unit

Instruction	\$ 4,521
Support services-school administration	1,560
Central services	9,757
Operations and maintenance of plant	13,740
Total	\$ 29,578

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.

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, 2010 are for governmental activities.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2010

NOTE 7. Long-term Debt (continued)

Bonds outstanding at June 30, 2010, 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	\$ 1,300,000	\$ 2,600,000	\$ 10,300,000
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	\$ 13,300,000	\$ 12,725,000
Interest Rate	3.63% to 4.00%	3.00% to 4.00%

Governmental Activities:

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010	Due Within One Year
General obligations bonds Series 2000	\$ 1,900,000	\$ -	\$ 600,000	\$ 1,300,000	\$ 650,000
General obligations bonds Series 2001	3,600,000	-	1,000,000	2,600,000	1,200,000
General obligations bonds Series 2002	10,800,000	-	500,000	10,300,000	500,000
General obligations bonds Series 2007	13,800,000	-	500,000	13,300,000	250,000
General obligations bonds Series 2008	13,225,000	-	500,000	12,725,000	125,000
	<u>43,325,000</u>	<u>-</u>	<u>3,100,000</u>	<u>40,225,000</u>	<u>2,725,000</u>
Compensated absences	<u>106,259</u>	<u>76,980</u>	<u>47,355</u>	<u>135,884</u>	<u>47,355</u>
Total Long-Term Debt	<u>\$ 43,431,259</u>	<u>\$ 76,980</u>	<u>\$ 3,147,355</u>	<u>\$ 40,360,884</u>	<u>\$ 2,772,355</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, 2010, compensated absences increased \$29,625 from the prior year accrual.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2010

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the General Obligation Bonds as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	4,300,000	974,075	5,274,075
2016-2020	19,800,000	2,514,400	22,314,400
2021-2025	3,000,000	60,000	3,060,000
	<u>\$ 40,225,000</u>	<u>\$ 8,878,613</u>	<u>\$ 49,103,613</u>

The annual requirements to amortize the March 9, 2000 Series general obligation bonds outstanding as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 650,000	\$ 50,538	\$ 700,538
2012	650,000	16,900	666,900
	<u>\$ 1,300,000</u>	<u>\$ 67,438</u>	<u>\$ 1,367,438</u>

The annual requirements to amortize the December 14, 2000 Series general obligation bonds outstanding as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 1,200,000	\$ 92,500	\$ 1,292,500
2012	1,400,000	32,375	1,432,375
	<u>\$ 2,600,000</u>	<u>\$ 124,875</u>	<u>\$ 2,724,875</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2010

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the November 21, 2002 Series general obligation bonds outstanding as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	2,300,000	152,150	2,452,150
2016-2020	2,500,000	52,500	2,552,500
	<u>\$ 10,300,000</u>	<u>\$ 1,580,975</u>	<u>\$ 11,880,975</u>

The annual requirements to amortize July 13, 2007 Series general obligation bonds outstanding as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	1,500,000	398,800	1,898,800
2016-2020	8,500,000	1,110,900	9,610,900
2021-2025	1,000,000	20,000	1,020,000
	<u>\$ 13,300,000</u>	<u>\$ 3,460,825</u>	<u>\$ 16,760,825</u>

The annual requirements to amortize the October 14, 2008 Series general obligation bonds outstanding as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	500,000	423,125	923,125
2016-2020	8,800,000	1,351,000	10,151,000
2021-2025	2,000,000	40,000	2,040,000
	<u>\$ 12,725,000</u>	<u>\$ 3,644,500</u>	<u>\$ 16,369,500</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2010

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 2010.

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, 2010:

Primary Government:

Pupil Transportation Fund	\$ 316
Wallace Foundation Special Revenue Fund	3,278
Truancy Initiative PED Special Revenue Fund	33,452
Schools in Need of Improvement Special Revenue Fund	7,412
Library Book Fund Special Revenue Fund	7,773
Total	\$ 52,231

Component Unit:

2008 GO Bond Student Library Fund Special Revenue Fund	\$ 2,091
Total	\$ 2,091

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2010

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, 2010:

Primary Government:

Food Service		
Food services operations	\$	28,447
Johnson O'Malley Special Revenue Fund		
Instruction		3,444
Debt Service		
Support services		<u>8,541</u>
 Total	 \$	 <u><u>40,432</u></u>

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. Management will review the budget on a timely basis to insure the budget is properly maintained.

Component Unit:

None

C. Designated cash appropriations in excess of beginning cash balances. The following funds designated cash appropriations in excess of beginning cash balances for the year ended June 30, 2010:

Primary Government:

Capital Improvements SB-9 Capital Projects Fund	\$	<u>125,268</u>
 Total	 \$	 <u><u>125,268</u></u>

Component Unit:

Instructional Materials Fund	\$	1,974
State Equalization Guarantee – Federal Special Revenue Fund		<u>27,317</u>
 Total	 \$	 <u><u>29,291</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 and will make sure that our beginning cash BAR ties exactly to the cash report.

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2010

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 (Chapter 22, Article 11 NMSA 1978.) The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P. O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy. Effective July 1, 2009, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The District was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross salary of employees earning more than \$20,000 annually. The employer contribution is increasing by .75% each year until effective July 1, 2011, the employer contribution will be 13.9% of the gross covered salary. 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 years ended June 30, 2010, 2009, and 2008 were \$1,759,907, \$1,825,443, and \$1,734,943, 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 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. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

STATE OF NEW MEXICO
 Aztec Municipal Schools
 Notes to Financial Statements
 June 30, 2010

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

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. The District’s contribution to the RHCA for the years ended June 30, 2010, 2009, and 2008 were \$206,312, \$206,322, and \$206,912 respectively, which equal the required contribution for 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, 2010 are as follows:

<u>Construction Projects</u>	<u>Contract Amount</u>	<u>Remaining Amount</u>
Koogler Middle School	\$ 12,254,912	\$ 12,254,912

NOTE 14. Joint Powers Agreements

Northeast San Juan County Family Center Educational Phase

Participants – Aztec Municipal School
 City of Aztec
 San Juan Junior College District

Responsible party – All participants

Description – The property deeded to the College and the District by the City Shall be operated by the parties in a manner designed to facilitate the most efficient, cost-effective use in order to maximize the benefits of the property to the residents of the City.

Begin date – July 25, 2005

Ending date – Until notified

Estimated amount of project – Unknown

Amount contributed – None

Audit responsibility – Each participant

Fiscal agent – Not applicable

STATE OF NEW MEXICO
Aztec Municipal Schools
Notes to Financial Statements
June 30, 2010

NOTE 14. Joint Powers Agreements (continued)

Tiger Sports Complex East

Participants – Aztec Municipal School
City of Aztec

Responsible party – All participants

Description – To provide maintenance, upkeep, and governance of Tiger Sports Complex East.

Begin date – June 23, 2009

Ending date – June 30, 2019

Estimated amount of project – Unknown

Amount contributed – None

Audit responsibility – Each participant

Fiscal agent – The District shall be designated as the fiscal agent for construction of propane, telephone, supplies, vandalism, and technology service and use. The City shall be designated as the fiscal agent for utility services.

NOTE 15. Subsequent Events

The date to which events occurring after June 30, 2010, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 2, 2010 which is the date on which the financial statements were available to be issued.

The District authorized and issued general obligation bonds on July 22, 2010. The purpose of the Series 2010A General Obligation bonds are to erect, remodel, make additions to and furnish school buildings and purchase or improve school grounds and purchasing computer software and hardware or any combination. The amount of the bonds issued was \$12,200,000 and mature on August 1, 2027. The interest rate of the bonds is 5.686%.

The District authorized and issued general obligation bonds on October 4, 2010. The purpose of the Series 2010B General Obligation bonds is to refund all of the District's outstanding Series 2001, Series 2002 and Series 2007. The amount of the bonds issued was \$22,025,000 and mature on August 1, 2015. The District's first payment is due October 1, 2011 in the amount of \$1,500,000. The interest rate of the bonds range from 3.00% to 5.00%.

SUPPLEMENTAL INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
Aztec Municipal Schools
Nonmajor Fund Descriptions
June 30, 2010

SPECIAL REVENUE FUNDS

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.

IDEA B “Risk Pool” (24120) - Entitlement funds that are set aside each year for the Puente para los Ninos high cost child program.

STATE OF NEW MEXICO
Aztec Municipal Schools
Nonmajor Fund Descriptions
June 30, 2010

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. The authority for creation of this fund is Elementary and Secondary Education Act of 1965, Title V, Part A, as amended, 20 U.S.C. 7301-7373

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.

Title I- IASA - Federal Stimulus (24201) – Under the American Recovery and Reinvestment Act of 2009 (ARRA), these federal funds are intended to create an opportunity for educators to implement strategies that will improve education for at-risk students and close the achievement gaps while also stimulating the economy.

Entitlement IDEA-B - Federal Stimulus (24206) - Under the American Recovery and Reinvestment Act of 2009 (ARRA), this grant is subject to the provisions of the Entitlement IDEA-B grant.

Preschool IDEA-B - Federal Stimulus (24209) - Under the American Recovery and Reinvestment Act of 2009 (ARRA), this grant is subject to the provisions of the Preschool IDEA-B grant.

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

State Equalization Guarantee – Federal Stimulus (25250) - Under the American Recovery and Reinvestment Act of 2009 (ARRA), these federal funds help stabilize the District's budget in order to minimize and avoid reduction in education services.

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

2008 GO Bond Student Library Fund (27105) - must be used to fund each library facility for improvement or acquisition and to acquire library books and library resources to support the library program.

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.

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STATE OF NEW MEXICO
Aztec Municipal Schools
Nonmajor Fund Descriptions
June 30, 2010

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.

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

Library Book Fund (27549) – To support the acquisition of library books as specified in with the legislative language of 2008 Senate Bill 471 whereas funds were distributed to public and charter schools through the Instructional Materials Bureau.

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.

CAPITAL PROJECTS FUNDS

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.

STATE OF NEW MEXICO
Aztec Municipal Schools
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

Special Revenue

ASSETS	Food Service	Athletics	Title I IASA	Entitlement IDEA- B
<i>Current assets</i>				
Cash and cash equivalents	\$ 88,989	\$ 216,474	\$ -	\$ 30,558
Due from other governments	-	-	221,131	224,828
Inventory	13,473	-	-	-
<i>Total assets</i>	<u>\$ 102,462</u>	<u>\$ 216,474</u>	<u>\$ 221,131</u>	<u>\$ 255,386</u>
LIABILITIES AND FUND BALANCE				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	11,447	21,169
Due to PED	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	209,684	234,217
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>221,131</u>	<u>255,386</u>
<i>Fund balances</i>				
Reserved for				
Inventory	13,473	-	-	-
Unreserved				
Undesignated, reported in				
Special revenue funds	88,989	216,474	-	-
Capital projects funds	-	-	-	-
<i>Total fund balance</i>	<u>102,462</u>	<u>216,474</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 102,462</u>	<u>\$ 216,474</u>	<u>\$ 221,131</u>	<u>\$ 255,386</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	IDEA-B "Risk Pool"
\$ 187	\$ 303	\$ 1,753	\$ 43	\$ 248	\$ -
-	-	13,596	-	-	-
-	-	-	-	-	-
<u>\$ 187</u>	<u>\$ 303</u>	<u>\$ 15,349</u>	<u>\$ 43</u>	<u>\$ 248</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	303	-	43	248	-
187	-	-	-	-	-
-	-	15,349	-	-	-
<u>187</u>	<u>303</u>	<u>15,349</u>	<u>43</u>	<u>248</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 187</u>	<u>\$ 303</u>	<u>\$ 15,349</u>	<u>\$ 43</u>	<u>\$ 248</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

