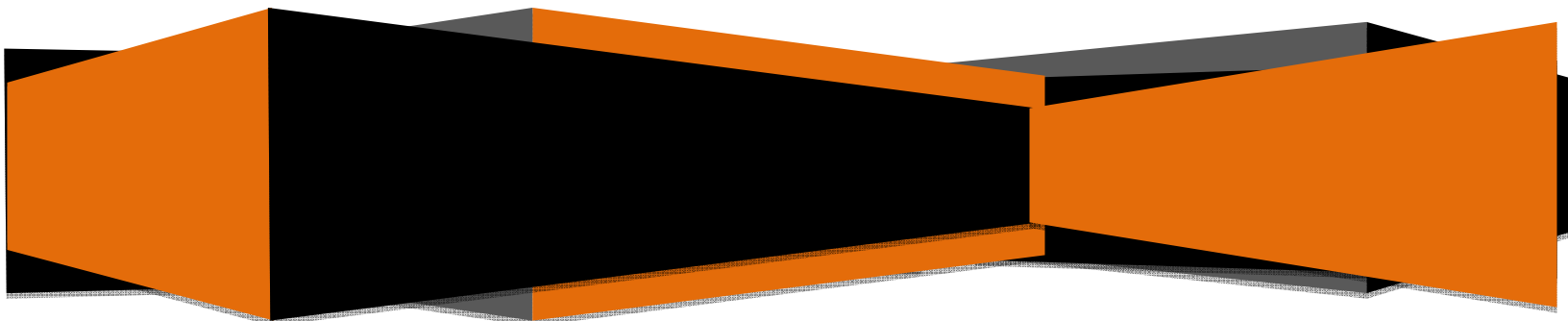


**STATE OF NEW MEXICO  
AZTEC MUNICIPAL SCHOOL DISTRICT**



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

**FOR THE YEAR ENDED JUNE 30, 2013**



# Aztec Municipal Schools

## *Mission Statement*

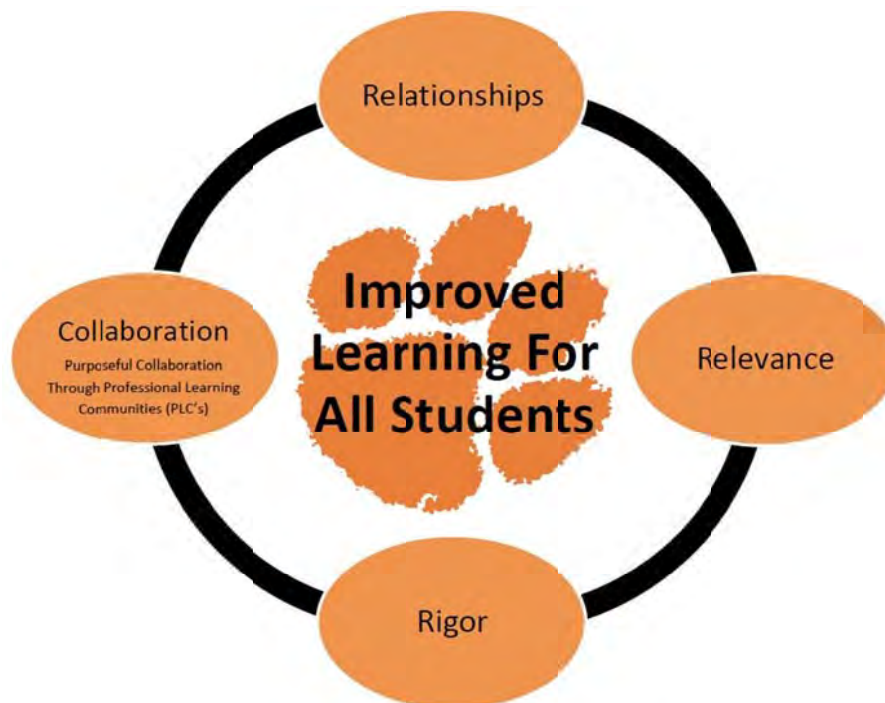
In a safe, caring environment, we will partner with our community to produce responsible citizens who are globally competitive and prepared for life in the 21<sup>st</sup> century.

## *Vision*

Aztec students will be prepared and excel in a globally competitive 21<sup>st</sup> century by being:

- Active participants in the learning process
- Held accountable for their learning
- Engaged in a relevant and rigorous learning environment
- Effective collaborators and skilled critical thinkers
- Technologically capable

## *Continuous Learning Foundation*



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 Aztec Municipal Schools  
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## **INTRODUCTION SECTION**

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Official Roster  
June 30, 2013

BOARD OF EDUCATION

Wayne Ritterr	President
Mitch Waggoner	Vice-President
Christy Lillywhite	Secretary
Roger Collins	Member
Jimmy Dusenberry	Member

SCHOOL OFFICIALS

Kirk Carpenter	Superintendent
Tania Prokop	Deputy Superintendent
Christa Kulidge	Director of Exceptional Programs
Gary Martinez	Director of Finance
Judy Englehart	Director of Instruction
Charlie Lee	Director of Maintenance
Nathan Holmes	Director of Technology
Riley Roland	Director of Transportation

## **FINANCIAL SECTION**





**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

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

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, the aggregate fund information, and the budgetary comparison for the General Fund and major special revenue fund of Aztec Municipal Schools (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, the combining financial statements for the General Fund, the component unit funds, and the budgetary comparisons for the major capital projects fund, debt service fund, the component unit funds and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Aztec Municipal Schools, as of June 30, 2013, and the respective changes in financial position thereof, for the year then ended in accordance 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 component unit funds and the combining financial statements for General Fund of the District as of June 30, 2013, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects, the respective budgetary basis of accounting as prescribed in the New Mexico Administrative Code, as more fully described in Note 2 to the financial statements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 6 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The introductory section, the Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations* and Supporting Schedules I through IV required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and Supporting Schedules I through IV required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Supporting Schedules I through IV required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic 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 do not express an opinion or provide any assurance on it.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013, 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* in considering the District's internal control over financial reporting and compliance.

*Accounting + Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 1, 2013

State of New Mexico  
Aztec Municipal Schools  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013



## Introduction

The financial performance of the Aztec Municipal Schools (the District) for the fiscal year ended June 30, 2013 will be the subject of this discussion and analysis. The intent is to look at the financial performance as a whole; however, readers may also utilize the accompanying financial statements and notes for comprehensive information.

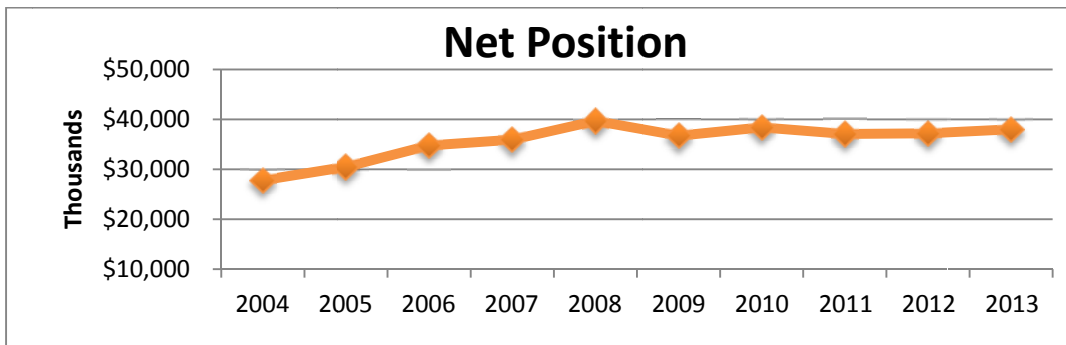
## Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- During the fiscal year ended June 30, 2013, the District's debt management program produced a tax rate for debt at \$6.52 per thousand dollars of assessed valuation. This rate increased from \$4.57 in the prior year in order to meet upcoming bond payments as the oil and natural gas portion of the district's tax base declined.

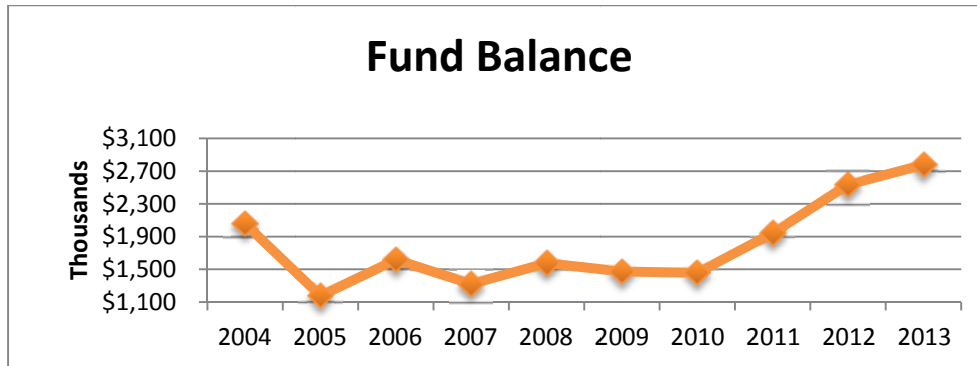


Total assets of Governmental Activities was	\$ 83,749,716
Total liabilities of Governmental Activities was	\$ 45,736,059
Net position of Governmental Activities was	\$ 38,013,657





- General Fund revenues exceeded expenditures by \$ 272,538 resulting in a year-end fund balance of \$2,808,679, 12 % of total general fund expenditures.



- 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 \$116,582,186 with accumulated depreciation of \$ 47,953,168 were recorded.

## 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 position 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.

## Government -Wide Financial Statements

### Statement of Net Position and Statements of Activities

These two statements report the District's net position and changes in net position. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial. Non-financial factors include the District's property tax base, facility conditions, required educational programs, and other factors.

*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.

State of New Mexico  
Aztec Municipal Schools  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013



Statement of Net Position – 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 position. Over time, increases or decreases in net position 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 Position**

	June 30, 2013	June 30, 2012	June 30, 2011
<u>Assets</u>			
Current assets	\$ 10,532,310	\$ 11,469,094	\$ 19,716,780
Capital assets	116,582,186	115,806,439	109,774,562
Accumulated depreciation	(47,953,168)	(45,463,932)	(43,850,869)
Other noncurrent assets	4,588,388	4,563,968	4,150,171
<b>Total assets</b>	<b>\$ 83,749,716</b>	<b>\$ 86,375,569</b>	<b>\$ 89,790,644</b>
<u>Liabilities</u>			
Accounts payable	\$ 959,017	\$ 1,070,583	\$ 1,471,444
Accrued interest	326,182	355,481	378,242
Other current liabilities	3,793,475	3,308,166	3,108,470
Long-term liabilities	40,657,385	44,410,182	47,730,963
<b>Total liabilities</b>	<b>\$ 45,736,059</b>	<b>\$ 49,144,412</b>	<b>\$ 52,689,119</b>
<u>Net Position</u>			
Invested in capital assets	\$ 25,302,145	\$ 26,973,809	\$ 18,598,693
Restricted: Debt service	4,440,151	3,972,038	3,293,480
Restricted: Capital projects	4,361,560	3,095,140	2,929,142
Restricted: Other Purpose	475,214	708,822	217,404
Unrestricted	3,434,587	2,481,348	12,062,806
<b>Total net position</b>	<b>\$ 38,013,657</b>	<b>\$ 37,231,157</b>	<b>\$ 37,101,525</b>

State of New Mexico  
Aztec Municipal Schools  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013



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

**Summary of Statement of Activities**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
<u>Revenues</u>	-	-	
Program Revenues:			
Charges for Services	530,493	556,615	548,872
Operating Grants	4,936,111	4,459,698	4,896,492
Capital Grants	94,998	90,674	65,355
General Revenues:			
Property Taxes	3,437,444	2,487,343	2,593,313
Federal and State Aid	20,332,464	20,267,718	20,108,394
Other	2,987,923	3,485,988	3,833,792
Total Revenues	<u>32,319,433</u>	<u>31,348,036</u>	<u>32,046,218</u>
<u>Expenses</u>	-	-	
Instruction	18,404,858	18,366,733	15,179,345
Support Services	10,516,509	10,412,102	14,770,170
Food Services	1,299,413	1,296,076	1,190,336
Interest on long term debt	1,316,153	1,143,493	2,194,779
Total Expenses	<u>31,536,933</u>	<u>31,218,404</u>	<u>33,334,630</u>
Change in net position	<u>782,500</u>	<u>129,632</u>	<u>(1,288,412)</u>

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State of New Mexico  
Aztec Municipal Schools  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013



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## **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, IDEA B, 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, the charges of services, and the revenues that are received to perform these services. The Statement of Activities 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 State Equalization Guarantee (SEG) 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 98% of the total operating budget from the State of New Mexico through the SEG.

The state of New Mexico, through the Public Education Department, establishes annually a "Unit Value" that is used, along with student membership and the SEG formula factors, to determine the amount of state support to be received by individual districts. The Unit Value has decreased over the past couple of years and the District anticipates this trend to continue due to unfavorable economic factors. The District anticipates membership to remain relatively flat for the near future.

### 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

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State of New Mexico  
Aztec Municipal Schools  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

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success and district improvement. The General Fund is the most significant budgeted fund; other major funds, are the IDEA B, Capital Improvement SB-9, and Debt Service Fund.

The General Fund had final budgeted revenues of \$22,137,758 and actual cash basis revenues of \$22,372,431. Expenditures were budgeted at \$24,617,750 and actual cash basis expenditures were \$21,999,949. 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 \$2,389,188.

### **Capital Asset and Debt Administration**

#### Capital Assets

As of June 30, 2013 the District had \$116,582,186 invested in capitalized assets and had accumulated depreciation of \$47,953,168. 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 additions included the completion of the new construction at Koogler Middle School.

#### Long -Term Debt

The District may incur general obligation debt under the terms of Article IX, Section 11 of the New Mexico Constitution. The issuance of such general obligation debt 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, 2013, the District had outstanding general obligation bonds in the amount of \$41,925,000. The District is bonded to 77.50% of its legal limit of \$54,095,656 based on assessed property value of \$901,594,261.

The District completed and approved a five (5) year Facilities Master Plan (FMP) in September, 2011. This plan is compliant with the Public School Facilities Authority guidelines and serves as a working document for future facility needs within the District.

In May, 2013, the voters approved to extend the existing 2-mil property tax levy which provides funding for the ongoing maintenance and repair of District facilities. To avoid a mill levy increase for residential tax payers, the mill was reduced from 2.00 to 1.886.

The District plans no immediate growth related projects based upon current enrollment projects. In February 2012, voters authorized the issuance of \$17 million in bonds; however the Board of Education has chosen not to sell bonds at this time due to unfavorable economic conditions.



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State of New Mexico  
Aztec Municipal Schools  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

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### **Future Outlook and Budget**

The District is committed to openness and transparency and focuses on performance based budgeting, which means the District will fund what works, using the budget to drive improved student performance. Performance based budgeting is going to be a key framework for how we drive the dollars to the programs and practices that are valued and needed to improve outcomes for all children. The District will tie budget investments to expected performance outcomes and in doing so outcomes will drive budgetary decision rather than the budget dictating programming. The performance based budget will allow the District to ensure that budget investments are well-aligned and articulated with clear lines of accountability.

To improve student learning for all students and staff, the District is fully engaged in Professional Learning Communities (PLC), adopting the Common Core State Standards, while also piloting a new teacher evaluation program for the state. As the District moves forward, it is vital that the financial position of the District remain strong not only to support the functions of the District but to ensure the District can take advantage of every opportunity to improve learning for all students and staff. Future financial stability is not without its challenges.

