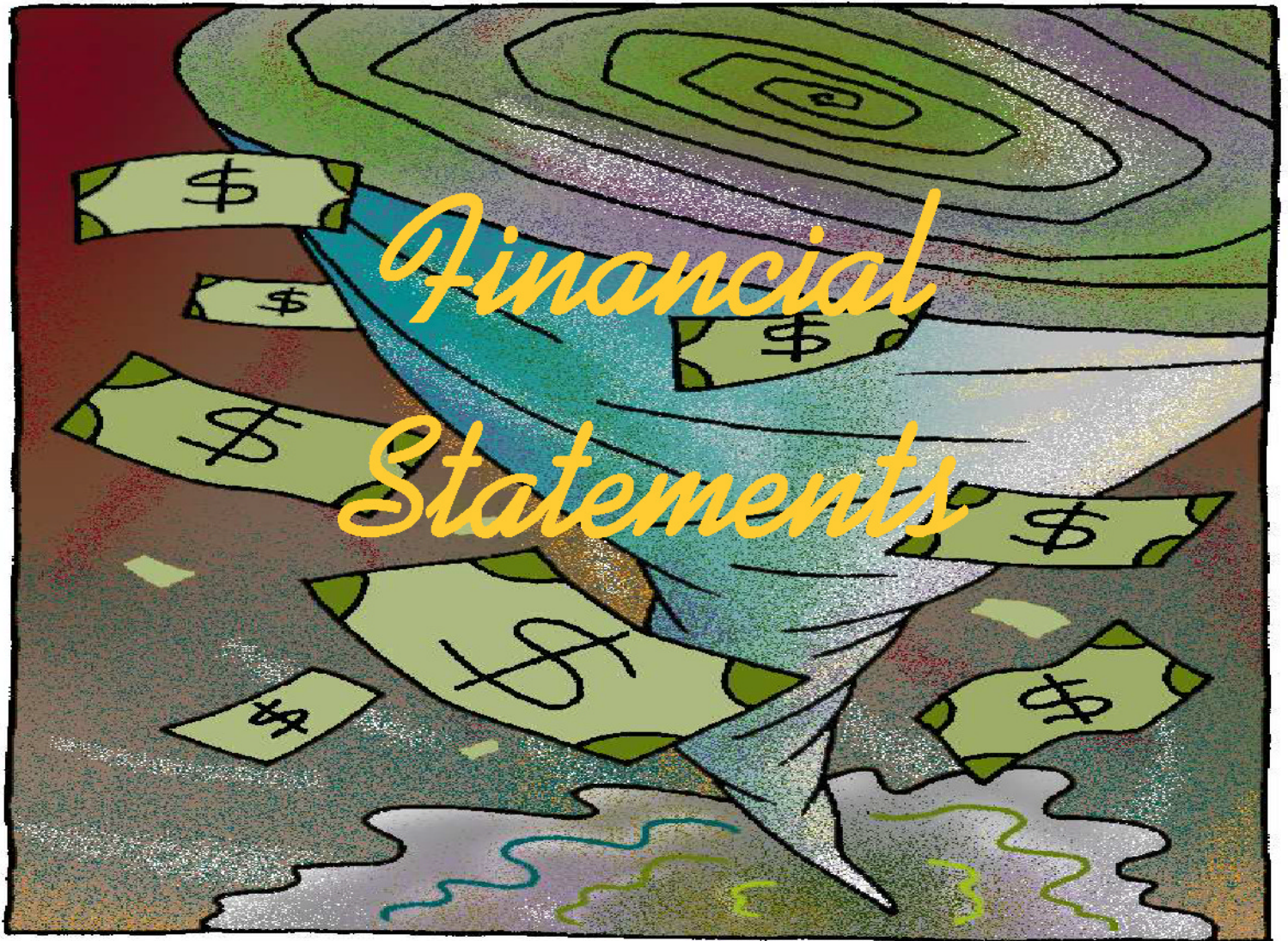


Central Consolidated School District #22



June 30, 2007

With Independent

Auditors' Report Thereon



STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

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CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

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INTRODUCTION SECTION

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
OFFICIAL ROSTER
June 30, 2007

BOARD OF EDUCATION

Rozana M. Lopez	President
Randy J. Manning	Vice-President
Dorothy L. Redhorse	Secretary
Elayne Grace Lowe	Member
Hoskie Benally, Jr.	Member

SCHOOL OFFICIALS

Dr. Linda Besett	Superintendent
Larry DeWees	Assistant Superintendent of Secondary Education
Betsy Graham	Assistant Superintendent of Elementary Education
Byron Manning	Executive Director of Finance and Business Operations
Marlene Frazier	Executive Director of Curriculum and Instruction
Janet Slowman-Chee	Executive Director of Special Education and Multi-Ethnic Student Affairs
Nancy Frazinni	Director of Human Resources
Brock Smith	Director of Student Nutrition
Jeff Hunt	Director of Transportation
Herbert Frazier	Director of Bilingual Education
Yolanda Bingham	Director of Purchasing

FINANCIAL SECTION



Griego Professional Services, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget
To the Board of Education
Central Consolidated Schools District No. 22
Kirtland, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, budgetary comparisons for the general fund and major special revenue funds and the aggregate remaining fund information of Central Consolidated Schools District No. 22 (District), as of and for the year ended June 30, 2007, 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 major capital project funds, the debt service fund, nonmajor governmental and fiduciary funds and budgetary comparisons, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of Central Consolidated Schools District No. 22's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Central Consolidated Schools District No. 22, as of June 30, 2007, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and fiduciary fund of Central Consolidated Schools District No. 22, as of June 30, 2007, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital project funds, the debt service fund and each nonmajor governmental fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2008 on our consideration of Central Consolidated Schools District No. 22's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on page 4 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

P.O. Box 37379 • Albuquerque, NM 87176-7379
8500 Menaul Blvd. NE, Ste. B295 • Albuquerque, NM 87112
Phone (505) 856-2741 - Fax (505) 856-7510

Our audit was conducted for the purpose of forming opinions on the Central Consolidated School District No. 22's basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The additional schedules listed within "Other Supplemental Information" and the Statement of Changes in Assets and Liabilities – Agency Funds in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Grigo Professional Services, LLC

Albuquerque, New Mexico
November 7, 2008

CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

The Management's Discussion and Analysis (MD&A) of the fiscal performance of Central Consolidated School District No. 22 (District) is for the fiscal year ended June 30, 2007. This written analysis is now a required part of the District's financial reporting and is intended to give the reader an easy-to-understand overview of the District's financial position and the results of its operations for the year. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net assets of governmental activities increased by \$5.6 million. This represents a 3.9% increase from fiscal year 2006, resulting primarily from the use of current year funding for capital additions.
- General revenues accounted for \$66.2 million, or 72.8% of all 2007 fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$24.7 million, or 27.2% of total fiscal year 2007 revenues.
- The District had approximately \$85.2 million in expenses related to governmental activities of which \$24.7 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$66.2 million were adequate to provide for the remaining costs of these programs.
- Capital outlay expenditures increased by \$5.6 million from last fiscal year, 2006, to the current fiscal year. The District has completed construction on the new Career Prep High School subsequent to year-end and has begun construction on the new Kirtland Middle School. Additionally, the District is working on remodeling and construction of the teacher housing units in Shiprock, Newcomb, and Naschitti and is building new artificial turf football fields and all-weather tracks at Kirtland and Shiprock.
- The overall Fund Balance shown on the governmental fund financial statements decreased by \$5.9 million in the current fiscal year. The decrease in fund balance is primarily related to the use of construction funds during the current fiscal year which decreased fund balance by \$5.9 million.
- Total revenues, exclusive of revenues from general obligation bond proceeds, increased by \$6.8 million when compared to the previous fiscal year. This represents an 8.0% increase in revenue growth for the year. The increase in revenue can be attributed to an increase in state funding to the general operating fund of the District and an increase in special revenue funds.

- Total expenditures, including capital expenditures and debt service, increased \$12.0 million in the current fiscal year when compared to the previous fiscal year. The increase in capital expenditure accounts is the primary reason for the increase.
- The District's total long-term debt decreased by \$3.3 million in the current fiscal year. This was primarily due to the retirement of \$3.1 million in general obligation bonds and the reduction in the deferred gain on refunding and capital lease debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements—district-wide and fund—that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting on the District's operation in *more detail* than the district-wide statements.
- The *governmental funds statements* report on how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary funds statements* provide information about the financial relationships in which the district acts solely as a *trustee* or *agent* for the benefit of others.

This annual report consists of a series of detailed, audited financial statements, and the notes to those statements. The annual report also includes the Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*, the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance Required by *OMB Circular A-133*, and the Schedule of Findings and Questioned Costs.

District-Wide Financial Statements

The Statement of Net Assets and Statement of Activities are presented on a district-wide basis and encompass all assets and liabilities of the District. This section will look at the financial performance of the District as a whole rather than looking at individual components or areas of the District.

Fund Financial Statements

The District uses fund accounting to ensure and demonstrate compliance with financial and legal requirements. Fund financial statements are based on a *modified accrual basis* of accounting. The Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances guide the reader to a meaningful overall view for the District's assets, liabilities, revenues, expenditures, fund balances, and changes to those fund balances.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Assets

The Statement of Net Assets is prepared using the *full accrual method* of accounting. The District's financial position is the product of several financial transactions, including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the District's net assets for the fiscal years ended June 30, 2006 and June 30, 2007.

	June 30, 2006	June 30, 2007
Assets		
Cash and Investments	\$ 35,740,027	\$ 30,196,663
Other Current Assets	2,684,127	6,403,334
Capital Assets, Net	154,302,241	163,628,974
Total Assets	<u>192,726,395</u>	<u>200,228,971</u>
Liabilities		
Accounts Payable	1,081,213	5,107,951
Other Current Liabilities	5,348,773	6,056,288
Long-Term Liabilities	43,526,767	40,029,930
Total Liabilities	<u>49,956,753</u>	<u>51,194,169</u>
Net Assets		
Investment in Capital Assets, Net	123,047,790	131,041,476
Restricted	9,269,481	8,318,940
Unrestricted	10,452,371	9,674,386
Total Net Assets	<u>\$ 142,769,642</u>	<u>\$ 149,034,802</u>

The following are significant current year transactions that have had an impact on the Statement of Net Assets:

- The addition of \$8.7 million in capital assets through additions, remodeling, and equipment purchases.
- The reduction of \$3.2 million in long-term debt.
- The increase in total revenues by \$5.6 million and the increase in total expenditures by \$5.3 million.

The District has total net assets of \$148,428,588 as of June 30, 2007 as compared to \$142,769,642 as of June 30, 2006.

Changes in Net Assets

The District's total revenues for the fiscal year ended June 30, 2007 were \$90.9 million and total revenues for the fiscal year ended June 30, 2006 were \$85.3 million. The total costs of all programs and services were \$85.3 million in 2007 and \$80.0 million in 2006. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2007. No comparison exists for the 2006 and 2007 years as the State of New Mexico changed the account code structure for accumulating expenditures during the 2007 fiscal year which prevents comparison between the years. Two year comparisons will again be presented in the next financial report.

	<u>June 30, 2007</u>
Revenues:	
Program Revenues:	
Charges for Services	\$ 2,058,763
Operating Grants and Contributions	19,030,857
Capital Grants and Contributions	3,631,285
General Revenues:	
Property Taxes	5,959,621
Federal and State Aid	58,485,662
Gain on Sale of District Assets	5,933
Investment Income	1,762,183
Total Revenues	<u>90,934,304</u>
Expenses:	
Instruction	50,407,179
Support Services - Students	5,653,179
Support Services - Instruction	1,813,966
Support Services - General Administration	1,390,858
Support Services - School Administration	5,230,819
Central Services	1,710,858
Operations and Maintenance of Plant	10,207,969
Student Transportation	3,168,583
Food Services	3,315,946
Community Services	670,583
Interest on Long-Term Obligations	1,660,729
Operating Transfers	44,689
Total Expenses	<u>85,275,358</u>
Increase in Net Assets	<u>\$ 5,658,946</u>

Statement of Activities

The Statement of Activities is also prepared using the *accrual basis* of accounting. This report compliments the Statement of Net Assets by showing the overall change in the District's net assets for the fiscal year ended June 30, 2007.

The following table shows the cost of the 11 major District functional activities: instruction, support services – students, support services – instruction, support services – general administration, support services – school administration, central services, operations and maintenance of plant, student transportation, food services, community services, and interest on long-term obligations. This table also shows each function's net cost (the total cost less charges for the services generated by the activities and intergovernmental aid provided for the specific programs). The net cost shows the financial burden that was placed on Federal, State, and District taxpayers by each of these functions.

	June 30, 2007	
	Total	Net (Expense)
	Expenses	Revenue
Instruction	\$ 50,407,179	\$ (35,708,588)
Support Services - Students	5,653,179	(4,305,952)
Support Services - Instruction	1,813,966	(1,560,190)
Support Services - General Administration	1,390,858	(945,003)
Support Services - School Administration	5,230,819	(4,636,486)
Central Services	1,710,858	(1,703,876)
Operations and Maintenance of Plant	10,207,969	(9,618,605)
Student Transportation	3,168,583	488,098
Food Services	3,315,946	(275,501)
Community Services	670,583	(582,932)
Interest on Long-Term Obligations	1,660,729	(1,660,729)
Total Expenses	\$ 85,230,669	\$ (60,509,764)

- The cost of all governmental activities this year was \$85.2 million and \$80.0 million last year.
- The Federal and State governments, along with charging for services, subsidized certain specific programs with grants and contributions in the amount of \$24.7 million in 2007 and \$22.3 million in 2006.
- The net cost of governmental activities (\$60.5 million in 2007 and \$57.7 million in 2006) was financed by general revenues, which were primarily funded with Federal and State aid (\$58.5 million this year and \$55.8 million last year).

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Balance Sheet

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in the Balance Sheet as of June 30, 2007. As the District completed the year, it reported a combined fund balance of \$29.6 million, a decrease of \$6.0 million. This decrease was primarily due to capital outlay expenditures. Approximately \$ 0.5 million, or 1.8%, of the fund balance constitutes unreserved fund balance. The remaining fund balance of \$29.1 million, or 98.2%, is reserved for inventory, debt service, or subsequent year's expenditures.

Statement of Revenues, Expenditures, and Changes in Fund Balances

Total revenues from state, local, and federal sources were \$91.5 million, an increase of \$6.8 million from the prior year. There were \$0.2 million in other financing sources from operating transfers during the current fiscal year. The total expenditures for the District were \$97.4 million, including lease purchase payments and operating transfers out, an increase of \$13.0 million from the prior year.

The General Operational Fund is the principal operating fund of the District. The increase in fund balance of \$322,734 in the General Operational Fund for the fiscal year was a result of the District receiving an increase funding level from the State which will be primarily used to increase salaries for teachers and other personnel in the District according to the new three-tiered licensure program and pay structure established by the State.

Multi-Year Comparison of District Revenues and Expenditures

A view of the District's revenues and expenditures over the past ten years indicates that, while attendance figures have declined, total revenues, excluding bond revenues, are generally increasing annually. This is related to the increase in the dollar value of student unit allocations by the State for the State Equalization Guarantee, an increase in capital projects revenues, and an increase in the dollar value of Federal and State grants received by the District.

Year	Total Revenues*	% Change	% Change w/o Bond Revenues	Total Expenditures*	% Change	Bond Revenues
1997-1998	58,520,172	1.6%	9.9%	60,357,673	-10.8%	6,200,000
1998-1999	55,907,215	-4.5%	6.9%	58,442,084	-3.2%	-
1999-2000	61,679,611	10.3%	10.3%	63,798,288	9.2%	-
2000-2001	71,979,810	16.7%	10.2%	73,595,743	15.4%	4,000,000
2001-2002	72,797,502	1.1%	7.1%	73,819,830	0.3%	-
2002-2003	83,110,746	14.2%	6.3%	77,887,271	5.5%	5,700,000
2003-2004	83,943,908	1.0%	3.5%	82,849,578	6.4%	3,800,000
2004-2005	81,274,295	-3.2%	1.4%	89,420,014	7.9%	-
2005-2006	100,486,892	23.6%	4.2%	85,365,929	-4.5%	15,769,675
2006-2007	91,488,981	-9.0%	8.0%	97,408,084	14.1%	-

* Note: Revenues include proceeds from General Obligation and Revenue Bonds and exclude cash carryovers. Expenditures include capital outlays. Equity transfers are included in both revenues and expenditures. The refunding in 2004-2005 has been excluded both from revenues and expenditures.

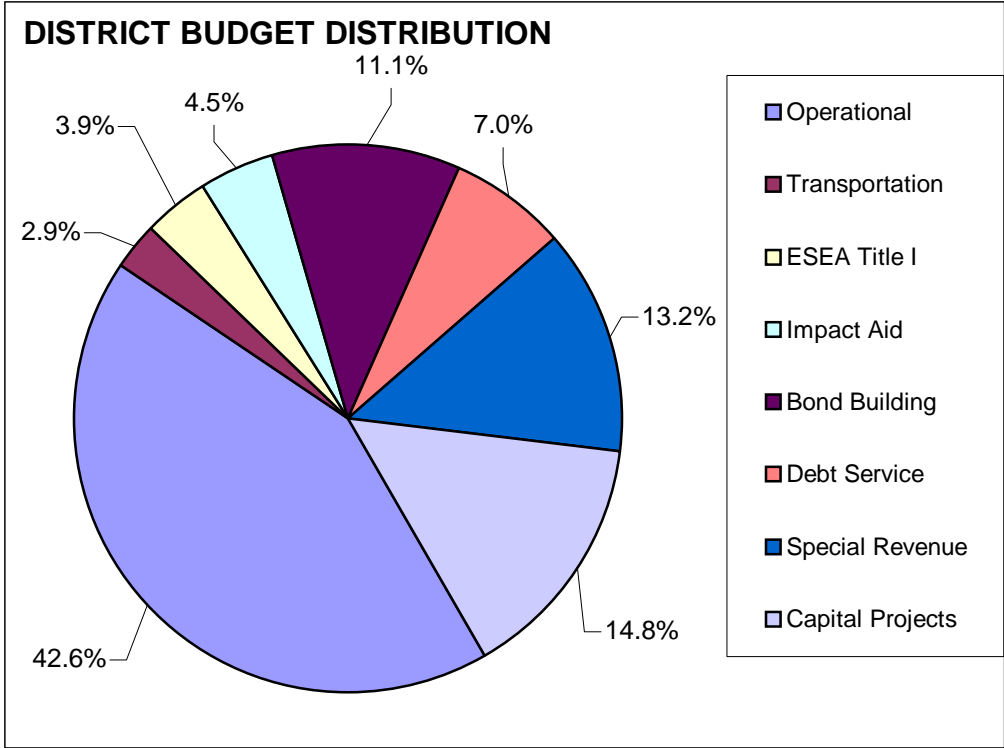
Budgetary Highlights

The District has experienced the same growth in its budget as it has in its revenues and expenditures. The budgeting process for the State of New Mexico is defined under New Mexico State Statutes (Section 22) and the New Mexico Administrative Code (Section 6). Additionally, the District develops its budget through input at site budget meetings from parents and staff members at each of its three main attendance areas—Kirtland, Newcomb/Naschitti, and Shiprock, the District Budget Committee (made up of community members, certified and non-certified staff, administrators, and finance department personnel), and input from the local School Board and Superintendent. The District also has a facilities master plan for major construction and renovation that is constantly updated for major capital expenditures.

All major budgetary funds are reported as separate statements.

Major budgetary funds in these reports are the General Operational Fund (Operational), Transportation, ESEA Title I, Impact Aid, Bond Building, and Debt Service. In addition, forty-eight (48) non-major Special Revenue Funds and five (5) non-major Capital Projects funds are also reported for their budgetary performance. Examples of non-major Special Revenue funds are Transportation, Food Services, Title VII, and Impact Aid-Special Education. Examples of non-major Capital Project funds include SB-9 Capital Improvements (Two Mill Levy) and Special Capital Outlay – Federal.