Special Revenue

	Class Size Reduction Act	Title V Innovative Education Program	Teacher/Principal Training & Recruiting	Safe & Drug Free Schools & Communities
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 47	\$ 3,130	\$ -	\$ 1,523
Due from other governments	-	-	96,596	3,117
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 47</u>	<u>\$ 3,130</u>	<u>\$ 96,596</u>	<u>\$ 4,640</u>
LIABILITIES AND FUND BALANCE				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	3,143	-
Due to PED	47	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	3,130	93,453	4,640
<i>Total liabilities</i>	<u>47</u>	<u>3,130</u>	<u>96,596</u>	<u>4,640</u>
<i>Fund balances</i>				
Reserved for				
Inventory	-	-	-	-
Unreserved				
Undesignated, reported in				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
<i>Total fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 47</u>	<u>\$ 3,130</u>	<u>\$ 96,596</u>	<u>\$ 4,640</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Title I School Improvement</u>	<u>Title I - IASA - Federal Stimulus</u>	<u>Entitlement IDEA- B - Federal Stimulus</u>	<u>Preschool IDEA- B - Federal Stimulus</u>	<u>Johnson O'Malley</u>	<u>Indian Education Formula Grant</u>
\$ -	\$ 73,035	\$ -	\$ 8	\$ 3,625	\$ -
25,934	69,988	83,366	-	11,810	26,204
-	-	-	-	-	-
<u>\$ 25,934</u>	<u>\$ 143,023</u>	<u>\$ 83,366</u>	<u>\$ 8</u>	<u>\$ 15,435</u>	<u>\$ 26,204</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	7,580	8,120	8	-	82
-	-	-	-	-	-
-	-	-	-	-	4,054
25,934	135,443	75,246	-	15,435	22,068
<u>25,934</u>	<u>143,023</u>	<u>83,366</u>	<u>8</u>	<u>15,435</u>	<u>26,204</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 25,934</u>	<u>\$ 143,023</u>	<u>\$ 83,366</u>	<u>\$ 8</u>	<u>\$ 15,435</u>	<u>\$ 26,204</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

Special Revenue

	State Equalization Guarantee - Federal Stimulus	Wallace Foundation	2008 GO Bond Student Library Fund	Technology for Education PED
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 120,594
Due from other governments	39,614	18,675	7,343	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 39,614</u>	<u>\$ 18,675</u>	<u>\$ 7,343</u>	<u>\$ 120,594</u>
LIABILITIES AND FUND BALANCE				
<i>Current liabilities</i>				
Accounts payable	\$ 28,787	\$ -	\$ -	\$ -
Accrued payroll	-	1,248	-	6
Due to PED	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	10,827	20,705	7,343	-
<i>Total liabilities</i>	<u>39,614</u>	<u>21,953</u>	<u>7,343</u>	<u>6</u>
<i>Fund balances</i>				
Reserved for				
Inventory	-	-	-	-
Unreserved				
Undesignated, reported in				
Special revenue funds	-	(3,278)	-	120,588
Capital projects funds	-	-	-	-
<i>Total fund balance</i>	<u>-</u>	<u>(3,278)</u>	<u>-</u>	<u>120,588</u>
<i>Total liabilities and fund balance</i>	<u>\$ 39,614</u>	<u>\$ 18,675</u>	<u>\$ 7,343</u>	<u>\$ 120,594</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Incentives for School Improvement Act	Truancy Initiative PED	Reading Improvement Initiatives	Beginning Teacher Mentoring Program	Schools in Need of Improvement	Libraries - SB 301 GO Bonds
\$ 8,550	\$ -	\$ 49	\$ 7,135	\$ -	\$ 19,092
-	-	-	-	880	-
-	-	-	-	-	-
<u>\$ 8,550</u>	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 7,135</u>	<u>\$ 880</u>	<u>\$ 19,092</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,587	\$ -
-	-	-	597	-	-
8,550	-	49	-	-	-
-	-	-	-	-	-
-	33,452	-	-	4,705	9,704
<u>8,550</u>	<u>33,452</u>	<u>49</u>	<u>597</u>	<u>8,292</u>	<u>9,704</u>
-	-	-	-	-	-
-	(33,452)	-	6,538	(7,412)	9,388
-	-	-	-	-	-
-	(33,452)	-	6,538	(7,412)	9,388
<u>\$ 8,550</u>	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 7,135</u>	<u>\$ 880</u>	<u>\$ 19,092</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

Special Revenue

	Library Book Fund	NM Arts Div	Medicaid HSD	Resources for School Health
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ -	\$ 156	\$ 85,368	\$ 3,225
Due from other governments	-	-	4,719	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 156</u>	<u>\$ 90,087</u>	<u>\$ 3,225</u>
LIABILITIES AND FUND BALANCE				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	1,514	-
Due to PED	-	156	-	3,225
Deferred revenue	-	-	-	-
Due to other funds	7,773	-	-	-
<i>Total liabilities</i>	<u>7,773</u>	<u>156</u>	<u>1,514</u>	<u>3,225</u>
<i>Fund balances</i>				
Reserved for				
Inventory	-	-	-	-
Unreserved				
Undesignated, reported in				
Special revenue funds	(7,773)	-	88,573	-
Capital projects funds	-	-	-	-
<i>Total fund balance</i>	<u>(7,773)</u>	<u>-</u>	<u>88,573</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ -</u>	<u>\$ 156</u>	<u>\$ 90,087</u>	<u>\$ 3,225</u>

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>	
<u>Public School Capital Outlay</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 54	\$ 664,146
-	847,801
-	13,473
<u>\$ 54</u>	<u>\$ 1,525,420</u>
\$ -	\$ 32,374
-	54,914
-	12,621
-	4,241
-	929,108
<u>-</u>	<u>1,033,258</u>
-	13,473
-	478,635
<u>54</u>	<u>54</u>
<u>54</u>	<u>492,162</u>
<u>\$ 54</u>	<u>\$ 1,525,420</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2010

	Special Revenue			
	Food Service	Athletics	Title I IASA	Entitlement IDEA-B
<i>Revenues</i>				
Federal flowthrough	\$ 772,075	\$ -	\$ 477,595	\$ 636,998
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	16,769	-	-	-
Charges for services	343,789	105,231	-	-
Interest	44	183	-	-
Miscellaneous	813	-	-	-
<i>Total revenues</i>	<u>1,133,490</u>	<u>105,414</u>	<u>477,595</u>	<u>636,998</u>
<i>Expenditures</i>				
Current				
Instruction	-	53,534	406,664	454,623
Support services - students	-	-	-	122,456
Support services - instruction	-	-	-	-
Support services - general administration	-	-	9,424	12,707
Support services - school administration	-	-	61,507	32,949
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	14,263
Food services operations	1,025,139	-	-	-
<i>Total expenditures</i>	<u>1,025,139</u>	<u>53,534</u>	<u>477,595</u>	<u>636,998</u>
<i>Net change in fund balances</i>	108,351	51,880	-	-
<i>Fund balances - beginning of year</i>	<u>(5,889)</u>	<u>164,594</u>	<u>-</u>	<u>-</u>
<i>Fund balances - ending of year</i>	<u>\$ 102,462</u>	<u>\$ 216,474</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	IDEA-B "Risk Pool"
\$ 1,375	\$ -	\$ 16,910	\$ -	\$ -	\$ 485
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,375</u>	<u>-</u>	<u>16,910</u>	<u>-</u>	<u>-</u>	<u>485</u>
-	-	2,868	-	-	-
1,375	-	13,056	-	-	485
-	-	-	-	-	-
-	-	201	-	-	-
-	-	785	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,375</u>	<u>-</u>	<u>16,910</u>	<u>-</u>	<u>-</u>	<u>485</u>
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2010

	Special Revenue			
	Class Size Reduction Act	Title V Innovative Education Program	Teacher/Principal Training & Recruiting	Safe & Drug Free Schools & Communities
<i>Revenues</i>				
Federal flowthrough	\$ -	\$ -	\$ 140,508	\$ 3,117
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>140,508</u>	<u>3,117</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	137,739	3,117
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	2,769	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>140,508</u>	<u>3,117</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

Title I School Improvement	Title I - IASA - Federal Stimulus	Entitlement IDEA- B - Federal Stimulus	Preschool IDEA- B - Federal Stimulus	Johnson O'Malley	Indian Education Formula Grant
\$ 32,432	\$ 235,378	\$ 316,670	\$ 1,009	\$ -	\$ -
-	-	-	-	27,734	87,712
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>32,432</u>	<u>235,378</u>	<u>316,670</u>	<u>1,009</u>	<u>27,734</u>	<u>87,712</u>
32,432	-	239,469	982	13,855	54,981
-	1,183	40,932	-	13,457	19,697
-	231,830	10,110	-	-	-
-	2,365	-	27	422	1,625
-	-	26,159	-	-	11,409
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>32,432</u>	<u>235,378</u>	<u>316,670</u>	<u>1,009</u>	<u>27,734</u>	<u>87,712</u>
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2010

	Special Revenue			
	State Equalization Guarantee - Federal Stimulus	Wallace Foundation	2008 GO Bond Student Library Fund	Technology for Education PED
<i>Revenues</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	1,648,508	-	-	-
Local sources	-	39,909	-	-
State flowthrough	-	-	15,335	22,097
State direct	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,648,508</u>	<u>39,909</u>	<u>15,335</u>	<u>22,097</u>
<i>Expenditures</i>				
Current				
Instruction	158,337	36,683	-	35,000
Support services - students	20,339	-	-	-
Support services - instruction	3,348	-	15,335	-
Support services - general administration	1,586	-	-	-
Support services - school administration	15,917	1,978	-	-
Central services	-	-	-	8,838
Operation & maintenance of plant	1,448,981	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
<i>Total expenditures</i>	<u>1,648,508</u>	<u>38,661</u>	<u>15,335</u>	<u>43,838</u>
<i>Net change in fund balances</i>	-	1,248	-	(21,741)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>(4,526)</u>	<u>-</u>	<u>142,329</u>
<i>Fund balances - ending of year</i>	<u>\$ -</u>	<u>\$ (3,278)</u>	<u>\$ -</u>	<u>\$ 120,588</u>

The accompanying notes are an integral part of these financial statements

Special Revenue					
Incentives for School Improvement Act	Truancy Initiative PED	Reading Improvement Initiatives	Beginning Teacher Mentoring Program	Schools in Need of Improvement	Libraries - SB 301 GO Bonds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	12,797	-	9,220	33,965	2,359
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	12,797	-	9,220	33,965	2,359
-	-	-	2,682	41,377	-
-	-	-	-	-	-
-	46,249	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	46,249	-	2,682	41,377	-
-	(33,452)	-	6,538	(7,412)	2,359
-	-	-	-	-	7,029
\$ -	\$ (33,452)	\$ -	\$ 6,538	\$ (7,412)	\$ 9,388

STATE OF NEW MEXICO
Aztec Municipal Schools
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2010

	Special Revenue			
	Library Book Fund	NM Arts Div	Medicaid HSD	Resources for School Health
<i>Revenues</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	94,002	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	94,002	-
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	419	-
Support services - students	-	-	12,018	-
Support services - instruction	7,773	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	60,115	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
<i>Total expenditures</i>	7,773	-	72,552	-
<i>Net change in fund balances</i>	(7,773)	-	21,450	-
<i>Fund balances - beginning of year</i>	-	-	67,123	-
<i>Fund balances - ending of year</i>	\$ (7,773)	\$ -	\$ 88,573	\$ -

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>	
<u>Public School Capital Outlay</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 2,634,552
-	1,763,954
-	39,909
-	95,773
-	110,771
-	449,020
-	227
-	813
<u>-</u>	<u>5,095,019</u>
-	1,674,762
-	244,998
-	314,645
-	31,126
-	210,819
-	8,838
-	1,448,981
-	14,263
-	1,025,139
<u>-</u>	<u>4,973,571</u>
-	121,448
<u>54</u>	<u>370,714</u>
<u>\$ 54</u>	<u>\$ 492,162</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, 2010