### **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:

Kirk Carpenter  
Superintendent  
Aztec Municipal Schools  
1118 W. Aztec Blvd  
Aztec, NM 87410  
[adcarpki@aztec.k12.nm.us](mailto:adcarpki@aztec.k12.nm.us)

Gary Martinez  
Director of Finance  
Aztec Municipal Schools  
1118 W. Aztec Blvd  
Aztec, NM 87410  
[admartga@aztec.k12.nm.us](mailto:admartga@aztec.k12.nm.us)

Other District information may be accessed at:

[www.aztecschools.com](http://www.aztecschools.com)

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**

Aztec Municipal Schools

Statement of Net Position

As of June 30, 2013

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 9,057,875	\$ 327,297
Receivables		
Taxes receivable	765,049	-
Due from other governments	690,764	59,116
Inventory	18,622	-
Total current assets	<u>10,532,310</u>	<u>386,413</u>
Non-Current Assets:		
Restricted assets		
Cash and cash equivalents	4,239,810	-
Bond issuance costs, net of accumulated amortization of \$117,661	348,578	-
Capital assets	116,582,186	355,975
Less: accumulated depreciation	<u>(47,953,168)</u>	<u>(130,792)</u>
Total non-current assets	<u>73,217,406</u>	<u>225,183</u>
 Total assets	 \$ <u><u>83,749,716</u></u>	 \$ <u><u>611,596</u></u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued salaries and benefits	\$ 959,017	\$ 32,188
Accrued interest	326,182	-
Current portion of compensated absences payable	37,768	-
Current bond underwriter premiums	255,707	-
Current portion of long-term obligations	<u>3,500,000</u>	<u>1,762</u>
Total current liabilities	<u>5,078,674</u>	<u>33,950</u>
Long-term liabilities:		
Non-current portion of compensated absences payable	151,071	-
Non-current portion of bond underwriter premiums (net of accumulated amortization of \$78,655)	2,081,314	-
Non-current portion of long-term obligations	<u>38,425,000</u>	<u>3,536</u>
Total long-term liabilities	<u>40,657,385</u>	<u>3,536</u>
 Total liabilities	 <u>45,736,059</u>	 <u>37,486</u>
<b>Net Position</b>		
Net investment in capital assets	25,302,145	219,885
Restricted for :		
Special revenue	475,214	-
Debt service	4,440,151	-
Capital projects	4,361,560	-
Unrestricted	<u>3,434,587</u>	<u>354,225</u>
 Total net position	 \$ <u><u>38,013,657</u></u>	 \$ <u><u>574,110</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Statement of Activities  
For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	<u>Component Unit</u>
Primary Government						
Governmental activities:					Governmental Activities	Charter School
Instruction	\$ 18,404,858	\$ 166,735	\$ 1,784,470	\$ 94,998	\$ (16,358,655)	\$ -
Support services - students	2,062,312	-	331,875	-	(1,730,437)	-
Support services - instruction	414,679	-	6,711	-	(407,968)	-
Support services - general administration	455,311	-	53,175	-	(402,136)	-
Support services - school administration	2,064,313	-	259,368	-	(1,804,945)	-
Central services	722,341	-	174,774	-	(547,567)	-
Operations and maintenance of plant	3,035,427	-	-	-	(3,035,427)	-
Student transportation	1,737,183	-	1,295,037	-	(442,146)	-
Other support services	24,943	-	-	-	(24,943)	-
Food services	1,299,413	363,758	1,030,701	-	95,046	-
Interest on long-term obligations	1,316,153	-	-	-	(1,316,153)	-
	<u>\$ 31,536,933</u>	<u>\$ 530,493</u>	<u>\$ 4,936,111</u>	<u>\$ 94,998</u>	<u>(25,975,331)</u>	
<b>Component Unit Activities:</b>						
Charter school	\$ 1,397,710	\$ 1,520	\$ 83,022	\$ 112,930		(1,200,238)
	<u>\$ 1,397,710</u>	<u>\$ 1,520</u>	<u>\$ 83,022</u>	<u>\$ 112,930</u>		
<b>General Revenues:</b>						
Taxes:						
Property taxes, levied for general purposes					139,099	-
Property taxes, levied for debt service					2,542,191	-
Property taxes, levied for capital projects					756,154	-
Oil and gas taxes					3,155,852	-
State equalization guarantee					20,332,464	1,173,704
Interest and investment income					6,900	-
Miscellaneous income					33,556	3,242
Loss on disposal of capital assets					(208,385)	-
					<u>26,757,831</u>	<u>1,176,946</u>
Total general revenues					<u>26,757,831</u>	<u>1,176,946</u>
Change in net position					<u>782,500</u>	<u>(23,292)</u>
Net position - beginning of year					<u>37,231,157</u>	<u>597,402</u>
Net position - end of year					<u>\$ 38,013,657</u>	<u>\$ 574,110</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Balance Sheet - Governmental Funds**  
**As of June 30, 2013**

	<u>Total General Fund</u>	<u>Entitlement IDEA-B</u>	<u>Capital Improvements SB-9</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>						
Cash	\$ 2,995,548	\$ -	\$ 5,020,049	\$ 4,239,810	\$ 1,042,278	\$ 13,297,685
Taxes receivable	39,065	-	174,080	551,904	-	765,049
Due from grantor	32,966	243,149	-	-	414,649	690,764
Due from other funds	537,590	-	-	-	-	537,590
Inventory	-	-	-	-	18,622	18,622
Total assets	<u>\$ 3,605,169</u>	<u>\$ 243,149</u>	<u>\$ 5,194,129</u>	<u>\$ 4,791,714</u>	<u>\$ 1,475,549</u>	<u>\$ 15,309,710</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Accounts payable	\$ 107,224	\$ 21,896	\$ 76,867	\$ -	\$ 3,429	\$ 209,416
Accrued salaries and benefits	680,654	31,872	-	-	37,075	749,601
Due to other funds	-	189,381	-	-	348,209	537,590
Deferred revenues	8,612	-	47,369	144,873	-	200,854
Total liabilities	<u>796,490</u>	<u>243,149</u>	<u>124,236</u>	<u>144,873</u>	<u>388,713</u>	<u>1,697,461</u>
Nonspendable						
Inventory	-	-	-	-	18,622	18,622
Spendable						
Restricted for:						
Education	53,638	-	-	-	94,072	147,710
Food service operations	-	-	-	-	326,237	326,237
Capital acquisitions and improvements	-	-	5,061,847	-	330,863	5,392,710
Debt Services	-	-	-	4,621,460	-	4,621,460
Committed for:						
Emergency Reserves	269,863	-	-	-	-	269,863
Subsequent years expenditures	896,150	-	-	-	-	896,150
Unassigned	1,589,028	-	8,046	25,381	317,042	1,939,497
Total fund balance	<u>2,808,679</u>	<u>-</u>	<u>5,069,893</u>	<u>4,646,841</u>	<u>1,086,836</u>	<u>13,612,249</u>
Total liabilities and fund balance	<u>\$ 3,605,169</u>	<u>\$ 243,149</u>	<u>\$ 5,194,129</u>	<u>\$ 4,791,714</u>	<u>\$ 1,475,549</u>	<u>\$ 15,309,710</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Governmental Funds  
Reconciliation of the Balance Sheet to the Statement of Net Position  
As of June 30, 2013

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds	\$	13,612,249
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
The cost of capital assets is	116,582,186	
Accumulated depreciation is	<u>(47,953,168)</u>	68,629,018
Revenues not collected within sixty days after year-end are considered "available" revenues and are shown as deferred revenues on the balance sheet.		
Delinquent Property Taxes		200,854
Bond issuance costs, including original issue discounts and premiums are not financial resources and, therefore, are not reported in the governmental funds.		
Bond issuance costs net of accumulated amortization		348,578
Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term and other liabilities at year-end consist of:		
Bonds payable		(41,925,000)
Compensated absences		(188,839)
Deferred gain on bond refunding, net of amortization		(2,337,021)
Accrued interest payable		<u>(326,182)</u>
Total net position - governmental activities	\$	<u><u>38,013,657</u></u>

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds**  
**For the Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Entitlement IDEA-B</u>	<u>Capital Improvements SB-9</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>						
Federal grants	\$ -	788,322	-	-	1,717,961	2,506,283
State grants	21,920,028	-	94,998	-	767,673	22,782,699
<b>Local sources:</b>						
Taxes	321,779	-	1,468,213	4,736,370	-	6,526,362
Local grants	-	-	-	-	74,591	74,591
Charges for services	68,328	-	-	-	462,165	530,493
Investment income	6,900	-	-	-	-	6,900
Miscellaneous	33,556	-	-	-	-	33,556
<b>Total revenues</b>	<b>22,350,591</b>	<b>788,322</b>	<b>1,563,211</b>	<b>4,736,370</b>	<b>3,022,390</b>	<b>32,460,884</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Instruction	13,260,903	418,614	-	-	1,004,045	14,683,562
Support services - students	1,759,272	154,451	-	-	147,583	2,061,306
Support services - instruction	378,602	-	-	-	37,717	416,319
Support services - general administration	346,991	15,081	7,195	-	19,413	388,680
Support services - school administration	1,683,777	107,831	-	-	137,880	1,929,488
Central services	537,604	68,652	-	-	109,712	715,968
Operations and maintenance of plant	2,688,386	-	-	-	-	2,688,386
Student transportation	1,397,575	23,693	-	-	171,997	1,593,265
Other support services	24,943	-	-	-	-	24,943
Food services	-	-	-	-	1,286,762	1,286,762
<b>Debt service:</b>						
Other Services	-	-	-	642	-	642
Non-operating	-	-	-	24,759	-	24,759
Debt principal	-	-	-	3,100,000	-	3,100,000
Debt interest	-	-	-	1,345,452	-	1,345,452
Capital outlay	-	-	1,704,956	-	1,325,439	3,030,395
<b>Total Expenditures</b>	<b>22,078,053</b>	<b>788,322</b>	<b>1,712,151</b>	<b>4,470,853</b>	<b>4,240,548</b>	<b>33,289,927</b>
<b>Revenues over (under) expenditures</b>	<b>272,538</b>	<b>-</b>	<b>(148,940)</b>	<b>265,517</b>	<b>(1,218,158)</b>	<b>(829,043)</b>
<b>Other financing sources (Uses):</b>						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Refund to grantor	-	-	-	-	-	-
Reauthorization of elapsed awards	-	-	-	-	-	-
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in fund balance</b>	<b>272,538</b>	<b>-</b>	<b>(148,940)</b>	<b>265,517</b>	<b>(1,218,158)</b>	<b>(829,043)</b>
Fund balance - beginning of year	2,536,141	-	5,218,833	4,381,324	2,304,994	14,441,292
Fund balance - end of year	\$ 2,808,679	-	5,069,893	4,646,841	1,086,836	13,612,249

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
Aztec Municipal Schools  
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and  
Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2013

Total net change in fund balances - governmental funds \$ (829,043)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those assets are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceeds depreciation for the year.

Depreciation expense	(3,060,635)	
Loss on disposal of capital assets	(208,385)	
Capital outlays	<u>1,555,531</u>	
Excess of capital outlays over depreciation expense		(1,713,489)

In the Statement of Activities, certain operating expenses - compensated absences and interest expense - are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increases) decreases in the liabilities for the year were:

Compensated absences payable	(3,637)	
Accrued interest payable	<u>29,299</u>	25,662

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Bond principal payments		3,100,000
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Bonds are refunded when a financial advantage would result to the District. The resulting savings is capitalized as a deferred gain and is amortized over the life of the new bonds. This amortization will be recorded in the Statement of Activities.

Amortization of Bond Issuance Costs	171,125	
Amortization of deferred gain on refunding activity	<u>(38,689)</u>	132,436

Because some revenues will not be collected for several months after the fiscal year-end, they are not considered available revenues in the governmental funds. They are considered revenues in the Statement of Activities. The increase (decrease) in revenues receivable for the year were:

Property taxes		66,934
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Change in net position of governmental activities		\$ <u><u>782,500</u></u>
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**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues:</b>				
Federal Sources:				
Impact Aid	\$ -	-	-	-
Indirect Costs - Federal Direct Grants	\$ 600	600	395	(205)
Indirect Costs - Federal Flowthrough Grants	10,000	10,000	28,391	18,391
Access Board (E-rate)	50,000	50,000	65,281	15,281
Total Federal Sources	60,600	60,600	94,067	33,467
State Sources:				
State Equalization Guarantee	20,221,043	20,251,038	20,332,464	81,426
Charter School Administration Revenue	20,000	20,000	23,751	3,751
Instructional Materials - Adopted 50%	-	-	105,799	105,799
Instructional Materials - Other 50%	-	-	105,799	105,799
State Flow Through Grant	234,098	234,098	179,874	(54,224)
Transportation Distribution	1,161,621	1,095,051	917,133	(177,918)
Transportation Distribution - Supplemental	-	-	-	-
Transportation Distribution	-	-	177,918	177,918
Indirect Costs - State Flowthrough Grants	-	-	1,250	1,250
Indirect Costs - State Direct Grants	-	-	-	-
Intergovernmental Contract Revenue	-	-	23,125	23,125
Fees - Governmental Revenues	43,000	43,000	43,700	700
Total State Sources	21,679,762	21,643,187	21,910,813	267,626
Local Sources:				
Ad Valorem Taxes - School District	135,136	135,136	138,172	3,036
Oil and Gas Taxes	272,885	272,885	173,132	(99,753)
Investment Income	6,000	6,000	6,900	900
Fees - Activities	-	-	4	4
Fees - Educational	14,000	14,000	14,256	256
Fees - Users	5,000	5,000	-	(5,000)
Fees - Summer School	-	-	-	-
Royalties	500	500	228	(272)
Rentals	450	450	950	500
Contributions from Private Sources	-	-	353	353
Insurance Recoveries	-	-	24,333	24,333
Refunds of Prior Year's Expenditures	-	-	2,405	2,405
Sale of District Assets	-	-	6,818	6,818
Total Local Sources	433,971	433,971	367,551	(66,420)
Total Revenues	22,174,333	22,137,758	22,372,431	234,673
<b>Expenditures:</b>				
Education, Current:				
Instruction	15,046,258	15,109,787	13,248,928	1,860,859
Support Services - Students	1,968,682	1,946,372	1,762,095	184,277
Support Services - Instruction	384,312	382,911	378,602	4,309
Support Services - General Administration	394,114	369,114	337,232	31,882
Support Services - School Administration	1,644,086	1,692,246	1,683,777	8,469
Support Services - Central Services	527,679	542,679	536,506	6,173
Operations and Maintenance of Plant	3,055,016	2,878,168	2,627,341	250,827
Student Transportation	1,238,752	1,466,584	1,397,881	68,703
Other Support Services	229,889	229,889	27,587	202,302
Food Services	-	-	-	-
Community Services	-	-	-	-
Education, Non-Current:				
Capital Outlay	-	-	-	-
Total Expenditures	24,488,788	24,617,750	21,999,949	2,617,801
<b>Revenues Over (Under) Expenditures</b>	\$ (2,314,455)	(2,479,992)	372,482	2,852,474
Other Financing Sources (Uses)				
Cash budgeted from prior year	2,314,455	2,479,992		
Operating Transfers and Adjustments				
<b>Net change in fund balances (Budget Basis)</b>			372,482	
Fund Balances - beginning of year (adjusted)			2,016,706	
Fund Balances - end of year			2,389,188	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			372,482	
Accrued Revenues			(21,840)	
Accrued Expenditures			(78,104)	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			272,538	

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Fund 24106 - Entitlement IDEA-B - Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues:</b>				
Prior Year Voided Checks	\$ -	-	-	-
Federal Sources	745,410	1,217,034	827,853	(389,181)
Total Revenues	745,410	1,217,034	827,853	(389,181)
<b>Expenditures:</b>				
<b>Education, Current:</b>				
Instruction	434,904	734,904	418,373	316,531
Support Services - Students	98,493	262,352	154,451	107,901
Support Services - General Administration	18,636	18,636	15,081	3,555
Support Services - School Administration	102,240	107,740	107,059	681
Central Services	67,460	69,225	47,769	21,456
Student Transportation	23,677	24,177	23,693	484
Community Services	-	-	-	-
Total Expenditures	745,410	1,217,034	766,426	450,608
Revenues Over (Under) Expenditures	\$ -	-	61,427	61,427
<b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	-	-	-	-
Operating Transfers and Adjustments	-	-	-	-
<b>Net change in fund balances (Budget Basis)</b>			61,427	
Fund Balances - beginning of year (adjusted)			(282,680)	
Fund Balances - end of year			(221,253)	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			61,427	
<i>Accrued Revenues</i>			(39,531)	
<i>Accrued Expenditures</i>			(21,896)	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			-	

STATE OF NEW MEXICO  
Aztec Municipal Schools  
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2013

Assets

Cash and Investments	\$ <u>370,172</u>
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Liabilities

Deposits Held for Others	\$ <u>370,172</u>
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## **NOTES TO FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Notes to the Financial Statements  
June 30, 2013

**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 school board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The District operates six schools within the District with a total enrollment of approximately 3,200 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School District provides transportation and school food services for the students.

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.

During the year ended June 30, 2013, the District adopted GASB Statements No. 60 through 63. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The District does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No 34, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position provides guidance for deferred outflows of resources and deferred inflows of resources.

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 forth in GASB Statements No. 14 and No. 39 and GASB Statement No. 61. 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

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Notes to the Financial Statements  
June 30, 2013

**NOTE 1. Summary of Significant Accounting Policies** (continued)

A. *Financial Reporting Entity* (continued)

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.