The following shows the fiscal relationship of the major funds and the combined non-major funds.



The General Operational Fund accounts for 42.6% of the total District budget. This fund provides the salary and benefits for the significant majority of the instructional, instructional support, school support, maintenance, custodial, administrative, and business staffs as well as classroom materials, special education ancillary staff, insurance, and utility costs.

Revenue from this fund is substantially derived from the State Equalization Guarantee (60.4%) and Federal Funds (Impact Aid) (36.4%). The State Equalization Guarantee is based upon a funding formula developed by the State. This formula includes taking a credit for the Impact Aid funds received by the District. The net effect on the District's General Operational Fund is retaining 5% of the total Impact Aid dollars in the fund for general operational expenditures and 20% of the total Impact Aid dollars for construction needs. The District spends this 20% set-aside for construction to replace lost bonding capacity because of the large percentage of District lands on the Navajo reservation.

The General Operational Fund will be discussed in further detail later in the Management Discussion and Analysis.

The following table examines the summary budget performance of the major and combined non-major funds for the fiscal year ended June 30, 2007. Detail budget performance is examined through the Statements of Revenues and Expenditures—Budget and Actual.

MAJOR FUNDS EXPENDITURE TO BUDGET PERFORMANCE			
FUND	FINAL BUDGET	ACTUAL EXPENDITURES	VARIANCE
Operational	\$ 58,965,504	\$ 52,437,605	\$ 6,527,899
Transportation	3,975,636	3,895,724	79,912
ESEA Title I	5,354,425	3,693,703	1,660,722
Impact Aid	6,300,000	4,938,356	1,361,644
Bond Building	15,315,836	5,133,558	10,182,278
Debt Service	9,647,231	4,865,774	4,781,457

COMBINED MINOR FUNDS EXPENDITURE TO BUDGET PERFORMANCE			
FUND	FINAL COMBINED	ACTUAL	VARIANCE
Special Revenue	\$ 18,252,272	\$ 15,469,193	\$ 2,783,079
Capital Projects	20,526,899	3,231,626	17,295,273

All expenditures within the major and non-major funds fell within the approved budget limits. No budgets had expenditures in excess of budget authority.

Operational Fund

The General Operational Fund is the primary fund for the District. Operational revenues totaled \$53,335,511, which represents 58.3% of total District revenues of \$91,488,981 (inclusive of operating transfers in).

The General Operational Fund had an initial approved budget of \$58,335,766 and a final budget of \$58,965,504. The increased budget of \$629,738, a 1.1% increase, was due to the budgeting of additional cash carryover from the previous year's budget and a mid-year increase in the unit value.

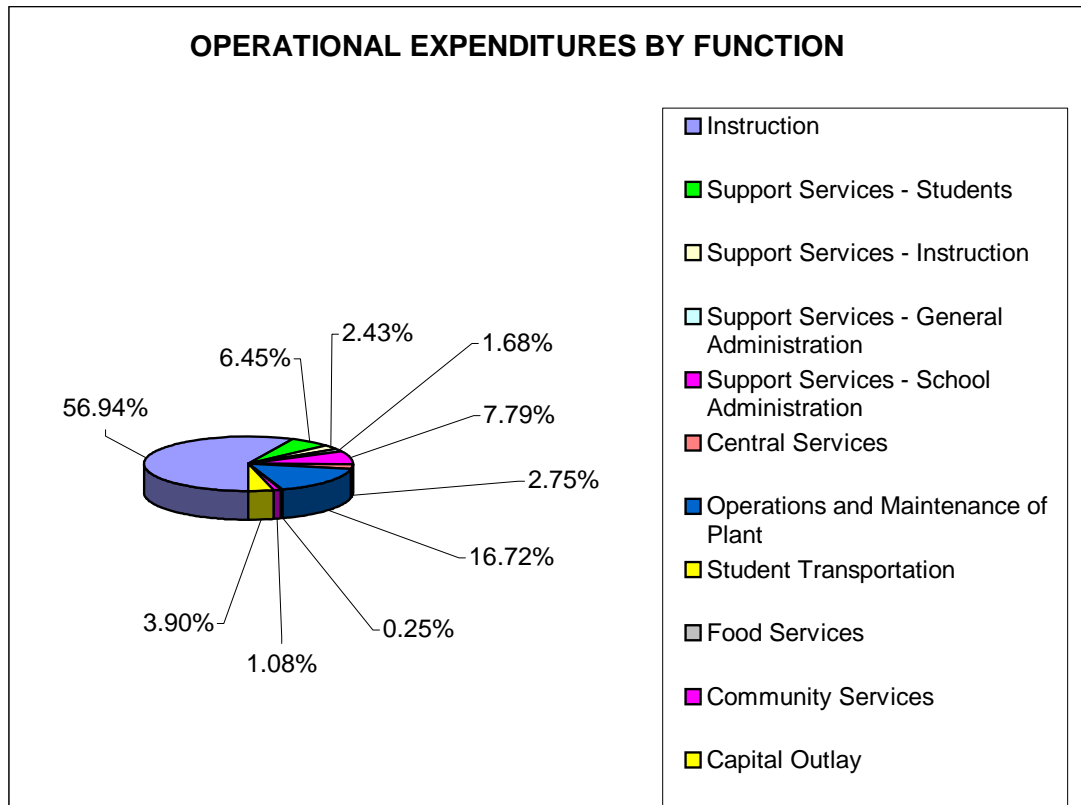
The variance between final and actual is \$6,527,899, 11.1%, as shown above. Of this amount, \$467,637 is budgeted in reserve categories that can only be used in emergency situations with State approval. Additionally, \$769,000 of this amount is encumbered at year end for items which have not been received at year end, and another \$1.1 million is in construction accounts that will be used in subsequent years for District construction needs. This leaves \$4.2 million, 7.1% of final budget, which the District attempts to maintain for cash balance carryovers for the next year. It is important that the District maintains approximately 5.0% to 7.0% in cash balances for emergency situations or "rainy day" funds in the event that State funding does not continue its normal annual increase. Additionally, the District receives a large portion of its cash from the Federal government in February or March of each year. Up to that point, the District needs some cash reserves to be able meet cash flow needs.

While the District has seen a decline in student enrollment over the past five years, the operational fund has, on whole, experienced an increase in total revenues over that same

time period due to higher unit value allocations from the State, as can be seen from the following table.

Operational Fund Revenues		
Year	Revenues	Increase
1997-1998	34,652,567	9.4%
1998-1999	36,796,306	5.8%
1999-2000	39,746,474	7.4%
2000-2001	38,620,493	-2.9%
2001-2002	40,980,570	5.8%
2002-2003	40,279,814	-1.7%
2003-2004	41,418,618	2.7%
2004-2005	43,671,431	5.2%
2005-2006	50,965,146	14.3%
2006-2007	53,335,511	4.4%

The General Operational Fund represents the major expenditures for the education of the students within the District. During the year ended June 30, 2007, the General Operational Fund expended \$52,736,515 of which \$30,027,862 was expended on Direct Instruction. This represents 56.94% of all General Operational Fund expenditures. Instruction expenditures include salaries for regular, bilingual, and special education teachers and educational assistants, payroll taxes, benefit costs, classroom supplies and equipment, employee training, student and teacher travel, instructional related contract services. This also includes all athletic, extracurricular, and co-curricular expenditures including salaries, travel, and supplies. Employee salaries, payroll taxes, and benefit costs account for 77.8% of all General Operational Fund expenditures.



The second largest area of expenditures for the District is for Operations and Maintenance of Plant. These expenditures totaled \$8,817,344, 16.72% of the General Operational expenditures. This includes salaries, payroll taxes, and benefits for maintenance staff and supervisors, school custodians, and maintenance and custodial clerical staff. It also includes costs for maintenance and custodial supplies and equipment, maintenance and repairs of buildings, grounds, and equipment, utilities, internet access, travel and training for maintenance and custodial personnel, outside contract services, and property and liability insurance. The District also receives funding for maintenance costs from the voter approved Two Mill Levy Fund (Fund 31700).

Support Services – School Administration expenditures totaled \$4,109,919, or 7.79% of General Operational expenditures, which include salaries, payroll taxes, and benefits for principals, school secretaries, and coordinators. It also includes the necessary supplies, equipment, training, and travel for these individuals and all general expenditures.

Support Services - Students expenditures include salaries, payroll taxes, and benefits for counselors, nurses, and ancillary staff, and contracted ancillary support personnel for special education. Ancillary personnel provide specialized services for special education students and include speech or occupational therapists, psychologists, diagnosticians, etc. It also includes the necessary supplies, equipment, training, and travel for these individuals. Support Services – Students expenditures totaled \$3,399,404, or 6.45% of General Operational expenditures.

The District spent \$2,058,694, 3.90%, from Capital Outlay for the purchase of general vehicles and activity buses for District use, general maintenance and construction needs in the District, and construction on the Kirtland and Shiprock turf football fields and tracks and a community library for the Newcomb area.

The District expended \$1,451,923, 2.75% of the General Operational Fund for Central Services. This includes salaries, payroll taxes, and benefits for employees of the business office, human resources, warehouse and delivery, programmer, and statistical and student count departments. It also includes supplies, equipment, outside contract services, advertising for open positions, training and travel for the above individuals, and postage and shipping for the District.

Support Services – Instruction accounted for \$1,283,472 of General Operational Fund expenditures, or 2.43% of the total. This includes salaries, payroll taxes, and benefits for librarians, library aides, and performing arts center personnel. Also included are all costs for supplies, equipment, outside contract services, travel, and training for the above individuals and all costs associated with the libraries.

Support Services – General Administration expenditures totaled \$883,791, or 1.68% of General Operational Fund expenditures. Included in this area are salaries, payroll taxes, and benefits for the superintendent, assistant superintendents, administrative secretaries, and receptionists. In addition, supplies, equipment, travel, training, and outside contract services for the above individuals and the School Board are included in this function. Administrative costs like legal and auditing fees and costs related to board and bond elections are also included here.

Community Services, which include summer school, day-care services at both Career Prep High School and Newcomb High School, and the Parents as Teachers Program (PAT) throughout the District, accounted for \$569,185, 1.08% of General Operational expenditures. This includes salaries, payroll taxes, and benefits for day-care providers and PAT personnel as well as supplies, equipment, travel, and training for these individuals and programs.

The District spent \$134,921, 0.25% of General Operational expenditures for Student Transportation and Food Services. This includes salaries and payroll taxes for a portion of the administrative staff in transportation and a few supplies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2007, the district had invested \$227.5 million in capital assets, including land, school buildings, athletic facilities, administrative offices, library collections, buses and other vehicles, computer and audio-visual equipment, and other equipment. This amount represents a net increase of \$14.2 million from last year’s reported assets.

The District had \$14.3 million in new additions in the current fiscal year. For financial reporting purposes, the District will only capitalize and depreciate equipment with a value of \$5,000 or more.

The accumulated depreciation for the District’s capital assets amounts to \$64.5 million. Total depreciation expense for the year was \$5.6 million. The District utilizes a “straight line” depreciation method in all cases and has established standardized lifetime tables in calculating depreciation.

The following schedule presents capital asset balances, net of accumulated depreciation, at June 30, 2007.

	Amount
Land	\$ 1,793,547
Library Collections	659,070
Land Improvements	5,267,413
Buildings and Improvements	140,160,954
Equipment and Vehicles	4,310,227
Construction in Progress	11,437,763
Total	\$ 163,628,974

Major additions to capital assets this year (additions in excess of \$100,000) included building improvements at the following schools – Kirtland Central High School, Newcomb Elementary, Shiprock High School, and Tse Bit Ai Middle School. Additionally, the Shiprock Natatorium received a major refinishing to the interior of the pool. A major addition was done to the Riverview Golf Course club house; a community library was built from portables in Newcomb; and the fuel distribution systems were overhauled throughout the District.

In the District's fiscal year 2008 budget, the new Career Prep High School will be completed, new construction and remodeling will be performed on teacher housing in Shiprock, Newcomb, and Naschitti, a major re-roofing project will be completed at Kirtland Central High School, construction on the new Kirtland Middle School will begin, and the new turf football fields and new tracks will be completed at Kirtland Central High School and Shiprock High School.

Additional information on the District's capital assets can be found in Note 4 on pages 48-49 of this report.

Long-Term Debt

At year-end, the District has \$34,145,000 in general obligation bonds outstanding, \$2,975,000 due within one year. State statutes currently limit the amount of general obligation debt a district may issue to 6.0% of its total assessed valuation. At June 30, 2007, the District's general obligation debt limit was \$39,287,365, and the District was bonded to 86.9% of the legal limit.

The District has never defaulted on any of its debt or other obligations. Listed below is the District's total general obligation debt and yearly payment schedule as of June 30, 2007.

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2008	2,975,000	1,387,361	4,362,361
2009	2,850,000	1,291,467	4,141,467
2010	2,795,000	1,184,428	3,979,428
2011	2,875,000	1,056,028	3,931,028
2012	2,980,000	912,338	3,892,338
2013	2,945,000	768,486	3,713,486
2014	2,700,000	633,421	3,333,421
2015	2,800,000	509,896	3,309,896
2016	2,550,000	398,436	2,948,436
2017	2,575,000	297,855	2,872,855
2018	1,600,000	215,250	1,815,250
2019	1,500,000	151,500	1,651,500
2020	1,500,000	91,500	1,591,500
2021	1,500,000	30,750	1,530,750
Total	\$34,145,000	\$8,928,716	\$43,073,716

The District has issued special revenue bonds with an outstanding balance at June 30, 2007 of \$8,269,675. Principal amounts of \$394,590 are due within one year. Included in these special revenue bond revenues, \$769,675 was funded into a bond reserve fund within the Debt Service Fund (Fund 41000).

Listed below is the District's total revenue bond debt and yearly payment schedule as of June 30, 2007.

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2008	394,590	307,098	701,688
2009	484,810	292,842	777,652
2010	500,744	276,461	777,205
2011	517,652	259,076	776,728
2012	535,602	240,593	776,195
2013	554,711	220,914	775,625
2014	575,059	199,983	775,042
2015	596,679	177,742	774,421
2016	619,653	154,162	773,815
2017	643,955	129,246	773,201
2018	669,611	102,971	772,582
2019	696,636	75,322	771,958
2020	725,048	46,250	771,298
2021	754,925	15,674	770,599
Total	\$8,269,675	\$2,498,334	\$10,768,009

Additional information on the District's long-term debt can be found in Note 5 on pages 49-51 of this report.

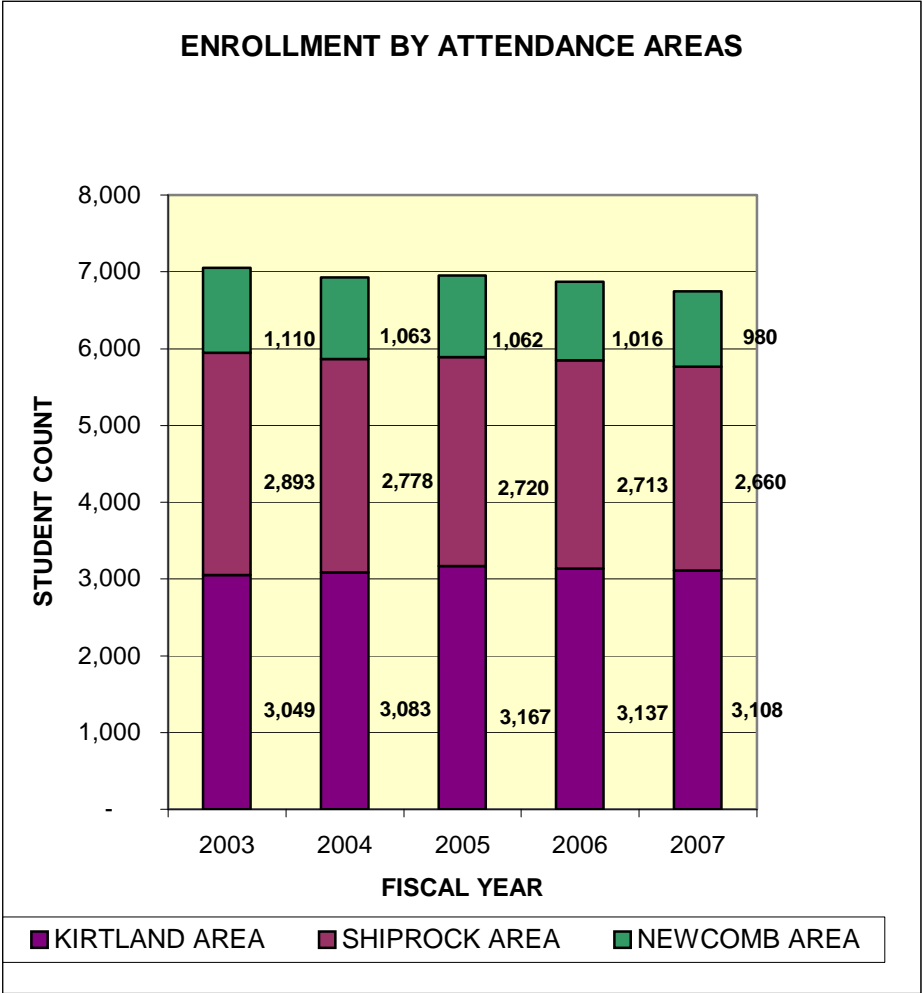
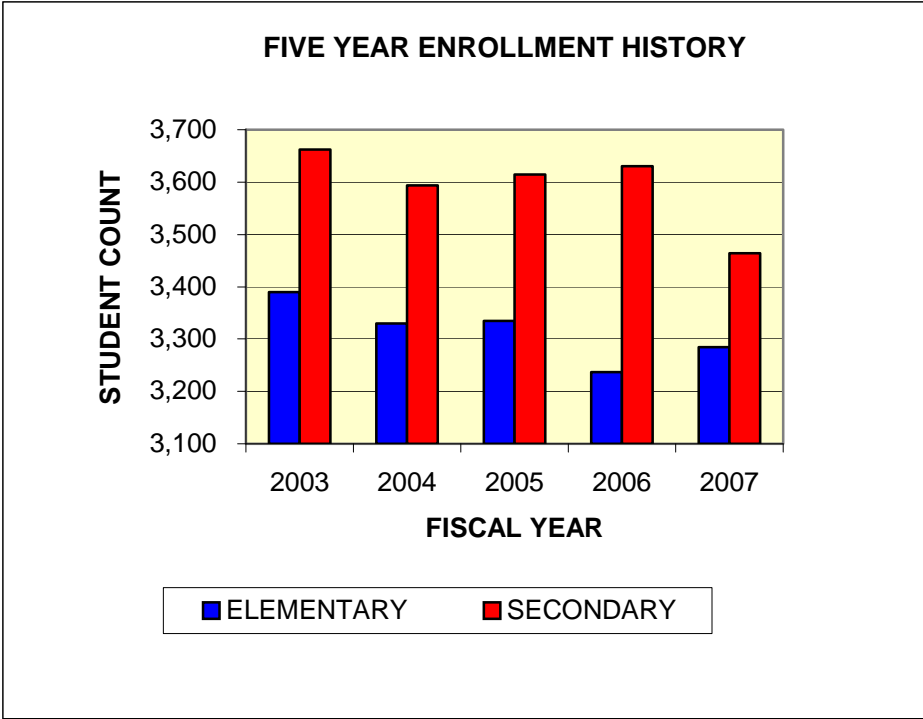
FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the district was aware of the following circumstances that could significantly affect its financial health in the future.