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	560,000	560,000	712,347	152,347
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	16,769	16,769
Combined local/state	-	-	-	-
Charges for services	377,351	377,351	348,055	(29,296)
Interest	4,000	4,000	44	(3,956)
Miscellaneous	-	-	813	813
<i>Total revenues</i>	941,351	941,351	1,078,028	136,677
<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	941,351	941,351	969,798	(28,447)
Capital outlay	-	-	-	-
<i>Total expenditures</i>	941,351	941,351	969,798	(28,447)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	108,230	108,230
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	108,230	108,230
<i>Fund balances - beginning of year</i>	-	-	(19,241)	(19,241)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 88,989	\$ 88,989
<i>Net change in fund balances (Budget Basis)</i>				\$ 108,230
Adjustments to revenues for federal flowthrough grants and charges for services.				55,462
Adjustments to expenditures for food costs.				(55,341)
<i>Net change in fund balances (GAAP Basis)</i>				\$ 108,351

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, 2010

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	69,260	69,260	105,079	35,819
Interest	500	5,000	183	(4,817)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>69,760</u>	<u>74,260</u>	<u>105,262</u>	<u>31,002</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	234,850	234,850	53,534	181,316
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>234,850</u>	<u>234,850</u>	<u>53,534</u>	<u>181,316</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(165,090)</u>	<u>(160,590)</u>	<u>51,728</u>	<u>212,318</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	165,090	160,590	-	(160,590)
<i>Total other financing sources (uses)</i>	<u>165,090</u>	<u>160,590</u>	<u>-</u>	<u>(160,590)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>51,728</u>	<u>51,728</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>164,746</u>	<u>164,746</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,474</u>	<u>\$ 216,474</u>
<i>Net change in fund balances (Budget Basis)</i>	<u>-</u>	<u>-</u>	<u>51,728</u>	<u>\$ 51,728</u>
Adjustments to revenue for fees to users.				152
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>	<u>-</u>	<u>-</u>	<u>51,880</u>	<u>\$ 51,880</u>

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, 2010

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	450,321	624,080	429,735	(194,345)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>450,321</u>	<u>624,080</u>	<u>429,735</u>	<u>(194,345)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	378,703	533,756	395,217	138,539
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	9,277	27,983	9,424	18,559
Support services - school administration	62,341	62,341	61,507	834
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>450,321</u>	<u>624,080</u>	<u>466,148</u>	<u>157,932</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(36,413)	(36,413)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(36,413)	(36,413)
<i>Fund balances - beginning of year</i>	-	-	(173,271)	(173,271)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (209,684)</u>	<u>\$ (209,684)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (36,413)
Adjustments to revenues for federal flowthrough grants.				47,860
Adjustments to expenditures for general supplies and materials.				<u>(11,447)</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, 2010

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	-	914,389	755,650	(158,739)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>914,389</u>	<u>755,650</u>	<u>(158,739)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	19,356	512,603	433,454	79,149
Support services - students	3,484	155,431	122,456	32,975
Support services - instruction	-	-	-	-
Support services - general administration	480	21,589	12,707	8,882
Support services - school administration	518	209,635	32,949	176,686
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student Transportation	-	15,131	14,263	868
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>23,838</u>	<u>914,389</u>	<u>615,829</u>	<u>298,560</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(23,838)</u>	<u>-</u>	<u>139,821</u>	<u>139,821</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	23,838	-	-	-
<i>Total other financing sources (uses)</i>	<u>23,838</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	139,821	139,821
<i>Fund balances - beginning of year</i>	-	-	(343,480)	(343,480)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (203,659)</u>	<u>\$ (203,659)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 139,821
Adjustments to revenues for federal flowthrough grants.				(118,652)
Adjustments to expenditures for general supplies and materials.				<u>(21,169)</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, 2010

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	-	1,562	31,864	30,302
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>1,562</u>	<u>31,864</u>	<u>30,302</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services - students	-	1,562	1,375	187
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>1,562</u>	<u>1,375</u>	<u>187</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>30,489</u>	<u>30,489</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	30,489	30,489
<i>Fund balances - beginning of year</i>	-	-	(30,302)	(30,302)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187</u>	<u>\$ 187</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 30,489
Adjustments to revenues for federal flowthrough grants.				(30,489)
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, 2010

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 (budgeted increase in 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, 2010

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	23,838	41,431	31,294	(10,137)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	23,838	41,431	31,294	(10,137)
<i>Expenditures</i>				
<i>Current</i>				
Instruction	19,356	20,834	2,868	17,966
Support services - students	3,484	15,894	13,056	2,838
Support services - instruction	-	-	-	-
Support services - general administration	480	980	201	779
Support services - school administration	518	3,723	785	2,938
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	23,838	41,431	16,910	24,521
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	14,384	14,384
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	14,384	14,384
<i>Fund balances - beginning of year</i>	-	-	(27,980)	(27,980)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (13,596)	\$ (13,596)
<i>Net change in fund balances (Budget Basis)</i>				\$ 14,384
Adjustments to revenues for federal flowthrough grants.				(14,384)
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
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, 2010

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>				
<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 (budgeted increase in 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, 2010

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>				
<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 (budgeted increase in 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
IDEA-B "Risk Pool" 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, 2010

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	-	7,776	485	(7,291)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	7,776	485	(7,291)
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services - students	-	7,776	485	7,291
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>	-	7,776	485	7,291
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in 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
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, 2010

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	-	-	-	-
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 (budgeted increase in 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

Statement B-12

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, 2010

	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 (budgeted increase in 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>-</u>	<u>-</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>				\$ -
No adjustments to revenues.				-
No adjustments to expenditures.				-
<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, 2010

Statement B-13

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	141,835	141,835	92,156	(49,679)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>141,835</u>	<u>141,835</u>	<u>92,156</u>	<u>(49,679)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	138,616	138,616	134,596	4,020
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	2,919	2,919	2,769	150
Support services - school administration	300	300	-	300
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>141,835</u>	<u>141,835</u>	<u>137,365</u>	<u>4,470</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(45,209)	(45,209)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(45,209)	(45,209)
<i>Fund balances - beginning of year</i>	-	-	(48,244)	(48,244)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (93,453)</u>	<u>\$ (93,453)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (45,209)
Adjustments to revenues for federal flowthrough grants.				48,352
Adjustments to expenditures for salaries.				<u>(3,143)</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-14

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, 2010

	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 (budgeted increase in 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>	-	-	(3,117)	(3,117)
<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>				\$ -
Adjustments to revenues for federal flowthrough grants.				3,117
Adjustments to expenditures to general supplies.				<u>(3,117)</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, 2010

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	-	400,000	9,681	(390,319)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>400,000</u>	<u>9,681</u>	<u>(390,319)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	40,000	32,432	7,568
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>40,000</u>	<u>32,432</u>	<u>7,568</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>360,000</u>	<u>(22,751)</u>	<u>(382,751)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(360,000)	-	360,000
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(360,000)</u>	<u>-</u>	<u>360,000</u>
<i>Net change in fund balances</i>	-	-	(22,751)	(22,751)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(3,183)</u>	<u>(3,183)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,934)</u>	<u>\$ (25,934)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (22,751)
Adjustments to revenues for federal flowthrough grants.				22,751
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 I - IASA - Federal Stimulus 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, 2010

Statement B-16

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	235,377	165,390	(69,987)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	235,377	165,390	(69,987)
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services - students	-	1,183	1,183	-
Support services - instruction	-	231,829	224,250	7,579
Support services - general administration	-	2,365	2,365	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	235,377	227,798	7,579
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(62,408)	(62,408)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(62,408)	(62,408)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (62,408)	\$ (62,408)
<i>Net change in fund balances (Budget Basis)</i>				\$ (62,408)
Adjustments to revenues for federal flowthrough grants.				69,988
Adjustments to expenditures for salaries.				(7,580)
<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
Entitlement IDEA-B - Federal Stimulus 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, 2010

Statement B-17

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	686,936	233,304	(453,632)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	686,936	233,304	(453,632)
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	267,106	231,349	35,757
Support services - students	-	310,758	40,932	269,826
Support services - instruction	-	43,476	10,110	33,366
Support services - general administration	-	-	-	-
Support services - school administration	-	65,596	26,159	39,437
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	686,936	308,550	378,386
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(75,246)	(75,246)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(75,246)	(75,246)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (75,246)	\$ (75,246)
<i>Net change in fund balances (Budget Basis)</i>				\$ (75,246)
Adjustments to revenues for federal flowthrough grants.				83,366
Adjustments to expenditures for salaries.				(8,120)
<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
Preschool IDEA-B - Federal Stimulus 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, 2010

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	14,989	30,235	1,009	(29,226)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>14,989</u>	<u>30,235</u>	<u>1,009</u>	<u>(29,226)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	9,989	16,087	974	15,113
Support services - students	-	8,855	-	8,855
Support services - instruction	2,000	2,000	-	2,000
Support services - general administration	315	608	27	581
Support services - school administration	2,685	2,685	-	2,685
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>14,989</u>	<u>30,235</u>	<u>1,001</u>	<u>29,234</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	8	8
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	8	8
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 8</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 8
No adjustments to revenues.				-
Adjustments to expenditures for salaries.				<u>(8)</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
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, 2010

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	25,036	25,136	20,017	(5,119)
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	25,036	25,136	20,017	(5,119)
<i>Expenditures</i>				
<i>Current</i>				
Instruction	10,293	10,411	13,855	(3,444)
Support services - students	14,743	14,105	13,457	648
Support services - instruction	-	-	-	-
Support services - general administration	-	620	422	198
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	25,036	25,136	27,734	(2,598)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(7,717)	(7,717)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(7,717)	(7,717)
<i>Fund balances - beginning of year</i>	-	-	(4,093)	(4,093)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (11,810)	\$ (11,810)
<i>Net change in fund balances (Budget Basis)</i>				\$ (7,717)
Adjustments to revenues for federal direct grants.				7,717
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
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, 2010

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	88,027	88,027	92,941	4,914
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>88,027</u>	<u>88,027</u>	<u>92,941</u>	<u>4,914</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	54,980	54,980	54,899	81
Support services - students	19,747	19,747	19,697	50
Support services - instruction	-	-	-	-
Support services - general administration	1,728	1,728	1,625	103
Support services - school administration	11,572	11,572	11,409	163
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>88,027</u>	<u>88,027</u>	<u>87,630</u>	<u>397</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	5,311	5,311
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	5,311	5,311
<i>Fund balances - beginning of year</i>	-	-	(27,379)	(27,379)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,068)</u>	<u>\$ (22,068)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 5,311
Adjustments to revenues for federal direct grants.				(5,229)
Adjustments to expenditures for salaries.				<u>(82)</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-21

Aztec Municipal Schools

State Equalization Guarantee - Federal Stimulus 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, 2010

	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	1,435,870	1,916,093	1,608,894	(307,199)
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,435,870</u>	<u>1,916,093</u>	<u>1,608,894</u>	<u>(307,199)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	158,337	158,337	158,337	-
Support services - students	23,194	23,194	20,339	2,855
Support services - instruction	4,782	4,782	3,348	1,434
Support services - general administration	2,208	2,208	1,586	622
Support services - school administration	20,484	20,484	15,917	4,567
Central services	-	-	-	-
Operation & maintenance of plant	1,226,865	1,707,088	1,420,194	286,894
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,435,870</u>	<u>1,916,093</u>	<u>1,619,721</u>	<u>296,372</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(10,827)	(10,827)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(10,827)	(10,827)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,827)</u>	<u>\$ (10,827)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (10,827)
Adjustments to revenues for local grants.				39,614
Adjustments to expenditures for salaries.				(28,787)
<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, 2010