B. *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the Statement of net position 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*.

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 the Financial Statements  
June 30, 2013

**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 government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by the District's 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 school except for those items included in other funds. The General Fund includes the *Transportation Fund*, which is used to account for the state equalization received from the New Mexico Public Education Department which is used to pay for the costs associated with transporting school age children. It also includes the *Instructional Materials Fund*, which is used to account for the monies received from the New Mexico Public Education Department for the purpose of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

*Entitlement IDEA-B Special Revenue Fund* is used to account for a program funded by a Federal grant to assist the District 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, 94-142, 98-199, 99-457, 100, 639, and 101-476, 20 U.S.C. 1411-1420.

*Capital Improvements SB-9 Capital Projects Fund* is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

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 District 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.

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.

D. *Assets, Liabilities and net position or Equity*

**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, 2013, the District does not have any investments.

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Notes to the Financial Statements  
June 30, 2013

**NOTE 1. Summary of Significant Accounting Policies** (continued)

*D. Assets, Liabilities and Net Position* (continued)

**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. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

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

The District receives monthly income from a tax levy in 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 2013 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2013. 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.

**Inventory:** The District's 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 expenditure 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.



**STATE OF NEW MEXICO**  
 Aztec Municipal Schools  
 Notes to the Financial Statements  
 June 30, 2013

**NOTE 1. Summary of Significant Accounting Policies** (continued)

D. *Assets, Liabilities and Net Position* (continued)

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

<u>Assets</u>	<u>Years</u>
Land improvements	20-40
Buildings and improvements	20-40
Furniture, fixtures, and equipment	3-7

**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 employees 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 an 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 position.

**Accrued Payroll:** In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents checks that were held at year end in relation to employees’ summer payroll.

**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 position. 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.

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Notes to the Financial Statements  
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**NOTE 1. Summary of Significant Accounting Policies** (continued)

*D Assets, Liabilities and Net Position* (continued)

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 Balance Classification Policies and Procedures:** The District has implemented GASB No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is the Board of Education.

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Nonspendable Fund Balance:** At June 30, 2013, the non-spendable fund balance in the food service fund is made up of inventory in the amount of \$18,622 that is not in spendable form.

**Restricted and Committed Fund Balance:** At June 30, 2013, the restricted fund balance on the governmental funds balance sheet is made up of \$147,710 for providing education to the students of the District, \$5,400,756 for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes, \$4,646,841 for the payment of principal and interest of the future debt service requirements, and \$326,237 for food service operations administered within the District. \$896,150 has been committed for Fiscal 2012-2013 budget requirements.

**Minimum Fund Balance Policy:** The District's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the District holds restricted cash reserves of \$150,000.

**Net Position:** Equity is classified as net position and displayed in three components:

- *Net investment in capital assets* - Net position 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.
- *Restricted net position* - Consist of net position 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.

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Notes to the Financial Statements  
June 30, 2013

**NOTE 1. Summary of Significant Accounting Policies** (continued)

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

- *Unrestricted net position* - All other net position 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. Significant estimates for the District are management’s estimate of depreciation on assets over their estimated useful lives and the current portion of accrued compensated absences.

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 ensure 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 \$20,332,464 in state equalization guarantee distributions during the year ended June 30, 2013.

**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 \$3,370,510 in property tax revenues in the governmental fund financial statements during the year ended June 30, 2013. 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 \$1,099,347 in transportation distributions during the year ended June 30, 2013.

**Instructional Materials:** The Public Education 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 \$240,268 of instructional materials revenue from the State for the year ended June 30, 2013.

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Notes to the Financial Statements  
June 30, 2013

**NOTE 1. Summary of Significant Accounting Policies** (continued)

E. *Revenues* (continued)

**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 \$65,669 in SB-9 matching revenue during the year ended June 30, 2013.

**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, 2013, 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 Program for its food services operations, and the distribution of commodities through the New Mexico Human Services Department. These items are recorded as intergovernmental income.

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

Budgets for the General, Special Revenue, Debt Service, and Capital Projects funds 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.

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Notes to the Financial Statements  
June 30, 2013

**NOTE 2. Stewardship, Compliance and Accountability** (continued)

*Budgetary Information* (continued)

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 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 Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Budget 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.

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.

The reconciliation between the non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual fund budgetary comparison.

**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, 2013.

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.

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Notes to the Financial Statements  
June 30, 2013

**NOTE 3. Deposits and Investments** (continued)

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.

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000

*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, 2013, \$13,379,612 of the District's bank balance of \$13,879,612 was subject to custodial credit risk. \$9,713,847 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. \$3,665,765 of the District's deposits was uninsured and uncollateralized at June 30, 2013.

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.

	<b>Wells Fargo</b>	<b>Citizens</b>	<b>Total</b>
Amount of deposits	\$ 3,325,945	\$ 10,553,669	\$ 13,879,614
FDIC Coverage	(250,000)	(250,000)	(500,000)
Total uninsured public funds	3,075,945	10,303,669	13,379,614
Collateralized by securities held by pledging institutions or by trust department or agent in other than the District's name.	1,719,121	7,994,726	9,713,847
Uninsured and uncollateralized	1,356,824	2,308,943	3,665,767
Collateralization Requirement (50% of uninsured funds)	1,537,973	5,151,835	6,689,807
Pledged Collateral	1,719,121	7,994,726	9,713,847
Over (Under) the Requirement	\$ 181,148	\$ 2,842,891	\$ 3,024,040

Reconciliation to the Statements of net position

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

Cash and cash equivalents	\$ 13,297,685
Fiduciary Fund	370,172
Total cash	13,667,857
Add: outstanding checks and other reconciling items	211,757
Cash Balance per Bank	\$ 13,879,614

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Notes to the Financial Statements  
June 30, 2013

**NOTE 3. Deposits and Investments** (continued)

The District utilizes pooled accounts for some of their program and funds. Negative cash balances in individual funds were reclassified as due to/from accounts in the combining balance sheets as of June 30, 2013. The following individual funds had negative cash balances as of June 30, 2013. A corresponding due to other funds is reflected in each of these funds with a corresponding due from reflected in the operational fund.

Fund	Description	Amount
24101	Title I IASA	\$ (79,157)
24106	Entitlement - IDEA-B	(189,381)
24109	Pre-School - IDEA-B	(502)
24154	Title II-A Teacher/Principal Training & Recruiting	(27,385)
25131	Johnson O'Malley	(11,612)
25184	Indian Education Formula Grant	(17,073)
27103	Dual Credit Instructional Materials	(7,020)
27106	2010 G.O. Bond Library	(963)
27113	2012 NM Instructional Material Review	(93,121)
27114	NM Reads to Lead K-3	(61,824)
28133	NMYCC Grant	(49,552)
	Total	\$ <u><u>(537,590)</u></u>

**Component Unit Activities**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Charter School's deposits may not be returned to it. The Charter School does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2013, \$112,576 of the Charter School's bank balance of \$362,576 was subject to custodial credit risk. \$112,576 of these funds were fully collateralized by collateral held by the pledging bank's trust department, not in the Charter School's name.

The collateral pledged is listed on the schedule of deposits 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, Charter School or political subdivision of the State of New Mexico

	<u>Citizens</u>
Amount of deposits	\$362,576
FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	<u>112,576</u>
Collateralized by securities held by pledging institutions or by trust department or agent in other than the Charter School's name.	<u>112,576</u>
Uninsured and uncollateralized	<u><u>-</u></u>
50% Collateralization Required (50% of uninsured funds)	56,288
Pledged Collateral	<u>134,290</u>
Pledged Collateral (Under) the Requirement	<u><u>\$78,002</u></u>

**STATE OF NEW MEXICO**  
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Notes to the Financial Statements  
June 30, 2013

**NOTE 3. Deposits and Investments (continued)**

Reconciliation to the Statements of net position

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

Cash and cash equivalents	\$	327,297
Fiduciary Fund		7,653
Total cash		334,950
Add: outstanding checks and other reconciling items		27,626
Cash Balance per Bank	\$	362,576

**NOTE 4. Accounts Receivable**

**Primary Government:**

Accounts receivable as of June 30, 2013, are as follows:

	General	IDEA- B Entitlement	Capital Improvements SB- 9
Property Taxes	\$ 11,319	\$ -	\$ 63,095
Oil and Gas Taxes	27,746	-	110,985
Due from grantors			
Federal sources	-	243,149	-
State sources	32,966	-	-
Total	\$ 72,031	\$ 243,149	\$ 174,080

	Debt Service	Other Government	Total
Property Taxes	\$ 192,995	\$ -	\$ 267,409
Oil and Gas Taxes	358,909	-	497,640
Due from grantors			
Federal sources	-	160,147	403,296
State sources	-	254,502	287,468
Total	\$ 551,904	\$ 414,649	\$ 1,455,813

The above receivables are deemed 100% collectible.

In accordance with GASB No. 33, property tax revenues in the amount of \$200,854 that were not collected within the period of availability have been reclassified as deferred revenue in the governmental fund financial statements.



**STATE OF NEW MEXICO**  
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**NOTE 4. Accounts Receivable (continued)**

**Component Unit Activities:**

Accounts receivable as of June 30, 2013, are as follows:

The above receivables are deemed 100% collectible.

	Total Component Unit
Due from Grantors	
Federal Sources	\$ 20,806
State Sources	38,310
	\$ 59,116
	\$ 59,116

**NOTE 5. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2013, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Capital Assets Class	Adjusted Balance at July 1, 2012	Additions	Deletions	Adjustments	Balance at June 30, 2013
<b>Governmental Activities</b>					
Capital Assets not being depreciated					
Land	\$ 6,105,691		-		6,105,691
Construction-in-Progress	235,370		-	(235,370)	-
Total capital assets not being depreciated	6,341,061	-	-	(235,370)	6,105,691
Subject to Depreciation:					
Land Improvements	409,380			14,000	\$ 423,380
Buildings and Improvements	100,834,838	1,235,720	26,540	226,456	\$ 102,270,474
Furniture, fixtures and equipment	8,221,160	319,811	753,244	(5,086)	\$ 7,782,641
Total capital assets being depreciated	109,465,378	1,555,531	779,784	235,370	110,476,495
Less Accumulated Depreciation:					
Land Improvements	28,704	15,368	-	(113)	\$ 43,959
Buildings and Improvements	39,880,062	2,459,253	26,540	44,919	\$ 42,357,694
Furniture, fixtures and equipment	5,555,166	586,014	544,859	(44,806)	\$ 5,551,515
Total Depreciation	45,463,932	3,060,635	571,399	-	47,953,168
Governmental Activities					
Capital Assets, Net	\$ 70,342,507	\$ (1,505,104)	\$(208,385)	\$ -	\$ 68,629,018

Depreciation expense charged for the year ended June 30, 2013 by function:

**Governmental Activities**

Instruction	\$ 2,721,523
Support Services	\$ 938
General Admin	\$ 131,331
Operation and Maintenance of Plant	\$ 50,174
Student Transportation	\$ 144,018
Food Service	\$ 12,651
Total Depreciation Expense	\$ 3,060,635

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Aztec Municipal Schools  
Notes to the Financial Statements  
June 30, 2013

**NOTE 6. Capital Assets (continued)**

Capital Assets Class	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
<b>Component Unit</b>				
Subject to Depreciation:				
Buildings and Improvements	\$ 297,466	\$ -	\$ -	\$ 297,466
Furniture, fixtures and equipment	58,221	6,528	6,240	58,509
Total capital assets being depreciated	<u>355,687</u>	<u>6,528</u>	<u>6,240</u>	<u>355,975</u>
Less Accumulated Depreciation:				
Buildings and Improvements	64,979	14,422	-	79,401
Equipment and Vehicles	48,710	7,491	4,810	51,391
Total Accumulated Depreciation	<u>113,689</u>	<u>21,913</u>	<u>4,810</u>	<u>130,792</u>
Total capital assets, net of depreciation	\$ <u>241,998</u>	\$ <u>(15,385)</u>	\$ <u>1,430</u>	\$ <u>225,183</u>
Depreciation expense charged for the year ended June 30, 2013 by function:				
Instruction			\$ 4,521	
Support Services - General Administration			1,762	
Support Services - School Administration			1,458	
Central Services			167	
Operations and Maintenance of Plant			<u>14,005</u>	
Total Depreciation Expense			<u>\$ 21,913</u>	

**NOTE 7. Long-term Debt**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of outstanding general obligation bonds from prior years is \$47,450,000. 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, 2013 are for governmental activities.

Bonds outstanding at June 30, 2013, are comprised of the following:

	2008		2010A		2010B
Original Issue	\$ 13,225,000	\$	12,200,000	\$	22,025,000
Maturity Date	10/1/2020		8/1/2027		10/1/2020
Principal	\$ 12,300,000	\$	12,200,000	\$	20,525,000
Interest Rate	3.00% to 4.00%		5.69%		3.00% to 5.00%

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**NOTE 7. Long-term Debt** (continued)

The following is a summary of the long-term debt and the activity for the year ended June 30, 2013

	<u>Balance at July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2013</u>	<u>Due Within One Year</u>
General Obligation Bonds Payable	\$ 45,025,000	\$ -	\$ 3,100,000	\$ 41,925,000	\$ 3,500,000
Compensated Absences	<u>185,202</u>	<u>344,787</u>	<u>341,150</u>	<u>188,839</u>	<u>37,768</u>
	<u>\$ 45,210,202</u>	<u>\$ 344,787</u>	<u>\$ 3,441,150</u>	<u>\$ 42,113,839</u>	<u>\$ 3,537,768</u>

Annual Amortization of General Obligation Bonds - The annual requirements to amortize the General Obligation Bonds as of June 30, 2013, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	3,500,000	1,277,326	4,777,326
2015	3,900,000	1,123,201	5,023,201
2016	4,500,000	935,326	5,435,326
2017	4,025,000	781,951	4,806,951
2018	4,200,000	655,826	4,855,826
2019-2023	16,400,000	1,287,133	17,687,133
2024-2028	<u>5,400,000</u>	<u>530,220</u>	<u>5,930,220</u>
	<u>\$ 41,925,000</u>	<u>\$ 6,590,983</u>	<u>\$ 48,515,983</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, 2013, compensated absences increased \$3,637 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

Component Unit – The Charter School has entered into new capital leases for copiers. The principal balance at June 30, 2013 is \$5,298. The payments due in the subsequent year total \$1,762 and have been classified as a current liability. The leases end in July 2017.

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June 30, 2013

**NOTE 8. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error omissions; and natural disasters, for which the District is a member of the New Mexico Public School Insurance Authority (NMPSIA). NMPSIA 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 \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. 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. As of June 30, 2013, there have been no claims that have exceeded insurance coverage.

**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, 2013:

**Primary Government: None**

**Component Unit: None**

B. Excess of expenditures over appropriations. No funds in the Primary Government or the Component Unit exceeded approved budgetary authority for the year ended June 30, 2013.

C. Designated cash appropriations.

Primary Government:

<u>Fund Title</u>	<u>Amount</u>
Medicaid Support – HSD	\$ 98,287

**Component Unit: None**

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 June 30, 2013

**NOTE 10 Funds Omitted From Financial Statement Presentation**

Component Unit

The funds below contained revenue or expense activity for the year on a cash basis therefore a Statement of Revenues and Expenditures – Budget and Actual (Non-GAAP Budgetary Basis) is presented however there is no net activity on the GAAP basis therefore they are not presented on Combining Statement of Revenues, Expenditures, and Changes in Fund Balances and the Combining Balance Sheets.

Fund Title

Fund 27105 – 2008 GO Bond Student Library Fund  
 Fund 27106- 2010 Library GO Bond

**NOTE 11 Pension Plan – Educational Retirement Board**

*Plan Description.* Substantially all of the District’s full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of state public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P. O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB’s website at [www.nmerb.org](http://www.nmerb.org).

*Funding Policy.* Effective July 1, 2012 through June 30, 2013, plan members were required by statute to contribute in the amounts reflected in the table below.

Fiscal Year	Wage Category	Date Range	Member Rate	Employer Rate
2013	20K or less	07/01/2012 - 06/30/2013	7.90%	12.40%
2013	20K or more	07/01/2012 - 06/30/2013	9.40%	10.90%
2014	20K or less	07/01/2013 - 06/30/2014	7.90%	13.15%
2014	20K or more	07/01/2013 - 06/30/2014	10.10%	13.15%

The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District’s contributions to ERB for the fiscal years ended June 30, 2013, 2012, and 2011 were \$1,609,685, \$1,363,500, and \$1,672,737 respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 12. Post-Employment Benefits – State 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.