- The District had been experiencing a decline in student enrollment. Over the previous five year period, the District's average enrollment, as measured by the 40th, 80th, and 120th day counts, has decreased by 304 students. In the 2005 fiscal year, the District saw an increase in enrollment of 25 students; however, the District has incurred losses in each of the other four years, including a loss of 118 students in this current fiscal year. This has continued into the next fiscal year as well with a decline of 137 students District wide as measured by the 40th day count for the 2008 fiscal year.

The overall decline in enrollment was principally attributable to the elementary age groups until this past year at which time the secondary schools experienced the decline in enrolment as well. Over the five year period, elementary has seen a decrease of 105 students while secondary has seen a decrease of 199 students. This would indicate that smaller family sizes and/or fewer families with school age children are residing within the District. The surrounding school districts in the area are also experiencing declining enrollments. One positive note regarding enrollment is that the District has experienced an increase in the size of the kindergarten classes for each of the last two year.

The following charts detail the change in enrollment for elementary and secondary schools and enrollment by major attendance areas.



These trends indicate that the District would experience flat funding levels in the coming fiscal years if State unit value amounts remain the same. The District will need to continue monitoring teacher/student ratios with these trends in mind.

- On September 23, 2003, the voters of New Mexico passed a new constitutional amendment that increases the amount of funding to be provided to educational institutions in the State of New Mexico from the Permanent Fund. Additional funding has been provided to school districts from this funding source, which has helped to offset the reduction in funding from declining enrollments in the District.
- During the 2003 legislative session, the legislature passed House Bill 212 that included various measures that will affect public schools in the State of New Mexico.
 - The State is initiating a three-tiered licensing structure for certified personnel with minimum salary requirements. All teachers hired after the first day of the 2002-2003 school year must be established as “Highly Qualified” if they are teaching in the core academic area. By June 30, 2006, all teachers hired before the first day of the 2002-2003 school year must be “Highly Qualified” if they are teaching in the core academic area.
 - Level I Provisional Teacher is to make a minimum of \$30,000 after the 2003-2004 School year. Before advancing to Level II, the following must be completed:
 - Three years at Level I
 - Mentoring Program
 - Professional Development Dossier
 - ✓ Dossier should include successful annual evaluations and demonstration/evidence of meeting the nine teaching competencies. The nine competencies are divided into five strands
 - Level II Professional Teacher is to make a minimum of \$40,000 (the District now pays a minimum of \$42,000 for a Level II teacher), phased in by the 2005-2006 school year. The Level II license is renewable every nine years. Before advancing to Level III, the following must be completed:
 - Minimum of three years at Level II
 - Masters degree or National Board Certification
 - Professional Development Dossier
 - ✓ Dossier should include successful annual evaluations and demonstration/evidence of meeting the nine teaching competencies. The nine competencies are divided into five strands

- Level III-A Professional Teacher is to make a minimum of \$50,000, phased in by the 2007-2008 school year. The level III-A license is renewable every nine years with the following criteria:
 - Verify leadership role
- The Federal No Child Left Behind Act (NCLB) is changing the way schools are rated within New Mexico. The changes in the rating system are expected to cause additional schools within the State to be rated as “*probationary*” or to be put in “*corrective action*” status. The major highlights for NCLB are as follow.
 - All students are to be proficient by 2013-2014. Accordingly, the State’s adequate yearly progress (AYP) measure will not only look at all public school students but will also evaluate the performance of four categories of students:
 - Economically disadvantaged students
 - Students from major racial and ethnic groups
 - Students with disabilities
 - Students with limited English proficiency

If any of these groups do not make AYP, that school will be rated probationary.

- Schools that are identified for improvement or corrective action must offer all students the opportunity to transfer to another public school within the District that has not been identified for improvement at the expense of the Title I program.
- If a school fails to make AYP by the end of the first full school year after being identified for school improvement, then the District must arrange for supplemental educational services for eligible students who attend that school. These services can include tutoring and other supplemental academic enrichment services, recognized by the State, that are in addition to the instruction provided during the school day.
- All core subject teachers must become “Highly Qualified” by the end of 2005-2006. All paraprofessionals (aides) in Title I schools (all District schools are Title I schools) must have a high school diploma and have two years of college or an associate’s degree, or meet a rigorous standard of quality and demonstrate skill on a State or local test. Five percent of the Title I budget must be used to ensure that all teachers and paraprofessionals meet these high quality standards.
- These changes will govern set-aside dollars before allocating funds to individual schools.

District Operational and Title I budgets may be affected in the future by these changes as additional dollars are moved into supplemental services or to salaries as increased requirements are put on teachers and paraprofessionals.

During fiscal year 2006-2007, only three District schools met state requirements for AYP – Newcomb Elementary, Grace B. Wilson Elementary, and Kirtland Elementary. One school – Kirtland Early Childhood Center – does not receive a rating as it has only kindergarten students, and ratings begin with the third grade. The remaining fourteen schools failed on one or more areas of the test.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director of Finance and Business Operations, Central Consolidated School District No. 22, 583 CR 6100, Kirtland, NM 87417.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
STATEMENT OF NET ASSETS
As of June 30, 2007

	Governmental Activities
	<hr/>
ASSETS	
Current Assets:	
Cash and Investments	\$ 30,196,663
Taxes Receivable (Net)	113,376
Due from Other Governmental Units	6,078,734
Inventory	211,224
Total Current Assets	<hr/> <hr/> 36,599,997
Noncurrent Assets:	
Land	1,793,547
Construction in Progress	11,437,763
Depreciable Noncurrent Assets:	
Library Collections, Buildings, Equipment, and Improvements	214,906,470
Less: Accumulated Depreciation	(64,508,806)
Total Noncurrent Assets	<hr/> <hr/> 163,628,974
Total Assets	<hr/> <hr/> 200,228,971
LIABILITIES	
Current Liabilities:	
Accounts Payable and Other Current Liabilities	5,107,951
Accrued Interest	669,855
Deferred Revenue	1,777,151
Current Portion of Deferred Gain on Bond Refunding	103,135
Current Portion of Long-Term Obligations	3,506,147
Total Current Liabilities	<hr/> <hr/> 11,164,239
Long-Term Liabilities:	
Compensated Absences Payable	381,888
Deferred Gain on Bond Refunding	455,677
Noncurrent Portion of Long-Term Obligations	39,192,365
Total Long-Term Liabilities	<hr/> <hr/> 40,029,930
Total Liabilities	<hr/> <hr/> 51,194,169
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	131,161,306
Restricted For :	
Debt Service	4,186,657
Capital Projects	2,927,246
Subsequent Year's Expenditures	1,205,037
Unrestricted	9,554,556
Total Net Assets	<hr/> <hr/> <hr/> \$ 149,034,802

SEE INDEPENDENT AUDITORS' REPORT
The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 49,922,207	(59,129)	9,877,899	4,337,816	\$ (35,765,621)
Support Services - Students	5,653,179		1,288,384	58,843	(4,305,952)
Support Services - Instruction	1,813,966		253,776		(1,560,190)
Support Services - General Administration	1,390,858	216,789	229,066		(945,003)
Support Services - School Administration	5,230,819		594,333		(4,636,486)
Central Services	1,710,858			6,982	(1,703,876)
Operations and Maintenance of Plant	10,086,727	403,373	185,991		(9,497,363)
Student Transportation	3,168,583		3,656,681		488,098
Food Services	3,315,946	183,369	2,857,076		(275,501)
Community Services	670,583		87,651		(582,932)
Interest on Long-Term Obligations	1,660,729				(1,660,729)
Total Governmental Activities	\$ 84,624,455	744,402	19,030,857	4,403,641	(60,445,555)
General Revenues:					
Taxes					
Property Taxes, Levied for General Purposes					332,075
Property Taxes, Levied for Debt Service					4,434,447
Property Taxes, Levied for Capital Projects					1,375,542
Federal and State Aid Not Restricted to Specific Purpose					
General					57,583,899
Capital					901,763
Operating Transfers					(44,689)
Interest and Investment Earnings					2,127,678
Subtotal, General Revenues					66,710,715
Change in Net Assets					6,265,160
Net Assets - Beginning of Year					142,769,642
Net Assets - Ending					\$ 149,034,802

SEE INDEPENDENT AUDITORS' REPORT
The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET WITH THE STATEMENT OF NET ASSETS**
As of June 30, 2007

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

Total fund balances - governmental funds		\$	29,635,813
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	228,137,780		
Accumulated depreciation is	<u>(64,508,806)</u>		163,628,974
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			79,082
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	(42,414,675)		
Lease purchases payable	(188,366)		
Compensated absences	(477,359)		
Deferred gain on bond refunding, net of amortization	(558,812)		
Accrued interest payable	<u>(669,855)</u>		<u>(44,309,067)</u>
Total net assets - governmental activities		\$	<u><u>149,034,802</u></u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
BALANCE SHEET - GOVERNMENTAL FUNDS
As of June 30, 2007

	Fund 11000	Fund 13000	Fund 24101	Fund 25147	Fund 31100	Fund 41000	OTHER GOVERNMENTAL FUNDS	TOTALS
	GENERAL OPERATIONAL FUND	TRANSPORTATION	ESEA TITLE I	IMPACT AID - INDIAN EDUCATION	BOND BUILDING	DEBT SERVICES		
ASSETS								
Assets:								
Cash and Investments	\$ 3,979,091			5,881,855	10,787,897	4,722,031	4,825,789	30,196,663
Taxes Receivable	5,584					82,917	24,875	113,376
Due from Grantor		1,348,291	885,692				3,844,751	6,078,734
Due from Other Funds	4,722,510							4,722,510
Inventory							211,224	211,224
Total Assets	\$ 8,707,185	1,348,291	885,692	5,881,855	10,787,897	4,804,948	8,906,639	41,322,507
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ 3,125,116	124,105	133,596	316,819	401,908		822,315	4,923,859
Accrued Salaries and Benefits	127,533	84	27,519	199			28,757	184,092
Due to Other Funds		1,224,102	724,577				2,773,831	4,722,510
Deferred Revenues	4,031		481,452			57,747	1,313,003	1,856,233
Total Liabilities	3,256,680	1,348,291	1,367,144	317,018	401,908	57,747	4,937,906	11,686,694
Fund Balance:								
Reserved for Inventory							211,224	211,224
Reserved for Subsequent Year's Expenditures	5,032,868			3,913,002	10,385,989		4,228,584	23,560,443
Reserved for Debt Service Undesignated, Reported In General Fund	417,637					4,747,201	51,564	4,798,765
Special Revenue Fund Capital Projects Fund			(481,452)	1,651,835			(462,826)	707,557
							(59,813)	(59,813)
Total Fund Balance	5,450,505		(481,452)	5,564,837	10,385,989	4,747,201	3,968,733	29,635,813
Total Liabilities and Fund Balance	\$ 8,707,185	1,348,291	885,692	5,881,855	10,787,897	4,804,948	8,906,639	41,322,507

SEE INDEPENDENT AUDITORS' REPORT
The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
For the Year Ended June 30, 2007

	Fund 11000	Fund 13000	Fund 24101	Fund 25147	Fund 31100	Fund 41000	OTHER GOVERNMENTAL FUNDS	TOTALS
	GENERAL OPERATIONAL FUND	TRANSPORTATION	ESEA TITLE I	IMPACT AID - INDIAN EDUCATION	BOND BUILDING	DEBT SERVICES		
Revenues:								
Federal Grants	\$ 19,965,071		3,575,664	4,848,165			10,652,273	39,041,173
State Grants	32,204,853	3,565,288					6,615,785	42,385,926
Local Sources	<u>1,165,587</u>				751,567	4,434,447	3,478,708	9,830,309
Total Revenues	<u>53,335,511</u>	<u>3,565,288</u>	<u>3,575,664</u>	<u>4,848,165</u>	<u>751,567</u>	<u>4,434,447</u>	<u>20,746,766</u>	<u>91,257,408</u>
Expenditures:								
Current								
Instruction	30,027,862		3,151,961	2,882,311			9,162,727	45,224,861
Support Services - Students	3,399,404		34,752	797,375			1,479,091	5,710,622
Support Services - Instruction	1,283,472			381,056			166,311	1,830,839
Support Services - General Administration	883,791		144,918	136,357		42,181	114,254	1,321,501
Support Services - School Administration	4,109,919		214,813	420,483			420,636	5,165,851
Central Services	1,451,923			211,018				1,662,941
Operations and Maintenance of Plant	8,817,344		7,116	121,982			516,368	9,462,810
Student Transportation	134,147	3,579,562	89,983				5,019	3,808,711
Food Services	774						3,308,518	3,309,292
Community Services	569,185						95,319	664,504
Debt Service								
Debt Principal						3,075,000		3,075,000
Debt Interest						1,748,593		1,748,593
Capital Outlay	<u>2,058,694</u>				5,395,104		6,641,503	14,095,301
Total Expenditures	<u>52,736,515</u>	<u>3,579,562</u>	<u>3,643,543</u>	<u>4,950,582</u>	<u>5,395,104</u>	<u>4,865,774</u>	<u>21,909,746</u>	<u>97,080,826</u>
Revenues Over (Under) Expenditures	<u>598,996</u>	<u>(14,274)</u>	<u>(67,879)</u>	<u>(102,417)</u>	<u>(4,643,537)</u>	<u>(431,327)</u>	<u>(1,162,980)</u>	<u>(5,823,418)</u>
Other Financing Sources (Uses):								
Operating Transfers In						231,573		231,573
Operating Transfers Out	(276,262)							(276,262)
Lease Purchase Payments							(50,996)	(50,996)
Net Other Financing Sources (Uses)	<u>(276,262)</u>					231,573	(50,996)	<u>(95,685)</u>
Net Change in Fund Balance	322,734	(14,274)	(67,879)	(102,417)	(4,643,537)	(199,754)	(1,213,976)	(5,919,103)
Fund Balance - Beginning of Year, as Previously Reported	5,127,771	14,274	(413,573)	5,667,254	15,149,356	4,946,955	5,062,879	35,554,916
Fund Balance - End of Year	<u>\$ 5,450,505</u>		<u>(481,452)</u>	<u>5,564,837</u>	<u>10,505,819</u>	<u>4,747,201</u>	<u>3,848,903</u>	<u>29,635,813</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2007

Total net change in fund balances - governmental funds \$ (5,919,103)

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 Assets 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	(5,554,770)	
Capital outlays	14,881,503	
Excess of capital outlays over depreciation expense		9,326,733

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	(19,666)	
Accrued interest payable	(41,654)	
		(61,320)

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

Bond principal payments	3,075,000	
Lease purchase principal payments	37,436	

Bonds were refunded during the reporting period to the financial advantage of the District. A savings was capitalized as a deferred gain and will be amortized over the life of the new bonds. This amortization will be recorded in the Statement of Activities.

Amortization of deferred gain on refunding	129,518	
		3,241,954

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 revenue in the Statement of Activities. The increase (decrease) in revenues receivable for the year were:

State revenue	(323,104)	
		(323,104)

Change in net assets of governmental activities \$ 6,265,160

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
GENERAL FUND
FUND 11000 - GENERAL OPERATIONAL
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources					
Impact Aid	\$ 18,722,898	18,722,898	19,395,789	-	672,891
Indirect Costs - Federal Direct Grants	230,000	230,000	101,988	-	(128,012)
Indirect Costs - Federal Flow-through Grants	200,000	200,000	114,801	-	(85,199)
Access Board (E-rate)	300,000	300,000	352,493	-	52,493
	<u>19,452,898</u>	<u>19,452,898</u>	<u>19,965,071</u>	<u>-</u>	<u>512,173</u>
State Sources:					
State Equalization Guarantee	32,679,825	32,708,321	32,202,749	28,496	(505,572)
Indirect Costs - State Flow-through Grants	-	-	621	-	621
Indirect Costs - State Direct Grants	-	-	1,483	-	1,483
	<u>32,679,825</u>	<u>32,708,321</u>	<u>32,204,853</u>	<u>28,496</u>	<u>(503,468)</u>
Local Sources:					
Ad Valorem Taxes - School District	311,889	311,889	312,494	-	605
Oil and Gas Taxes	7,949	7,949	19,321	-	11,372
Investment Income	600,000	600,000	747,684	-	147,684
Fees - Activities	15,000	15,000	6,120	-	(8,880)
Fees - Educational	15,000	15,000	24,205	-	9,205
Fees - Users	250,000	250,000	-	-	(250,000)
Fees - Summer School	5,000	5,000	11,060	-	6,060
Contributions/Donations - Private Sources	38,500	38,500	34,895	-	(3,605)
Instruction - Categorical	-	-	2,317	-	2,317
Insurance Recoveries	15,000	15,000	11,434	-	(3,566)
Refunds of Prior year's Expenditures	-	-	4,956	-	4,956
Sale of District Assets	25,000	25,000	5,933	-	(19,067)
	<u>1,283,338</u>	<u>1,283,338</u>	<u>1,180,419</u>	<u>-</u>	<u>(102,919)</u>
Total Revenues	<u>53,416,061</u>	<u>53,444,557</u>	<u>53,350,343</u>	<u>28,496</u>	<u>(94,214)</u>
Expenditures:					
Education, Current:					
Instruction	31,603,429	31,931,750	29,981,083	(328,321)	1,950,667
Support Services - Students	4,604,312	4,260,588	3,390,773	343,724	869,815
Support Services - Instruction	1,255,077	1,382,664	1,274,849	(127,587)	107,815
Support Services - General Administration	994,665	1,007,282	919,239	(12,617)	88,043
Support Services - School Administration	4,980,174	5,083,266	4,114,738	(103,092)	968,528
Central Services	1,684,717	1,685,320	1,446,617	(603)	238,703
Operations and Maintenance of Plant	9,422,304	9,318,602	8,816,248	103,702	502,354
Student Transportation	-	203,702	134,147	(203,702)	69,555
Other Support Services	466,921	466,921	-	-	466,921
Food Services	-	775	774	(775)	1
Community Services	614,167	663,392	559,927	(49,225)	103,465
Education, Non-Current:					
Capital Outlay	2,710,000	2,961,242	1,799,210	(251,242)	1,162,032
Total Expenditures	<u>58,335,766</u>	<u>58,965,504</u>	<u>52,437,605</u>	<u>(629,738)</u>	<u>6,527,899</u>
Revenues Over (Under) Expenditures	<u>(4,919,705)</u>	<u>(5,520,947)</u>	<u>912,738</u>	<u>(601,242)</u>	<u>6,433,685</u>
Other Financing Uses:					
Operating Transfers Out	-	-	(276,262)	-	(276,262)
Revenues Over (Under) Expenditures and Other Financing Uses	<u>(4,919,705)</u>	<u>(5,520,947)</u>	<u>636,476</u>	<u>(601,242)</u>	<u>6,157,423</u>
Budgetary Notation - Cash Appropriated from Prior Year	<u>\$ 4,919,705</u>	<u>5,520,947</u>		<u>601,242</u>	

SEE INDEPENDENT AUDITORS' REPORT
The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 13000 - TRANSPORTATION
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources:					
Transportation Distribution	\$ 2,709,663	3,975,636	2,216,997	1,265,973	(1,758,639)
Local Sources:					
Sale of District Assets				-	-
Insurance Recoveries				-	-
Total Revenues	<u>2,709,663</u>	<u>3,975,636</u>	<u>2,216,997</u>	<u>1,265,973</u>	<u>(1,758,639)</u>
Expenditures:					
Education, Current:					
Student Transportation	<u>2,709,663</u>	<u>3,975,636</u>	<u>3,895,724</u>	<u>(1,265,973)</u>	<u>79,912</u>
Revenues Over (Under) Expenditures	\$ <u>-</u>	<u>-</u>	<u>(1,678,727)</u>	<u>-</u>	<u>(1,678,727)</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 24101 - ESEA TITLE I
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 3,859,415	5,354,425	3,171,424	1,495,010	(2,183,001)
Expenditures:					
Education, Current:					
Instruction	3,100,597	4,563,139	3,201,839	(1,462,542)	1,361,300
Support Services - Students	93,720	93,720	34,752	-	58,968
Support Services - General Administration	220,116	252,584	145,220	(32,468)	107,364
Support Services - School Administration	238,231	228,856	214,792	9,375	14,064
Operations and Maintenance of Plant	-	7,775	7,117	(7,775)	658
Student Transportation	206,751	208,351	89,983	(1,600)	118,368
Total Expenditures	3,859,415	5,354,425	3,693,703	(1,495,010)	1,660,722
Revenues Over (Under) Expenditures	\$ -	-	(522,279)	-	(522,279)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 25147 - IMPACT AID - INDIAN EDUCATION
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 6,300,000	6,300,000	4,848,165	-	(1,451,835)
Expenditures:					
Education, Current:					
Instruction	3,414,266	3,414,266	2,870,254	-	544,012
Support Services - Students	1,067,451	1,067,451	797,375	-	270,076
Support Services - Instruction	380,498	403,352	381,026	(22,854)	22,326
Support Services - General Administration	251,432	177,539	136,365	73,893	41,174
Support Services - School Administration	413,709	464,748	420,483	(51,039)	44,265
Central Services	275,790	275,790	210,821	-	64,969
Operations and Maintenance of Plant	206,854	206,854	122,032	-	84,822
Community Services	-	-	-	-	-
Education, Non-Current					
Capital Outlay	290,000	290,000	-	-	290,000
Total Expenditures	6,300,000	6,300,000	4,938,356	-	1,361,644
Revenues Over (Under) Expenditures	\$ -	-	(90,191)	-	(90,191)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS
As of June 30, 2007

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and Investments	\$ <u>623,165</u>
<u>Liabilities</u>	
Deposits Held for Others	\$ <u>623,165</u>

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Central Consolidated School District No. 22 (District) have been prepared in conformity with Generally Accepted Accounting Principles (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 District's more significant accounting policies are described in the sections below.