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	-	40,000	47,038	7,038
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	40,000	47,038	7,038
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	37,642	35,435	2,207
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	2,358	1,978	380
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	40,000	37,413	2,587
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	9,625	9,625
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	9,625	9,625
<i>Fund balances - beginning of year</i>	-	-	(30,330)	(30,330)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (20,705)	\$ (20,705)
<i>Net change in fund balances (Budget Basis)</i>				\$ 9,625
Adjustments to revenues for local grants.				(7,129)
Adjustments to expenditures for salaries.				(1,248)
<i>Net change in fund balances (GAAP Basis)</i>				\$ 1,248

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-23

Aztec Municipal Schools

2008 GO Bond Student Library Fund 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, 2010

	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	-	22,996	7,992	(15,004)
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>22,996</u>	<u>7,992</u>	<u>(15,004)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	22,996	15,335	7,661
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>22,996</u>	<u>15,335</u>	<u>7,661</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(7,343)</u>	<u>(7,343)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(7,343)	(7,343)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,343)</u>	<u>\$ (7,343)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (7,343)
Adjustments to revenues for state flowthrough grants.				7,343
No adjustments to expenditures.				-
<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
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, 2010

Statement B-24

	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	-	74,433	22,097	(52,336)
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>74,433</u>	<u>22,097</u>	<u>(52,336)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	35,000	34,994	6
Support services - students	-	-	-	-
Support services - instruction	-	25,035	-	25,035
Support services - general administration	-	812	-	812
Support services - school administration	-	-	-	-
Central services	-	13,586	8,838	4,748
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>74,433</u>	<u>43,832</u>	<u>30,601</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(21,735)</u>	<u>(21,735)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(21,735)	(21,735)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>142,329</u>	<u>142,329</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,594</u>	<u>\$ 120,594</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (21,735)
No adjustments to revenues.				-
Adjustments to expenditures for salaries.				<u>(6)</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (21,741)</u>

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, 2010

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>				
<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 (budgeted increase in 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, 2010

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	-	12,797	12,797	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	12,797	12,797	-
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	12,797	12,797	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	12,797	12,797	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	(33,452)	(33,452)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (33,452)	\$ (33,452)
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments to revenues.				-
Adjustments to expenditures to general supplies and materials.				(33,452)
<i>Net change in fund balances (GAAP Basis)</i>				\$ (33,452)

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, 2010

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>	-	-	-	-
<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 (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	49	49
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 49	\$ 49
<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

Statement B-28

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, 2010

	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	-	4,727	4,271	(456)
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>4,727</u>	<u>4,271</u>	<u>(456)</u>
<i>Expenditures</i>				
Current				
Instruction	-	4,272	2,085	2,187
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>4,272</u>	<u>2,085</u>	<u>2,187</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>455</u>	<u>2,186</u>	<u>1,731</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(455)	-	455
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(455)</u>	<u>-</u>	<u>455</u>
<i>Net change in fund balances</i>	-	-	2,186	2,186
<i>Fund balances - beginning of year</i>	-	-	4,949	4,949
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,135</u>	<u>\$ 7,135</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 2,186
Adjustments to revenues for state flowthrough grants.				4,949
Adjustments to expenditures to salaries.				(597)
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 6,538</u>

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, 2010

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	-	65,138	101,771	36,633
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>65,138</u>	<u>101,771</u>	<u>36,633</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	65,138	37,790	27,348
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>65,138</u>	<u>37,790</u>	<u>27,348</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>63,981</u>	<u>63,981</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	63,981	63,981
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(68,686)</u>	<u>(68,686)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,705)</u>	<u>\$ (4,705)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 63,981
Adjustments to revenues for state flowthrough grants.				(67,806)
Adjustments to expenditures to general materials and supplies.				<u>(3,587)</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (7,412)</u>

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, 2010

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	-	-	2,359	2,359
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	2,359	2,359
<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>	-	-	2,359	2,359
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	2,359	2,359
<i>Fund balances - beginning of year</i>	-	-	7,029	7,029
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 9,388	\$ 9,388
<i>Net change in fund balances (Budget Basis)</i>				\$ 2,359
No adjustments to revenues.				-
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ 2,359

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Library Book Fund 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, 2010

Statement B-31

	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	-	9,388	-	(9,388)
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	9,388	-	(9,388)
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	9,388	7,773	1,615
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	9,388	7,773	1,615
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(7,773)	(7,773)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(7,773)	(7,773)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (7,773)	\$ (7,773)
<i>Net change in fund balances (Budget Basis)</i>				\$ (7,773)
No adjustments to revenues.				-
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ (7,773)

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, 2010

Statement B-32

	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 (budgeted increase in 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>156</u>	<u>156</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156</u>	<u>\$ 156</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
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, 2010

Statement B-33

	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	57,856	85,048	89,283	4,235
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	57,856	85,048	89,283	4,235
<i>Expenditures</i>				
<i>Current</i>				
Instruction	750	1,170	419	751
Support services - students	1,669	13,283	12,018	1,265
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	55,437	70,595	58,601	11,994
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	57,856	85,048	71,038	14,010
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	18,245	18,245
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	18,245	18,245
<i>Fund balances - beginning of year</i>	-	-	67,123	67,123
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 85,368	\$ 85,368
<i>Net change in fund balances (Budget Basis)</i>				\$ 18,245
Adjustments to revenues for state direct grants.				4,719
Adjustments to expenditures for general supplies and materials.				(1,514)
<i>Net change in fund balances (GAAP Basis)</i>				\$ 21,450

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, 2010

Statement B-34

	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 (budgeted increase in 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, 2010

Statement B-35

	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 (budgeted increase in 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>54</u>	<u>54</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 54</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

Statement B-36

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, 2010

	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	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Interest	75,000	75,000	6,946	(68,054)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>75,000</u>	<u>75,000</u>	<u>6,946</u>	<u>(68,054)</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	541,970	541,970	541,970	-
Capital outlay	8,518,390	12,847,483	7,825,857	5,021,626
<i>Total expenditures</i>	<u>9,060,360</u>	<u>13,389,453</u>	<u>8,367,827</u>	<u>5,021,626</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,985,360)</u>	<u>(13,314,453)</u>	<u>(8,360,881)</u>	<u>4,953,572</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	8,985,360	13,314,453	-	(13,314,453)
Bond proceeds	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>8,985,360</u>	<u>13,314,453</u>	<u>-</u>	<u>(13,314,453)</u>
<i>Net change in fund balances</i>	-	-	(8,360,881)	(8,360,881)
<i>Fund balances - beginning of year</i>	-	-	13,314,453	13,314,453
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,953,572</u>	<u>\$ 4,953,572</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (8,360,881)
No adjustments to revenues.				-
Adjustments to expenditures for construction services.				<u>1,094,529</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (7,266,352)</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, 2010

Statement B-37

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 655,658	\$ 655,658	\$ 672,784	\$ 17,126
Oil and gas taxes	1,929,418	1,929,418	1,247,858	(681,560)
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	65,000	130,821	34,858	(95,963)
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	107,000	107,000	11,427	(95,573)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,757,076</u>	<u>2,822,897</u>	<u>1,966,927</u>	<u>(855,970)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	523,232	523,232	472,970	50,262
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	2,359,111	7,923,131	1,284,218	6,638,913
<i>Total expenditures</i>	<u>2,882,343</u>	<u>8,446,363</u>	<u>1,757,188</u>	<u>6,689,175</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(125,267)</u>	<u>(5,623,466)</u>	<u>209,739</u>	<u>5,833,205</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	125,267	5,623,466	-	(5,623,466)
<i>Total other financing sources (uses)</i>	<u>125,267</u>	<u>5,623,466</u>	<u>-</u>	<u>(5,623,466)</u>
<i>Net change in fund balances</i>	-	-	209,739	209,739
<i>Fund balances - beginning of year</i>	-	-	5,498,198	5,498,198
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,707,937</u>	<u>\$ 5,707,937</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 209,739
Adjustments to revenues for ad valorem tax and oil and gas taxes.				140,036
Adjustments to expenditures for general supplies and materials.				<u>(130,100)</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 219,675</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-38

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ 1,141,039	\$ 1,141,039	\$ 1,878,094	\$ 737,055
Oil and gas taxes	3,613,291	3,613,291	2,992,168	(621,123)
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Charges for services	-	-	-	-
Interest	15,000	15,000	7,786	(7,214)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,769,330</u>	<u>4,769,330</u>	<u>4,878,048</u>	<u>108,718</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	11,410	11,410	19,951	(8,541)
Support services - school administration	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	7,296,754	7,296,754	3,100,000	4,196,754
Interest	1,805,485	1,805,485	1,654,330	151,155
<i>Total expenditures</i>	<u>9,113,649</u>	<u>9,113,649</u>	<u>4,774,281</u>	<u>4,339,368</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,344,319)</u>	<u>(4,344,319)</u>	<u>103,767</u>	<u>4,448,086</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	4,344,319	4,344,319	-	(4,344,319)
Bond premiums	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,344,319</u>	<u>4,344,319</u>	<u>-</u>	<u>(4,344,319)</u>
<i>Net change in fund balances</i>	-	-	103,767	103,767
<i>Fund balances - beginning of year</i>	-	-	4,477,306	4,477,306
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,581,073</u>	<u>\$ 4,581,073</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 103,767
Adjustments to revenues for ad valorem tax and oil and gas taxes.				86,145
No adjustments to expenditures.				-
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 189,912</u>

The accompanying notes are an integral part of these financial statements

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GENERAL FUND

STATE OF NEW MEXICO

Statement C-1

Aztec Municipal Schools
General Fund
Combining Balance Sheet
June 30, 2010

	<u>Operating</u>	<u>Pupil Transportation</u>	<u>Instructional Materials</u>	<u>Total</u>
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 884,557	\$ 139,941	\$ 176,957	\$ 1,201,455
Property taxes receivable	6,949	-	-	6,949
Other taxes receivable	15,379	-	-	15,379
Due from other governments	5,027	-	-	5,027
Due from other funds	1,002,355	-	-	1,002,355
<i>Total assets</i>	<u>\$ 1,914,267</u>	<u>\$ 139,941</u>	<u>\$ 176,957</u>	<u>\$ 2,231,165</u>
LIABILITIES AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ 1,552	\$ 594	\$ -	\$ 2,146
Accrued payroll	625,731	66,416	-	692,147
Deferred revenue	5,835	-	-	5,835
Due to other funds	-	73,247	-	73,247
<i>Total liabilities</i>	<u>633,118</u>	<u>140,257</u>	<u>-</u>	<u>773,375</u>
<i>Fund balances</i>				
Fund balances				
Unreserved, reported in:				
General Fund	1,281,149	(316)	176,957	1,457,790
<i>Total fund balances</i>	<u>1,281,149</u>	<u>(316)</u>	<u>176,957</u>	<u>1,457,790</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,914,267</u>	<u>\$ 139,941</u>	<u>\$ 176,957</u>	<u>\$ 2,231,165</u>