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 Notes to the Financial Statements  
 June 30, 2013

**NOTE 12. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee’s annual salary; each participating employee was required to contribute 1.007% of their salary. In fiscal year ending June 30, 2014 the contribution rates for employees and employers will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY14	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 contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011 were \$291,222, \$264,148, and \$249,013 respectively, which equal the required contribution for each year.

**NOTE 13. 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.

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Notes to the Financial Statements  
June 30, 2013

**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 San Juan College and the District by the City of Aztec 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

**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, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 1, 2013 which is the date on which the financial statements were available to be issued. No events took place subsequent to year end.

**NOTE 16. Concentrations**

The District depends on financial resources flowing from, or associated with, both the federal government and the state of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations.

**NOTE 17. Subsequent Pronouncements**

In March 2012, GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The District will implement this standard during fiscal year June 30, 2014

In March 2012, Statement No. 66 *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No.62*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Notes to the Financial Statements  
June 30, 2013

**NOTE 17. Subsequent Pronouncements (continued)**

In June 2012, Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statements No. 25*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the District in upcoming years.

In June 2012, Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statements No. 27*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The standard will be implemented next year and will have a significant effect on the financial reporting for the District.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, Effective Date: The provisions of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The District is still evaluating how this standard will affect the District.

In April 2013, GASB Statement No 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, Effective Date: The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The District is still evaluating how this reporting standard will affect the District.



## **SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Non-Major Fund Descriptions  
June 30, 2013

**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 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 District through the New Mexico Public Education Department. 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.

**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 II-A 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.

**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.

**BP Educational Grants (26150)** - To account for funds received from the British Petroleum supporting educational projects/activities. Authority for the creation of this fund is the New Mexico Public Education Department.

**Conoco Phillips Education Grants (26200)** – To account for funds received from Conoco Phillips supporting educational projects/activities. Authority for the creation of this fund is the New Mexico Public Education Department.

**Dual Credit Instructional Materials HB2 (27103)** - SB943 (2007) and SB31 (2008) create a dual credit program that allows public high school students in school districts, charter schools and state-supported schools in the state to earn both high school and college credit for qualifying dual credit courses. Authority for the creation of this fund is the New Mexico Public Education Department.

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Aztec Municipal Schools  
Non-Major Fund Descriptions  
June 30, 2013

**School Bus Replacement (27104)** To account for funds provided by New Mexico Public Education Department to purchase school buses.

**2010 G.O. Bond Student Library Fund (27106)** - 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. Authority for the creation of this fund is the New Mexico Public Education Department.

**Formative Assessments Laws of 2012 (27111)** – To account for funds provided by the New Mexico Public Education Department to conduct formative assessments.

**Instructional Materials Support (27113)** – To account for financial activity associated with contract between the New Mexico Public Education Department supporting the annual review of instructional material submitted to the New Mexico Public Education Department for acceptance for use in the public schools in New Mexico.

**NM Reads to Lead K-3 (27114)** - - To account for funds provided by the New Mexico Public Education Department to support legislative initiative to improve reading in grades K-3.

**Technology for Education (27117)** – The purpose of this grant is to assist the District 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.

**NM Youth Conservation Corp. (28133)** - To account for a program funded by the New Mexico Youth Conservation Corps supporting the education, success and well-being of the youth of New Mexico through the conservation and enhancement of the state's natural resources and lasting community benefits. Authority for the creation of this fund is the New Mexico Public Education Department.

**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.

## **SUPPLEMENTARY INFORMATION**

**NON-MAJOR GOVERNMENT FUNDS**

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Non-Major Governmental Funds  
Combining Balance Sheet  
As of June 30, 2013

**SPECIAL REVENUE**

	<u>Fund 21000</u>	<u>Fund 22000</u>	<u>Fund 24101</u>	<u>Fund 24109</u>	<u>Fund 24154</u>
	<u>Food Services</u>	<u>Athletics</u>	<u>Title I IASA</u>	<u>Preschool IDEA-B</u>	<u>Title II-A Teacher Training</u>
<b>ASSETS</b>					
Assets:					
Cash	\$ 326,237	\$ 103,169	\$ -	\$ -	\$ -
Due from grantor	-	-	95,952	502	34,782
Inventory	18,622	-	-	-	-
Total assets	<u>\$ 344,859</u>	<u>\$ 103,169</u>	<u>\$ 95,952</u>	<u>\$ 502</u>	<u>\$ 34,782</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ -	\$ 880	\$ 1,781	\$ -	\$ -
Accrued salaries and benefits	-	-	15,014	-	7,397
Accrued compensated absences	-	-	-	-	-
Due to other funds	-	-	79,157	502	27,385
Deferred revenues	-	-	-	-	-
Total liabilities	<u>-</u>	<u>880</u>	<u>95,952</u>	<u>502</u>	<u>34,782</u>
Fund balances					
Nonspendable					
Inventory	18,622	-	-	-	-
Spendable					
Restricted for:					
Education	-	-	-	-	-
Food service operations	326,237	-	-	-	-
Capital acquisitions and improvements	-	-	-	-	-
Debt Services	-	-	-	-	-
Committed for:					
Emergency Reserves	-	-	-	-	-
Subsequent years expenditures	-	-	-	-	-
Unassigned	-	102,289	-	-	-
Total fund balance	<u>344,859</u>	<u>102,289</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 344,859</u>	<u>\$ 103,169</u>	<u>\$ 95,952</u>	<u>\$ 502</u>	<u>\$ 34,782</u>

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Non-Major Governmental Funds  
Combining Balance Sheet  
As of June 30, 2013

**SPECIAL REVENUE**

	<u>Fund 25131</u>	<u>Fund 25184</u>	<u>Fund 26150</u>	<u>Fund 26200</u>	<u>Fund 27103</u>
	<u>Johnson O'Malley</u>	<u>Indian Education Formula</u>	<u>BP Educational</u>	<u>Conoco Phillips</u>	<u>Dual Credit Instructional Materials</u>
<b>ASSETS</b>					
Assets:					
Cash	\$ -	\$ -	\$ 34,208	\$ 56,987	\$ -
Due from grantor	11,613	17,298	-	-	7,020
Inventory	-	-	-	-	-
Total assets	<u>\$ 11,613</u>	<u>\$ 17,298</u>	<u>\$ 34,208</u>	<u>\$ 56,987</u>	<u>\$ 7,020</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	1	225	-	-	-
Accrued compensated absences	-	-	-	-	-
Due to other funds	11,612	17,073	-	-	7,020
Deferred revenues	-	-	-	-	-
Total liabilities	<u>11,613</u>	<u>17,298</u>	<u>-</u>	<u>-</u>	<u>7,020</u>
Fund balances					
Nonspendable					
Inventory	-	-	-	-	-
Spendable					
Restricted for:					
Education	-	-	34,208	56,987	-
Food service operations	-	-	-	-	-
Capital acquisitions and improvements	-	-	-	-	-
Debt Services	-	-	-	-	-
Committed for:					
Emergency Reserves	-	-	-	-	-
Subsequent years expenditures	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>34,208</u>	<u>56,987</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 11,613</u>	<u>\$ 17,298</u>	<u>\$ 34,208</u>	<u>\$ 56,987</u>	<u>\$ 7,020</u>

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Non-Major Governmental Funds  
Combining Balance Sheet  
As of June 30, 2013

**SPECIAL REVENUE**

	<u>Fund 27104</u>	<u>Fund 27106</u>	<u>Fund 27111</u>	<u>Fund 27113</u>	<u>Fund 27114</u>
	<u>School Bus Replacement</u>	<u>2010 GO Bond Library</u>	<u>Formative Assessments Laws of 2012</u>	<u>Instructional Material Adoption Support</u>	<u>NM Reads To Lead K-3</u>
<b>ASSETS</b>					
Assets:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Due from grantor	-	963	-	93,122	66,234
Inventory	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 963</u>	<u>\$ -</u>	<u>\$ 93,122</u>	<u>\$ 66,234</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 103
Accrued salaries and benefits	-	-	-	1	4,307
Accrued compensated absences	-	-	-	-	-
Due to other funds	-	963	-	93,121	61,824
Deferred revenues	-	-	-	-	-
Total liabilities	<u>-</u>	<u>963</u>	<u>-</u>	<u>93,122</u>	<u>66,234</u>
Fund balances					
Nonspendable					
Inventory	-	-	-	-	-
Spendable					
Restricted for:					
Education	-	-	-	-	-
Food service operations	-	-	-	-	-
Capital acquisitions and improvements	-	-	-	-	-
Debt Services	-	-	-	-	-
Committed for:					
Emergency Reserves	-	-	-	-	-
Subsequent years expenditures	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 963</u>	<u>\$ -</u>	<u>\$ 93,122</u>	<u>\$ 66,234</u>



**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Non-Major Governmental Funds  
Combining Balance Sheet  
As of June 30, 2013

**SPECIAL REVENUE**

	<u>Fund 27117</u>	<u>Fund 28133</u>	<u>Fund 28144</u>	<u>Fund 31100</u>	
	<b>Technology For Education</b>	<b>NM Youth Conservation</b>	<b>Medicaid Support HSD</b>	<b>Bond Building</b>	<b>Totals</b>
<b>ASSETS</b>					
Assets:					
Cash	\$ 3,154	\$ -	\$ 187,660	\$ 330,863	\$ 1,042,278
Due from grantor	-	49,672	37,491	-	414,649
Inventory	-	-	-	-	18,622
Total assets	<u>\$ 3,154</u>	<u>\$ 49,672</u>	<u>\$ 225,151</u>	<u>\$ 330,863</u>	<u>\$ 1,475,549</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 665	\$ -	\$ 3,429
Accrued salaries and benefits	277	120	9,733	-	37,075
Accrued compensated absences	-	-	-	-	-
Due to other funds	-	49,552	-	-	348,209
Deferred revenues	-	-	-	-	-
Total liabilities	<u>277</u>	<u>49,672</u>	<u>10,398</u>	<u>-</u>	<u>388,713</u>
Fund balances					
Nonspendable					
Inventory	-	-	-	-	18,622
Spendable					
Restricted for:					
Education	2,877	-	-	-	94,072
Food service operations	-	-	-	-	326,237
Capital acquisitions and improvements	-	-	-	330,863	330,863
Debt Services	-	-	-	-	-
Committed for:					
Emergency Reserves	-	-	-	-	-
Subsequent years expenditures	-	-	-	-	-
Unassigned	-	-	214,753	-	317,042
Total fund balance	<u>2,877</u>	<u>-</u>	<u>214,753</u>	<u>330,863</u>	<u>1,086,836</u>
Total liabilities and fund balance	<u>\$ 3,154</u>	<u>\$ 49,672</u>	<u>\$ 225,151</u>	<u>\$ 330,863</u>	<u>\$ 1,475,549</u>

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Non-Major Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2013**

	<b>SPECIAL REVENUE</b>				
	<b>Food Services</b>	<b>Athletics</b>	<b>Title I IASA</b>	<b>Preschool IDEA-B</b>	<b>Title II-A Teacher Training</b>
Revenues:					
Federal grants	\$ 1,030,701	\$ -	\$ 413,368	\$ 20,587	\$ 130,692
State grants	-	-	-	-	-
Local sources:					
Taxes	-	-	-	-	-
Local grants	-	-	-	-	-
Charges for services	363,758	98,407	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,394,459</u>	<u>98,407</u>	<u>413,368</u>	<u>20,587</u>	<u>130,692</u>
Expenditures:					
Current:					
Instruction	-	133,026	327,672	17,871	127,979
Support services - students	-	-	-	1,637	-
Support services - instruction	-	-	-	-	-
Support services - general administration	-	-	10,668	502	2,713
Support services - school administration	-	-	75,028	577	-
Central services	-	-	-	-	-
Operations and maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services	1,286,762	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>1,286,762</u>	<u>133,026</u>	<u>413,368</u>	<u>20,587</u>	<u>130,692</u>
Revenues over (under) expenditures	<u>107,697</u>	<u>(34,619)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	107,697	(34,619)	-	-	-
Fund balance - beginning of year	<u>237,162</u>	<u>136,908</u>	<u>-</u>	<u>-</u>	<u>-</u>
Adjustments and residual equity transfers	-	-	-	-	-
Fund balance - beginning of year, as restated	<u>237,162</u>	<u>136,908</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	\$ <u><u>344,859</u></u>	\$ <u><u>102,289</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Non-Major Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2013**

	SPECIAL REVENUE				
	Johnson O'Malley	Indian Education Formula	BP Educational	Conoco Phillips	Dual Credit Instructional Materials
Revenues:					
Federal grants	\$ 26,864	95,749	\$ -	\$ -	-
State grants	-	-	-	-	17,496
Local sources:					
Taxes	-	-	-	-	-
Local grants	-	-	20,000	54,591	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>26,864</u>	<u>95,749</u>	<u>20,000</u>	<u>54,591</u>	<u>17,496</u>
Expenditures:					
Current:					
Instruction	10,102	60,502	-	38,349	17,496
Support services - students	16,128	20,620	-	-	-
Support services - instruction	-	-	-	-	-
Support services - general administration	634	2,327	1,319	-	-
Support services - school administration	-	12,300	-	-	-
Central services	-	-	-	-	-
Operations and maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>26,864</u>	<u>95,749</u>	<u>1,319</u>	<u>38,349</u>	<u>17,496</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>18,681</u>	<u>16,242</u>	<u>-</u>
Net Change in fund balance	-	-	18,681	16,242	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>15,527</u>	<u>40,745</u>	<u>-</u>
Adjustments and residual equity transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year, as restated	<u>-</u>	<u>-</u>	<u>15,527</u>	<u>40,745</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,208</u>	<u>\$ 56,987</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Non-Major Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2013**

	<b>SPECIAL REVENUE</b>				
	<b>School Bus Replacement</b>	<b>2010 GO Bond Library</b>	<b>Formative Assessments Laws of 2012</b>	<b>Instructional Material Adoption Support</b>	<b>NM Reads To Lead K-3</b>
Revenues:					
Federal grants	\$ -	\$ -	\$ -	\$ -	-
State grants	171,997	6,711	15,436	106,122	126,366
Local sources:					
Taxes	-	-	-	-	-
Local grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>171,997</u>	<u>6,711</u>	<u>15,436</u>	<u>106,122</u>	<u>126,366</u>
Expenditures:					
Current:					
Instruction	-	-	15,436	-	125,116
Support services - students	-	-	-	-	-
Support services - instruction	-	6,711	-	-	-
Support services - general administration	-	-	-	-	1,250
Support services - school administration	-	-	-	-	-
Central services	-	-	-	106,122	-
Operations and maintenance of plant	-	-	-	-	-
Student transportation	171,997	-	-	-	-
Other support services	-	-	-	-	-
Food services	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>171,997</u>	<u>6,711</u>	<u>15,436</u>	<u>106,122</u>	<u>126,366</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Adjustments and residual equity transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year, as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Non-Major Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2013**