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria for including a potential component unit within the reporting entity. The first 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, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographical boundaries of the District and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no component units during the year ended June 30, 2007.

The District is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. The District has no component units as there are no other legally separate organizations for which the elected School Board members are financially accountable. The Central Consolidated District No. 22 School Board (School Board) was created under the

provisions of Chapter 22, Article 5, Paragraph 4, NMSA 1978. The School Board is comprised of five members who are elected for terms of four years.

B. Function of Entity

The District provides pre-kindergarten, kindergarten, elementary and secondary high school educational services to residents of the District. The District operates under the direction of a local school board, under the provision of Chapter 22, Article 5, Paragraph 4, NMSA 1978, Comp. The local school board is charged with the following powers and duties:

- (1) Subject to the rules of the department, develop educational policies for the District;
- (2) Employ a local superintendent for the District and fix his/her salary;
- (3) Review and approve the District budget;
- (4) Acquire, lease, and dispose of property;
- (5) Have capacity to sue and be sued;
- (6) Acquire real estate by eminent domain as pursuant to the procedures in the Eminent Domain Code;
- (7) Issue general obligation bonds of the District;
- (8) Provide for the repair and maintain all property belonging to the District;
- (9) For good cause and upon order of the district court, subpoena witnesses and documents in connection with a hearing concerning any powers or duties of the local school boards;
- (10) Contract for the expenditures of monies according to the provisions of the Procurement Code, except for expenditures for salaries,
- (11) Adopt rules pertaining to the administration of all powers or duties of the local school board;
- (12) Accept or reject any charitable gift, grant, devise, or bequest. The particular gift, grant, devise, or bequest accepted shall be considered an asset of the District or the public school to which it is given;
- (13) Offer and, upon compliance with the conditions of such offer, pay awards for the information leading to the arrest and conviction or other appropriate disciplinary disposition by the courts or juvenile authorities of offenders in cases of theft, defacement, or destruction of local District property. All such rewards shall be paid from District funds in accordance with rules promulgated by the department; and,
- (14) Give prior approval for any educational program in a public school in the District that is to be conducted, sponsored, carried on or caused to be carried on by a private organization or agency.

The District operates under the auspices of the New Mexico Public Education Department and adheres to budgetary accounting principles and procedures promulgated by the New Mexico Public Education Department as approved by the State Board of Education and the Legislative Finance Committee in accordance with State statute (section 22-8-5 NMSA 1978, Comp.).

C. Basis of Financial Presentation

The District's accounts are organized on the basis of funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts established as needed to demonstrate compliance with finance-related legal and contractual provisions.

The District's funds are classified into two categories—governmental and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Funds

Governmental funds are used to account for the District's general governmental activities, including the collection and disbursement of legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include the following fund types:

General Operational Fund – the District's primary operating fund accounts for all financial resources of the District that are not accounted for in other funds.

Special revenue funds – reflect the revenues and expenditures that are legally restricted for specific purposes.

Capital projects funds – account for the acquisition of capital assets or construction of major capital projects.

Debt service funds – account for revenues and expenditures associated with the servicing of long-term debt.

The District is required to present certain of its governmental funds as major funds based upon certain specific criteria. In addition to the General Operational Fund described above, the District has designated the following funds as major funds:

Transportation (13000) – To account for State Equalization – Transportation funds authorized by Section 22-8-26, NMSA, 1978 designated for the costs of transporting school-age children who are students within the District.

ESEA Title I (24101) – To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Education Act of 1965, Chapter 1 of Title 1, as amended, Public Laws 100-297, 20 U.S.C. 2701.

Impact Aid – Indian Education (25147) – To account for a portion of the Federal assistance authorized by the Elementary and Secondary Education Act, Title VIII, as amended, allowing Federal assistance to be provided to local educational agencies adversely affected by Federal activities. The

District is composed largely of non-taxable Indian lands held in trust by the Federal government limiting the property tax base required to adequately fund District schools serving children living on Indian lands.

Bond Building (31100) – To account for bond proceeds and the interest earned thereon. The proceeds are restricted for the purposes of making additions to and furnishing of school buildings, or purchasing or improving school grounds, or any combination thereof, as approved by the voters of the District. This is a capital projects fund.

Debt Services (41000) – To account for monies designated for the payment of interest and principal due on general obligation and revenue bonds. General obligation bond financing is provided by special tax levies approved by the voters of the District and assessed by the County Assessor and collected and remitted to the District by the County Treasurer. Financing to pay the revenue bonds is provided from the unrestricted Federal Impact Aid revenue.

Fiduciary Funds

Fiduciary funds account for assets held by the government in a trustee capacity. The District only had agency funds during the year ended June 30, 2007.

The agency funds are as follow:

Agency funds are used to account for assets that the government holds for others in an agency capacity.

Central Activity Fund – accounts for assets held by the District as an agent for the individual schools and school organizations.

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions.

Program Revenues

The District follows FASB statements and interpretations issued on or before November 30, 1989, Accounting Principles Board opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The District has elected to apply FASB statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

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

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Program revenues include *charges for services* such as: gate receipts at athletic events, food service charges, and swimming pool fees.

Program-specific grants and contributions (operating and capital) include revenues arising from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes – to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used *either* for operating expenses or for capital expenditures of the program at the discretion of the reporting government. During the year ended June 30, 2007, the District received numerous Federal and State grants that were deemed program-specific grants and contributions.

Allocation of Indirect Expenses

In the government-wide financial statements, expenses are classified by function. The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Inter-fund Transfers

For the purposes of the Statement of Activities, all inter-fund accounts and transfers between individual funds have been eliminated.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of inter-fund activity has been eliminated from the district-wide financial statements.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes (property taxes) are susceptible to accrual.

Entitlements and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures

In the fund financial statements expenditures are calculated by character and function, as follows:

- Current (further classified by function)
- Debt Service
- Capital Outlay

Salaries earned prior to year-end are accrued.

Other Financing Sources (Uses)

Permanent reallocations of resources between funds of the reporting entity are classified as inter-fund transfers. Inter-fund transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, proceeds from the sale of capital assets, debt extinguishments other than debt service payments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Fiduciary Funds

The *agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the economic resources measurement focus and accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

E. Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year. The budget is classified as a non-appropriated budget under governmental accounting standards. A non-appropriated budget is a financial plan for an organization approved in a manner consistent with a constitution, charter, statute, or ordinance that is not subject to appropriation.

Budgets for the General Operational, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with Generally Accepted Accounting Principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on this non-GAAP budgetary basis. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to April 15, (unless a later date is fixed by the Superintendent of Public Instruction) the local school board submits to the School Budget Planning Unit (SBPU) of the New Mexico Public Education Department an estimated budget for the school district for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State Department of Public Education (SDPE) by the school district shall contain headings and details as prescribed by law.
- (2) Prior to June 20 of each year, the proposed "tentative" budget will be reviewed and approved by the SBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.

- (3) The "tentative" budget will be used by the District until a "final" budget has been approved by SBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
- (4) The SBPU shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any.
- (5) Prior to the first Monday of September of each year, SBPU shall approve and certify to each local school board a final budget for use by the local school board.
- (6) No school board or officer or employee of a school district shall make any expenditures or incur any obligation for the expenditure of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division, but this does not prohibit the transfer of funds between line items within a series of a budget.
- (7) Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.
- (8) Legal budget control for expenditures is by function.
- (9) Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of Central Consolidated School District No. 22 has been amended during the current fiscal year in accordance with these procedures. The budget statements included in the accompanying financial statements reflects the approved budget and amendments thereto.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances lapse at the fiscal year end.

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts on hand and in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the District.

G. Short-Term Inter-fund Receivables/Payables

During the course of operations, some transactions may occur between individual funds for goods provided or services rendered. These receivables and payables, as well as any short-term inter-fund loans, are classified as "due from other funds" or "due to other funds" on the balance sheet.

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2007 are recorded as prepaid items.

J. Capital Assets

Capital assets have been defined as assets with an initial individual cost of \$5,000 or more having an estimated useful life in excess of one year. Capital assets have been recorded at historical costs if available. If unavailable, historical values were estimated by determining current values and deflating these amounts to the year of acquisition using readily available deflation factors.

The District has not developed "internal use" software. Capitalizable purchased software is depreciated over its expected life using the straight-line method of depreciation.

Capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are recorded at cost when purchased. All donated capital assets are valued at their estimated fair market value on the date received. Infrastructure, such as roads, bridges, storm drainage projects, etc., if any, are recorded and depreciated if appropriate. 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. Interest costs during construction, if any, are not capitalized.

Additions, improvements, and other capital outlays that extend the useful life of an asset are capitalized. The District does not capitalize interest in regards to its capital assets. Capital expenditures made on behalf of the District by third-party payers, including the New Mexico Public School facilities Authority, are capitalized by the District.

Estimated useful life is management's estimate of how long the asset is expected

to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Library Collections	5 years
Land Improvements	40 years
Buildings and Building Improvements	60 years
Equipment and Vehicles	5 to 10 years

K. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is not reported as expenditures or as a fund liability of the governmental fund that will pay it. These liabilities are only recorded on district-wide financial statements. No liability has been recorded for non-vesting rights to receive sick pay benefits as the District's policies do not provide for payment or exchange in the future.

L. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

M. Fund Balances of Fund Financial Statements

Reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. Portions of the fund balances have been reserved for subsequent year's expenditures, debt service, and inventory. The reservation for subsequent year's expenditures represents the amount of cash appropriated in the subsequent year's budget.

N. Bond Discounts/Issuance Costs

For fund financial reporting, bond premiums and discounts as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For full accrual statements, premiums and discounts are amortized over the life of the bond.

O. Inter-Fund Transactions

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

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

P. Estimates and Management Assumptions

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

Q. Restricted Net Assets

For the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset used are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

The District's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Equity Classifications

Fund Statements – Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Fund Equity was reserved for the following purposes:

Reserved for Debt Service – Amounts legally restricted for the payment of long-term debt.

Reserved for Inventory – Segregates a portion to indicate that although inventory is an asset, it does not represent an available, spendable resource.

Reserved for Subsequent Year's Expenditures – Represents the amounts, which are required to be reserved for subsequent year's expenditures.

Unreserved, Undesignated – Represents the amounts which have not been reserved or designated for any purpose. These funds are available for unrestricted usage by the District.

Equity on the Statement of Net Assets is classified as net assets and displayed in

three components, when applicable:

Invested in Capital Assets, Net of Related Debt – Investment in capital assets, net of related debt consists of capital assets, including restricted capital assets, net of accumulated depreciation (net capital assets). Net capital assets are further 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 Assets – Restricted net assets consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” are classified as “unrestricted net assets.”

2. DEPOSITS AND INVESTMENTS

Central Consolidated School District No. 22 is authorized under the provisions of Chapter 6, Article 10, paragraph 10 NMSA 1978, Comp. to deposit its money in banks, savings and loan associations, and/or credit unions whose accounts are insured by an agency of the United States.

All money not immediately necessary for the public uses of the District may be invested in:

- (a) Bonds or negotiable securities of the United States, the State, or any county, municipality, or school district which has taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within the preceding five years;
- (b) Securities that are issued by the United States Government or by its agencies or instrumentalities that are either direct obligations of the United States or are backed by the full faith and credit of the United States Government or agencies guaranteed by the United States Government;
- (c) Contracts with banks, savings and loan associations, or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in the subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment.

The deposits and investments of the District are subject to various risks as discussed below:

Custodial Credit Risk – In the event of a bank failure, all of the District’s deposits and/or investments may not be returned. The District does not have a policy regarding custodial credit risk.

A. Deposits – The risk exists when a portion of the District’s deposits are not covered by depository insurance and are:

1. Uncollateralized,
2. Collateralized with securities held by the pledging financial institution, or
3. Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor’s (District’s) name.

The bank balance of deposits at June 30, 2007 was \$832,686. The amount subject to collateralization and to custodial credit risk was \$832,686.

B. Investments – This risk exists if the District’s securities are uninsured, are not registered in the name of the District, and are held by either

1. The counterparty, or
2. The counterparty’s trust department or agent but not in the District’s name.

The bank balance of investments at June 30, 2007 was \$17,820,246. The amount held by the trust department in the District’s name and subject to custodial credit risk was \$17,820,246. The repurchase agreements are collateralized with securities backed by the full faith and credit of the U.S. Government at 102% of maturity value.

The bank balance of investments with paying agent at June 30, 2007 was \$776,199. The amount held by the custodial and collateral agent not in the District’s name and subject to custodial credit risk was \$776,199. The repurchase agreements are collateralized with securities backed by the full faith and credit of the U.S. Government at 102% of maturity value.

As of June 30, 2007, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>S&P Ratings</u>
Local Gov't. Investment Pool	See Below	15,064,727	See Below
Farmer Mac	9/21/2007	444,825	AAA
Federal Home Loan Bank	8/8/2007	746,100	AAA
Federal Home Loan Bank	8/31/2007	644,475	AAA
Federal Home Loan Bank	7/11/2007	546,517	AAA
Federal Home Loan Bank	11/16/2007	446,173	AAA
Freddie Mac	7/25/2007	398,680	AAA
Freddie Mac	8/13/2007	611,310	AAA
Freddie Mac	9/4/2007	247,725	AAA
Freddie Mac	10/26/2007	590,160	AAA
Freddie Mac	11/26/2007	489,600	AAA
Fannie Mae	1/18/2008	485,950	AAA
Fannie Mae	11/1/2007	541,523	AAA
Fannie Mae	11/7/2007	279,842	AAA
Fannie Mae	12/5/2007	489,000	AAA
Wells Fargo Money Market	7/1/2007	1,145,485	Not Rated
Barclays Agency Repo	7/1/2007	2,587,757	Not Rated
First Boston Agency Repo	7/1/2007	2,375,705	Not Rated
Morgan Stanley Repo	7/1/2007	4,749,419	Not Rated
American Performance Institutional U.S. Treasury Fund	7/1/2007	776,199	AAAm

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments to bonds or negotiable securities of the U.S., the State, municipalities, or school district, securities issued by the U.S. Government (or its agencies, either direct obligations or backed and guaranteed by the U.S. Government) and repurchase agreements with banks, savings and loan associations or credit unions. The District has no investment policy that would further limit its investment choices.

Concentration of Credit – The District places no limit on the amount the District may invest in any one issuer. None of the above investments is over 5% of total investments except for the amount invested in the Local Government Investment Pool.

Local Government Investment Pool – As of June 30, 2007, the District's investment in the pool was as follows:

<u>Investment Description</u>	<u>Rating</u>
U.S. Government Obligations	AAA
Commercial Paper	A-1+
Money Market Funds	AAA
LGIP Bank Account	Not Rated

The investments are valued at fair value based on quoted market values as of the valuation date.

The State Treasurer Local Government Investment Pool (“Pool”) is not SEC registered. Section 6-10-101 NMSA 1978 empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States Government or are agencies sponsored by the United States Government. The Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other State investments.

The Pool does not have unit shares. Per Section 6-10-10 1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the Pool and the length of time the Pool amounts were invested.

Participation in the Pool is voluntary.

Collateralization Schedule – The following disclosure is required by State Auditor Rule 2.2.2.10 N (4)(b).

	Carrying Amount	Bank Balance
Wells Fargo Bank:		
Total Deposits	\$ 14,355,737	\$ 18,652,932
Less: FDIC Coverage	<u>100,000</u>	<u>100,000</u>
Uninsured Public Funds	14,255,737	18,552,932
Less: Government Securities	<u>(16,674,761)</u>	<u>(16,674,761)</u>
	<u>(2,419,024)</u>	1,878,171
Pledged Collateral Held by the Pledging Bank's Trust Department in the District's Name		
Pledged Collateral (Over) the Requirement		<u>(4,465,439)</u>
		<u>\$ (2,587,268)</u>
Bank of Albuquerque:		
Total Deposits	\$ 776,199	\$ 776,199
Less: FDIC Coverage	<u>100,000</u>	<u>100,000</u>
Uninsured Public Funds	676,199	676,199
Less: Government Securities	<u>(776,199)</u>	<u>(776,199)</u>
Funds Requiring Collateralization	<u>(100,000)</u>	<u>(100,000)</u>

3. RECEIVABLES AND INTERFUND ACCOUNTS

Accounts receivable are recorded in the various funds. They consist of amounts receivable from governments and private agencies relating to various grant agreements and property taxes receivable.

Details of receivables as reflected on the Statement of Net Assets at June 30, 2007 are detailed hereunder:

	General	Other Major	Other Governmental	Total
Property Taxes	\$ 5,256	\$ 78,607	\$ 23,563	\$ 107,426
Oil and Gas Taxes	328	4,310	1,312	5,950
Due from Grantors	-	2,233,983	3,844,751	6,078,734
Due from Other Funds	4,722,510	-	-	4,722,510
Total	\$ 4,728,094	\$ 2,316,900	\$ 3,869,626	\$ 10,914,620

All amounts are considered collectible at June 30, 2007.

The General Operational Fund has \$4,722,510 due to it from Transportation (\$1,224,102), ESEA Title I (\$724,577) and non-major funds (\$2,773,831). These are funds in which the District gets reimbursement from Federal, State, and Tribal Governments and as such have cash deficits at year end. All of these amounts are considered collectible within the next fiscal year.