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

STATE OF NEW MEXICO

Statement C-2

Aztec Municipal Schools

General Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2010

	Operating	Pupil Transportation	Instructional Materials	Total
<i>Revenues:</i>				
Property taxes	\$ 127,366	\$ -	\$ -	\$ 127,366
Oil and gas taxes	313,981	-	-	313,981
Intergovernmental revenue				
Federal flowthrough	9,688	-	-	9,688
Federal direct	594	-	-	594
State flowthrough	19,509,850	-	38,056	19,547,906
State direct	12,790	-	116,697	129,487
Transportation distribution	-	1,287,865	-	1,287,865
Charges for services	68,457	-	-	68,457
Interest	7,534	-	-	7,534
Miscellaneous	38,167	-	6,186	44,353
<i>Total revenues</i>	<u>20,088,427</u>	<u>1,287,865</u>	<u>160,939</u>	<u>21,537,231</u>
<i>Expenditures:</i>				
Current:				
Instruction	13,604,172	-	171,697	13,775,869
Support services - students	1,937,407	-	-	1,937,407
Support services - instruction	418,639	-	-	418,639
Support services - general administration	368,094	-	-	368,094
Support services - school administration	1,550,455	-	-	1,550,455
Central services	486,784	-	-	486,784
Operation & maintenance plant	1,715,198	-	-	1,715,198
Student transportation	10,162	1,288,459	-	1,298,621
<i>Total expenditures</i>	<u>20,090,911</u>	<u>1,288,459</u>	<u>171,697</u>	<u>21,551,067</u>
<i>Net change in fund balances</i>	(2,484)	(594)	(10,758)	(13,836)
<i>Fund balances - beginning of year</i>	<u>1,283,633</u>	<u>278</u>	<u>187,715</u>	<u>1,471,626</u>
<i>Fund balances - end of year</i>	<u>\$ 1,281,149</u>	<u>\$ (316)</u>	<u>\$ 176,957</u>	<u>\$ 1,457,790</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, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ 125,510	\$ 125,510	\$ 128,023	\$ 2,513
Oil and gas taxes	482,354	482,354	311,914	(170,440)
Intergovernmental revenue				
Federal flowthrough	-	-	9,688	9,688
Federal direct	-	-	594	594
Local sources	-	-	-	-
State flowthrough	19,463,268	19,381,800	19,515,204	133,404
State direct	-	-	12,790	12,790
Transportation distribution	-	-	-	-
Charges for services	51,000	51,000	71,254	20,254
Interest	70,011	70,011	7,534	(62,477)
Miscellaneous	36,060	36,060	38,167	2,107
<i>Total revenues</i>	<u>20,228,203</u>	<u>20,146,735</u>	<u>20,095,168</u>	<u>(51,567)</u>
<i>Expenditures:</i>				
Current:				
Instruction	13,782,079	13,782,079	12,979,599	802,480
Support services - students	2,359,511	2,359,511	1,936,854	422,657
Support services - instruction	514,677	514,677	418,639	96,038
Support services - general admin.	398,914	398,914	370,122	28,792
Support services - school admin.	1,767,418	1,767,418	1,557,772	209,646
Central services	576,267	576,267	490,874	85,393
Operation/maintenance plant	1,965,316	1,883,848	1,832,457	51,391
Student transportation	219,983	219,983	10,162	209,821
Other support services	-	-	-	-
<i>Total expenditures</i>	<u>21,584,165</u>	<u>21,502,697</u>	<u>19,596,479</u>	<u>1,906,218</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,355,962)</u>	<u>(1,355,962)</u>	<u>498,689</u>	<u>1,854,651</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	<u>1,355,962</u>	<u>1,355,962</u>	<u>-</u>	<u>(1,355,962)</u>
<i>Total other financing sources (uses)</i>	<u>1,355,962</u>	<u>1,355,962</u>	<u>-</u>	<u>(1,355,962)</u>
<i>Net change in fund balances</i>	-	-	498,689	498,689
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,388,223</u>	<u>1,388,223</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,886,912</u>	<u>\$ 1,886,912</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 498,689
Adjustments to revenues for property, oil, & gas taxes and state flowthrough				(6,741)
Adjustments to expenditures for salaries, general supplies and material, and other contract services				(494,432)
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (2,484)</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, 2010

	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	-	-	-	-
Transportation distribution	1,275,920	1,287,865	1,287,865	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,275,920</u>	<u>1,287,865</u>	<u>1,287,865</u>	<u>-</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	1,275,920	1,287,865	1,221,449	66,416
Other support services	-	-	-	-
<i>Total expenditures</i>	<u>1,275,920</u>	<u>1,287,865</u>	<u>1,221,449</u>	<u>66,416</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	66,416	66,416
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	66,416	66,416
<i>Fund balances - beginning of year</i>	-	-	278	278
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,694</u>	<u>\$ 66,694</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 66,416
No adjustments to revenues				-
Adjustments to expenditures for general supplies and material				(67,010)
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (594)</u>

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

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, 2010

	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	-	-	39,636	39,636
State direct	116,697	154,788	116,697	(38,091)
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	6,186	6,186
<i>Total revenues</i>	<u>116,697</u>	<u>154,788</u>	<u>162,519</u>	<u>7,731</u>
<i>Expenditures:</i>				
Current:				
Instruction	116,697	340,923	171,697	169,226
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin.	-	-	-	-
Support services - school admin.	-	-	-	-
Central services	-	-	-	-
Operation/maintenance plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
<i>Total expenditures</i>	<u>116,697</u>	<u>340,923</u>	<u>171,697</u>	<u>169,226</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	(186,135)	(9,178)	176,957
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	186,135	-	(186,135)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>186,135</u>	<u>-</u>	<u>(186,135)</u>
<i>Net change in fund balances</i>	-	-	(9,178)	(9,178)
<i>Fund balances - beginning of year</i>	-	-	186,135	186,135
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,957</u>	<u>\$ 176,957</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (9,178)
Adjustments to revenues for state flowthrough				(1,580)
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (10,758)</u>

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

MOSAIC ACADEMY CHARTER SCHOOL

STATE OF NEW MEXICO
Mosaic Academy Charter School
Governmental Funds
Combining Balance Sheet
June 30, 2010

	General		Special Revenue	
	Operational Fund	Instructional Materials Fund	Entitlement IDEA- B	State Equalization Guarantee - Federal
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 234,718	\$ 39,254	\$ 1,760	\$ 4,688
Due from other governments	50	-	14,123	39,404
Due from other funds	50,794	-	-	-
<i>Total assets</i>	\$ 285,562	\$ 39,254	\$ 15,883	\$ 44,092
LIABILITIES AND FUND BALANCE				
<i>Current liabilities</i>				
Accounts payable	\$ 1,645	\$ -	\$ -	\$ -
Accrued payroll	22,524	-	1,760	4,688
Deferred revenue	-	-	-	4,824
Due to other funds	-	-	14,123	34,580
<i>Total liabilities</i>	24,169	-	15,883	44,092
<i>Fund balances</i>				
Unreserved				
Undesignated, reported in				
General fund	261,393	39,254	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
<i>Total fund balance</i>	261,393	39,254	-	-
<i>Total liabilities and fund balance</i>	\$ 285,562	\$ 39,254	\$ 15,883	\$ 44,092

The accompanying notes are an integral part of these financial statements

Special Revenue

Microsoft Settlement Fund	2008 GO Bond Student Library Fund	Beginning Teacher Mentoring Program	Libraries - SB 301 GO Bonds-Laws of 2006	Library Book Fund
\$ 30,486	\$ -	\$ 1	\$ 1	\$ -
-	2,091	-	-	-
-	-	-	-	-
<u>\$ 30,486</u>	<u>\$ 2,091</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	2,091	-	-	-
-	2,091	-	-	-
-	-	-	-	-
30,486	-	1	1	-
-	-	-	-	-
<u>30,486</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
<u>\$ 30,486</u>	<u>\$ 2,091</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Mosaic Academy Charter School
Governmental Funds
Combining Balance Sheet
June 30, 2010

Capital Projects

	<u>Public School Capital Outlay</u>	<u>Total</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 4,056	\$ 314,964
Due from other governments	-	55,668
Due from other funds	-	50,794
	<u>-</u>	<u>50,794</u>
<i>Total assets</i>	<u>\$ 4,056</u>	<u>\$ 421,426</u>
LIABILITIES AND FUND BALANCE		
<i>Current liabilities</i>		
Accounts payable	\$ -	\$ 1,645
Accrued payroll	-	28,972
Deferred revenue	-	4,824
Due to other funds	-	50,794
	<u>-</u>	<u>50,794</u>
<i>Total liabilities</i>	<u>-</u>	<u>86,235</u>
<i>Fund balances</i>		
Unreserved		
Undesignated, reported in		
General fund	-	300,647
Special revenue funds	-	30,488
Capital projects funds	4,056	4,056
	<u>4,056</u>	<u>4,056</u>
<i>Total fund balance</i>	<u>4,056</u>	<u>335,191</u>
<i>Total liabilities and fund balance</i>	<u>\$ 4,056</u>	<u>\$ 421,426</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Mosaic Academy Charter School
Governmental Funds

Statement D-1
Page 2 of 2

Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2010

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

Fund balance - total governmental funds	\$ 335,191
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	293,836
Revenue 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	
Grant revenue	4,824
Capital lease payable	(9,620)
Net assets - component unit	<u>\$ 624,231</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, 2010

	General		Special Revenue	
	Operational Fund	Instructional Materials Fund	Entitlement IDEA- B	State Equalization Guarantee - Federal
<i>Revenues</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ 68,559	\$ 97,723
State flowthrough	1,083,202	102	-	-
State direct	-	6,727	-	-
<i>Total revenues</i>	<u>1,083,202</u>	<u>6,829</u>	<u>68,559</u>	<u>97,723</u>
<i>Expenditures</i>				
Current				
Instruction	680,370	21,943	66,381	97,723
Support services - students	6,535	-	828	-
Support services - instruction	14,284	84	-	-
Support services - general administration	8,436	-	1,350	-
Support services - school administration	204,283	-	-	-
Central services	82,095	-	-	-
Operation & maintenance of plant	115,359	-	-	-
Food services operations	4,000	-	-	-
Capital outlay	12,480	-	-	-
Debt service				
Principal	2,860	-	-	-
<i>Total expenditures</i>	<u>1,130,702</u>	<u>22,027</u>	<u>68,559</u>	<u>97,723</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(47,500)</u>	<u>(15,198)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Lease proceeds	12,480	-	-	-
<i>Total other financing sources (uses)</i>	<u>12,480</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(35,020)	(15,198)	-	-
<i>Fund balances - beginning of year</i>	<u>296,413</u>	<u>54,452</u>	<u>-</u>	<u>-</u>
<i>Fund balances - ending of year</i>	<u>\$ 261,393</u>	<u>\$ 39,254</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Microsoft Settlement Fund	2008 GO Bond Student Library Fund	Beginning Teacher Mentoring Program	Libraries - SB 301 GO Bonds-Laws of 2006	Library Book Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	2,091	-	3,189	-
-	-	-	-	-
-	<u>2,091</u>	<u>-</u>	<u>3,189</u>	<u>-</u>
13,179	-	-	-	-
-	-	-	-	-
-	2,091	-	3,189	547
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>13,179</u>	<u>2,091</u>	<u>-</u>	<u>3,189</u>	<u>547</u>
<u>(13,179)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(547)</u>
-	-	-	-	-
-	-	-	-	-
<u>(13,179)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(547)</u>
<u>43,665</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>547</u>
<u>\$ 30,486</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</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, 2010

	<u>Capital Projects</u>	
	Public School Capital Outlay	Total
<i>Revenues</i>		
Intergovernmental revenue		
Federal flowthrough	\$ -	\$ 166,282
State flowthrough	-	1,088,584
State direct	130,449	137,176
<i>Total revenues</i>	130,449	1,392,042
<i>Expenditures</i>		
Current		
Instruction	130,449	1,010,045
Support services - students	-	7,363
Support services - instruction	-	20,195
Support services - general administration	-	9,786
Support services - school administration	-	204,283
Central services	-	82,095
Operation & maintenance of plant	-	115,359
Food services operations	-	4,000
Capital outlay	-	12,480
Debt service		
Principal	-	2,860
<i>Total expenditures</i>	130,449	1,468,466
<i>Excess (deficiency) of revenues over expenditures</i>	-	(76,424)
<i>Other financing sources (uses)</i>		
Lease proceeds	-	12,480
<i>Total other financing sources (uses)</i>	-	12,480
<i>Net change in fund balances</i>	-	(63,944)
<i>Fund balances - beginning of year</i>	4,056	399,135
<i>Fund balances - ending of year</i>	\$ 4,056	\$ 335,191