	<b>SPECIAL REVENUE</b>				<b>TOTAL</b>
	<b>Technology For Education</b>	<b>NM Youth Conservation</b>	<b>Medicaid Support HSD</b>	<b>Bond Building</b>	
Revenues:					-
Federal grants	\$ -	\$ -	\$ -	\$ -	1,717,961
State grants	-	111,186	212,359	-	767,673
Local sources:					
Taxes	-	-	-	-	-
Local grants	-	-	-	-	74,591
Charges for services	-	-	-	-	462,165
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>111,186</u>	<u>212,359</u>	<u>-</u>	<u>3,022,390</u>
Expenditures:					
Current:					
Instruction	11,701	111,186	7,609	-	1,004,045
Support services - students	-	-	109,198	-	147,583
Support services - instruction	31,006	-	-	-	37,717
Support services - general administration	-	-	-	-	19,413
Support services - school administration	-	-	49,975	-	137,880
Central services	3,590	-	-	-	109,712
Operations and maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	171,997
Other support services	-	-	-	-	-
Food services	-	-	-	-	1,286,762
Community services	-	-	-	-	-
Capital outlay	-	-	-	1,325,439	1,325,439
Total Expenditures	<u>46,297</u>	<u>111,186</u>	<u>166,782</u>	<u>1,325,439</u>	<u>4,240,548</u>
Revenues over (under) expenditures	<u>(46,297)</u>	<u>-</u>	<u>45,577</u>	<u>(1,325,439)</u>	<u>(1,218,158)</u>
Net Change in fund balance	(46,297)	-	45,577	(1,325,439)	(1,218,158)
Fund balance - beginning of year	<u>49,174</u>	<u>-</u>	<u>169,176</u>	<u>1,656,302</u>	<u>2,304,994</u>
Adjustments and residual equity transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year, as restated	<u>49,174</u>	<u>-</u>	<u>169,176</u>	<u>1,656,302</u>	<u>2,304,994</u>
Fund balance - end of year	\$ <u><u>2,877</u></u>	\$ <u><u>-</u></u>	\$ <u><u>214,753</u></u>	\$ <u><u>330,863</u></u>	\$ <u><u>1,086,836</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Fund 21000 - Food Services - Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Federal Sources:				
Direct Federal Grants	\$ -	-	947,589	947,589
Donated Commodities	-	-	-	-
Total Federal Sources	-	-	947,589	947,589
Local Sources:				
Prior Year Voided Checks	-	-	-	-
Investment Income	-	-	-	-
Fees - Adults	1,200,000	1,200,000	363,758	(836,242)
Fees - Students	-	-	-	-
Fees - Other Services	-	-	-	-
Total Local Sources	1,200,000	1,200,000	363,758	(836,242)
Total Revenues	1,200,000	1,200,000	1,311,347	111,347
Expenditures:				
Education, Current:				
Food Services	1,397,122	1,432,504	1,217,614	214,890
Revenues Over (Under) Expenditures	\$ (197,122)	(232,504)	93,733	326,237
Other Financing Sources (Uses)				
Cash budgeted from prior year	197,122	232,504		
Operating Transfers and Adjustments				
<b>Net change in fund balances (Budget Basis)</b>			93,733	
Fund Balances - beginning of year (adjusted)			232,505	
Fund Balances - end of year			326,238	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			93,733	
Accrued Revenues			83,112	
Accrued Expenditures			(69,148)	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			107,697	

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 22000 - Athletics - Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Local Sources:				
Fees - Activities	\$ 100,000	100,000	98,407	(1,593)
Prior Year Voided Checks	-	-	-	-
Investment Income	-	-	-	-
Total Revenues	100,000	100,000	98,407	(1,593)
Expenditures:				
Education, Current:				
Instruction	323,505	237,543	132,782	104,761
Revenues Over (Under) Expenditures	\$ (223,505)	(137,543)	(34,375)	103,168
Other Financing Sources (Uses)				
Cash budgeted from prior year	223,505	137,543		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			(34,375)	
Fund Balances - beginning of year (adjusted)			175,021	
Fund Balances - end of year			140,646	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			(34,375)	
Accrued Revenues			-	
Accrued Expenditures			(244)	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			(34,619)	

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 24101 - Title I IASA - Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Investment Income	\$ -	-	-	-
Federal Sources	369,847	533,979	442,321	(91,658)
Total Revenues	369,847	533,979	442,321	(91,658)
Expenditures:				
Education, Current:				
Instruction	307,661	421,793	325,891	95,902
Support Services - Students	-	-	-	-
Support Services - General Administration	9,021	10,668	10,668	-
Support Services - School Administration	53,165	101,518	75,028	26,490
Support Services - Central Services	-	-	-	-
Operations and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Community Services	-	-	-	-
Total Expenditures	369,847	533,979	411,587	122,392
Revenues Over (Under) Expenditures	\$ -	-	30,734	30,734
Other Financing Sources (Uses)				
Cash budgeted from prior year	-	-		
Operating Transfers and Adjustments				
<b>Net change in fund balances (Budget Basis)</b>			30,734	
Fund Balances - beginning of year (adjusted)			(222,054)	
Fund Balances - end of year			(191,320)	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			30,734	
Accrued Revenues			(28,953)	
Accrued Expenditures			(1,781)	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			-	



**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 24109 - Preschool IDEA-B - Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues:</b>				
Prior Year Voided Checks	\$ -	-	-	-
Federal Sources	21,541	43,736	34,004	(9,732)
Total Revenues	21,541	43,736	34,004	(9,732)
<b>Expenditures:</b>				
Education, Current:				
Instruction	16,501	24,301	17,871	6,430
Support Services - Students	2,500	16,895	1,637	15,258
Support Services - General Administration	540	540	502	38
Support Services - School Administration	2,000	2,000	577	1,423
Total Expenditures	21,541	43,736	20,587	23,149
Revenues Over (Under) Expenditures	\$ -	-	13,417	13,417
<b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	-	-		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			13,417	
Fund Balances - beginning of year (adjusted)			(22,070)	
Fund Balances - end of year			(8,653)	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			13,417	
<i>Accrued Revenues</i>			(13,417)	
<i>Accrued Expenditures</i>			-	
<i>Net change in fund balances (GAAP Budgetary Basis)</i>			-	

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Fund 24154 - Title II -A Teacher/Principal Training & Recruiting - Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues:</b>				
Prior Year Voided Checks	\$ -	-	-	-
Federal Sources	108,523	170,370	134,699	(35,671)
Total Revenues	108,523	170,370	134,699	(35,671)
<b>Expenditures:</b>				
<b>Education, Current:</b>				
Instruction	105,810	167,657	127,979	39,678
Support Services - Students	-	-	-	-
Support Services - Instruction	-	-	-	-
Support Services - General Administration	2,713	2,713	2,713	-
Support Services - School Administration	-	-	-	-
Operations and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
<b>Education, Non-Current:</b>				
Capital Outlay	-	-	-	-
Total Expenditures	108,523	170,370	130,692	39,678
Revenues Over (Under) Expenditures	\$ -	-	4,007	4,007
<b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	-	-	-	-
Operating Transfers and Adjustments	-	-	-	-
<b>Net change in fund balances (Budget Basis)</b>	-	-	4,007	4,007
Fund Balances - beginning of year (adjusted)	-	-	(78,646)	(78,646)
Fund Balances - end of year	-	-	(74,639)	(74,639)
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>	-	-	4,007	4,007
Accrued Revenues	-	-	(4,007)	(4,007)
Accrued Expenditures	-	-	-	-
<b>Net change in fund balances (GAAP Budgetary Basis)</b>	-	-	-	-

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Fund 25131 - Johnson O'Malley - Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues:</b>				
Prior Year Voided Checks	\$ -	-	-	-
Federal Sources	-	26,864	22,286	(4,578)
Total Revenues	-	26,864	22,286	(4,578)
<b>Expenditures:</b>				
<b>Education, Current:</b>				
Instruction	-	10,102	10,102	-
Support Services - Students	-	16,128	16,128	-
Support Services - General Administration	-	634	634	-
Support Services - School Administration	-	-	-	-
Operations and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Total Expenditures	-	26,864	26,864	-
Revenues Over (Under) Expenditures	\$ -	-	(4,578)	(4,578)
<b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	-	-	-	-
Operating Transfers and Adjustments	-	-	-	-
<b>Net change in fund balances (Budget Basis)</b>	-	-	(4,578)	(4,578)
Fund Balances - beginning of year (adjusted)	-	-	(9,979)	(9,979)
Fund Balances - end of year	-	-	(14,557)	(14,557)
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			(4,578)	(4,578)
Accrued Revenues			4,578	4,578
Accrued Expenditures			-	-
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			-	-

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 25184 - Indian Education Formula Grant - Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues:</b>				
Prior Year Voided Checks	\$ -	-	-	-
Federal Sources	\$ -	95,749	91,303	(4,446)
Total Revenues	-	95,749	91,303	(4,446)
<b>Expenditures:</b>				
Education, Current:				
Instruction	-	60,502	60,502	-
Support Services - Students	-	20,620	20,620	-
Support Services - Instruction	-	-	-	-
Support Services - General Administration	-	2,327	2,327	-
Support Services - School Administration	-	12,300	12,300	-
Total Expenditures	-	95,749	95,749	-
Revenues Over (Under) Expenditures	\$ -	-	(4,446)	(4,446)
<b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	-	-		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			(4,446)	
Fund Balances - beginning of year (adjusted)			(6,084)	
Fund Balances - end of year			(10,530)	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			(4,446)	
<i>Accrued Revenues</i>			4,446	
<i>Accrued Expenditures</i>			-	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			-	

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 26150 - BP Education Grant - Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Local Sources	\$ -	20,000	20,000	-
Expenditures:				
Education, Current:				
Instruction	-	20,000	-	20,000
Support Services - General Administration	-	15,527	1,319	14,208
Total Expenditures	-	35,527	1,319	34,208
Revenues Over (Under) Expenditures	\$ -	(15,527)	18,681	34,208
Other Financing Sources (Uses)				
Cash budgeted from prior year	-	15,527		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			18,681	
Fund Balances - beginning of year (adjusted)			-	
Fund Balances - end of year:			18,681	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			18,681	
<i>Accrued Revenues</i>			-	
<i>Accrued Expenditures</i>			-	
<b><i>Net change in fund balances (GAAP Budgetary Basis)</i></b>			18,681	

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Fund 26200 - Conoco Phillips Grant - Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Local Sources	\$ -	-	54,591	54,591
Expenditures:				
Education, Current:				
Instruction	-	40,745	38,349	2,396
Support Services - Students	-	-	-	-
Total Expenditures	-	40,745	38,349	2,396
Revenues Over (Under) Expenditures	\$ -	(40,745)	16,242	56,987
Other Financing Sources (Uses)				
Cash budgeted from prior year	-	40,745		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			16,242	
Fund Balances - beginning of year (adjusted)			-	
Fund Balances - end of year			16,242	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			16,242	
Accrued Revenues			-	
Accrued Expenditures			-	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			16,242	

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 27103 - Dual Credit Instructional Materials - Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Prior Year Voided Checks	\$ -	-	-	-
State Sources	-	17,496	15,770	(1,726)
Total Revenues	-	17,496	15,770	(1,726)
Expenditures:				
Education, Current:				
Instruction	-	17,496	17,496	-
Revenues Over (Under) Expenditures	\$ -	-	(1,726)	(1,726)
Other Financing Sources (Uses)				
Cash budgeted from prior year	-	-	-	
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			(1,726)	
Fund Balances - beginning of year (adjusted)			(4,320)	
Fund Balances - end of year			(6,046)	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			(1,726)	
Accrued Revenues			1,726	
Accrued Expenditures			-	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			-	

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 27104 - School Bus Replacement - Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable)
				Final to Actual
Revenues:				
Prior Year Voided Checks	\$ -	-	-	-
State Sources	-	171,997	171,997	-
Total Revenues	-	171,997	171,997	-
Expenditures:				
Education, Current:				
Student Transportation	-	171,997	171,997	-
Revenues Over (Under) Expenditures	\$ -	-	-	-
Other Financing Sources (Uses)				
Cash budgeted from prior year	-	-		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			-	
Fund Balances - beginning of year (adjusted)			-	
Fund Balances - end of year			-	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			-	
<i>Accrued Revenues</i>			-	
<i>Accrued Expenditures</i>			-	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			-	



**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 27106 - 2010 G.O. Bond Student Library - Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Prior Year Voided Checks	\$ -	-	-	-
State Sources	-	11,209	7,110	(4,099)
Total Revenues	-	11,209	7,110	(4,099)
Expenditures:				
Education, Current:				
Support Services - Instruction	-	11,209	6,711	4,498
Revenues Over (Under) Expenditures	\$ -	-	399	399
Other Financing Sources (Uses)				
Cash budgeted from prior year	-	-		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			399	
Fund Balances - beginning of year (adjusted)			-	
Fund Balances - end of year			399	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			399	
<i>Accrued Revenues</i>			(399)	
<i>Accrued Expenditures</i>			-	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			-	

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Fund 27111 - Formative Assessments Lasw of 2012 - Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues:</b>				
Prior Year Voided Checks	\$ -	-	-	-
State Sources	-	24,839	15,436	(9,403)
Total Revenues	-	24,839	15,436	(9,403)
<b>Expenditures:</b>				
Education, Current:				
Instruction	-	24,839	15,436	9,403
Revenues Over (Under) Expenditures	\$ -	-	-	-
<b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	-	-		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			-	
Fund Balances - beginning of year (adjusted)			-	
Fund Balances - end of year			-	
 <b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b> 				
<i>Net change in fund balance (Budget Basis)</i>			-	
<i>Accrued Revenues</i>			-	
<i>Accrued Expenditures</i>			-	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			-	

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Fund 27113 - Instructional Material Support - Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues:</b>				
Prior Year Voided Checks	\$ -	-	-	-
State Sources	-	183,125	219,064	35,939
Total Revenues	-	183,125	219,064	35,939
<b>Expenditures:</b>				
Education, Current:				
Support Services - Instruction	-	77,002	-	77,002
Support Services - Central Services	-	106,123	106,122	1
	-	183,125	106,122	77,003
Revenues Over (Under) Expenditures	\$ -	-	112,942	(41,064)
<b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	-	-	-	
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			112,942	
Fund Balances - beginning of year (adjusted)			-	
Fund Balances - end of year			112,942	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			112,942	
<i>Accrued Revenues</i>			(112,942)	
<i>Accrued Expenditures</i>			-	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			-	

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 27114 - NM Reads To Lead K-3 - Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Prior Year Voided Checks	\$ -	-	-	-
State Sources	-	126,263	60,132	(66,131)
Total Revenues	-	126,263	60,132	(66,131)
Expenditures:				
Education, Current:				
Instruction	-	125,013	125,013	-
Support Services - General Administration	-	1,250	1,250	-
	-	126,263	126,263	-
Revenues Over (Under) Expenditures	\$ -	-	(66,131)	(66,131)
Other Financing Sources (Uses)				
Cash budgeted from prior year	-	-	-	-
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			(66,131)	
Fund Balances - beginning of year (adjusted)			-	
Fund Balances - end of year			(66,131)	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			(66,131)	
<i>Accrued Revenues</i>			66,234	
<i>Accrued Expenditures</i>			(103)	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			-	

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Fund 27117 - Technology for Education - Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues:</b>				
Prior Year Voided Checks	\$ -	-	-	-
State Sources	-	-	-	-
Total Revenues	-	-	-	-
<b>Expenditures:</b>				
Education, Current:				
Instruction	-	11,800	11,701	99
Support Services - Instruction	-	33,374	31,006	2,368
Support Services - Central Services	-	4,000	3,590	410
	-	49,174	46,297	2,877
Revenues Over (Under) Expenditures	\$ -	(49,174)	(46,297)	2,877
<b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	-	49,174		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			(46,297)	
Fund Balances - beginning of year (adjusted)			85,089	
Fund Balances - end of year			38,792	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			(46,297)	
<i>Accrued Revenues</i>			-	
<i>Accrued Expenditures</i>			-	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			(46,297)	

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 28133 - NM Youth Conservation - Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Prior Year Voided Checks	\$ -	-	-	-
State Sources	-	115,110	107,521	(7,589)
Total Revenues	-	115,110	107,521	(7,589)
Expenditures:				
Education, Current:				
Instruction	-	115,110	111,186	3,924
Total Expenditures	-	115,110	111,186	3,924
Revenues Over (Under) Expenditures	\$ -	-	(3,665)	(3,665)
Other Financing Sources (Uses)				
Cash budgeted from prior year	-	-		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			(3,665)	
Fund Balances - beginning of year (adjusted)			-	
Fund Balances - end of year			(3,665)	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			(3,665)	
<i>Accrued Revenues</i>			3,665	
<i>Accrued Expenditures</i>			-	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			-	

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 28144 - Medicaid Support - HSD - Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues:</b>				
Prior Year Voided Checks	\$ -	-	-	-
State Sources	-	-	174,868	174,868
Total Revenues	-	-	174,868	174,868
<b>Expenditures:</b>				
Education, Current:				
Instruction	-	8,000	7,609	391
Support Services - Students	-	110,000	109,198	802
Support Services - School Administration	-	152,000	49,310	102,690
Total Expenditures	-	270,000	166,117	103,883
Revenues Over (Under) Expenditures	\$ -	(270,000)	8,751	278,751
<b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	-	270,000		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			8,751	
Fund Balances - beginning of year (adjusted)			105,194	
Fund Balances - end of year			113,945	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			8,751	
<i>Accrued Revenues</i>			37,491	
<i>Accrued Expenditures</i>			(665)	
<b><i>Net change in fund balances (GAAP Budgetary Basis)</i></b>			45,577	