4. CAPITAL ASSETS

Capital assets balances and activity for the year ended June 30, 2007 are as follows:

Capital Assets Class	Adjusted Balance at July 1, 2006	Additions	Reclassifications and Deletions	Balance at June 30, 2007
Not Subject to Depreciation:				
Land	\$ 1,793,547	-	-	\$ 1,793,547
Construction-in-Progress	668,984	10,768,779	-	11,437,763
Total Non-Depreciable Assets	2,462,531	10,768,779	-	13,231,310
Subject to Depreciation:				
Library Collections	1,972,811	398,525	-	2,371,336
Land Improvements	9,119,439	195,308	-	9,314,747
Buildings and Improvements	191,126,652	2,101,859	-	193,228,511
Equipment and Vehicles	8,584,016	1,419,739	(11,879)	9,991,876
Total Depreciable Assets	210,802,918	4,115,431	(11,879)	214,906,470
Total Assets	213,265,449	14,884,210	(11,879)	228,137,780
Less Accumulated Depreciation:				
Library Collections	1,369,707	342,559	-	1,712,266
Land Improvements	3,793,450	253,884	-	4,047,334
Buildings and Improvements	49,131,418	3,936,139	-	53,067,557
Equipment and Vehicles	4,668,633	1,022,188	(9,172)	5,681,649
Total Depreciation	58,963,208	5,554,770	(9,172)	64,508,806
Governmental Activities				
Capital Assets, Net	\$ 154,302,241	9,329,440	(2,707)	\$ 163,628,974
Depreciation Expense by Function				
Instruction				4,421,171
Support Services - Students				-
Support Services - Instruction				350
Support Services - General Administration				104,611
Support Services - School Administration				11,751
Central Services				76,598
Operations and Maintenance of Plant				469,800
Student Transportation				453,870
Other Support Services				-
Food Services				10,865
Community Services				5,754
Total Depreciation Expense				\$ 5,554,770

The District's construction-in-progress includes the following major projects:

	<u>Project Budget</u>	<u>Construction-in- Progress</u>	<u>Project Balance</u>	<u>Estimated Completion Date</u>
Career Prep High School	\$ 7,631,768	\$ 4,724,343	\$ 2,907,425	FY08
Teacher Housing	6,964,653	3,414,906	3,549,747	FY08
Kirtland Central High School Re-roofing	1,308,359	1,170,277	138,082	FY08
Kirtland High Track and Football Field	1,161,000	741,026	419,974	FY08
Shiprock High Track and Football Field	1,161,000	765,565	395,435	FY08
Kirtland Middle School	20,074,765	610,247	19,464,518	FY09
Riverview Golf Course Expansion	<u>283,000</u>	<u>11,398</u>	<u>271,602</u>	FY09
	<u>\$ 38,584,545</u>	<u>\$ 11,437,763</u>	<u>\$27,146,782</u>	

5. LONG-TERM DEBT

A. Changes in Long-Term Liabilities

During the year ended June 30, 2007, the following changes occurred in the long-term liabilities.

	<u>Balance at July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2007</u>	<u>Due Within One Year</u>
General Obligation					
Bonds Payable	\$ 37,220,000	\$ -	\$ 3,075,000	\$ 34,145,000	\$ 2,975,000
Revenue Bonds Payable	8,269,675	-	-	8,269,675	394,590
Plus Deferred Gain					
on Refunding	<u>688,330</u>	-	<u>129,518</u>	<u>558,812</u>	<u>103,135</u>
Total Bonds Payable	46,178,005	-	3,204,518	42,973,487	3,472,725
Lease Purchase Contracts	225,802	-	37,436	188,366	41,086
Accrued Compensated					
Absences	<u>457,693</u>	<u>407,917</u>	<u>388,251</u>	<u>477,359</u>	<u>95,471</u>
	<u>\$ 46,861,500</u>	<u>\$ 407,917</u>	<u>\$ 3,630,205</u>	<u>\$ 43,639,212</u>	<u>\$ 3,609,282</u>

B. General Obligation Bonds

The District's general obligation bonds were issued for the purposes of creating, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds and are payable solely from general property taxes that are levied against all taxable property in the District. The bonds are payable out of the Debt Service Fund (Fund 41000).

Interest payments are due semi-annually on August 1 or August 15 and February 1 or February 15. Interest rates on the bonds range from 1.775% to 5.50%. Principal payments in varying amounts are due annually on August 1 or August

15 through 2020.

The following is a schedule of the debt service requirements for all general obligation bonds as of June 30, 2007.

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2008	2,975,000	1,387,361	4,362,361
2009	2,850,000	1,291,467	4,141,467
2010	2,795,000	1,184,428	3,979,428
2011	2,875,000	1,056,028	3,931,028
2012	2,980,000	912,338	3,892,338
2013-2017	13,570,000	2,608,094	16,178,094
2018-2021	6,100,000	489,000	6,589,000
Total	\$34,145,000	\$8,928,716	\$43,073,716

C. Revenue Bonds

During the year ended June 30, 2007, the District issued revenue bonds for the purpose of remodeling, demolishing, and building teacherages in Shiprock, Newcomb, and Naschitti. The District has pledged revenues from Impact Aid funds received into its General Operational Fund (Fund 1100) for the repayment of these bonds. Funds will be transferred from the General Operational Fund to the Debt Service Fund (Fund 41000) for payment of these bonds. During the current year \$231,573 was transferred to the Debt Service Fund to meet debt obligations.

Interest payments are due semi-annually on August 1 and February 1. Interest rates on the bonds range from 3.04% to 3.98%. Principal payments in varying amounts are due annually on August 1, 2007 through August 1, 2020.

The following is a schedule of the debt service requirements for all revenue bonds as of June 30, 2007.

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2008	394,590	307,098	701,688
2009	484,810	292,842	777,652
2010	500,744	276,461	777,205
2011	517,652	259,076	776,728
2012	535,602	240,593	776,195
2013-2017	2,990,057	882,047	3,872,104
2018-2021	2,846,220	240,217	3,086,437
Total	\$8,269,675	\$2,498,334	\$10,768,009

D. Deferred Gain on Refunding

During the year ended June 30, 2005, the District issued refunding bonds. The refunding of outstanding debt resulted in a gain that is being amortized through June 2014. The amortization is prorated through the years according to the payment schedule of the original bonds.

E. Lease Purchase

In May of 2006 the District entered into a lease purchase agreement for golf carts at Riverview Golf Course. The lease payments are made out of the Non-Instructional Student Support Fund (Fund 23000).

Contract Date	May 2006
Cost of Assets Purchased	\$232,676
Interest Rate	5.0%
Payment Terms	\$4,250/month
Maturity Date	08/10/09
Balloon Payment	\$99,223

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2008	41,086	9,911	50,997
2009	44,646	6,350	50,996
2010	102,634	839	103,473
Total	\$188,366	\$17,100	\$205,466

F. Compensated Absences

All District employees who have twelve-month contracts are granted either twelve days of annual leave per annum, first year employees who are members of the International Union of Operating Engineers (IUOE), or eighteen days of annual leave per annum for all other employees. The maximum that can be accrued is 36 days. Employees will be compensated for unused vacation leave upon termination. The board reserves the right to negotiate a separate annual leave agreement with the superintendent. The current portion of compensated absences (estimated amount due within one year) of \$95,471 is included with the caption "Accounts Payable and Other Current Liabilities." Total accrued compensated absences amounted to \$477,359 at June 30, 2007, \$381,888 which is considered long-term. Historically, the compensated absences have been paid out of the following funds in the percentages noted:

General Operating	Fund 11000	73.3%
Transportation	Fund 13000	6.5%
Impact Aid	Fund 24247	5.3%
ESEA Title I	Fund 24101	4.7%
IDEA-B Entitlement	Fund 24106	3.4%
Other Special Revenue Funds (5) (less than 2.5% each)		6.8%

6. REVENUES

A. Property Tax Levies

Central Consolidated School District No. 22 receives property tax payments made by the property owners of the District from the San Juan County Treasurer for operational, public school capital improvements, and debt service purposes.

Property taxes are assessed on January 1st of each year, except on livestock, 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. Property taxes are considered delinquent if not paid within 30 days of their due date. Property taxes are collected by the County Treasurer and remitted to the District in the month following collection.

Although there are no restrictions placed on property taxes collected for operational purposes, restrictions do exist on the amounts collected under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) and the amounts collected as a result of issuing general obligation bonds.

Under the provisions of the Public School Capital Improvements Act, any local school board may adopt a resolution to submit to the qualified electors of the school district the question of whether or not a property tax should be imposed on the net taxable value of property allocated to the school district for the purpose of capital improvements. The resolution shall:

- (1) Identify the capital improvements;
- (2) Specify the rate of the proposed tax, which shall not exceed two dollars (\$2.00) on each \$1,000 of net taxable value of property;
- (3) Specify the date an election will be held;
- (4) Limit the imposition of the tax to no more than four property tax years.

If approved, any revenues produced by the tax and any state distribution resulting to the District under the act shall be expended only for the capital improvements specified in the authorized resolution. During the year ended June 30, 2007 the District's electorate approved the two-mill tax for an additional 6 years (2008, 2009, 2010, 2011, 2012, and 2013).

General obligation bonds may be issued for the purpose of erecting, remodeling, making additions to, and the furnishing of school buildings, or purchasing or improving school grounds or any combination of these purposes. Such bonds shall be fully negotiable and constitute negotiable instruments.

The school board shall establish adequate budgetary provisions, approved by the School Management Division, to promptly pay, as it becomes due, all principal and interest on general obligation bonds issued by the school district. The full faith and credit of a school district shall be pledged to the payment of the

principal and interest on general obligation bonds issued by the school district.

The Board of County Commissioners shall levy and collect upon all taxable property within a school district in the county such tax as is necessary to pay the interest and principal on general obligation bonds issued by the school district as the interest and principal become due, without limitation as to rate or amount.

During the year ended June 30, 2007, property taxes were imposed upon the net taxable value of property allocated to the school district in the following amounts (rate per \$1,000 of net taxable value):

	<u>Residential</u>	<u>Non-Residential</u>
General Operational Purposes	0.347	0.500
Public School Capital Improvements	2.000	2.000
General Obligation Bonds-Debt Service	6.571	6.571

Property tax revenue recognized by the District during the year ended June 30, 2007 amounted to the following:

	<u>Real Property Taxes</u>	<u>Oil and Gas Taxes</u>	<u>Total</u>
General Operational Purposes	\$ 312,426	\$ 19,649	\$ 332,075
Public School Capital Improvements	1,282,279	28,228	1,310,507
General Obligation Bonds-Debt Service	4,214,506	93,613	4,308,119
Totals	<u>\$ 5,809,211</u>	<u>\$ 141,490</u>	<u>\$ 5,950,701</u>

B. State Equalization Guarantee

Each school district in the State of New Mexico receives a "state equalization guarantee distribution" which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues, is at least equal to the school district's program cost" (as defined in Chapter 22, Section 8-25, NMSA 1978).

A school district's program costs are determined through the use of various formulas using "program units" which take into consideration (1) early childhood education; (2) basic education; (3) special education; (4) bilingual-multi cultural education; (5) size, etc. Payment is made from the public school fund under the authority of the chief (director of public school finance). The District received \$32,202,749 in state equalization guarantee distributions during the year ended June 30, 2007.

C. Transportation Distribution

Money in the transportation distribution of the public school fund shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades kindergarten through twelve attending public school within the school district, and of three- and four-year-old children who meet the state board approved criteria and definition of

developmentally disabled, and for transportation of students to and from their regular attendance centers and the place where vocational education program are being offered.

The transportation distribution is allocated to each school district according to an objective formula developed by the State Transportation Director and the Director of Public School Finance. In the event the sum of the proposed transportation allocations to each school district exceeds the amounts in the transportation distribution, the allocation for each school district will be reduced in the proportion that the local school district allocation bears to the total statewide transportation distribution.

The Department shall make periodic installment payments to school districts during the school year from the transportation distributions, based upon the allocations certified by the state transportation director.

The District received \$2,216,997 in transportation distributions during the year ended June 30, 2007. The District has received an additional \$1,348,291 after year end related to the 2007 transportation budget.

D. SB-9 State Match

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

The District received \$250,134 in SB-9 state matching funds during the year ended June 30, 2007 which was owed to the District from the prior year. The District received an additional \$81,890 after year end for the 2006 year and \$372,489 for the 2007 year.

E. Public School Capital Outlay

Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the Public School Capital Outlay Council necessary for an adequate educational program.

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

- (1) A critical capital outlay need exists;
- (2) The residents of the school districts have provided all available resources to the district to meet its capital outlay requirements;
- (3) The school district has used its resources in a prudent manner;
- (4) The District is in a county or counties that have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division;
- (5) The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978;
- (6) The school district is indebted at not less than seventy-five percent of the total debt authorized by law;
- (7) The school district has submitted a five-year facilities master plan that includes enrollment projections.

The Council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the Council after a district has complied with the provisions of this section. The Council shall list all applications in order of priority and all allocations shall be made on a priority basis; provided, however, except in the case of an emergency, that the order of priority shall first reflect those projects which have been previously funded but are not as yet completed, excluding expansion of those projects and contingent upon maintenance of the required local support.

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, 2007, the District received an additional PSCOC award of \$10,964,745 for the construction of a new Kirtland Middle School. The District will spend an additional \$9,110,020 on construction costs for this project. Previously, the District has received an award for the construction of a new Career Prep High School in Shiprock. The original PSCOC award to the District was \$2,940,787; subsequently, the State has increased this award to \$3,951,340. The District will spend an additional \$3,680,428 on construction costs for this project.

F. Instructional Materials

The New Mexico State Department of Education shall establish a separate instructional materials account for each school district, state institution, private

school, or adult basic education center in the state having students in attendance entitled to the free use of instructional materials pursuant to the Instructional Material Law (22-15-1 through 22-15-14 NMSA 1978).

On or before July 1 of each year, the Public Education Department shall allocate to each school district, state institution, or private school not less than ninety percent of its estimated entitlement as determined from the estimated forty-day membership for the next school year. A school district's, state institution's, or private school's entitlement is that portion of the total amount of the annual appropriation less a deduction for a reasonable reserve for transportation charges and emergency expenses that its forty-day membership bears to the forty-day membership of the entire state. The allocation of adult basic education shall be based on a full-time equivalency obtained by multiplying the total previous year's enrollment by .25.

On or before January 15 of each year, the Public Education Department shall recompute each entitlement using the forty-day membership for that year, except for adult basic education, and shall allocate the balance of the annual appropriation compensating for any over- or under-estimation of the first allocation.

An amount not to exceed fifty percent of the allocation of each individual instructional materials account may be used for instructional materials not included on the multiple list provided for in Section 22-15-8 NMSA 1978. The districts are allowed to carry forward unused instructional materials funds from year to year.

During the year ended June 30, 2007 the District received \$608,908 and expended \$672,188 for instructional materials under this program.

G. Federal Grants

The District receives revenues under Federal programs that 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 New Mexico Public Education Department. This department also administers these funds. The District also receives reimbursements under the National School Lunch and Breakfast Programs for its food services operations and received distributions of commodities through the New Mexico Human Services Department.

H. Indirect Costs

The District received cost reimbursements from the various Federal agencies for Federal programs it administers. The indirect costs are shown as expenditures of the Special Revenue Funds and as revenues in the General Operational Fund. Federal projects' indirect cost reimbursements are budgeted as revenue in the general operating account. The accompanying statements of budgeted and actual revenues and expenditures for Federal projects are based on the Federal budgets of each project, which included the budgeted indirect costs.

7. RETIREMENT PLAN

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, disability benefits, and cost-of-living adjustments to plan members and beneficiaries. The ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502.

A. Retirement Eligibility

The benefit for retirement at age 60, or after 25 years of service before age 60, is an annual sum equal to the "final average salary" multiplied by the total number of years of service credit times 2.35%. A member is eligible to retire when:

- (1) The member's age plus New Mexico earned service credit equal 75; or
- (2) The member has acquired a total of 25 years of earned and allowed service credit, regardless of age; or
- (3) The member has five years of earned service credit and is 65 years of age.

A further requirement to be eligible to retire is that one must be a "member" having at least one year of employment after July 1, 1957 and at least five years of contributory employment. Eligible members who have one year of employment after July 1, 1957, but less than the required five, may contribute to the fund for each year needed. The cost of such contributions is 15.2% of the average salary of the last five years for each year of contributory employment needed plus 3% compound interest from July 1, 1957 to the date of payment.

When a member has completed five or more years of "earned service credit" and has made contributions for at least five years, the member may terminate employment, leave his/her contributions in the retirement fund, and retire.

A member having less than 25 years of service and who is under age 60, but is otherwise eligible to retire, may do so at a reduced benefit. The reduction is 2.4% for each year under age 60 down to age 55 plus 7.2% for each year under age 55.

B. Funding Policy

Plan members were required to contribute 7.75% of their gross salary. The District was required to contribute 10.15% of the gross covered salary. (These contribution amounts for both the plan members and the District will increase over the next five years beginning with fiscal year 2008.) The contribution requirements of plan members and the District are established in Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the years ending June 30, 2007, 2006, and 2005 were \$4,549,027, \$3,942,486 and \$3,481,034 respectively,

equal to the amount of the required contributions for each year.

Contribution rates will change over the next five years as follows:

	<u>Employee</u>	<u>Employer</u>
FYE 6-30-2008	7.825%	10.90%
FYE 6-30-2009	7.900%	11.65%
FYE 6-30-2010	7.900%	12.40%
FYE 6-30-2011	7.900%	13.15%
FYE 6-30-2012	7.900%	13.90%

8. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers are institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority and state agencies, state courts, magistrate courts, municipalities, or counties, which are affiliated to or covered by the Educational Retirement Act or the Magistrate Retirement Act.

Eligible retirees are:

- A. 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 Retiree Health Care Act on that person's behalf, unless that person retires on or before the employer's NMRHCA effective date, in which event the time period for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or
- B. Retirees defined by the Act who retired prior to July 1, 1990, and former legislators who served at least two years.

Each participating employer makes contributions to the fund in the amount of one and three-tenths percent (1.3%) of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to sixty-five hundredths of one percent (.65%) of the employee's annual salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd, NE Suite 104, Albuquerque, NM 87107.

For the fiscal year ended June 30, 2007, the District remitted \$580,568 in employer contributions and \$290,283 in employee contributions to the Retiree Health Care Authority.

9. DEFICIT FUND BALANCE

The District is supported by various Federal and State grant subsidies received under the authority of grant and/or statute. All deficit fund balances at June 30, 2007, as listed below, are expected to be recovered during the fiscal year ended June 30, 2007.

Special Revenue Funds:

ESEA Title I - Fund 24101	\$ 481,452
IDEA-B Entitlement - Fund 24106	352,478
IDEA-B Preschool - Fund 24109	13,260
Title V - Innovation Strategies - Fund 24150	8
English Language Acquisition - Fund 24153	12,379
Title I - Program Improvement - Fund 24162	5,404
Reading First - Fund 24167	162,729
Carl Perkins Secondary - Fund 24174	3,043
Carl Perkins HSTW - Fund 24180	9,306
Johnson O'Malley - Fund 25131	4,332
Medical Assistance Payments (Medicaid) - Fund 25152	55,004
Indian Education Formula Grant - Fund 25184	7,191
Navajo Nation Grants - Fund 25201	60,899
Save the Children - Fund 26143	67,795
Parents Reaching Out - Fund 26174	6,790
Elementary Physical Education - Fund 27121	591
GO Bond Library Funding - Fund 27145	1,723
Pre-K Initiative - Fund 27149	113,472
Indian Education Act - Fund 27150	4
Beginning Teacher Mentoring - Fund 27154	770
Pre-K Start Up Costs - Fund 27161	45,933
Pre-School CYFD - Fund 28121	6,732
Public School Capital Outlay - Fund 31200	20,931
Special Capital Outlay - State - Fund 31400	177,634
	<u>\$1,609,860</u>

10. INTERFUND TRANSFERS

The District made two transfers from the Operational Fund (11000) during the current fiscal year. Debt Service (41000) received a transfer of \$231,573 for an interest payment on the special revenue bonds sold for the remodeling and construction of District teacherages. The revenue bonds are backed by the Impact Aid funds received by the District in the Operational Fund.

The District also transferred \$44,689 to the Agency Funds for Newcomb High School. From the late 1990's through the 2001 fiscal year a principal at the high school allowed funds to be over-spent. The deficit had caused a significant problem for the individual student accounts within the agency fund. The School Board agreed to transfer funds to the agency funds to correct this deficit so that the current school administration and students were not hampered by the actions of a previous principal.

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. The District has joined other local districts in a multi-line pool and a worker's compensation pool. These public entity risk pools operate as a common risk management and insurance program for worker's compensation and property and casualty coverage.