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Mosaic Academy Charter School
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, 2010

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	\$	(63,944)
Capital expenditures reported as capital outlay		12,480
Depreciation expense		(29,578)

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 grant receivable		4,824
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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:

Capital lease proceeds		(12,480)
Principal payments of capital lease		<u>2,860</u>

Changes in net assets of component unit activities	\$	<u><u>(85,838)</u></u>
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STATE OF NEW MEXICO
Mosaic Academy Charter School
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

Statement D-3

<i>Assets</i>	
Cash	<u>\$ 6,602</u>
<i>Total assets</i>	<u><u>\$ 6,602</u></u>
 <i>Liabilities</i>	
Due to student organizations	<u>\$ 6,602</u>
<i>Total liabilities</i>	<u><u>\$ 6,602</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Mosaic Academy Charter School
Operational Fund

Statement D-4

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
State flowthrough	1,112,228	1,079,858	1,083,152	3,294
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,112,228</u>	<u>1,079,858</u>	<u>1,083,152</u>	<u>3,294</u>
<i>Expenditures:</i>				
Current:				
Instruction	751,257	751,257	657,916	93,341
Support service - students	8,686	9,369	6,535	2,834
Support service - instruction	14,616	15,759	14,284	1,475
Support service - general administration	13,100	12,872	8,436	4,436
Support service - school administration	226,246	224,719	206,712	18,007
Central services	72,055	88,970	83,913	5,057
Operation and maintenance of plant	260,593	211,235	119,793	91,442
Student transportation	7,500	7,500	-	7,500
Other support services	18,440	56,626	-	56,626
Food services operations	4,000	4,000	4,000	-
Capital outlay	1,500	1,500	-	1,500
<i>Total expenditures</i>	<u>1,377,993</u>	<u>1,383,807</u>	<u>1,101,589</u>	<u>282,218</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(265,765)</u>	<u>(303,949)</u>	<u>(18,437)</u>	<u>285,512</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	265,765	303,949	-	(303,949)
<i>Total other financing sources (uses)</i>	<u>265,765</u>	<u>303,949</u>	<u>-</u>	<u>(303,949)</u>
<i>Net change in fund balances</i>	-	-	(18,437)	(18,437)
<i>Fund balance - beginning of year</i>	-	-	303,949	303,949
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285,512</u>	<u>\$ 285,512</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (18,437)
Adjustments to revenue for state flowthrough grants.				12,530
Adjustments to expenditures for salaries.				<u>(29,113)</u>
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (35,020)</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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
State flowthrough	-	-	102	102
State direct	6,802	6,802	20,756	13,954
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>6,802</u>	<u>6,802</u>	<u>20,858</u>	<u>14,056</u>
<i>Expenditures:</i>				
Current:				
Instruction	44,549	44,549	21,943	22,606
Support service - students	-	-	-	-
Support service - instruction	4,650	4,650	84	4,566
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>49,199</u>	<u>49,199</u>	<u>22,027</u>	<u>27,172</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(42,397)</u>	<u>(42,397)</u>	<u>(1,169)</u>	<u>41,228</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	42,397	42,397	-	(42,397)
<i>Total other financing sources (uses)</i>	<u>42,397</u>	<u>42,397</u>	<u>-</u>	<u>(42,397)</u>
<i>Net change in fund balances</i>	-	-	(1,169)	(1,169)
<i>Fund balance - beginning of year</i>	-	-	40,423	40,423
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,254</u>	<u>\$ 39,254</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (1,169)
Adjustments to revenue for state direct grants.				(14,029)
No adjustments to expenditures.				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (15,198)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2010

Statement D-6

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ 117,642	\$ 67,537	\$ (50,105)
State flowthrough	-	-	-	-
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	117,642	67,537	(50,105)
<i>Expenditures:</i>				
Current:				
Instruction	-	114,563	64,621	49,942
Support service - students	-	906	828	78
Support service - instruction	-	-	-	-
Support service - general administration	-	2,173	1,350	823
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>	-	117,642	66,799	50,843
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	738	738
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	738	738
<i>Fund balance - beginning of year</i>	-	-	(13,101)	(13,101)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (12,363)	\$ (12,363)
<i>Net change in fund balances (Budget Basis)</i>				\$ 738
Adjustments to revenue for federal flowthrough grants.				1,022
Adjustments to expenditures for salaries.				(1,760)
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Mosaic Academy Charter School
State Equalization Guarantee - Federal 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, 2010

Statement D-7

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ 92,679	\$ 79,021	\$ 63,143	\$ (15,878)
State flowthrough	-	-	-	-
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	92,679	79,021	63,143	(15,878)
<i>Expenditures:</i>				
Current:				
Instruction	92,679	106,338	93,035	13,303
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>	92,679	106,338	93,035	13,303
<i>Excess (deficiency) of revenues over expenditures</i>	-	(27,317)	(29,892)	(2,575)
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	27,317	-	(27,317)
<i>Total other financing sources (uses)</i>	-	27,317	-	(27,317)
<i>Net change in fund balances</i>	-	-	(29,892)	(29,892)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (29,892)	\$ (29,892)
<i>Net change in fund balances (Budget Basis)</i>				\$ (29,892)
Adjustments to revenue for federal flowthrough grants.				34,580
Adjustments to expenditures for salaries.				(4,688)
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2010

Statement D-8

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	43,587	43,587	13,179	30,408
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>43,587</u>	<u>43,587</u>	<u>13,179</u>	<u>30,408</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(43,587)</u>	<u>(43,587)</u>	<u>(13,179)</u>	<u>30,408</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	43,587	43,587	-	(43,587)
<i>Total other financing sources (uses)</i>	<u>43,587</u>	<u>43,587</u>	<u>-</u>	<u>(43,587)</u>
<i>Net change in fund balances</i>	-	-	(13,179)	(13,179)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>43,665</u>	<u>43,665</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,486</u>	<u>\$ 30,486</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (13,179)
No adjustments to revenue.				-
No adjustments to expenditures.				<u>-</u>
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (13,179)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Mosaic Academy Charter School
2008 GO Bond Student Library 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, 2010

Statement D-9

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
State flowthrough	-	3,276	-	(3,276)
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	3,276	-	(3,276)
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support service - students	-	-	-	-
Support service - instruction	-	3,276	2,091	1,185
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>	-	3,276	2,091	1,185
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,091)	(2,091)
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(2,091)	(2,091)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (2,091)	\$ (2,091)
<i>Net change in fund balances (Budget Basis)</i>				\$ (2,091)
Adjustments to revenue for state flowthrough grants.				2,091
No adjustments to expenditures.				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2010

Statement D-10

	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>	-	-	-	-
<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>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	1	1
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 1	\$ 1
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments to revenue.				-
No adjustments to expenditures.				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
State flowthrough	-	3,189	3,189	-
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>3,189</u>	<u>3,189</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support service - students	-	-	-	-
Support service - instruction	-	3,189	3,189	-
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>3,189</u>	<u>3,189</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 (budgeted increase in 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 balance - beginning of year</i>	-	-	1	1
<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>				\$ -
No adjustments to revenue.				-
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
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, 2010

Statement D-12

	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>547</u>	<u>-</u>	<u>(547)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support service - students	-	-	-	-
Support service - instruction	-	547	547	-
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>547</u>	<u>547</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 (budgeted increase in cash)	-	-	-	-
<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>547</u>	<u>547</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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

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STATE OF NEW MEXICO
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, 2010

Statement D-13

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental revenue				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
State flowthrough	-	-	-	-
State direct	-	130,448	167,687	37,239
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>130,448</u>	<u>167,687</u>	<u>37,239</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	130,448	130,448	-
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>130,448</u>	<u>130,448</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>37,239</u>	<u>37,239</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	37,239	37,239
<i>Fund balance - beginning of year</i>	-	-	(33,183)	(33,183)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,056</u>	<u>\$ 4,056</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 37,239
Adjustments to revenue for state direct grants.				(37,239)
No adjustments to expenditures.				<u>-</u>
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

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STATE OF NEW MEXICO

Aztec Municipal Schools

Schedule of Deposits

June 30, 2010

Schedule I

Primary Government

Deposit or Investment Account Type	Citizens Bank	Wells Fargo Bank	Totals
Operational & Capital Improvements - Checking	\$ 6,677,907	\$ -	\$ 6,677,907
Athletic Account - Checking	215,557	-	215,557
Federal Projects - Checking	131,443	-	131,443
Activity Account - Checking	397,914	-	397,914
Payroll Clearing - Checking	1,662,753	-	1,662,753
Accounts Payable Clearing - Checking	-	196,604	196,604
Debt Service Account - Checking	-	4,227,267	4,227,267
Cafeteria - Checking	-	5,622,983	5,622,983
Total on deposit	9,085,574	10,046,854	19,132,428
Reconciling items	<u>(1,231,277)</u>	<u>(423,166)</u>	<u>(1,654,443)</u>
Reconciled balance June 30, 2010	<u>\$ 7,854,297</u>	<u>\$ 9,623,688</u>	<u>\$ 17,477,985</u>

Reconciliation to the financial statements:

Cash and cash equivalents:

Government-wide statement of net assets - Exhibit A-1

\$ 12,527,110

Restricted Cash and cash equivalents:

Government-wide statement of net assets - Exhibit A-1

4,581,073

Fiduciary statement of fiduciary assets and liabilities - Exhibit D-1

369,802

\$ 17,477,985

Component Unit

Deposit Account Type	Citizens Bank
Operational - Checking	\$ 292,656
Payroll Clearing - Checking	7,510
Accounts Payable Clearing - Checking	83,466
Total on deposit	383,632
Reconciling items	<u>(62,066)</u>
Reconciled balance June 30, 2010	<u>\$ 321,566</u>

Reconciliation to the financial statements:

Cash and cash equivalents:

Government-wide of statement net assets - Exhibit A-1

\$ 314,964

Fiduciary statement of assets and liabilities - Statement D-3

6,602

\$ 321,566

See independent auditors' report

STATE OF NEW MEXICO
Aztec Municipal Schools
Cash Reconciliation
For the Year Ended June 30, 2010

Primary Government

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>
Audited Cash June 30, 2009	\$ 1,376,829	\$ 62,248	\$ 186,135	\$ -
Add: Current year receipts	<u>20,095,286</u>	<u>1,287,865</u>	<u>162,399</u>	<u>1,078,028</u>
Total cash available	<u>21,472,115</u>	<u>1,350,113</u>	<u>348,534</u>	<u>1,078,028</u>
Less: Current year expenditures	(21,586,115)	(1,136,925)	(171,577)	(989,039)
Permanent cash transfers	(20,000)	-	-	-
Outstanding loans	<u>1,010,456</u>	<u>(73,247)</u>	<u>-</u>	<u>-</u>
Total cash balance, June 30, 2010	<u><u>\$ 876,456</u></u>	<u><u>\$ 139,941</u></u>	<u><u>\$ 176,957</u></u>	<u><u>\$ 88,989</u></u>

Component Unit

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>
Audited Cash June 30, 2009	\$ 285,928	\$ -	\$ 40,423	\$ -
Add: Current year receipts	<u>1,083,202</u>	<u>-</u>	<u>20,858</u>	<u>-</u>
Total cash available	<u>1,369,130</u>	<u>-</u>	<u>61,281</u>	<u>-</u>
Less: Current year expenditures	(1,185,206)	-	(22,027)	-
Outstanding loans	<u>50,794</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash balance, June 30, 2010	<u><u>\$ 234,718</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,254</u></u>	<u><u>\$ -</u></u>