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 31100 - Bond Building - Capital Projects Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Local Sources:				
Investment Income	\$ -	-	-	-
Bond Sale	\$ -	-	-	-
	-	-	-	-
Expenditures:				
Education, Non-Current:				
Capital Outlay	739,501	1,772,748	1,441,885	330,863
Revenues Over (Under) Expenditures	\$ (739,501)	(1,772,748)	(1,441,885)	330,863
Other Financing Sources (Uses)				
Cash budgeted from prior year	739,501	1,772,748		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			(1,441,885)	
Fund Balances - beginning of year (adjusted)			10,735,790	
Fund Balances - end of year			9,293,905	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			(1,441,885)	
Accrued Revenues			-	
Accrued Expenditures			116,446	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			(1,325,439)	



**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 31700 - Capital Improvements SB-9 - Capital Projects Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
State Sources				
State Flow-Through Grant	\$ -	-	65,669	65,669
Local Sources				
Ad Valorem Taxes - School District	721,975	721,975	747,656	25,681
Oil and Gas Taxes	1,091,541	1,091,541	692,531	(399,010)
Intergovernmental Contract Revenue	-	-	29,329	29,329
	1,813,516	1,813,516	1,469,516	(344,000)
Total Revenues	1,813,516	1,813,516	1,535,185	(278,331)
Expenditures:				
Education, Current:				
Support Services - General Administration	10,000	10,000	7,195	2,805
Education, Non-Current:				
Capital Outlay	6,798,975	6,798,973	1,824,092	4,974,881
Total Expenditures	6,808,975	6,808,973	1,831,287	4,977,686
Revenues Over (Under) Expenditures	\$ (4,995,459)	(4,995,457)	(296,102)	4,699,355
Other Financing Sources (Uses)				
Cash budgeted from prior year	4,995,459	4,995,457		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			(296,102)	
Fund Balances - beginning of year (adjusted)			5,606,421	
Fund Balances - end of year			5,310,319	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			(296,102)	
Accrued Revenues			28,026	
Accrued Expenditures			119,136	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			(148,940)	

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 41000 - Debt Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Local Sources				
Ad Valorem Taxes - School District	\$ 1,778,000	1,778,000	2,483,607	705,607
Oil and Gas Taxes	2,667,000	2,667,000	2,050,355	(616,645)
Investment Income	-	-	-	-
Special Revenue Bond Proceed:	-	-	-	-
Premium/Discount on Issuance of Bond	-	-	-	-
Total Revenues	4,445,000	4,445,000	4,533,962	88,962
Expenditures:				
Education - Current				
Support Services - General Administration	15,000	27,000	24,759	2,241
Debt Service				
Debt Service - Other Service	-	-	642	(642)
Debt Service Reserve	3,970,864	4,108,850	-	4,108,850
Spec. Rev. Debt Service Reserve	-	-	-	-
Bond Principal Payments	3,100,000	3,100,000	3,100,000	-
Spec. Rev. Bonds Principal Payment	-	-	-	-
Bond Interest Payment	1,345,452	1,345,452	1,345,452	-
Spec. Rev. Bonds Interest Payments	-	-	-	-
Total Expenditures	8,416,316	8,554,302	4,470,853	4,110,449
Revenues Over (Under) Expenditure	\$ (3,971,316)	(4,109,302)	63,109	(4,021,487)
Other Financing Sources (Uses)				
Cash budgeted from prior year	3,971,316	4,109,302		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			63,109	
Fund Balances - beginning of year (adjusted)			3,507,856	
Fund Balances - end of year			3,570,965	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			63,109	
Accrued Revenues			202,408	
Accrued Expenditures			-	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			265,517	

**GENERAL FUND**

**STATE OF NEW MEXICO**

Aztec Municipal Schools

General Fund

Combining Balance Sheet

As of June 30, 2013

	<u>Fund 11000</u>		<u>Fund 13000</u>		<u>Fund 14000</u>		<u>Total General Fund</u>
	<u>Operational</u>		<u>Transportation</u>		<u>Instructional Materials</u>		
<u>ASSETS</u>							
Assets:							
Cash	\$ 2,889,217	\$	67,777	\$	38,554	\$	2,995,548
Investments	-		-		-		-
Taxes receivable	39,065		-		-		39,065
Due from grantor	-		4,296		28,670		32,966
Due from other funds	537,590		-		-		537,590
Other receivable	-		-		-		-
Total assets	<u>\$ 3,465,872</u>	\$	<u>72,073</u>	\$	<u>67,224</u>	\$	<u>3,605,169</u>
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Accounts payable	\$ 89,342	\$	4,296	\$	13,586	\$	107,224
Accrued salaries and benefits	612,877		67,777		-		680,654
Deferred revenues	8,612		-		-		8,612
Total liabilities	<u>710,831</u>		<u>72,073</u>		<u>13,586</u>		<u>796,490</u>
Fund balances							
Nonspendable							
Spendable							
Restricted for:							
Education	-		-		53,638		53,638
Committed for:							
Emergency Reserves	269,863		-		-		269,863
Subsequent years expenditures	896,150		-		-		896,150
Unassigned	1,589,028		-		-		1,589,028
Total fund balance	<u>2,755,041</u>		<u>-</u>		<u>53,638</u>		<u>2,808,679</u>
Total liabilities and fund balance	<u>\$ 3,465,872</u>	\$	<u>72,073</u>	\$	<u>67,224</u>	\$	<u>3,605,169</u>

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools General Fund**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended June 30, 2013**

	<u>Fund 11000</u>	<u>Fund 13000</u>	<u>Fund 14000</u>	<u>Total General Fund</u>
	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	
Revenues:				
Federal grants	\$ -	\$ -	\$ -	-
State grants	20,580,413	1,099,347	240,268	21,920,028
Local sources:				
Taxes	321,779	-	-	321,779
Charges for services	68,328	-	-	68,328
Investment income	6,900	-	-	6,900
Miscellaneous	30,864	-	2,692	33,556
Total revenues	<u>21,008,284</u>	<u>1,099,347</u>	<u>242,960</u>	<u>22,350,591</u>
Expenditures:				
Current:				
Instruction	13,008,203	-	252,700	13,260,903
Support services - students	1,759,272	-	-	1,759,272
Support services - instruction	378,602	-	-	378,602
Support services - general administration	346,991	-	-	346,991
Support services - school administration	1,683,777	-	-	1,683,777
Central services	537,604	-	-	537,604
Operations and maintenance of plant	2,688,386	-	-	2,688,386
Student transportation	301,476	1,096,099	-	1,397,575
Other support services	24,943	-	-	24,943
Total Expenditures	<u>20,729,254</u>	<u>1,096,099</u>	<u>252,700</u>	<u>22,078,053</u>
Revenues over (under) expenditures	<u>279,030</u>	<u>3,248</u>	<u>(9,740)</u>	<u>272,538</u>
Other financing sources (Uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	279,030	3,248	(9,740)	272,538
Fund balance - beginning of year	<u>2,476,011</u>	<u>(3,248)</u>	<u>63,378</u>	<u>2,536,141</u>
Fund balance - end of year	<u>\$ 2,755,041</u>	<u>\$ -</u>	<u>\$ 53,638</u>	<u>\$ 2,808,679</u>

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Fund 11000 - Operational**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues:</b>				
Federal Sources:				
Impact Aid	\$ -	-	-	-
Indirect Costs - Federal Direct Grants	600	600	395	(205)
Indirect Costs - Federal Flowthrough Grants	10,000	10,000	28,391	18,391
Access Board (E-rate)	50,000	50,000	65,281	15,281
	<u>60,600</u>	<u>60,600</u>	<u>94,067</u>	<u>33,467</u>
State Sources:				
State Equalization Guarantee	20,221,043	20,251,038	20,332,464	81,426
Charter School Administration Revenue	20,000	20,000	23,751	3,751
State Flowthrough Grant	22,500	22,500	179,874	157,374
Indirect Costs - State Flowthrough Grants	-	-	1,250	1,250
Indirect Costs - State Direct Grants	-	-	-	-
Ingovernmental Contract Revenue	-	-	23,125	23,125
Fees - Governmental Revenues	43,000	43,000	43,700	700
	<u>20,306,543</u>	<u>20,336,538</u>	<u>20,604,164</u>	<u>267,626</u>
Local Sources:				
Ad Valorem Taxes - School District	135,136	135,136	138,172	3,036
Oil and Gas Taxes	272,885	272,885	173,132	(99,753)
Investment Income	6,000	6,000	6,900	900
Fees - Activities	-	-	4	4
Fees - Educational	14,000	14,000	14,256	256
Fees - Users	5,000	5,000	-	(5,000)
Fees - Summer School	-	-	-	-
Royalties	500	500	228	(272)
Rentals	450	450	950	500
Contributions from Private Sources	-	-	353	353
Insurance Recoveries	-	-	21,641	21,641
Refunds of Prior Year's Expenditures	-	-	2,405	2,405
Sale of District Assets	-	-	6,818	6,818
	<u>433,971</u>	<u>433,971</u>	<u>364,859</u>	<u>(69,112)</u>
<b>Total Revenues</b>	<b>20,801,114</b>	<b>20,831,109</b>	<b>21,063,090</b>	<b>231,981</b>
<b>Expenditures:</b>				
Education, Current:				
Instruction	14,810,124	14,833,227	13,008,230	1,824,997
Support Services - Students	1,968,682	1,946,372	1,762,095	184,277
Support Services - Instruction	384,312	382,911	378,602	4,309
Support Services - General Administration	394,114	369,114	337,232	31,882
Support Services - School Administration	1,644,086	1,692,246	1,683,777	8,469
Support Services - Central Services	527,679	542,679	536,506	6,173
Operations and Maintenance of Plant	3,055,016	2,878,168	2,627,341	250,827
Student Transportation	77,131	371,533	302,830	68,703
Other Support Services	229,889	229,889	27,587	202,302
Food Services	-	-	-	-
Community Services	-	-	-	-
Education, Non-Current:				
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>23,091,033</b>	<b>23,246,139</b>	<b>20,664,200</b>	<b>2,581,939</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ (2,289,919)</b>	<b>(2,415,030)</b>	<b>398,890</b>	<b>2,813,920</b>
Other Financing Sources (Uses)				
Cash budgeted from prior year	2,289,919	2,415,030		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			<b>398,890</b>	
Fund Balances - beginning of year (adjusted)			<b>2,016,706</b>	
Fund Balances - end of year			<b>2,415,596</b>	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			<i>398,890</i>	
<i>Accrued Revenues</i>			<i>(54,806)</i>	
<i>Accrued Expenditures</i>			<i>(65,054)</i>	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			<b>279,030</b>	

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Fund 13000 - Transportation  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues:</b>				
State Sources:				
Transportation Distribution	\$ 1,161,621	1,095,051	917,133	(177,918)
Transportation Distribution - Supplemental	-	-	-	-
Transportation Distribution	-	-	177,918	177,918
	1,161,621	1,095,051	1,095,051	-
Local Sources:				
Sale of District Assets	-	-	-	-
Insurance Recoveries	-	-	-	-
Prior Year Voided Checks	-	-	-	-
Total Revenues	1,161,621	1,095,051	1,095,051	-
<b>Expenditures:</b>				
Education, Current:				
Student Transportation	1,161,621	1,095,051	1,095,051	-
Revenues Over (Under) Expenditures	\$ -	-	-	-
Other Financing Sources (Uses)				
Cash budgeted from prior year	-	-	-	-
Operating Transfers and Adjustments	-	-	-	-
<b>Net change in fund balances (Budget Basis)</b>			-	-
Fund Balances - beginning of year (adjusted)			(72,230)	
Fund Balances - end of year			(72,230)	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			-	
Accrued Revenues			4,296	
Accrued Expenditures			(1,048)	
<b>Net change in fund balances (GAAP Budgetary Basis)</b>			3,248	

**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Fund 14000 - Instructional Materials**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
State Sources:				
Instructional Materials - Adopted 50%	\$ -	-	105,799	105,799
Instructional Materials - Other 50%	-	-	105,799	105,799
State Flow-through	211,598	211,598	-	(211,598)
	211,598	211,598	211,598	-
Local Sources:				
Insurance/Individual Recoveries	-	-	2,692	2,692
Total Revenues	211,598	211,598	214,290	2,692
Expenditures:				
Education, Current:				
Instruction	236,134	276,560	240,698	35,862
Support Services - Instruction	-	-	-	-
Total Expenditures	236,134	276,560	240,698	35,862
Revenues Over (Under) Expenditures	\$ (24,536)	(64,962)	(26,408)	38,554
Other Financing Sources (Uses)				
Cash budgeted from prior year	24,536	64,962		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			(26,408)	
Fund Balances - beginning of year (adjusted)			29,553	
Fund Balances - end of year			3,145	
<b><u>Reconciliation from Budgetary to GAAP Budgetary Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			(26,408)	
<i>Accrued Revenues</i>			28,670	
<i>Accrued Expenditures</i>			(12,002)	
<i>Net change in fund balances (GAAP Budgetary Basis)</i>			(9,740)	



**MOSAIC ACADEMY CHARTER SCHOOL**

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Mosaic Academy Charter School  
Balance Sheet  
As of June 30, 2013

	GENERAL		SPECIAL REVENUE			CAPITAL PROJECTS	
	Fund 11000	Fund 14000	Fund 24106	Fund 26170	Fund 31200	Fund 31700	
	Operational Fund	Instructional Materials Fund	Entitlement IDEA-B	Microsoft Settlement	Public School Capital Outlay	Capital Improvements SB-9	Total
<b>Assets:</b>							
Cash and cash equivalents	\$ 294,604	\$ 18,709	\$ 1,946	\$ 12,037	\$ 1	-	\$ 327,297
Due from other governments	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-	-
Due from Grantor	8,595	1,973	20,806	-	26,802	940	59,116
Due from Other Funds	48,549	-	-	-	-	-	48,549
Inventory	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 351,748</b>	<b>\$ 20,682</b>	<b>\$ 22,752</b>	<b>\$ 12,037</b>	<b>\$ 26,803</b>	<b>940</b>	<b>\$ 434,962</b>
<b>Liabilities:</b>							
Accounts Payable	\$ 2,474	-	-	-	-	-	\$ 2,474
Accrued Salaries and Benefits	27,768	-	1,946	-	-	-	29,714
Due to Other Funds	-	-	20,806	-	26,803	940	48,549
<b>Total Liabilities</b>	<b>30,242</b>	<b>-</b>	<b>22,752</b>	<b>-</b>	<b>26,803</b>	<b>940</b>	<b>80,737</b>
<b>Fund Balances</b>							
Nonspendable	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Spendable							
Restricted for:							
Education	-	-	-	-	-	-	-
Food service operations	-	-	-	-	-	-	-
Capital Acquisitions and Improvements	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Committed for:							
Emergency Reserves	15,000	-	-	-	-	-	15,000
Subsequent years expenditures	306,506	20,682	-	-	-	-	327,188
Unassigned	-	-	-	12,037	-	-	12,037
<b>Total Fund Balance</b>	<b>321,506</b>	<b>20,682</b>	<b>-</b>	<b>12,037</b>	<b>-</b>	<b>-</b>	<b>354,225</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 351,748</b>	<b>\$ 20,682</b>	<b>\$ 22,752</b>	<b>\$ 12,037</b>	<b>\$ 26,803</b>	<b>940</b>	<b>\$ 434,962</b>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 Aztec Municipal Schools  
 Mosaic Academy Charter School  
 Reconciliation of the Balance Sheet to the  
 Statement of Net Position  
 As of June 30, 2013

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

Total fund balances - governmental funds	\$	354,225
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets is	355,975	
Accumulated depreciation is	<u>(130,792)</u>	225,183

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term and other liabilities at year-end consist of:

Capital lease payable		(5,298)
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Total net position - governmental activities	\$	<u><u>574,110</u></u>
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**STATE OF NEW MEXICO**  
**Aztec Municipal Schools**  
**Mosaic Academy Charter School**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2013**

	GENERAL		SPECIAL REVENUE		CAPITAL PROJECTS		TOTAL
	Fund 11000	Fund 14000	Fund 24106	Fund 26170	Fund 31200	Fund 31700	
	Operational Fund	Instructional Materials Fund	Entitlement IDEA-B	Microsoft Settlement	Public School Capital Outlay	Capital Improvements SB-9	
Revenues:							
Federal Grants	\$ 1,651	\$ -	\$ 67,684	\$ -	\$ -	\$ -	\$ 69,335
State Grants	1,173,704	13,687	-	-	111,990	940	1,300,321
Local Sources:	-	-	-	-	-	-	-
Local Grants	-	-	-	-	-	-	-
Charges for Services	1,520	-	-	-	-	-	1,520
Investment Income	-	-	-	-	-	-	-
Miscellaneous	3,242	-	-	-	-	-	3,242
Total Revenues	1,180,117	13,687	67,684	-	111,990	940	1,374,418
Expenditures:							
Current:							
Instruction	763,588	9,143	65,313	3,684	-	-	841,728
Support Services - Students	55,937	-	720	-	-	-	56,657
Support Services - Instruction	12,290	48	-	-	-	-	12,338
Support Services - General Administrator	10,712	-	1,651	-	-	-	12,363
Support Services - School Administrator	194,708	-	-	-	-	-	194,708
Central Services	73,722	-	-	-	-	-	73,722
Operations and Maintenance of Plant	66,222	-	-	-	-	-	66,222
Student Transportation	4,250	-	-	-	-	-	4,250
Food Services	4,059	-	-	-	-	-	4,059
Capital Outlay	-	-	-	-	111,990	940	112,930
Total Expenditures	1,185,488	9,191	67,684	3,684	111,990	940	1,378,977
Revenues Over (Under) Expenditures	(5,371)	4,496	-	(3,684)	-	-	(4,559)
Other Financing Sources (Uses):							
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-
Lease Purchase Payments	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	-	-	-	-	-
Net Change in Fund Balance	(5,371)	4,496	-	(3,684)	-	-	(4,559)
Fund Balance - Beginning of Year	326,877	16,186	-	15,721	-	-	358,784
Fund Balance - End of Year	\$ 321,506	\$ 20,682	\$ -	\$ 12,037	\$ -	\$ -	\$ 354,225

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Mosaic Academy Charter School  
Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balance to the Statement of Activities  
For the Year Ended June 30, 2013

Total net change in fund balances - governmental funds	\$	(4,559)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those assets are shown in the Statement of Net position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

Depreciation expense	(21,913)	
Capital outlays	-	
Excess of capital outlays over depreciation expense	-	(21,913)

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net position and does not affect the Statement of Activities.