These pools are funded entirely by member contributions and are administered by the New Mexico Public Schools Insurance Authority (NMPSIA). The pools are authorized by joint powers agreements entered into by each district as a separate and independent government and legal entity pursuant to the provisions of NMSA 1978 Sections 11-1-1. Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

1. Worker's Compensation;
2. Property and automobile liability and physical damage;
3. Liability and civil rights and personal injury;
4. Contract school bus coverage; and
5. Crime

The District has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the District that exceeds the insurance coverage described above and should that claim be allowable under New Mexico State Statutes, the District would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Public Schools Insurance Authority assesses and estimates the potential for loss.

To the best of management's knowledge and belief, all known and unknown claims will be covered by insurance. However, information regarding incurred but not reported claims is not available on a school district-by school district basis.

New Mexico Public Schools Insurance Authority has not provided information that would allow for a reconciliation of changes in the aggregate liabilities for claims for the

current fiscal year and the prior fiscal year for a single school district within the pool.

12. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

	GENERAL OPERATIONAL FUND	TRANSPORTATION	ESEA TITLE I	PL 81-874 IMPACT AID	
Revenues Over Expenditures					
- Budgetary Comparison Statements-Budgetary Basis	\$ 912,738	(1,678,727)	(522,279)	(90,191)	
Adjustments:					
Increase (Decrease) in:					
Cash (Reclassification)	2,477,894	122,707	99,376	300,391	
Investment Income	(15,092)				
Taxes Receivable	1,485				
Due from Grantor		1,348,291	472,119		
Inventory					
(Increase) Decrease in:					
Accounts Payable	(2,725,236)	193,455	(55,988)	(314,936)	
Accrued Expenses	(51,568)		6,772	2,319	
Deferred Revenue	(1,225)		(67,879)		
Operating Transfers In (Out)	(276,262)				
Revenues Over Expenditures					
- Statement of Revenues, Expenditures and Changes in Fund Balance	\$ <u>322,734</u>	<u>(14,274)</u>	<u>(67,879)</u>	<u>(102,417)</u>	
	BOND BUILDING	DEBT SERVICE	TOTAL MAJOR FUNDS	OTHER GOVERNMENTAL FUNDS	TOTALS
Revenues Over Expenditures					
- Budgetary Comparison Statements-Budgetary Basis	\$ (4,396,112)	(432,086)	(6,206,657)	(2,853,577)	(9,060,234)
Adjustments:					
Increase (Decrease) in:					
Cash (Reclassification)			3,000,368	564,779	3,565,147
Investment Income	14,121		(971)		(971)
Taxes Receivable		5,884	7,369	2,988	10,357
Due from Grantor			1,820,410	1,842,339	3,662,749
Inventory				46,101	46,101
(Increase) Decrease in:					
Accounts Payable	(261,546)		(3,164,251)	(677,994)	(3,842,245)
Accrued Expenses			(42,477)	19,075	(23,402)
Deferred Revenue		(5,125)	(74,229)	(157,687)	(231,916)
Operating Transfers In (Out)		231,573	(44,689)		(44,689)
Revenues Over Expenditures					
- Statement of Revenues, Expenditures and Changes in Fund Balance	\$ <u>(4,643,537)</u>	<u>(199,754)</u>	<u>(4,705,127)</u>	<u>(1,213,976)</u>	<u>(5,919,103)</u>

13. **FUNDS OMITTED FROM FINANCIAL STATEMENT PRESENTATION**

Certain funds contain no year end balances for balance sheet presentation; however, they had revenue, expenditure, or fund balance activity during the year. As such, the following funds presented on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances are not presented on the Combining Balance Sheet: IDEA-B Entitlement (Fund 24108) and Distance Learning and Telemedia (Fund 25198)

One fund had ending balance sheet balances with no revenue, expenditure or fund balance activity. Therefore, Projects with Industry (Fund 25234) is presented on the Combining Balance Sheet but is not presented on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.

Finally, one fund contains balance sheet activity for the year on a modified accrual basis but have no activity on a cash basis. Therefore, Projects with Industry (Fund 25234) is presented on the Combining Balance Sheet but is not presented on the Statements of Revenues and Expenditures – Budget and Actual.

14. **CONTINGENT LIABILITIES**

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

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

Arbitrage – Under the Tax Reform Act of 1986, interest earned on the debt proceeds in excess of interest expense or expenditure prior to the disbursement of the proceeds must be rebated to the Internal Revenue Service (IRS). Management believes there is no significant tax arbitrage rebate liability at year-end.

15. POST EMPLOYMENT BENEFIT PLANS

Additional unfunded liabilities may be recognized in the financial statements of the District beginning in fiscal year end June 30, 2008 with the adoption of GASB 45 when unfunded liabilities of post employment benefit plans are required to be recognized.

16. FINANCIAL STATEMENT PREPARATION

These financial statements were prepared by the staff of Central Consolidated School District No. 22.

AUDITED SUPPLEMENTARY INFORMATION

OTHER MAJOR FUNDS

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 31100 - BOND BUILDING
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources:					
Investment Income	\$ 175,000	175,000	737,446	-	562,446
Expenditures:					
Education, Non-Current:					
Capital Outlay	15,252,609	15,315,836	5,133,558	(63,227)	10,182,278
Revenues Over (Under) Expenditures	(15,077,609)	(15,140,836)	(4,396,112)	(63,227)	10,744,724
Budgetary Notation - Cash Appropriated from Prior Year	\$ 15,077,609	15,140,836		63,227	

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 41000 - DEBT SERVICES
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources					
Ad Valorem Taxes - School District	\$ 4,315,838	4,315,838	4,218,057	-	(97,781)
Oil and Gas Taxes	107,275	107,275	89,303	-	(17,972)
Other Special Revenues/Taxes	231,574	231,574	-	-	(231,574)
Investment Income	70,000	70,000	126,328	-	56,328
Total Revenues	<u>4,724,687</u>	<u>4,724,687</u>	<u>4,433,688</u>	<u>-</u>	<u>(290,999)</u>
Expenditures:					
Education, Current:					
Support Services - General Administration	60,000	60,000	42,181	-	17,819
Education, Non-Current:					
Debt Service Reserve	4,020,439	4,026,644	-	(6,205)	4,026,644
Bond Principal Payment	3,075,000	3,075,000	3,075,000	-	-
Bond Interest Payment	1,481,702	1,481,702	1,481,702	-	-
Spec. Rev. Bonds Principal Payment	769,675	772,311	-	(2,636)	772,311
Spec. Rev. Bonds Interest Payment	231,574	231,574	266,891	-	(35,317)
Total Expenditures	<u>9,638,390</u>	<u>9,647,231</u>	<u>4,865,774</u>	<u>(8,841)</u>	<u>4,781,457</u>
Revenues Over (Under) Expenditures	<u>(4,913,703)</u>	<u>(4,922,544)</u>	<u>(432,086)</u>	<u>8,841</u>	<u>(5,072,456)</u>
Other Financing Sources:					
Operating Transfers In	<u>-</u>	<u>-</u>	<u>231,573</u>	<u>-</u>	<u>231,573</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>(4,913,703)</u>	<u>(4,922,544)</u>	<u>(200,513)</u>	<u>8,841</u>	<u>(4,840,883)</u>
Budgetary Notation - Cash Appropriated from Prior Year	\$ <u>4,913,703</u>	<u>4,922,544</u>			

NON-MAJOR FUNDS

NON-MAJOR SPECIAL REVENUE FUNDS DESCRIPTIONS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Teacherage (12000) – To account for revenues and expenditures associated with district owned multi-bedroom housing units rented to District employed teachers. Funding authorized by NMAC 6.20.2 of the New Mexico Department of Education.

Instructional Materials (14000) – To account for Funding designated for instructional materials purchases as authorized by Sections 22-15-1 through 22-15-14, NMSA, 1978.

Food Services (21000) – To account for funding provided pursuant to the Code of Federal Regulations, Title VII, Subtitle B, Sections 210, 215, and 220 designated for a school breakfast, lunch, and summer lunch program(s).

Athletics (22000) – To account for revenues and expenditures associated with the District's athletic programs. Funding authorized by NMAC 6.20.2 of the New Mexico Department of Education.

Non-Instructional Support (23000) – To account for revenues and expenditures associated with District non-instructional, non-athletic programs. Funding authorized by NMAC 6.20.2 of the New Mexico Department of Education.

IDEA-B Entitlement (24106) – The IDEA-B Competitive program is to provide grants to states that flow through to schools to assist them in providing a free appropriate public education to all children with disabilities. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-617, and part D, Section 674, as amended, 20 U.S.C. 1411-1417 and 1420.

IDEA-B Discretionary Competitive (24108) – The IDEA-B Competitive program is to provide grants to states that flow through to schools to assist them in providing a free appropriate public education to all children with disabilities. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-617, and part D, Section 674, as amended, 20 U.S.C. 1411-1417 and 1420.

IDEA-B Preschool (24109) – To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years and, at the State's discretion, to two year old children with disabilities who will reach age three during the school year. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended.

Enhancing Education Thru Technology (24133) – To account for a Federal grant which provides funding to State Education Agencies (SEAs) on a formula basis to support the development and implementation of systemic technology plans at the State, local, and school levels to improve the teaching and learning of all children. States are asked to address four goals: (1) All teachers will have the training and

NON-MAJOR SPECIAL REVENUE FUNDS DESCRIPTIONS, Continued

support they need to help all students learn through computers and through the information superhighway; (2) all teachers and students will have modern computers in their classrooms; (3) every classroom will be connected to the information superhighway; and (4) effective and engaging software and online resources will be an integral part of every school curriculum. To provide discretionary grants to LEAs in states which choose not to participate in the program. Funding is authorized by the Elementary and Secondary Education Act, Title III, Part A, Subpart 2, Public Law 103-382.

Comprehensive School Reform Demonstration (24135) – To account for a program funded by a Federal grant to provide financial incentives for schools that need to substantially improve student achievement, particularly Title I schools, to implement comprehensive school reform programs that are based on reliable research and effective practices, and include an emphasis on basic academics and parental involvement. Funding authorized by the Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

Title V Innovation Strategies (24150) – To account for Federal flow-through funds under the Elementary and Secondary Education Act as amended by the No Child Left Behind Act of 2001, Title V Part A designated for Innovative Education Program Strategies. Activities funded under this program include expansion and improvement of school-based mental health services, early identification of drug use and violence, and individual or group counseling services provided to students, parents, and school personnel. Funding authorized by Elementary and Secondary Act of 1965, Title V, Part A, as amended, 20 U.S.C. 7301-7373.

English Language Acquisition (24153) – To account for a Federal grant which provides funds to support various activities relating to English language acquisition. Funding will be used to implement a District resource library of bilingual and English as-a-second language materials. Training regarding dual language, bilingual education, and indigenous language revitalization will be supported. Funding authorized by the Elementary and Secondary Education Act (ESEA) as amended, Title III, Part A, Sections 3101, 3129.

Title II-A (24154) – To account for a program funded by a Federal grant to provide sustained and intensive high-quality professional development activities to teachers, staff, and administrators so that they may teach challenging State content and performance standards in the core academic subjects. Funding authorized by Elementary and Secondary Act of 1965 as amended, Title II, Part A, Public Law 107-110.

Title IV-A (24157) – To account for a Federal grant which provides funds to support programs to meet the National Education Goal that, by the year 2000, every school in the United States will be free of drugs, violence, and the unauthorized presence of firearms and alcohol and to offer a disciplined environment conducive to learning. Funding authorized by Elementary and Secondary Education Act as amended, Title IV, Part A, Subpart 2, Sections 4121 and 4123, as amended, 20 U.S.C. 7131-7133.

NON-MAJOR SPECIAL REVENUE FUNDS DESCRIPTIONS, Continued

Title I Program Improvement (24162) – To be used for allowable Title I purposes in order to assist with the implementation of approved school improvement or corrective action plans. Funding authorized by Elementary and Secondary Education Act of 1965; Title V, Part D, as amended.

Reading First (24167) – To account for federal funding supporting the application of scientifically based reading research and proven instructional and assessment tools consistent with this research to ensure that all children learn to read well by the end of the third grade.

Carl Perkins Secondary (24174) – To account for a federal program supporting career and technical skill training of secondary education students. Funding authorized by the Carl D. Perkins Career and Technical Education Act of 1998 Public as extended pursuant to the General Education Provisions Act Section 422(a).

Carl Perkins HSTW (24180) –To account for federal funding supporting career and technical skill training of secondary education students. Funding authorized by the Carl D. Perkins Career and Technical Education Act of 1998 Public Law 109-280.

IHS/Northern Navajo Medical Center (25122) – To account for a Federal grant to fund programs that improve the quality of the health of American Indians and Alaska Natives by providing a full range of curative, preventive, and rehabilitative health services; and to improve the management capability of American Indians and Alaska Natives to assume operation of all or part of an existing Indian Health Service direct-operated health care program. Funding is authorized by Public Law 83-568, 42 U.S.C. 2001-2004a; Indian Self-Determination and Education Assistance Act, Section 104 (b), Public Law 93-638, 25 U.S.C. 450; Section 9, Public Law 98-250; Public Law 100-472.

Johnson O'Malley (25131) – To account for a Federal grant to fund programs that meet the unique and specialized needs of eligible Indian students. Funding is authorized by the Johnson-O'Malley Act of April 16, 1934; as amended, 25 U.S.C. 452; Indian Self-Determination and Education Assistance Act, Public Law 93-638; 25 U.S.C. 455-457.

Impact Aid-Special Education (25145) – To account for a program funded by a Federal grant to provide financial assistance to local educational agencies (LEAs) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 8002, ESEA), where there are significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Sections 8003 and 8007, ESEA), where there is a sudden increase in school enrollment as the result of Federal activities (Section 8006, ESEA). To provide disaster assistance for reduced or increased operating costs for replacing or repairing damaged or destroyed

NON-MAJOR SPECIAL REVENUE FUNDS DESCRIPTIONS, Continued

support equipment and books and for repairing minor damage to facilities. Funding is authorized by the Elementary and Secondary Education Act, Title VIII, as amended.

NM Grads (Grads Child Care – CYFD) (25149) – To account for a Department of Education grant through Children, Youth, and Families Department to provide for the maintenance and expansion of the teen parent programs. Funding is authorized by Higher Education Act, Title IV, Part A, Subpart 7, as amended, 20 U.S.C. 1070e.

Medical Assistance Payments (Medicaid) (25152) – To account for Federal funds which are provided to provide financial assistance to states for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women, and the aged who meet income and resource requirements and other categorically-eligible groups. In certain states that elect to provide such coverage, medically-needy persons who, except for income and resources, would be eligible for cash assistance, may be eligible for medical assistance payments under this program. Financial assistance is provided to states to pay for Medicare premiums, co-payments, and deductibles of qualified Medicare beneficiaries meeting certain income requirements. More limited financial assistance is available for certain Medicare beneficiaries with higher incomes. Funding is authorized by the Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56, 42 U.S.C. 1396 et seq., as amended; Public Laws 92-223, 92-603, 93-66, 93-233, 96-499, 97-35, 97-248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-239, 101-508, 101-517, 102-170, 102-394, 103-66, 103-112, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.

First A/C NM Grads (25162) – To account for continuation funding supporting the maintenance and expansion of the teen parent programs previously funded under the NM Grads program. Funding is authorized by Higher Education Act, Title IV, Part A, Subpart 7, as amended, 20 U.S.C. 1070e.

Indian Education Formula Grant (25184) – To account for a Federal program designed to support local educational agencies in their efforts to reform elementary and secondary school programs that serve Indian students in order to ensure that programs are based on challenging State content standards and student performance standards that are used for all students and are designed to assist Indian students meet those standards in reaching the National Education Goals. Funding is authorized by the Elementary and Secondary Education Act of 1965, Title IX, Part A, Subpart 1, as amended, Public Law 103-382, 20 U.S.C. 7811-7818; 25 U.S.C. 2001.

Distance Learning and Telemedia (25198) – To extend the opportunity for interactive distance learning in seven rural user sites and one hub site. The project will help schools fulfill a need to provide expanded course offerings mandated by the State of New Mexico and to provide higher education opportunities within the schools. Funding is authorized by Federal Agriculture Improvement and Reform Act of 1996, Title VII, Public Law 104-127, 7 U.S.C. 950.

NON-MAJOR SPECIAL REVENUE FUNDS DESCRIPTIONS, Continued

Navajo Nation Grants (25201) – To account for Federal grants to assist each state to develop and implement a statewide, comprehensive, coordinated, multidisciplinary, interagency system to provide early intervention services for infants and toddlers with disabilities and their families. Funding is authorized by the Individuals with Disabilities Act (IDEA), Part C, as amended, 20 U.S.C. 1471-1785.

Projects with Industry (25234) – To account for a vocational rehabilitation grant supporting the transition of eligible students to work settings. Funding authorized by Rehabilitation Act of 1973 as amended, Title VI, Part A, 29 U.S.C. 795g.

Heifer International Grant (26119) – To account for a privately funded grant for the general purpose of providing Navajo students with opportunities to learn vocational skills and increase their self-esteem. Goals are to educate and provide new skills to ninety Native American FFA students and enable them to raise sheep resistant to scabies and to continue their tribal culture. Funding is authorized by Genetic Improvement for Scabies Resistant Sheep.

PNM Foundation Grant (26123) – To account for PNM funding supporting various grant requests. These are small classroom projects proposed by individual teachers within the district.

Save the Children (26143) – To account for funding from Save the Children. Save the Children is non-profit organization focusing on increasing literacy rates and improving nutrition and physical health of children. This grant supports summer school activities within the district

Burlington Grant (26150) – To account for various small private grants received from Burlington Resources Foundation supporting various educational needs within the classroom.

Parents Reaching Out (26174) – To account for funding from the Parents Reaching Out organization. Parents Reaching Out is a non-profit organization supporting the district's efforts to serve families with young children receiving Early Intervention services as they move to Early Childhood programs or preschool.

Technology for Education (27117) – To account for State funding which is to be used for the development of classroom technology, including furnishing classrooms with computer hardware and software. Authorizing legislation is found in the Technology for Education Act [22-15A-1 to 22-15A-10, NMSA 1978, Compilation].

Elementary Physical Education (27121) – To provide quality physical education classes for elementary grade students by providing programs in areas where no classes exist, or increasing the amount of time students receive physical education in schools that currently have elementary physical education classes. The funds are provided in accordance with New Mexico Legislative Appropriation Laws of 2005.

Incentives for School Improvements (27138) – To account for the revenues and expenditures of District school location awards. The purpose is to improve results of

NON-MAJOR SPECIAL REVENUE FUNDS DESCRIPTIONS, Continued

the New Mexico Achievement Assessment or the New Mexico High School Competency Exam. The funds are provided in accordance with the Incentives for School Improvement Act (NMSA 22-13A-5).

Family and Youth Resources (27140) – To account for state funding provided to increase accessibility of social and health care services for students and their families at public schools. The goal of the program is to forge mutual long-term relationships with public and private agencies and community-based, including faith-based organizations, civic and corporate organizations to help students attain high academic achievement by meeting certain nonacademic needs of students and their families.

GO Bond Library Funding (27145) – To update and expand all school library collections in order to circulate and provide access of materials to students and teachers. The funding has been provided by Laws of 2004 (GO Bond C), Chapter 117.

Pre-K Initiative (27149) – To account for revenues and expenditures for Pre-Kindergarten programs that provide services to meet the total developmental needs of eligible 4-year-old children. The NMPED provided the funding for these direct services through appropriation by the New Mexico Legislature.

Indian Education Act (27150) – To improve the teaching and learning of all students, particularly American Indian students, by supporting the educational reform initiatives outlined in the Educational Plan for Student Success for those schools in need of improvement. This grant has been provided by the collaboration of the Indian Education Division and the Priority Schools Bureau of the NMPED, in keeping with the intent of the Indian Education Act.