See independent auditors' report

Athletics	Federal Flowthrough	Federal Direct	Local Grants	State Flowthrough	State Direct
\$ 164,594	\$ 641	\$ -	\$ -	\$ 73,092	\$ 3,381
105,414	1,903,023	1,721,851	57,082	182,746	109,283
270,008	1,903,664	1,721,851	57,082	255,838	112,664
(53,534)	(999,531)	(1,669,896)	(36,377)	(37,441)	(23,915)
-	20,000	-	-	-	-
-	(805,197)	(48,330)	(20,705)	(62,977)	-
<u>\$ 216,474</u>	<u>\$ 118,936</u>	<u>\$ 3,625</u>	<u>\$ -</u>	<u>\$ 155,420</u>	<u>\$ 88,749</u>

Athletics	Federal Flowthrough	Federal Direct	Local Grants	State Flowthrough	State Direct
\$ -	\$ 2,381	\$ -	\$ 43,665	\$ 549	\$ -
-	67,537	102,547	-	3,189	-
-	69,918	102,547	43,665	3,738	-
-	(54,035)	(63,279)	(13,179)	(1,645)	-
-	(14,123)	(34,580)	-	(2,091)	-
<u>\$ -</u>	<u>\$ 1,760</u>	<u>\$ 4,688</u>	<u>\$ 30,486</u>	<u>\$ 2</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Aztec Municipal Schools
Cash Reconciliation
For the Year Ended June 30, 2010

Primary Government

	Bond Building	Public School Capital Outlay	Special Capital Outlay-State	Capital Improvements SB-9
Audited Cash June 30, 2009	\$ 13,314,453	\$ 54	\$ -	\$ 5,498,198
Add: Current year receipts	6,946	-	-	1,966,925
Total cash available	<u>13,321,399</u>	<u>54</u>	<u>-</u>	<u>7,465,123</u>
Less: Current year expenditures	(8,367,826)	-	-	(1,757,186)
Permanent cash transfers	-	-	-	-
Outstanding loans	-	-	-	-
Total cash balance, June 30, 2010	<u>\$ 4,953,573</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 5,707,937</u>

Component Unit

	Bond Building	Public School Capital Outlay	Special Capital Outlay-State	Capital Improvements SB9
Audited Cash June 30, 2009	\$ -	\$ -	\$ -	\$ -
Add: Current year receipts	-	167,688	-	-
Total cash available	<u>-</u>	<u>167,688</u>	<u>-</u>	<u>-</u>
Less: Current year expenditures	-	(163,632)	-	-
Outstanding loans	-	-	-	-
Total cash balance, June 30, 2010	<u>\$ -</u>	<u>\$ 4,056</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report

<u>Debt Service</u>	<u>Total</u>
\$ 4,477,306	\$ 25,156,931
<u>4,878,047</u>	<u>33,554,895</u>
<u>9,355,353</u>	<u>58,711,826</u>
(4,774,281)	(41,603,643)
-	-
<u>-</u>	<u>-</u>
<u>\$ 4,581,072</u>	<u>\$ 17,108,183</u>

<u>Debt Service</u>	<u>Total</u>
\$ -	\$ 372,946
<u>-</u>	<u>1,445,021</u>
<u>-</u>	<u>1,817,967</u>
-	(1,503,003)
<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 314,964</u>

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STATE OF NEW MEXICO
 Aztec Municipal Schools
 Schedule of Collateral Pledged By Depository
 For Public Funds
 June 30, 2010

Schedule III

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2010	Location of Safekeeper
Primary Government					
Wells Fargo Bank					
	FNION Note	1/1/2036	31371MNG8	\$ 1,179,462	San Francisco, CA
	FNMA Note	12/1/2029	31384VL75	17,259	San Francisco, CA
	FNMA Note	6/1/2036	34107H3T1	551,278	San Francisco, CA
	FNMA Note	1/1/2036	31408BJB9	42,094	San Francisco, CA
	FNMA Note	5/1/2036	31408H2Z7	1,446,678	San Francisco, CA
	FNMA Note	6/1/2036	31409UVR3	801,694	San Francisco, CA
	FNMA Note	5/1/2038	31414DVN3	5,789,076	San Francisco, CA
	GNSF Note	1/15/2029	36210BZF7	57,079	San Francisco, CA
	GNSF Note	9/15/2029	36225BKX5	19,077	San Francisco, CA
	GNSF Note	2/15/2031	36225BL30	92,260	San Francisco, CA
	GNSF Note	4/15/2031	36225BM54	<u>131,586</u>	San Francisco, CA
	Total Wells Fargo Bank			<u>10,127,543</u>	
Citizens Bank					
	FHLB Note	4/15/2020	433866DC1	1,591,365	Dallas, TX
	FHLB Note	11/26/2018	3133XYE43	2,033,528	Dallas, TX
	FHLB Note	11/15/2032	31392XXQ6	426,406	Dallas, TX
	FHLB Note	3/25/2033	31393CUS0	168,820	Dallas, TX
	FHLB Note	12/1/2034	31394BW26	1,529,114	Dallas, TX
	FHLB Note	2/25/2034	31394DVM9	135,614	Dallas, TX
	FHLB Note	5/1/2015	388240DK6	<u>524,675</u>	Dallas, TX
	Total Citizens Bank			<u>6,409,522</u>	
	Total Pledged Collateral			<u><u>\$16,537,065</u></u>	
Component Unit					
Citizens Bank					
	GNMA II	12/20/2033	36202D2V2	<u>\$ 268,793</u>	Dallas, TX
	Total Pledged Collateral for Component Unit			<u><u>\$ 268,793</u></u>	

See the 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, 2010

Primary Government

	June 30, 2009	Additions	Deletions	June 30, 2010
Summer School	\$ 4,635	\$ 6,990	\$ 8,110	\$ 3,515
Woodshop	4,301	70	1,476	2,895
Welding	457	-	-	457
FACS	1,679	1,287	1,255	1,711
Art	253	-	-	253
ROTC	10,186	3,240	2,185	11,241
Math	181	80	80	181
Prom	1	-	-	1
Interest	3,269	-	-	3,269
AGH Grant	81	-	-	81
Nurses	62	-	-	62
School Board	7,957	3,645	1,700	9,902
Sam's Club Scholarships	244	-	-	244
Football	(251)	1,085	1,344	(510)
Trainer Donation	(1,162)	5,500	5,366	(1,028)
Boys Basketball	389	-	-	389
Girls Basketball	783	-	565	218
Volleyball	716	1,863	2,500	79
Wrestling	356	1,386	1,000	742
Track	1,145	1,400	720	1,825
Softball	1,325	1,716	1,716	1,325
Baseball	(1,301)	827	-	(474)
Boys Soccer	1,823	1,578	1,309	2,092
Cross County	43	-	-	43
Miscellaneous	161,627	126,268	125,106	162,789
Coke Exclusivity	1,404	-	-	1,404
Activity Interest	1,468	-	-	1,468
SQS Category V	9,601	-	-	9,601
Golf	380	-	210	170
Bayless Surface Damage	9,718	-	-	9,718
Rebates	28,915	15,830	3,103	41,642
Wellness Fair	7	-	-	7
Cheerleaders	118	-	-	118
Teachers	2,941	-	-	2,941
Instructional Technology	500	-	-	500
Drill Team	1,454	166	624	996
Girls Soccer	3,447	3,745	4,280	2,912
Director	13,729	59,109	50,210	22,628
Scholarship	10,000	-	-	10,000
Subtotals	\$ 282,481	\$ 235,785	\$ 212,859	\$ 305,407

See 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, 2010

Schedule IV

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
Subtotals	\$ 282,481	\$ 235,785	\$ 212,859	\$ 305,407
Band	3,066	-	412	2,654
Instrument Rentals	501	314	115	700
Choir	12,029	1,706	985	12,750
Tri-M	90	491	491	90
Student Government	6,783	15,642	17,896	4,529
Parking	2,527	1,075	598	3,004
Library	11,394	10,243	9,039	12,598
FFA	4,579	25,807	28,878	1,508
FFA Barn	1,357	-	-	1,357
Social Studies	140	652	652	140
PNM Grant	8,579	26,991	25,869	9,701
Yearbook	774	35,572	37,658	(1,312)
BPOA	1,516	-	-	1,516
Newspaper	(300)	-	-	(300)
Close-up	2	-	-	2
Hope	2,481	1,908	2,691	1,698
Destination Imagination	741	-	-	741
PE	604	58	58	604
AHS School Store	1,546	1,602	1,602	1,546
KMS Positive Behavior	100	160	-	260
Drama	5,412	6,096	4,046	7,462
River Watch	134	-	-	134
Key Club	1,747	2,485	2,282	1,950
NHS	844	150	121	873
Risk Intervention	(180)	-	-	(180)
Gentle Especial	80	-	-	80
Chess Club	(227)	534	126	181
Cheerleader Uniforms	25	-	-	25
Supercomputing	26	-	-	26
Native American	58	-	-	58
Totals	\$ 348,909	\$ 367,271	\$ 346,378	\$ 369,802
Component Unit				
Activity Fund	<u>\$ 11,970</u>	<u>\$ 20,713</u>	<u>\$ 26,081</u>	<u>\$ 6,602</u>

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COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

**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, 2010, which collectively comprise the District’s basic financial statements as listed in the table of contents, and have issued our report thereon dated November 2, 2010. 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 improvements 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, 2010 as listed in the table of contents. 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items FS 10-01, FS 10-03, and FS 10-04, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as items FS 09-05, FS 09-06, FS 09-08 and FS 10-04.

We also noted certain matters that are required to be reported under Government Auditing Standards January 2007 Revision paragraphs 5.14 and 5.16, and pursuant to section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings FS 10-02 and FS 10-05.

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

Accounting & Consulting Group, LLP
Albuquerque, NM
November 2, 2010

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FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP
Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON 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, 2010. 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 could have a direct and material effect on to each of its major federal programs for the year ended June 30, 2010.

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 deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, 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 2, 2010

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

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>				
Improving America's Schools Title I	24101	84.010	(1)	\$ 477,595 M
Individuals With Disabilities Act - Entitlement	24106	84.027	(1)	636,998 M
IDEA-B Discretionary	24107	84.027	(1)	1,375 M
IDEA-B Preschool	24109	84.173	(1)	16,910 M
IDEA-B "Risk Pool"	24120	84.027	(1)	485 M
Teacher/Principal Training	24154	84.367A		140,508
Safe & Drug Free Schools & Communities	24157	84.186		3,117
Title I School Improvement	24162	84.010	(1)	32,432
Improving America's Schools Title I - ARRA	24201	84.389	(1)	235,378 M
Individuals With Disabilities Act - Entitlement - ARRA	24206	84.391	(1)	316,670 M
Individuals With Disabilities Act - Preschool - ARRA	24209	84.392	(1)	1,009 M
Total USDE Passthrough - State of NM Public Education Department				<u>1,862,477</u>
<i>Federal Direct Grants</i>				
Indian Education Formula Grant	25184	84.060A		87,712
State Equalization Guarantee - Federal Stimulus - ARRA	25250	84.394		1,648,508 M
Total USDE Direct				<u>1,736,220</u>
Total U.S. Department Education				<u>3,598,697</u>
<i>Bureau of Indian Affairs</i>				
Johnson O'Malley	25131	15.130		<u>27,734</u>
Total Bureau of Indian Affairs				<u>27,734</u>
<i>U.S. Department of Agriculture</i>				
National Schools Lunch Program				
Food Distribution	21000	10.550	(1)	59,728
National School Breakfast	21000	10.553	(1)	460,250
National School Lunch Act	21000	10.555	(1)	<u>252,097</u>
Total U.S. Department of Agriculture				<u>772,075</u>
Total Federal Financial Assistance				<u>\$ 4,398,506</u>

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Schedule V

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, 2010 was \$59,728 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	\$	4,398,506
Total expenditures funded by other sources		<u>36,060,999</u>
Total expenditures	\$	<u><u>40,459,505</u></u>

STATE OF NEW MEXICO
 Aztec Municipal Schools
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditors' report issued:	Unqualified
Internal control over financial reporting: Material weakness identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards

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

Identification of major programs:

CFDA Number	Federal Program
84.010 and 84.389	Title I Cluster
84.027, 84.391 and 84.392	IDEA-B Cluster
84.394	SEG – Federal Stimulus - ARRA

Dollar threshold used to distinguish Between type A and type B programs:	\$300,000
Auditee qualified as low risk auditee?	No

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Primary Government

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

Condition: The District designated cash appropriations in excess of available balances in the following fund in fiscal year 2010:

Capital Improvement SB-9 Capital Projects Fund	\$ <u>125,268</u>
Total Governmental Funds	\$ <u>125,268</u>

Criteria: Section 2.2.2.10. (P) (1), NMAC, requires all School District funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances rebudgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Effect: The effect of a budget with inadequate designated cash available to cover the excess of budgeted expenditures over budgeted revenue could result in the District incurring debt to pay for current year budgeted expenditures, which would result in noncompliance with the Bateman Act.