Lease purchase principal payments	-	3,180
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Change in Net position of governmental activities	\$	(23,292)
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**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Mosaic Academy Charter School  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
As of June 30, 2013

<u>Assets</u>	Balance <u>June 30, 2013</u>
Cash and Investments	\$ <u>7,653</u>
Total Assets	\$ <u><u>7,653</u></u>
<u>Liabilities</u>	
Due to Student Organizations	\$ <u>7,653</u>
Total liabilities	\$ <u><u>7,653</u></u>

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Mosaic Academy Charter School  
Fund 11000 - Operational Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances
	Original	Final		Final to Actual
<b>Revenues:</b>				
<b>Federal Sources:</b>				
Indirect Costs - Federal Flowthrough Grants	1,500	1,500	1,651	151
	<u>1,500</u>	<u>1,500</u>	<u>1,651</u>	<u>151</u>
<b>State Sources:</b>				
State Equalization Guarantee - Special	1,250	1,250	1,250	-
State Equalization Guarantee	1,152,002	1,152,002	1,163,859	11,857
Total State Sources	<u>1,153,252</u>	<u>1,153,252</u>	<u>1,165,109</u>	<u>11,857</u>
<b>Local Sources:</b>				
Fees - Users	1,425	1,425	1,520	95
Refunds of Prior Year's Expenditures	-	-	3,242	3,242
Sale of District Assets	-	-	-	-
Total Local Sources	<u>1,425</u>	<u>1,425</u>	<u>4,762</u>	<u>3,337</u>
Total Revenues	<u>1,156,177</u>	<u>1,156,177</u>	<u>1,171,522</u>	<u>15,345</u>
<b>Expenditures:</b>				
<b>Education, Current:</b>				
Instruction	826,221	833,362	763,633	69,729
Support Services - Students	73,728	73,658	55,937	17,721
Support Services - Instruction	13,847	13,917	11,990	1,927
Support Services - General Administration	13,500	13,500	10,672	2,828
Support Services - School Administration	235,874	235,874	194,397	41,477
Support Services - Central Services	77,720	80,275	73,722	6,553
Operations and Maintenance of Plant	207,881	205,326	66,464	138,862
Student Transportation	5,000	5,000	4,250	750
Other Support Services	19,253	19,253	-	19,253
Food Services	5,000	5,000	4,059	941
Community Services	-	-	-	-
<b>Education, Non-Current:</b>				
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,478,024</u>	<u>1,485,165</u>	<u>1,185,124</u>	<u>300,041</u>
Revenues Over (Under) Expenditures	<u>(321,847)</u>	<u>(328,988)</u>	<u>(13,602)</u>	<u>315,386</u>
<b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	<u>321,847</u>	<u>328,988</u>		
<b>Operating Transfers and Adjustments</b>				
<b>Net change in fund balances (Budget Basis)</b>			<u>(13,602)</u>	
Fund Balances - beginning of year (adjusted)			<u>346,989</u>	
Fund Balances - end of year			<u>333,387</u>	
<b><u>Reconciliation from Budgetary to GAAP Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			<u>(13,602)</u>	
Accrued Revenues			8,595	
Accrued Expenditures			<u>(364)</u>	
<b>Net change in fund balances (GAAP basis)</b>			<u>(5,371)</u>	

**STATE OF NEW MEXICO**  
 Aztec Municipal Schools  
 Mosaic Academy Charter School  
 Fund 14000 - Instructional Materials Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances
	Original	Final		Final to Actual
<b>Revenues:</b>				
State Sources:				
Instructional Materials - Credit 50%	\$ -	-	5,857	5,857
Instructional Materials - Cash 50%	11,714	11,714	5,857	(5,857)
Library Materials	-	-	-	-
	11,714	11,714	11,714	-
Local Sources:				
Insurance/Individual Recoveries	-	-	-	-
Total Revenues	11,714	11,714	11,714	-
<b>Expenditures:</b>				
Education, Current:				
Instruction	20,912	22,900	9,143	13,757
Support Services - Instruction	5,000	5,000	48	4,952
Total Expenditures	25,912	27,900	9,191	18,709
Revenues Over (Under) Expenditures	\$ (14,198)	(16,186)	2,523	18,709
<b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	14,198	16,186		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			2,523	
Fund Balances - beginning of year (adjusted)			22,731	
Fund Balances - end of year			25,254	
<b><u>Reconciliation from Budgetary to GAAP Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			2,523	
Accrued Revenues			1,973	
Accrued Expenditures			-	
<b>Net change in fund balances (GAAP basis)</b>			4,496	



**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Budget and Actual (Non-GAAP Basis)  
Fund 24106 - Entitlement IDEA-B - Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances
	Original	Final		Final to Actual
<b>Revenues:</b>				
Prior Year Voided Checks	\$ -	-	-	-
Flow-Through Grants - District to Charter	67,460	69,225	79,922	10,697
Total Revenues	67,460	69,225	79,922	10,697
 <b>Expenditures:</b>				
Education, Current:				
Instruction	65,090	66,812	65,313	1,499
Support Services - Students	725	725	720	5
Support Services - General Administration	1,645	1,688	1,651	37
Community Services	-	-	-	-
Total Expenditures	67,460	69,225	67,684	1,541
Revenues Over (Under) Expenditures	-	-	12,238	12,238
 <b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	-	-		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			12,238	
Fund Balances - beginning of year (adjusted)			(106)	
Fund Balances - end of year			12,132	
 <b><u>Reconciliation from Budgetary to GAAP Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			12,238	
<i>Accrued Revenues</i>			(12,238)	
<i>Accrued Expenditures</i>			-	
<i>Net change in fund balances (GAAP basis)</i>			-	

**STATE OF NEW MEXICO**  
 Aztec Municipal Schools  
 Mosaic Academy Charter School  
 Fund 26170 - Microsoft Settlement - Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances
	Original	Final		Final to Actual
Revenues:				
Local Sources	\$ -	-	-	-
Expenditures:				
Education, Current:				
Support Services - General Administration	15,722	15,722	3,684	12,038
Total Expenditures	15,722	15,722	3,684	12,038
Revenues Over (Under) Expenditures	\$ (15,722)	(15,722)	(3,684)	12,038
Other Financing Sources (Uses)				
Cash budgeted from prior year	15,722	15,722		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			(3,684)	
Fund Balances - beginning of year (adjusted)			25,338	
Fund Balances - end of year			21,654	
<b><u>Reconciliation from Budgetary to GAAP Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			(3,684)	
Accrued Revenues			-	
Accrued Expenditures			-	
<b>Net change in fund balances (GAAP basis)</b>			(3,684)	

**STATE OF NEW MEXICO**  
 Aztec Municipal Schools  
 Mosaic Academy Charter School  
 Fund 27105 -2008 G.O. Bond Student Library Fund - Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances
	Original	Final		Final to Actual
<b>Revenues:</b>				
Prior Year Voided Checks	\$ -	-	-	-
State Sources	-	-	1,174	1,174
Total Revenues	-	-	1,174	1,174
 <b>Expenditures:</b>				
Education, Current:				
Support Services - Instruction	-	-	-	-
Revenues Over (Under) Expenditures	\$ -	-	1,174	1,174
 <b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	-	-		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			1,174	
Fund Balances - beginning of year (adjusted)			-	
Fund Balances - end of year			1,174	
 <b><u>Reconciliation from Budgetary to GAAP Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			1,174	
<i>Accrued Revenues</i>			(1,174)	
<i>Accrued Expenditures</i>			-	
<i>Net change in fund balances (GAAP basis)</i>			-	

**STATE OF NEW MEXICO**  
 Aztec Municipal Schools  
 Mosaic Academy Charter School  
 Fund 27106 - 2010 G.O. Bond Student Library Fund - Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances
	Original	Final		Final to Actual
<b>Revenues:</b>				
Prior Year Voided Checks	\$ -	-	-	-
State Sources	2,157	2,157	-	(2,157)
Total Revenues	<u>2,157</u>	<u>2,157</u>	-	<u>(2,157)</u>
<b>Expenditures:</b>				
Education, Current:				
Instruction	-	-	-	-
Support Services - Instruction	2,157	2,157	-	2,157
Total Expenditures	<u>2,157</u>	<u>2,157</u>	-	<u>2,157</u>
Revenues Over (Under) Expenditures	\$ -	-	-	-
<b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	<u>-</u>	<u>-</u>		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			-	
Fund Balances - beginning of year (adjusted)			-	
Fund Balances - end of year			<u>-</u>	
<b><u>Reconciliation from Budgetary to GAAP Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			-	
<i>Accrued Revenues</i>			-	
<i>Accrued Expenditures</i>			-	
<i>Net change in fund balances (GAAP basis)</i>			<u>-</u>	

**STATE OF NEW MEXICO**  
 Aztec Municipal Schools  
 Mosaic Academy Charter School  
 Fund 31200 - Public School Capital Outlay - Capital Projects Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances
	Original	Final		Final to Actual
Revenues:				
Local Sources:				
State Flow-Through Grant	\$ -	116,000	85,188	(30,812)
	\$ -	-	-	-
	-	116,000	85,188	(30,812)
Expenditures:				
Education, Non-Current:				
Capital Outlay	-	116,000	111,990	4,010
	-	-	(26,802)	(26,802)
Revenues Over (Under) Expenditures	-	-	(26,802)	(26,802)
Other Financing Sources (Uses)				
Cash budgeted from prior year	-	-		
Operating Transfers and Adjustments				
<b>Net change in fund balances (Budget Basis)</b>			(26,802)	
Fund Balances - beginning of year (adjusted)			4,057	
Fund Balances - end of year			(22,745)	
<b><u>Reconciliation from Budgetary to GAAP Basis</u></b>				
<b>Net change in fund balance (Budget Basis)</b>			(26,802)	
Accrued Revenues			26,802	
Accrued Expenditures			-	
<b>Net change in fund balances (GAAP basis)</b>			-	

**STATE OF NEW MEXICO**  
 Aztec Municipal Schools  
 Mosaic Academy Charter School  
 Fund 31700 - Capital Improvements SB-9 - Capital Projects Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances
	Original	Final		Final to Actual
<b>Revenues:</b>				
State Sources				
State Flow-Through Grant	\$ 2,149	3,814	5,989	2,175
	2,149	3,814	5,989	2,175
Local Sources				
Ad Valorem Taxes - School District	-	-	-	-
Oil and Gas Taxes	-	-	-	-
Prior Year Voided Checks	-	-	-	-
	-	-	-	-
Total Revenues	2,149	3,814	5,989	2,175
 <b>Expenditures:</b>				
Education, Current:				
Support Services - General Administration	-	-	-	-
Education, Non-Current:				
Capital Outlay	2,149	3,814	940	2,874
Total Expenditures	2,149	3,814	940	2,874
Revenues Over (Under) Expenditures	-	-	5,049	5,049
 <b>Other Financing Sources (Uses)</b>				
Cash budgeted from prior year	-	-		
Operating Transfers and Adjustments			-	
<b>Net change in fund balances (Budget Basis)</b>			5,049	
Fund Balances - beginning of year (adjusted)			(1,233)	
Fund Balances - end of year			3,816	
<b><u>Reconciliation from Budgetary to GAAP Basis</u></b>				
<i>Net change in fund balance (Budget Basis)</i>			5,049	
<i>Accrued Revenues</i>			(5,049)	
<i>Accrued Expenditures</i>			-	
<b>Net change in fund balances (GAAP basis)</b>			-	

## **SUPPORTING SCHEDULES**

## STATE OF NEW MEXICO

Aztec Municipal Schools

Schedule of Deposits

As of June 30, 2013

Primary Government

<u>Account Title</u>	<u>Citizens</u>	<u>Wells Fargo</u>	<u>Total</u>
Payroll Clearing	\$ 842,138	\$	\$ 842,138
General Fund	9,302,078		9,302,078
Activity Account	402,105		402,105
Athletic Account - Imprest	7,348		7,348
AP Clearing		179,506	179,506
General		3,146,439	3,146,439
Total Deposits	10,553,669	3,325,945	13,879,614
Reconciling items	(81,953)	(129,804)	(211,757)
Reconciled balance June 30, 2013	\$ <u>10,471,716</u>	\$ <u>3,196,141</u>	\$ <u>13,667,857</u>

Reconciliation to the financial statements

Cash and cash equivalents:

Government-Wide statement of net position

\$ 13,297,685

Fiduciary statement of fiduciary assets and liabilities

370,172

\$ 13,667,857Component Unit

<u>Account Title</u>	<u>Citizens</u>	<u>Total</u>
Payroll Clearing	\$ 52,642	\$ 52,642
General Fund	306,358	306,358
AP Clearing	3,576	3,576
Total Deposits	362,576	362,576
Reconciling items	(27,626)	(27,626)
Reconciled balance June 30, 2013	\$ <u>334,950</u>	\$ <u>334,950</u>

Reconciliation to the financial statements

Cash and cash equivalents:

Government-Wide statement of net position

\$ 327,297

Fiduciary statement of fiduciary assets and liabilities

7,653

\$ 334,950



**STATE OF NEW MEXICO**

Aztec Municipal Schools

Cash Reconciliation

For the Year Ended June 30, 2013

	Operational	Transportation	Instructional Materials	Food Services	Athletics	Federal Flowthrough	Federal Direct	Local Grants
Audited Cash and Investments, June 30, 2012	\$ 2,415,040	-	64,962	232,505	137,544	(460,293)	(65,895)	56,272
Add:								
2012-2013 Revenues	21,063,090	1,095,051	214,290	1,311,347	98,407	1,438,877	113,589	74,591
Cash Reclassification of Outstanding Liabilities	612,877	67,777	-	-	-	54,283	226	-
Net Loans from Other Funds	-	-	-	-	-	-	-	-
Operating Transfer In	-	-	-	-	-	-	-	-
Total Cash and Investments Available	<u>24,091,007</u>	<u>1,162,828</u>	<u>279,252</u>	<u>1,543,852</u>	<u>235,951</u>	<u>1,032,867</u>	<u>47,920</u>	<u>130,863</u>
Less:								
2012-2013 Expenditures	20,664,200	1,095,051	240,698	1,217,614	132,782	1,329,292	122,613	39,668
Net Loans to Other Funds	-	-	-	-	-	-	-	-
Refund to Grantor	-	-	-	-	-	-	-	-
Operating Transfer Out	-	-	-	-	-	-	-	-
Cash and Investments, June 30, 2012	<u>\$ 3,426,807</u>	<u>67,777</u>	<u>38,554</u>	<u>326,238</u>	<u>103,169</u>	<u>(296,425)</u>	<u>(74,693)</u>	<u>91,195</u>