Beginning Teacher Mentoring (27154) – To account for funding authorized through the Joint Powers Agreement with the Public Education Department for a Program to engage in activities to develop, implement, and evaluate a beginning teacher mentoring program to ensure that beginning teachers, especially those who seek educator licensure through alternative routes, have structured support from accomplished and experienced teachers to help them improve their skills and knowledge.

Breakfast for Elementary Students (27155) – To account for state funding authorized under the General Appropriations Act of 2005. This program is managed by the NMPED, Student Nutrition Bureau. This funding provides breakfast at no cost to elementary students at designated schools, which helps students develop lifelong healthy eating habits, while ensuring each one is prepared for the learning process.

Pre-K Start Up Costs (27161) – To account for state funding provided to support the Start Up and Safety Improvements associated with the Pre-Kindergarten programs that provide services to meet the total developmental needs of eligible 4-year-old children. The NMPED provided the funding for these direct services through

NON-MAJOR SPECIAL REVENUE FUNDS DESCRIPTIONS, Continued

appropriation by the New Mexico Legislature. The fund is associated with fund 27149.

Schools in Need of Improvement (27163) – To account for state funding provided to support the instructional, assessment and professional development activities of full day kindergartens in the district. Funding allocations are formula driven based on several factors with priority given to “Schools Needing Improvement” as identified by the New Mexico Public Education Department.

Preschool - CYFD (28121) – To account for revenues and expenditures for a Children, Youth, and Family Development (CYFD) grant from the State of New Mexico to provide for the purpose of offering a pre-kindergarten educational program with a family literacy component.

GEAR-UP CHE (28178) – To account for funding provided to district schools that provide academic enrichment programs and early college and career awareness activities to middle school students and their parents. Funding is authorized pursuant to the Federal grant, Gaining Early Awareness Readiness for Undergraduate Programs, CFDA #84.334A.

Regional Quality Center (28180) – To account for funding supporting the pilot of a Regional Quality Center in the school district. The role of the Regional Quality Center is to create and sustain infrastructure supporting the systems approach to continuous improvement in academic performance. The Regional Quality Center concept was created by the Governor's Business Executives for Education (GBEE) as a component of their Strengthening Quality in Schools (SQS) initiative.

Private Direct Grants (29102) – To account for private local grants awarded to provide additional funding for specific projects.

School-Based Health Center (29130) – To support a Level Two School-Based Health Center that will provide quality direct care to students, children of students, and school staff, through the coordination of integrated primary care and behavioral health services. Funds have been allocated from the New Mexico Department of Health, Public Health Division, based on DOH Strategic Plan (07.01.05).

NON-MAJOR CAPITAL PROJECTS FUNDS DESCRIPTIONS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Public School Capital Outlay – State (31200) – To account for funding provided to the District by the State of New Mexico for capital improvement projects approved by the Public School Capital Outlay Council. Funding authorized by NMAC 6.20.2 of the New Mexico Department of Education.

Special Capital Outlay – State (31400) – To account for District-wide building improvement projects funded by the State. Funding authorized by NMAC 6.20.2 of the New Mexico Department of Education.

Special Capital Outlay – Federal (31500) – To account for funding provided by Federal sources designated for capital projects. Funding authorized by NMAC 6.20.2 of the New Mexico Department of Education.

Capital Improvements SB-9 (31700) - 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).

Public School Capital Outlay – 20% (32100) - To account for the cost of improvement to land, buildings, and the purchase of buildings and equipment. Funding is provided by 20% credit for Impact Aid and locally assessed property taxes.

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COMBINING BALANCE SHEET
As of June 30, 2007

SPECIAL REVENUE

	Fund 12000	Fund 14000	Fund 21000	Fund 22000	Fund 23000	Fund 24106	Fund 24109	Fund 24133
	TEACHERAGE	INSTRUCTIONAL MATERIALS	FOOD SERVICES	ATHLETICS	NON- INSTRUCTIONAL SUPPORT	IDEA-B ENTITLEMENT	IDEA-B PRESCHOOL	ENHANCING EDUCATION THRU TECH
ASSETS								
Assets:								
Cash and Investments	\$ 68,483	112,351		177,974	661,578			966
Taxes Receivable								
Due from Grantor			277,391			514,885	14,765	
Due from Other Funds								
Inventory			143,968		67,256			
Total Assets	\$ 68,483	112,351	421,359	177,974	728,834	514,885	14,765	966
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ 4,712	1,455	142,975	3,598	20,174	121,490	4,380	
Accrued Salaries and Benefits	31		147			16,952		
Due to Other Funds			79,308			376,443	10,385	
Deferred Revenues						352,478	13,260	966
Total Liabilities	4,743	1,455	222,430	3,598	20,174	867,363	28,025	966
Fund Balance:								
Reserved for Inventory			143,968		67,256			
Reserved for Subsequent Year's Expenditures	27,897	110,896	54,961	174,376	589,840			
Reserved for Debt Service					51,564			
Undesignated, Reported In General Fund								
Special Revenue Fund	35,843					(352,478)	(13,260)	
Capital Projects Fund								
Total Fund Balance	63,740	110,896	198,929	174,376	708,660	(352,478)	(13,260)	
Total Liabilities and Fund Balance	\$ 68,483	112,351	421,359	177,974	728,834	514,885	14,765	966

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
As of June 30, 2007

SPECIAL REVENUE

	Fund 24135	Fund 24150	Fund 24153	Fund 24154	Fund 24157	Fund 24162	Fund 24167	Fund 24174	Fund 24180
	COMPREHENSIVE SCHOOL REFORM DEMONSTRATION	TITLE V INNOVATION STRATEGIES	ENGLISH LANGUAGE ACQUISITION	TITLE II-A	TITLE IV-A	TITLE I PROGRAM IMPROVEMENT	READING FIRST	CARL PERKINS SECONDARY	CARL PERKINS HSTW
ASSETS									
Assets:									
Cash and Investments	\$ 68								
Taxes Receivable									
Due from Grantor		264	100,448	198,617	1,270	166,540	162,729	35,071	17,931
Due from Other Funds									
Inventory									
Total Assets	\$ 68	264	100,448	198,617	1,270	166,540	162,729	35,071	17,931
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts Payable	\$		15,227	40,688			32,268	609	9,306
Accrued Salaries and Benefits							950	3,043	
Due to Other Funds		264	85,221	157,929	1,270	166,540	129,511	31,419	8,625
Deferred Revenues	68	8	12,379			5,404	162,729	3,043	9,306
Total Liabilities	68	272	112,827	198,617	1,270	171,944	325,458	38,114	27,237
Fund Balance:									
Reserved for Inventory									
Reserved for Subsequent Year's Expenditures									
Reserved for Debt Service									
Undesignated, Reported In General Fund									
Special Revenue Fund		(8)	(12,379)			(5,404)	(162,729)	(3,043)	(9,306)
Capital Projects Fund									
Total Fund Balance		(8)	(12,379)			(5,404)	(162,729)	(3,043)	(9,306)
Total Liabilities and Fund Balance	\$ 68	264	100,448	198,617	1,270	166,540	162,729	35,071	17,931

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
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COMBINING BALANCE SHEET
As of June 30, 2007

SPECIAL REVENUE

	<u>Fund 25122</u>	<u>Fund 25131</u>	<u>Fund 25145</u>	<u>Fund 25149</u>	<u>Fund 25152</u>	<u>Fund 25162</u>	<u>Fund 25184</u>	<u>Fund 25201</u>
	<u>IHS/ NORTHERN NAVAJO MEDICAL CENTER</u>	<u>JOHNSON O'MALLEY</u>	<u>IMPACT AID - SPECIAL EDUCATION</u>	<u>NM GRADS</u>	<u>MEDICAL ASSISTANCE PAYMENTS (MEDICAID)</u>	<u>FIRST A/C NM GRADS</u>	<u>INDIAN EDUCATION FORMULA GRANT</u>	<u>NAVAJO NATION GRANTS</u>
ASSETS								
Assets:								
Cash and Investments	\$		781,460	4		533	61,726	
Taxes Receivable								
Due from Grantor		171,132	167,450		68,480		7,191	158,890
Due from Other Funds								
Inventory								
Total Assets	\$	171,132	167,450	4	68,480	533	68,917	158,890
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$	3,553	25,511		78,271	16,679	68,917	
Accrued Salaries and Benefits		674			54			
Due to Other Funds		166,905	141,939		51,801			158,890
Deferred Revenues			4,332	4	55,004	533	7,191	60,899
Total Liabilities		171,132	171,782	4	123,484	533	76,108	219,789
Fund Balance:								
Reserved for Inventory								
Reserved for Subsequent Year's Expenditures			300,859					
Reserved for Debt Service								
Undesignated, Reported In General Fund								
Special Revenue Fund		(4,332)	402,276		(55,004)		(7,191)	(60,899)
Capital Projects Fund								
Total Fund Balance		(4,332)	703,135		(55,004)		(7,191)	(60,899)
Total Liabilities and Fund Balance	\$	171,132	167,450	4	68,480	533	68,917	158,890

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SPECIAL REVENUE

	Fund 25234	Fund 26119	Fund 26123	Fund 26143	Fund 26150	Fund 26174	Fund 27117	Fund 27121
	PROJECTS WITH INDUSTRY	HEIFER INTERNATIONAL GRANT	PNM FOUNDATION GRANT	SAVE THE CHILDREN	BURLINGTON GRANTS	PARENTS REACHING OUT	TECHNOLOGY FOR EDUCATION	ELEMENTARY PHYSICAL EDUCATION
ASSETS								
Assets:								
Cash and Investments	\$ 6,712	2,134	2,500		364			
Taxes Receivable								
Due from Grantor				67,795		15,540	16,939	83,961
Due from Other Funds								
Inventory								
Total Assets	\$ 6,712	2,134	2,500	67,795	364	15,540	16,939	83,961
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$			12,687		1,469	4,604	12,071
Accrued Salaries and Benefits				6,782			96	
Due to Other Funds				48,326		14,071	12,239	71,890
Deferred Revenues	6,712			67,795		6,790		591
Total Liabilities	6,712			135,590		22,330	16,939	84,552
Fund Balance:								
Reserved for Inventory								
Reserved for Subsequent Year's Expenditures								
Reserved for Debt Service								
Undesignated, Reported In General Fund								
Special Revenue Fund		2,134	2,500	(67,795)	364	(6,790)		(591)
Capital Projects Fund								
Total Fund Balance		2,134	2,500	(67,795)	364	(6,790)		(591)
Total Liabilities and Fund Balance	\$ 6,712	2,134	2,500	67,795	364	15,540	16,939	83,961

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As of June 30, 2007

SPECIAL REVENUE

	<u>Fund 27138</u>	<u>Fund 27140</u>	<u>Fund 27145</u>	<u>Fund 27149</u>	<u>Fund 27150</u>	<u>Fund 27154</u>	<u>Fund 27155</u>	<u>Fund 27161</u>	<u>Fund 27163</u>
	<u>INCENTIVES FOR SCHOOL IMPROVEMENTS</u>	<u>FAMILY AND YOUTH RESOURCES</u>	<u>GO BOND LIBRARY FUNDING</u>	<u>PRE-K INITIATIVE</u>	<u>INDIAN EDUCATION ACT</u>	<u>BEGINNING TEACHER MENTORING</u>	<u>BREAKFAST FOR ELEM. STUDENTS</u>	<u>PRE-K START UP COSTS</u>	<u>SCHOOLS IN NEED OF IMPROVEMENT</u>
ASSETS									
Assets:									
Cash and Investments	\$ 39,176								
Taxes Receivable									
Due from Grantor		22,680	1,723	113,472	4	770		45,933	498,026
Due from Other Funds									
Inventory									
Total Assets	\$ 39,176	22,680	1,723	113,472	4	770		45,933	498,026
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts Payable	\$			16,283	4			285	2,220
Accrued Salaries and Benefits				28					
Due to Other Funds		22,680	1,723	97,161		770		45,648	495,806
Deferred Revenues	39,176		1,723	113,472	4	770		45,933	
Total Liabilities	39,176	22,680	3,446	226,944	8	1,540		91,866	498,026
Fund Balance:									
Reserved for Inventory									
Reserved for Subsequent Year's Expenditures									
Reserved for Debt Service									
Undesignated, Reported In General Fund									
Special Revenue Fund			(1,723)	(113,472)	(4)	(770)		(45,933)	
Capital Projects Fund									
Total Fund Balance			(1,723)	(113,472)	(4)	(770)		(45,933)	
Total Liabilities and Fund Balance	\$ 39,176	22,680	1,723	113,472	4	770		45,933	498,026

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
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COMBINING BALANCE SHEET
As of June 30, 2007

	SPECIAL REVENUE					CAPITAL PROJECTS		
	Fund 28121	Fund 28178	Fund 28180	Fund 29102	Fund 29130	TOTAL SPECIAL REVENUE	Fund 31200 PUBLIC SCHOOL CAPITAL OUTLAY	Fund 31400 SPECIAL CAPITAL OUTLAY - STATE
	PRE-SCHOOL CYFD	GEAR-UP CHE	REGIONAL QUALITY CENTER	PRIVATE DIRECT GRANTS	SCHOOL BASED HEALTH CTR			
ASSETS								
Assets:								
Cash and Investments	\$		2,670	27,647		1,946,346		
Taxes Receivable								
Due from Grantor	24,397	80,600			8,817	3,043,711	140,761	287,790
Due from Other Funds								
Inventory						211,224		
Total Assets	\$ 24,397	80,600	2,670	27,647	8,817	5,201,281	140,761	287,790
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ 3,836	12,066	2,668	3,747		661,753	2,964	6,602
Accrued Salaries and Benefits						28,757		
Due to Other Funds	20,561	68,534			8,817	2,474,676	17,967	281,188
Deferred Revenues	6,732		2			977,304	140,761	177,634
Total Liabilities	31,129	80,600	2,670	3,747	8,817	4,142,490	161,692	465,424
Fund Balance:								
Reserved for Inventory						211,224		
Reserved for Subsequent Year's Expenditures						1,258,829		
Reserved for Debt Service						51,564		
Undesignated, Reported In General Fund								
Special Revenue Fund	(6,732)			23,900		(462,826)		
Capital Projects Fund							(20,931)	(177,634)
Total Fund Balance	(6,732)			23,900		1,058,791	(20,931)	(177,634)
Total Liabilities and Fund Balance	\$ 24,397	80,600	2,670	27,647	8,817	5,201,281	140,761	287,790

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
As of June 30, 2007

CAPITAL PROJECTS

	<u>Fund 31500</u>	<u>Fund 31700</u>	<u>Fund 32100</u>		<u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u>
	<u>SPECIAL CAPITAL OUTLAY - FEDERAL</u>	<u>CAPITAL IMPROVEMENTS SB-9</u>	<u>PUBLIC SCHOOL CAPITAL OUTLAY - 20%</u>	<u>TOTAL CAPITAL PROJECTS</u>	
ASSETS					
Assets:					
Cash and Investments	\$ 1,725,989	709,082	444,372	2,879,443	4,825,789
Taxes Receivable		24,875		24,875	24,875
Due from Grantor		372,489		801,040	3,844,751
Due from Other Funds					
Inventory					211,224
Total Assets	\$ 1,725,989	1,106,446	444,372	3,705,358	8,906,639
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 8,960	86,287	55,749	160,562	822,315
Accrued Salaries and Benefits					28,757
Due to Other Funds				299,155	2,773,831
Deferred Revenues		17,304		335,699	1,313,003
Total Liabilities	8,960	103,591	55,749	795,416	4,937,906
Fund Balance:					
Reserved for Inventory					211,224
Reserved for Subsequent Year's Expenditures	1,578,277	1,002,855	388,623	2,969,755	4,228,584
Reserved for Debt Service					51,564
Undesignated, Reported In General Fund					
Special Revenue Fund					(462,826)
Capital Projects Fund	138,752			(59,813)	(59,813)
Total Fund Balance	1,717,029	1,002,855	388,623	2,909,942	3,968,733
Total Liabilities and Fund Balance	\$ 1,725,989	1,106,446	444,372	3,705,358	8,906,639

SEE INDEPENDENT AUDITORS' REPORT
The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2007

SPECIAL REVENUE

	<u>Fund 12000</u>	<u>Fund 14000</u>	<u>Fund 21000</u>	<u>Fund 22000</u>	<u>Fund 23000</u>	<u>Fund 24106</u>	<u>Fund 24108</u>	<u>Fund 24109</u>
	<u>TEACHERAGE</u>	<u>INSTRUCTIONAL MATERIALS</u>	<u>FOOD SERVICES</u>	<u>ATHLETICS</u>	<u>NON- INSTRUCTIONAL SUPPORT</u>	<u>IDEA-B ENTITLEMENT</u>	<u>IDEA-B DISCRETIONARY COMPETITIVE</u>	<u>IDEA-B PRESCHOOL</u>
Revenues:								
Federal Grants	\$		2,835,339			1,799,855	544	78,907
State Grants		608,908						
Local Sources	408,696	1,184	183,369	262,201	953,392			
Total Revenues	<u>408,696</u>	<u>610,092</u>	<u>3,018,708</u>	<u>262,201</u>	<u>953,392</u>	<u>1,799,855</u>	<u>544</u>	<u>78,907</u>
Expenditures:								
Current								
Instruction		508,179		225,938	1,086,747	1,240,061		66,522
Support Services - Students						687,202		6,177
Support Services - Instruction		68,050						
Support Services - General Administration						28,977		1,083
Support Services - School Administration						148,944		
Central Services								
Operations and Maintenance of Plant	412,208							
Student Transportation								
Food Services			3,286,781					
Community Services								
Debt Service								
Debt Principal								
Debt Interest								
Capital Outlay								
Total Expenditures	<u>412,208</u>	<u>576,229</u>	<u>3,286,781</u>	<u>225,938</u>	<u>1,086,747</u>	<u>2,105,184</u>		<u>73,782</u>
Revenues Over (Under) Expenditures	<u>(3,512)</u>	<u>33,863</u>	<u>(268,073)</u>	<u>36,263</u>	<u>(133,355)</u>	<u>(305,329)</u>	<u>544</u>	<u>5,125</u>
Other Financing Sources (Uses):								
Operating Transfers In								
Operating Transfers Out								
Lease Purchase Payments					(50,996)			
Net Other Financing Sources (Uses)					<u>(50,996)</u>			
Net Change in Fund Balance	<u>(3,512)</u>	<u>33,863</u>	<u>(268,073)</u>	<u>36,263</u>	<u>(184,351)</u>	<u>(305,329)</u>	<u>544</u>	<u>5,125</u>
Fund Balance - Beginning of Year, as Previously Reported	<u>67,252</u>	<u>77,033</u>	<u>467,002</u>	<u>138,113</u>	<u>893,011</u>	<u>(47,149)</u>	<u>(544)</u>	<u>(18,385)</u>
Fund Balance - End of Year	\$ <u>63,740</u>	<u>110,896</u>	<u>198,929</u>	<u>174,376</u>	<u>708,660</u>	<u>(352,478)</u>		<u>(13,260)</u>