Cause: Inadequate monitoring of cash available to be budgeted in subsequent year caused this noncompliance.

Auditors' Recommendation: Greater attention should be given throughout the year to the cash balances actually available to cover budgeted expenditures in excess of budgeted revenues.

Management's Response: When the District submitted a BAR based on the quarterly cash report, we failed to subtract the small amount of cash already included in the Budget. In the future, we will make sure that our beginning cash BAR ties exactly to the cash report.

STATE OF NEW MEXICO
 Aztec Municipal Schools
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2010

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 09-06 Exceeded Budget Authority

Condition: The District has the following funds and functions where actual expenditures exceeded budgetary authority:

Food Service	
Food services operations	\$ 28,447
Johnson O'Malley Special Revenue Fund	
Instruction	3,444
Debt Service	
Support services	8,541
Total	\$ 40,432

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: Management will monitor these function overages more closely; however the BAR cut off deadline is June 1st and expenditures are paid after this deadline, making it hard to be completely accurate in our expenditure predictions. In the case of Food Services, the management fee is a percentage cost based on revenues. At the end of the fiscal year, our revenues increased and the management fee was slightly higher than we had anticipated.

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Schedule VI

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 10-01 Activity Level Control Deficiencies

Condition: During our process of understanding the District and its environment, we noted instances where elements of the District's internal control framework was deficient for lack of documentation or implemented as we noted the following:

- The payroll clerk has access to change the master payroll without prior approval or a required password. Neither the District nor the Visions system in place during the FY09-10 logged or keep track of changes made to the payroll master file.
- The District did not have segregation of duties over the mailing of checks.
- Deficient internal controls over Non-Standard Journal Entries

Criteria: The internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring. With these elements in place, the District can maximize its potential for achieving its performance targets and reduce the risk of loss of resources.

Effect: The District is exposing itself to the risk of misappropriation of assets and could potentially hinder the District from achieving effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Cause: The District's activity level controls in place did not mitigate the deficiencies listed above.

Auditors' Recommendations: We recommend that the District incorporate mitigating controls to prevent activity level control deficiencies listed above.

Management's Response: These recommendations have been implemented.

FS 10-02 Stale Dated Checks

Condition: The District had 9 checks in the accounts payable clearing bank account that were over one year old. The total amount of the stale checks was \$984. The District has not reported the payees or turned over the funds to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Criteria: New Mexico Statutes, Section 6-10-57, NMSA, 1978 compilation, requires local public bodies to cancel or void any checks that are unpaid for one year after it is written. The District has not reported the payees or turned over the funds to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Effect: The District is not in compliance with Section 6-10-57, NMSA 1978. The District's cash balance may be misstated by the amount of the stale checks.

Cause: The District does not have a procedure to track and void stale dated checks. In addition, the District was not aware of the requirement to remit the stale-dated check funds to the New Mexico Taxation and Revenue Department.

Auditors' Recommendation: We recommend that the outstanding checks be voided as soon as possible and that a procedure to track and void stale dated checks be implemented. We also recommend that the District remit the stale-dated check funds to the New Mexico Taxation and Revenue Department.

Management's Response: This recommendation will be implemented.

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Schedule VI

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 10-03 Capital Assets Depreciation

Condition: During our examination of depreciation expense and accumulated depreciation, we noted that there were errors in the depreciation expense totaling \$49,744 and that the accumulated depreciation per the depreciation system did not reconcile to the District's financial statements. Differences were then reconciled by manually recalculating and correcting the amounts in the depreciation system.

Criteria: Per NMAC 6.20.2.22, capital assets shall be acquired and accounted for through the development and implementation of a complete property control system.

Effect: The District's books or records could potentially contain misstatements, as errors, whether intentional or unintentional, may occur and not be detected in a timely manner. Before reconciling these difference the current year depreciation expense and accumulated depreciation was misstated by \$49,744. The users of the financial statement may not be provided with timely or accurate capital assets information.

Cause: The capital assets system incorrectly calculated current year depreciation expense. The District did not catch this during the review and reconciliation of the depreciation expense.

Auditors' Recommendation: We recommend the depreciation calculation should be tested for accuracy, especially with new assets being placed into service and with assets in their final year of depreciation. A system that ties the calculations to financial statement categories should be adopted in order to facilitate reconciliation to the financial statements. This includes the District reviewing the audited capital assets and depreciation balances and reconciling those balances to the District's capital assets records. This will ensure accurate and timely reporting for financial and managerial purposes.

Management's Response: This problem was the result of a software issue. During the rollover process to a new accounting software package, the depreciation files were opened, corrected if needed and recalculated, changing some prior year depreciation amounts. The cumulative effect over approximately 20 years was \$49,744. Our software support department was unable to explain why the current depreciation did not match, but assures us the depreciation calculation works properly and we should not have future problems.

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Schedule VI

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 10-04 Overspending of Reimbursement Basis Grants/Appropriations

Condition: During our field work, we noted that there were funds that overspent the appropriation or award. These funds were:

- 26125 - Wallace Foundation in the amount of \$3,278
- 27141 – Truancy Initiative PED in the amount of \$33,452
- 27163 – Schools in Need of Improvement in the amount of \$7,412
- 27549 – Library Book Fund in the amount of \$7,773

Criteria: Good cash management practices require that the District request reimbursement for federal and state grants as soon as possible after the grant expenditures are made, and monitor the grantor responses to those requests, to ensure the soonest possible repayment for reimbursement-basis grant expenditures. Also, the District must monitor the expenditures to ensure they are within the award amount. The District failed to make permanent transfers to close funds that were identified in prior year audit findings.

Effect: The District has to borrow money from other funds to pay for expenditures of funds with outstanding account receivables. This increases the risk of supplanting funds and is a result of overspending of budget in prior years.

Cause: The District has not placed appropriate oversight on the internal controls in place to monitor federal and state grant expenditures and ensure spending was within the adopted budgets.

Auditors' Recommendation: We recommend that the District adopt budgets that are within the award amount and monitor expenditures so that they do not exceed these budgets. Also, we recommend that in the future the District request reimbursements for federal and state grant expenditures as soon as possible after grant expenditures are made, and monitor and follow up with the grantors to ensure timely payment of the receivables due to the District. Lastly, we recommend the District make permanent transfers to close funds identified above.

Management's Response: The above mentioned amounts were due to loans made in prior years. We are still researching some of the amounts, but the result will require making permanent cash transfer to the federal project accounts to remove the loans. We currently have a system in place to make sure we have submitted and received all reimbursable expenditures.

STATE OF NEW MEXICO
 Aztec Municipal Schools
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2010

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

Component Unit

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

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

Instructional Material Fund	\$	1,974
State Equalization Guarantee – Federal Special Revenue Fund		<u>27,317</u>
Total Governmental Funds	\$	<u>29,291</u>

Criteria: Section 2.2.2.10. (P) (1), NMAC, requires all School District funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances rebudgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Effect: The effect of a budget with inadequate designated cash available to cover the excess of budgeted expenditures over budgeted revenue could result in the District incurring debt to pay for current year budgeted expenditures, which would result in noncompliance with the Bateman Act.

Cause: Inadequate monitoring of cash available to be budgeted in subsequent year caused this noncompliance.

Auditors' Recommendation: Greater attention should be given throughout the year to the cash balances actually available to cover budgeted expenditures in excess of budgeted revenues.

Management's Response: Management will work with the auditors to gain a better understanding of this exception and will establish a system for compliance that is acceptable to the auditors.

FS 10-05 Stale Dated Checks

Condition: The Charter School had 2 checks in the accounts payable clearing bank account that were over one year old. The total amount of the stale checks was \$92. The Charter School has not reported the payees or turned over the funds to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Criteria: New Mexico Statutes, Section 6-10-57, NMSA, 1978 compilation, requires local public bodies to cancel or void any checks that are unpaid for one year after it is written. The Charter School has not reported the payees or turned over the funds to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Effect: The Charter School is not in compliance with Section 6-10-57, NMSA 1978. The Charter School's cash balance may be misstated by the amount of the stale checks.

Cause: The Charter School does not have a procedure to track and void stale dated checks. In addition, the Charter School was not aware of the requirement to remit the stale-dated check funds to the New Mexico Taxation and Revenue Department.

Auditors' Recommendation: We recommend that the outstanding checks be voided as soon as possible and that a procedure to track and void stale dated checks be implemented. We also recommend that the Charter School remit the stale-dated check funds to the New Mexico Taxation and Revenue Department.

Management's Response: At the time of monthly bank reconciliations, the Charter will identify checks that are 11 months old, contact the vendors/employees for certification that the funds were not utilized by the vendor, stop payment on the stale dated check and reissue the payment. If the Charter is unable to gain a certification from the vendor/employee, a stop payment will be placed on the check and the resulting funds will be transferred to the Unclaimed Property Division of the NM Taxation and Revenue Department. Stale dated checks on the books as of 6/30/2010 will be processed as above.

STATE OF NEW MEXICO
Aztec Municipal Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Schedule VI

C. FINDINGS - FEDERAL AWARDS

NONE

D. PRIOR YEAR AUDIT FINDINGS

Primary Government

FS 08-01 Preparation of Financial Statements - Resolved

FS 09-01 Lack of Supporting Documentation for Receipts - Resolved

FS 09-02 Bank Reconciliation - Resolved

FS 09-03 PED Cash Reports - Resolved

FS 09-04 COSO Framework Monitoring Deficiencies - Resolved

FS 09-05 Cash Appropriations in Excess of Available Cash Balances - Repeated and Revised

FS 09-06 Exceeded Budget Authority - Repeated and Revised

Component Unit

FS 08-01 Preparation of Financial Statements – Resolved

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

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

STATE OF NEW MEXICO
Aztec Municipal Schools
Other Disclosures
For the Year Ended June 30, 2010

Schedule VII

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 Schools' 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 4, 2010. The following individuals were in attendance.

Primary Government

Kirk Carpenter - Superintendent
Kathleen Runnels - Finance Director
Tania Prokop - Deputy Superintendent
Lori Scott - Audit Committee Member
Christy Lillywhite - Board Member
Ryan Manning - Comptroller
Nathan Holmes - Director of Technology

Accounting & Consulting Group, LLP

Ray Roberts, CPA - Managing Partner
Andrew Kouba, CPA - Senior Accountant

Component Unit

Marti Kirchmer - Board Member
Sherry Candilaria - Office Manger
Bonnie Barden - Principal
Nancy Ross - Finance Director