	State Flowthrough	State Direct	Bond Building	Public School Capital Outlay	Capital Improvements	Debt Services	Total
Audited Cash and Investments, June 30, 2012	\$ (163,546)	169,176	1,922,733	-	5,316,151	4,026,716	13,651,365
Add:							
2012-2013 Revenues	489,509	282,389	-	-	1,535,185	4,533,962	32,250,287
Cash Reclassification of Outstanding Liabilities	4,585	9,853	-	-	-	-	749,601
Net Loans from Other Funds	-	-	-	-	-	-	-
Operating Transfer In	-	-	-	-	-	-	-
Total Cash and Investments Available	<u>330,548</u>	<u>461,418</u>	<u>1,922,733</u>	<u>-</u>	<u>6,851,336</u>	<u>8,560,678</u>	<u>46,651,253</u>
Less:							
2012-2013 Expenditures	490,322	277,303	1,441,885	-	1,831,287	4,470,853	33,353,568
Net Loans to Other Funds	-	-	-	-	-	-	-
Refund to Grantor	-	-	-	-	-	-	-
Operating Transfer Out	-	-	-	-	-	-	-
Cash and Investments, June 30, 2013	<u>\$ (159,774)</u>	<u>184,115</u>	<u>480,848</u>	<u>-</u>	<u>5,020,049</u>	<u>4,089,825</u>	<u>13,297,685</u>

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Mosaic Academy Charter School  
Cash Reconciliation  
For the Year Ended June 30, 2013

	Operational	Instructional Materials	Federal Flowthrough	Federal Direct	State and Local Grants
<b>Audited Cash, June 30, 2012</b>	\$ 328,987	16,186	(33,044)		15,721
<b>Add:</b>					
2012-2013 Revenues	1,171,522	11,714	79,922	-	-
Reclassification of Held Checks	27,768		1,946		
Net Loans from Other Funds			18,860		
Operating Transfer In					
<b>Total Cash Available</b>	<u>1,528,277</u>	<u>27,900</u>	<u>67,684</u>	<u>-</u>	<u>15,721</u>
<b>Less:</b>					
2012-2013 Expenditures	1,185,124	9,191	67,684	-	3,684
Net Loans to Other Funds	46,603	-	-	-	-
Operating Transfer Out		-	-		-
<b>Total Cash, June 30, 2013</b>	<u>\$ 296,550</u>	<u>18,709</u>	<u>-</u>	<u>-</u>	<u>12,037</u>

	State Flowthrough	Public School Capital Outlay	Capital Improvements	Total
<b>Audited Cash and Investments, June 30, 2012</b>	\$ (1,174)	-	(5,989)	320,687
<b>Add:</b>				
2012-2013 Revenues	1,174	85,188	5,989	1,355,509
Reclassification of Held Checks		26,803	940	57,457
Net Loans from Other Funds				18,860
Operating Transfer In				-
<b>Total Cash and Investments Available</b>	<u>-</u>	<u>111,991</u>	<u>940</u>	<u>1,752,513</u>
<b>Less:</b>				
2012-2013 Expenditures	-	111,990	940	1,378,613
Net Loans to Other Funds	-	-	-	46,603
Refund to Grantor				-
Operating Transfer Out				-
<b>Total Cash, June 30, 2013</b>	<u>\$ -</u>	<u>1</u>	<u>-</u>	<u>327,297</u>

**STATE OF NEW MEXICO**  
 Aztec Municipal Schools  
 Schedule of Collateral Pledged by Depository for Public Funds  
 As of June 30, 2013

Primary Governmental Unit - Aztec Schools

<u>Name of Depository</u>	<u>Security Description</u>	<u>CUSIP Number</u>	<u>Market Value</u>	<u>Maturity Date</u>
Citizens Bank				
	FHLB Note	433866DC1	\$ 1,500,000	04/15/2020
	FHLB Note	388240DK6	501,080	05/01/2015
	FHLB Note	3136A3KN0	4,942,136	10/25/2040
	FHLB Note	3137AEKW4	1,051,510	03/15/2041
	Total Collateral at Citizens Bank		<u>7,994,726</u>	
Wells Fargo				
	FNAL06404	3138EGU69	103,947	08/01/2026
	FNAE0215	31419AGZ4	17,899	12/01/2039
	FNAT5895	3138WTRR9	14,712	06/01/2043
	FNAT2724	3138WQA28	342,321	05/01/2043
	FNAR1196	3138NXXJ5	14,435	01/01/2043
	FNAR9198	3138W7GG3	344,729	03/01/2043
	FNAR1044	3138NXES2	662,373	01/01/2043
	FNMA0934	31418ABC1	218,705	11/01/2026
	Total Collateral at Wells Fargo Bank		<u>1,719,121</u>	
	Total Pledged Collateral		<u>\$ 9,713,847</u>	

Component Unit - Mosiac Charter School

<u>Name of Depository</u>	<u>Security Description</u>	<u>CUSIP Number</u>	<u>Market Value</u>	<u>Maturity Date</u>
Citizens Bank	GNMAII	36202D2V2	\$ 134,290	12/20/2033

The pledged securities associated Citizens State Bank deposits are held at Federal Home Loan Bank, Dallas

The pledged securities associated Wells Fargo are held at Bank of New York Mellon

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Schedule of Changes in Net Position - Agency Funds  
For the Year Ended June 30, 2013

**Primary Government**

	Balance 7/1/2012	Additions	Deletions	Balance 6/30/2013
District Administration	\$ 81,261	7,462	24,054	\$ 64,669
Athletic Account - Imprest	9,223		9,223	-
Vista Nueva High School	-	3,222	2,085	1,137
Koogler Middle School	66,144	43,751	44,526	65,369
Aztec High School	124,969	198,944	185,634	138,279
McCoy Elementary	15,950	15,313	14,725	16,538
Park Elementary	42,750	52,676	56,576	38,850
Lydia Rippey Elementary	50,374	11,616	16,660	45,330
	<u>\$ 390,671</u>	<u>332,984</u>	<u>353,483</u>	<u>\$ 370,172</u>

District Agency Funds consolidated by budget authority site

**Component Unit**

	Balance 7/1/2012	Additions	Deletions	Balance 6/30/2013
School Wide	\$ 6,700	12,795	11,842	\$ 7,653
	<u>\$ 6,700</u>	<u>12,795</u>	<u>11,842</u>	<u>\$ 7,653</u>

## **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***

**INDEPENDENT AUDITORS' REPORT**

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

We have audited, 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, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparisons of the General Fund and Major Special Revenue Fund of Aztec Municipal Schools (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District presented as supplementary information, and have issued our report thereon dated November 1, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items FS 13-01 and FS 13-02, that we consider to be significant deficiencies.

## 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* and which are described in the accompanying schedule of findings and questioned costs as items FS 12-01, FS 12-02 and MA FS 12-01.

## District's Responses to the Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 1, 2013

**FEDERAL FINANCIAL ASSISTANCE**





**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

### **INDEPENDENT AUDITORS' REPORT**

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

#### **Report on Compliance for Each Major Federal Program**

We have audited the Aztec Municipal Schools (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

#### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 over compliance 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 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 1, 2013

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

Federal Grantor/Pass Through Grantor/Program Title	Pass Thru Number	Federal C.F.D.A. Number	Expenditures
<b><u>Department of Education</u></b>			
Passed through from New Mexico			
Public Education Department			
Improving America's Schools Title I	24101	84.010	\$ 413,368 *
Individuals With Disabilities Act - Entitlement	24106	84.027 (1)	788,322 *
Individuals With Disabilities Act - Preschool	24109	84.173 (1)	20,587 *
Improving Teacher Quality	24154	84.367A	130,692 *
Direct Assistance			
Indian Education Formula Grant	25184	84.060A	<u>95,749</u>
Total Department of Education			<u>1,448,718</u>
<b><u>Bureau of Indian Affairs</u></b>			
Direct programs			
Johnson O'Malley	25131	15.130	<u>26,864</u>
Total Bureau of Indian Affairs			<u>26,864</u>
<b><u>Department of Agriculture</u></b>			
National School Lunch Program			
Direct programs			
National School Lunch Act	21000	10.555 (2)	<u>1,030,701</u>
Total Department of Agriculture			<u>1,030,701</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,506,283</u></u>

\* Major program  
() Cluster Program

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

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.

Sub-Recipients

The District did not provide any federal awards to sub-recipients 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, 2013 was \$83,112 and is reported in the Schedule under the Department of Agriculture, CFDA # 10.555.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$2,506,283
Total expenditures funded from other sources	<u>\$30,783,644</u>
Total expenditures	<u>\$33,289,927</u>

**STATE OF NEW MEXICO**  
 Aztec Municipal Schools  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2013

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements:*

Type of auditors' report issued:	Unmodified
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?	No

*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:	Unmodified
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 84.027, 84.173, 84.391, 84.392	Title I Cluster IDEA-B Cluster
84.367A	Title IIA Improving Teacher Quality State Grants

Dollar threshold used to distinguish Between type A and type B programs:	\$300,000
Auditee qualified as low risk auditee?	Yes

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2013

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**Primary Government**

**FS 12-01 Procurement Code – Bids (Repeated/Modified) – Other Matter**

*Condition:* During our procurement testwork, we noted three (3) instances out of eight (8) tested, where the bids were not properly accompanied by the Campaign Contribution Disclosure Form.

*Criteria:* Per NMSA 1978, Section 13-1-191.1 “Campaign contribution disclosure and prohibition,” A prospective contractor subject to this section shall disclose all campaign contributions given by the prospective contractor or a family member or representative of the prospective contractor to an applicable public official of the state or a local public body during the two years prior to the date on which a proposal is submitted or, in the case of a sole source or small purchase contract, the two years prior to the date on which the contractor signs the contract, if the aggregate total of contributions given by the prospective contractor or a family member or representative of the prospective contractor to the public exceeds two hundred fifty dollars (\$250) over the two year period. Alternatively, a prospective contractor submitting a disclosure pursuant to this section who has not contributed to an applicable public official, whose family members have not contributed to an applicable public official or whose representatives have not contributed to an applicable public official shall make a statement that no contribution was made.

*Effect:* Failure to obtain a signed representation form or a fully completed disclosure statement from a prospective contractor pursuant to section 13-1-191.1 of NMSA 1978 could result in the solicitation or proposed award for the proposed contract to be canceled or the contract could become void.

*Cause:* The District does not have the appropriate controls in place to verify that all necessary information for the bids is properly completed and that the bids are properly awarded.

*Auditors’ Recommendations:* We recommend the District implement a system of internal controls in order to verify that bid files are complete and are properly awarded.

*Agency’s Response:* This finding is related to a prior year finding that was identified after the audit year began. The district has now implemented the appropriate controls to ensure district bids are compliant with federal, state and local bidding regulations.

**FS 12-02 Cash Appropriations in Excess of Available Cash Balances (Repeated/Modified) – Other Matter**

*Condition:* The District’s designated cash appropriations in excess of available balances in the following fund:

Medicaid Support - HSD - Special Revenue Fund	\$ 98,287
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*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 re-budgeted 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 period.

*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:* The District modified the budget based on prior year cash reserves and current year cash receipts, however failed to properly adjust budgeted revenues during the fiscal year.

*Auditors’ Recommendation:* Greater attention should be given throughout the year to the cash balances actually available to cover budgeted revenues, which include proper monitoring of yearend cash balances.

*Agency’s Response:* The district will implement the independent auditor’s recommendation.

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 13-01 Entity-Wide Control Deficiency – Significant Deficiency**

*Condition:* During our process of understanding the entity and its environment, we noted an instance where elements of the framework of Committee of Sponsoring Organizations COSO were nonexistent or deficient. We noted that the risk assessment element and monitoring element were not documented or sufficiently designed. We also noted the following deficiency:

- During our receipts test work, we noted that the District does not have adequate segregation of duties in place as the individual in charge of receipting has the ability to receipt and deposit funds while also preparing the bank reconciliations.

*Criteria:* The Committee of Sponsoring Organizations (COSO) 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.

*Effect:* Without all of the five elements of the COSO framework present, the District is exposing itself to the risk of misappropriation of assets and does not have set processes in place to maximize the resources of the District.

*Cause:* Management is in the process of implementing the COSO internal control framework however has not been able to complete the policies in current year.

*Auditors' Recommendations:* We recommend that the District finish incorporating the five elements of the COSO internal control integrated framework in their organization as planned.

*Agency's Response:* The district has involved another staff member in the cash handling process which now separates the initial receipting of cash from the deposit function and also separated the reconciliation of cash from the recording of receipts.

**FS 13-02 Activity Funds – Internal Control – Significant Deficiency**

*Condition:* During our test work over activity funds of the District we noted that Aztec High School did not have proper segregation of duties in the receipting process. There were also weaknesses in internal controls over the following:

- In 1 receipt totaling \$328 out of 5 receipts tested totaling \$6,134, the school did not deposit money within 24 hours.

*Criteria:* State Statute 6-10-2 NMSA, 1978 and state regulation 6.20.2.23 (C ), NMAC, state that the business office is responsible for maintaining adequate collateral pledged for monies in activity funds, assisting club sponsors and treasurers in order to assure: timely deposits within 24 hours or one banking day, appropriate approvals are obtained for disbursements, an internal control structure is in place to safeguard the assets and promote reliability of the activity financial reports, accurate bank or cash reconciliations are prepared timely and records are retained for review by business office and auditor.

*Effect:* Risk of misappropriation and fraud is greater because duties are not appropriately segregated.

*Cause:* The individual schools within the District are not following the procedures outlined by the State Statute 6-10-2 NMSA, 1978.

*Auditors' Recommendation:* As a result of activity funds being decentralized for the receipting process, these funds are highly susceptible to misappropriation; therefore, Management should educate the employee's responsible for activity funds regarding the State Statutes and continue to monitor each site for continuous improvement. The District should consider centralizing all activity funds under the District management.

*Agency's Response:* The district shall review current practices and consider changes that will improve the cash handling procedures within the district.

**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2013

Schedule V

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**Component Unit**

**MA FS 12-01 Internal Control over Cash Disbursements (Repeated/Modified) – Other Matter**

*Condition:* During our process of gaining an understanding of the School's controls over disbursements and our testwork of disbursements, we noted that no review is being performed for changes to the vendor master files.

*Criteria:* NMAC 6.20.2.17 states that each school shall establish and implement written policies and procedures for purchasing, which shall be in compliance with the procurement code Section 13-1-21, NMSA 1978.

*Effect:* The School did not comply with NMSA 1978 Section 13-1-21 and NMAC 6.20.2.17. In addition, the proper disbursement internal controls were not properly monitored which can lead to errors or fraud not being detected or corrected in a timely manner.

*Cause:* The School did not maintain necessary monitoring of the vendor master files.

*Auditors' Recommendation:* We recommend that the School develop a policy for performing frequent and timely reviews of the vendor master files to ensure compliance with NMSA 1978 Section 13-1-21

*Agency's Response:* A current listing of all vendors is reviewed to ensure all vendors are valid. Vendors no longer used are purged. This procedure is conducted annually at the beginning of the Fiscal Year. On August 9, 2013 a list was pulled and all vendors who were no longer needed were purged from the system. On September 9, 2013 a new report was run to ensure the vendors had been eliminated.

**C. FINDINGS - FEDERAL AWARDS**

**None**

**D. PRIOR YEAR AUDIT FINDINGS**

**Primary Government**

**FS 10-01 Activity Level Control Deficiencies – Significant Deficiencies (Resolved)**

**FS 12-01 Procurement Code – Bids – Other Matter (Repeated/Modified)**

**FS 12-02 Cash Appropriations in Excess of Available Cash Balances – Other Matter (Repeated/Modified)**

**FS 12-03 Capital Assets – Other Matter (Resolved)**

**Component Unit**

**MA FS 12-01 Internal Control over Cash Disbursements – Significant Deficiency (Repeated/Modified)**

**MA FS 12-02 Lack of Internal Controls Processes for Payroll – Significant Deficiency (Resolved)**



**STATE OF NEW MEXICO**  
Aztec Municipal Schools  
Other Disclosures  
For the Year Ended June 30, 2013

**OTHER DISCLOSURES**

**Exit Conference**

The contents of this report were discussed on November 4, 2013. The following individuals were in attendance.

Primary Government

Kirk Carpenter - Superintendent  
Tania Prokop – Deputy Superintendent  
Wayne Waggoner – Board Member - Teleconference  
Gary Martinez – Director of Finance  
Malinda Fowler - Comptroller  
Christina Tyler – Parent

Accounting & Consulting Group, LLP

Ray Roberts, CPA – Partner

Component Unit

Sherry Candelaria - Office Manager  
Bonnie Braden - Principal  
Nancy Ross – Contract Business Manager  
Diane Haralson – G.C. President