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SPECIAL REVENUE

	Fund 24133	Fund 24135	Fund 24150	Fund 24153	Fund 24154	Fund 24157	Fund 24162	Fund 24167
	ENHANCING EDUCATION THRU TECH	COMPREHENSIVE SCHOOL REFORM DEMONSTRATION	TITLE V INNOVATION STRATEGIES	ENGLISH LANGUAGE ACQUISITION	TITLE II-A	TITLE IV-A	TITLE I PROGRAM IMPROVEMENT	READING FIRST
Revenues:								
Federal Grants	\$ 63,350	38,205	10,147	275,724	747,618	77,857	244,532	800,807
State Grants								
Local Sources								
Total Revenues	<u>63,350</u>	<u>38,205</u>	<u>10,147</u>	<u>275,724</u>	<u>747,618</u>	<u>77,857</u>	<u>244,532</u>	<u>800,807</u>
Expenditures:								
Current								
Instruction	38,733	19,170	8,089	259,743	650,292	36,727	176,779	950,257
Support Services - Students			569		2,178		3,992	
Support Services - Instruction				22,549	1,191			
Support Services - General Administration	557		127	3,977	10,555	952	1,854	13,279
Support Services - School Administration				1,834	70,202	31,170		
Central Services								
Operations and Maintenance of Plant								
Student Transportation								
Food Services								
Community Services								
Debt Service								
Debt Principal								
Debt Interest								
Capital Outlay								
Total Expenditures	<u>39,290</u>	<u>19,170</u>	<u>8,785</u>	<u>288,103</u>	<u>734,418</u>	<u>68,849</u>	<u>182,625</u>	<u>963,536</u>
Revenues Over (Under) Expenditures	<u>24,060</u>	<u>19,035</u>	<u>1,362</u>	<u>(12,379)</u>	<u>13,200</u>	<u>9,008</u>	<u>61,907</u>	<u>(162,729)</u>
Other Financing Sources (Uses):								
Operating Transfers In								
Operating Transfers Out								
Lease Purchase Payments								
Net Other Financing Sources (Uses)								
Net Change in Fund Balance	24,060	19,035	1,362	(12,379)	13,200	9,008	61,907	(162,729)
Fund Balance - Beginning of Year, as Previously Reported	<u>(24,060)</u>	<u>(19,035)</u>	<u>(1,370)</u>		<u>(13,200)</u>	<u>(9,008)</u>	<u>(67,311)</u>	
Fund Balance - End of Year	\$ <u></u>	<u></u>	<u>(8)</u>	<u>(12,379)</u>	<u></u>	<u></u>	<u>(5,404)</u>	<u>(162,729)</u>

STATE OF NEW MEXICO
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SPECIAL REVENUE

	<u>Fund 24174</u>	<u>Fund 24180</u>	<u>Fund 25122</u>	<u>Fund 25131</u>	<u>Fund 25145</u>	<u>Fund 25149</u>	<u>Fund 25152</u>	<u>Fund 25162</u>
	<u>CARL PERKINS SECONDARY</u>	<u>CARL PERKINS HSTW</u>	<u>IHS/NORTHERN NAVAJO MEDICAL CENTER</u>	<u>JOHNSON O'MALLEY</u>	<u>IMPACT AID - SPECIAL EDUCATION</u>	<u>NM GRADS</u>	<u>MEDICAL ASSISTANCE PAYMENTS (MEDICAID)</u>	<u>FIRST A/C NM GRADS</u>
Revenues:								
Federal Grants	\$ 71,892	14,915	223,119	513,485	782,599	4,996	175,594	11,467
State Grants								
Local Sources								
Total Revenues	<u>71,892</u>	<u>14,915</u>	<u>223,119</u>	<u>513,485</u>	<u>782,599</u>	<u>4,996</u>	<u>175,594</u>	<u>11,467</u>
Expenditures:								
Current								
Instruction	73,942	19,718	6,511	253,363	750,821	4,996		11,467
Support Services - Students			215,308	136,963	9,295		248,195	
Support Services - Instruction								
Support Services - General Administration	993	3,312		6,781	8,377			
Support Services - School Administration		1,191	1,300	63,125				
Central Services								
Operations and Maintenance of Plant					10,750			
Student Transportation								
Food Services								
Community Services								
Debt Service								
Debt Principal								
Debt Interest								
Capital Outlay								
Total Expenditures	<u>74,935</u>	<u>24,221</u>	<u>223,119</u>	<u>460,232</u>	<u>779,243</u>	<u>4,996</u>	<u>248,195</u>	<u>11,467</u>
Revenues Over (Under) Expenditures	<u>(3,043)</u>	<u>(9,306)</u>		<u>53,253</u>	<u>3,356</u>		<u>(72,601)</u>	
Other Financing Sources (Uses):								
Operating Transfers In								
Operating Transfers Out								
Lease Purchase Payments								
Net Other Financing Sources (Uses)								
Net Change in Fund Balance	<u>(3,043)</u>	<u>(9,306)</u>		<u>53,253</u>	<u>3,356</u>		<u>(72,601)</u>	
Fund Balance - Beginning of Year, as Previously Reported				<u>(57,585)</u>	<u>699,779</u>		<u>17,597</u>	
Fund Balance - End of Year	\$ <u>(3,043)</u>	\$ <u>(9,306)</u>		\$ <u>(4,332)</u>	\$ <u>703,135</u>		\$ <u>(55,004)</u>	

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SPECIAL REVENUE

	<u>Fund 25184</u>	<u>Fund 25198</u>	<u>Fund 25201</u>	<u>Fund 26119</u>	<u>Fund 26123</u>	<u>Fund 26143</u>	<u>Fund 26150</u>	<u>Fund 26174</u>
	<u>INDIAN EDUCATION FORMULA GRANT</u>	<u>DISTANCE LEARNING AND TELEMEDIA</u>	<u>NAVAJO NATION GRANT</u>	<u>HEIFER INTERNATIONAL GRANT</u>	<u>PNM FOUNDATION GRANT</u>	<u>SAVE THE CHILDREN</u>	<u>BURLINGTON GRANT</u>	<u>PARENTS REACHING OUT</u>
Revenues:								
Federal Grants	\$ 1,165,203	6,963	97,991					
State Grants								
Local Sources					2,500	108,241	1,500	86,250
Total Revenues	<u>1,165,203</u>	<u>6,963</u>	<u>97,991</u>	<u></u>	<u>2,500</u>	<u>108,241</u>	<u>1,500</u>	<u>86,250</u>
Expenditures:								
Current								
Instruction	1,141,767		44,241	5,162		53,900	2,653	
Support Services - Students			53,750					
Support Services - Instruction		6,963				41,035		
Support Services - General Administration	16,177					2,317		
Support Services - School Administration	14,450					71,486		
Central Services								
Operations and Maintenance of Plant								
Student Transportation						5,019		
Food Services								
Community Services						2,279		93,040
Debt Service								
Debt Principal								
Debt Interest								
Capital Outlay								
Total Expenditures	<u>1,172,394</u>	<u>6,963</u>	<u>97,991</u>	<u>5,162</u>	<u></u>	<u>176,036</u>	<u>2,653</u>	<u>93,040</u>
Revenues Over (Under) Expenditures	<u>(7,191)</u>	<u></u>	<u></u>	<u>(5,162)</u>	<u>2,500</u>	<u>(67,795)</u>	<u>(1,153)</u>	<u>(6,790)</u>
Other Financing Sources (Uses):								
Operating Transfers In								
Operating Transfers Out								
Lease Purchase Payments								
Net Other Financing Sources (Uses)	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Net Change in Fund Balance	<u>(7,191)</u>	<u></u>	<u></u>	<u>(5,162)</u>	<u>2,500</u>	<u>(67,795)</u>	<u>(1,153)</u>	<u>(6,790)</u>
Fund Balance - Beginning of Year, as Previously Reported	<u></u>	<u></u>	<u>(60,899)</u>	<u>7,296</u>	<u></u>	<u></u>	<u>1,517</u>	<u></u>
Fund Balance - End of Year	<u>\$ (7,191)</u>	<u></u>	<u>(60,899)</u>	<u>2,134</u>	<u>2,500</u>	<u>(67,795)</u>	<u>364</u>	<u>(6,790)</u>

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SPECIAL REVENUE

	<u>Fund 27117</u>	<u>Fund 27121</u>	<u>Fund 27138</u>	<u>Fund 27140</u>	<u>Fund 27145</u>	<u>Fund 27149</u>	<u>Fund 27150</u>	<u>Fund 27154</u>
	<u>TECHNOLOGY FOR EDUCATION</u>	<u>ELEMENTARY PHYSICAL EDUCATION</u>	<u>INCENTIVES FOR SCHOOL IMPROVEMENTS</u>	<u>FAMILY AND YOUTH RESOURCES</u>	<u>GO BOND LIBRARY FUNDING</u>	<u>PRE-K INITIATIVE</u>	<u>INDIAN EDUCATION ACT</u>	<u>BEGINNING TEACHER MENTORING</u>
Revenues:								
Federal Grants	\$							
State Grants	179,008	117,052	75,433	45,000	126,740	225,865	22,834	13,249
Local Sources								
Total Revenues	<u>179,008</u>	<u>117,052</u>	<u>75,433</u>	<u>45,000</u>	<u>126,740</u>	<u>225,865</u>	<u>22,834</u>	<u>13,249</u>
Expenditures:								
Current								
Instruction		116,459	75,433			304,452	22,838	13,666
Support Services - Students				44,379				
Support Services - Instruction					26,523			
Support Services - General Administration				621				
Support Services - School Administration								
Central Services								
Operations and Maintenance of Plant	93,410							
Student Transportation								
Food Services								
Community Services								
Debt Service								
Debt Principal								
Debt Interest								
Capital Outlay								
Total Expenditures	<u>93,410</u>	<u>116,459</u>	<u>75,433</u>	<u>45,000</u>	<u>26,523</u>	<u>304,452</u>	<u>22,838</u>	<u>13,666</u>
Revenues Over (Under) Expenditures	<u>85,598</u>	<u>593</u>			<u>100,217</u>	<u>(78,587)</u>	<u>(4)</u>	<u>(417)</u>
Other Financing Sources (Uses):								
Operating Transfers In								
Operating Transfers Out								
Lease Purchase Payments								
Net Other Financing Sources (Uses)								
Net Change in Fund Balance	85,598	593			100,217	(78,587)	(4)	(417)
Fund Balance - Beginning of Year, as Previously Reported	<u>(85,598)</u>	<u>(1,184)</u>			<u>(101,940)</u>	<u>(34,885)</u>		<u>(353)</u>
Fund Balance - End of Year	\$	<u>(591)</u>			<u>(1,723)</u>	<u>(113,472)</u>	<u>(4)</u>	<u>(770)</u>

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SPECIAL REVENUE

	<u>Fund 27155</u>	<u>Fund 27161</u>	<u>Fund 27163</u>	<u>Fund 28121</u>	<u>Fund 28178</u>	<u>Fund 28180</u>	<u>Fund 29102</u>
	BREAKFAST FOR ELEM. STUDENTS	PRE-K START UP COSTS	SCHOOLS IN NEED OF IMPROVEMENT	PRE-SCHOOL CYFD	GEAR-UP CHE	REGIONAL QUALITY CENTER	PRIVATE DIRECT GRANTS
Revenues:							
Federal Grants	\$						
State Grants	21,737	46,799	604,101	143,996	92,250	97,748	
Local Sources							11,000
Total Revenues	<u>21,737</u>	<u>46,799</u>	<u>604,101</u>	<u>143,996</u>	<u>92,250</u>	<u>97,748</u>	<u>11,000</u>
Expenditures:							
Current							
Instruction		92,732	604,101	103,060	83,233	80,814	30,161
Support Services - Students					9,017		3,223
Support Services - Instruction							
Support Services - General Administration				1,483			
Support Services - School Administration						16,934	
Central Services							
Operations and Maintenance of Plant							
Student Transportation							
Food Services	21,737						
Community Services							
Debt Service							
Debt Principal							
Debt Interest							
Capital Outlay							10,000
Total Expenditures	<u>21,737</u>	<u>92,732</u>	<u>604,101</u>	<u>104,543</u>	<u>92,250</u>	<u>97,748</u>	<u>43,384</u>
Revenues Over (Under) Expenditures		<u>(45,933)</u>		<u>39,453</u>			<u>(32,384)</u>
Other Financing Sources (Uses):							
Operating Transfers In							
Operating Transfers Out							
Lease Purchase Payments							
Net Other Financing Sources (Uses)							
Net Change in Fund Balance		(45,933)		39,453			(32,384)
Fund Balance - Beginning of Year, as Previously Reported				(46,185)			56,284
Fund Balance - End of Year	\$	<u>(45,933)</u>		<u>(6,732)</u>			<u>23,900</u>

STATE OF NEW MEXICO
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	SPECIAL REVENUE		CAPITAL PROJECTS				
	Fund 29130 SCHOOL BASED HEALTH CTR	TOTAL SPECIAL REVENUE	Fund 31200 PUBLIC SCHOOL CAPITAL OUTLAY	Fund 31400 SPECIAL CAPITAL OUTLAY - STATE	Fund 31500 SPECIAL CAPITAL OUTLAY - FEDERAL	Fund 31700 CAPITAL IMPROVEMENTS SB-9	Fund 32100 PUBLIC SCHOOL CAPITAL OUTLAY - 20%
Revenues:							
Federal Grants	\$	10,041,109			611,164		
State Grants		2,420,720	99,140	3,473,302		622,623	
Local Sources	58,843	2,077,176				1,366,622	34,910
Total Revenues	58,843	14,539,005	99,140	3,473,302	611,164	1,989,245	34,910
Expenditures:							
Current							
Instruction		9,162,727					
Support Services - Students	58,843	1,479,091					
Support Services - Instruction		166,311					
Support Services - General Administration		101,422				12,832	
Support Services - School Administration		420,636					
Central Services							
Operations and Maintenance of Plant		516,368					
Student Transportation		5,019					
Food Services		3,308,518					
Community Services		95,319					
Debt Service							
Debt Principal							
Debt Interest							
Capital Outlay		10,000	239,901	3,650,936	209,325	2,242,713	288,628
Total Expenditures	58,843	15,265,411	239,901	3,650,936	209,325	2,255,545	288,628
Revenues Over (Under) Expenditures		(726,406)	(140,761)	(177,634)	401,839	(266,300)	(253,718)
Other Financing Sources (Uses):							
Operating Transfers In							
Operating Transfers Out							
Lease Purchase Payments		(50,996)					
Net Other Financing Sources (Uses)		(50,996)					
Net Change in Fund Balance		(777,402)	(140,761)	(177,634)	401,839	(266,300)	(253,718)
Fund Balance - Beginning of Year, as Previously Reported		1,836,193			1,315,190	1,269,155	642,341
Fund Balance - End of Year	\$	1,058,791	(140,761)	(177,634)	1,717,029	1,002,855	388,623

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NON-MAJOR GOVERNMENTAL FUNDS
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	<u>TOTAL CAPITAL PROJECTS</u>	<u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u>
Revenues:		
Federal Grants	\$ 611,164	10,652,273
State Grants	4,195,065	6,615,785
Local Sources	1,401,532	3,478,708
Total Revenues	<u>6,207,761</u>	<u>20,746,766</u>
Expenditures:		
Current		
Instruction		9,162,727
Support Services - Students		1,479,091
Support Services - Instruction		166,311
Support Services - General Administration	12,832	114,254
Support Services - School Administration		420,636
Central Services		
Operations and Maintenance of Plant		516,368
Student Transportation		5,019
Food Services		3,308,518
Community Services		95,319
Debt Service		
Debt Principal		
Debt Interest		
Capital Outlay	6,631,503	6,641,503
Total Expenditures	<u>6,644,335</u>	<u>21,909,746</u>
Revenues Over (Under) Expenditures	<u>(436,574)</u>	<u>(1,162,980)</u>
Other Financing Sources (Uses):		
Operating Transfers In		
Operating Transfers Out		
Lease Purchase Payments		(50,996)
Net Other Financing Sources (Uses)		<u>(50,996)</u>
Net Change in Fund Balance	(436,574)	(1,213,976)
Fund Balance - Beginning of Year, as Previously Reported	<u>3,226,686</u>	<u>5,062,879</u>
Fund Balance - End of Year	<u>\$ 2,790,112</u>	<u>3,848,903</u>

STATE OF NEW MEXICO
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FUND 12000 - TEACHERAGE
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources:					
Rents	\$ 400,000	400,000	403,373	-	3,373
Investment Income	4,000	4,000	5,323	-	1,323
Total Revenues	<u>404,000</u>	<u>404,000</u>	<u>408,696</u>	<u>-</u>	<u>4,696</u>
Expenditures:					
Education, Current:					
Operations and Maintenance of Plant	488,326	466,252	412,157	22,074	54,095
Education, Non-Current:					
Capital Outlay	5,000	5,000	-	-	5,000
Total Expenditures	<u>493,326</u>	<u>471,252</u>	<u>412,157</u>	<u>22,074</u>	<u>59,095</u>
Revenues Over (Under) Expenditures	<u>(89,326)</u>	<u>(67,252)</u>	<u>(3,461)</u>	<u>22,074</u>	<u>63,791</u>
Budgetary Notation - Cash Appropriated from Prior Year	\$ <u>89,326</u>	<u>67,252</u>			

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FUND 14000 - INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources:					
Instructional Materials - Credit 50%	\$ 276,077	280,023	276,077	3,946	(3,946)
Instructional Materials - Cash 50%	276,077	290,323	276,077	14,246	(14,246)
Library Materials	56,754	50,882	56,754	(5,872)	5,872
	<u>608,908</u>	<u>621,228</u>	<u>608,908</u>	<u>12,320</u>	<u>(12,320)</u>
Local Sources:					
Insurance/Individual Recoveries	-	-	1,184	-	1,184
Total Revenues	<u>608,908</u>	<u>621,228</u>	<u>610,092</u>	<u>12,320</u>	<u>(11,136)</u>
Expenditures:					
Education, Current:					
Instruction	699,654	720,333	605,593	(20,679)	114,740
Support Services - Instruction	-	75,882	66,595	(75,882)	9,287
Total Expenditures	<u>699,654</u>	<u>796,215</u>	<u>672,188</u>	<u>(96,561)</u>	<u>124,027</u>
Revenues Over (Under) Expenditures	\$ <u>(90,746)</u>	<u>(174,987)</u>	<u>(62,096)</u>	<u>(84,241)</u>	<u>112,891</u>
Budgetary Notation - Cash Appropriated from Prior Year	\$ <u>90,746</u>	<u>174,987</u>		<u>84,241</u>	

STATE OF NEW MEXICO
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FUND 21000 - FOOD SERVICES
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources:					
Direct Federal Grants	\$ 2,650,000	2,650,000	2,404,966	-	(245,034)
Donated Commodities	200,000	200,000	218,138	-	18,138
	<u>2,850,000</u>	<u>2,850,000</u>	<u>2,623,104</u>	<u>-</u>	<u>(226,896)</u>
Local Sources:					
Fees - Adults	186,000	186,000	183,369	-	(2,631)
Total Revenues	<u>3,036,000</u>	<u>3,036,000</u>	<u>2,806,473</u>	<u>-</u>	<u>(229,527)</u>
Expenditures:					
Education, Current:					
Food Services	<u>3,186,000</u>	<u>3,332,628</u>	<u>3,272,577</u>	<u>(146,628)</u>	<u>60,051</u>
Revenues Over (Under) Expenditures	<u>(150,000)</u>	<u>(296,628)</u>	<u>(466,104)</u>	<u>(146,628)</u>	<u>(169,476)</u>
Budgetary Notation - Cash Appropriated from Prior Year	<u>\$ 150,000</u>	<u>296,628</u>		<u>146,628</u>	

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 22000 - ATHLETICS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources:					
Fees - Activities	\$ 201,283	201,283	252,655	-	51,372
Investment Income	2,250	2,250	9,546	-	7,296
Total Revenues	<u>203,533</u>	<u>203,533</u>	<u>262,201</u>	<u>-</u>	<u>58,668</u>
Expenditures:					
Education, Current:					
Instructional	<u>333,533</u>	<u>348,685</u>	<u>229,649</u>	<u>(15,152)</u>	<u>119,036</u>
Revenues Over (Under) Expenditures	<u>(130,000)</u>	<u>(145,152)</u>	<u>32,552</u>	<u>(15,152)</u>	<u>177,704</u>
Budgetary Notation - Cash Appropriated from Prior Year	\$ <u>130,000</u>	<u>145,152</u>		<u>15,152</u>	

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 23000 - NON-INSTRUCTIONAL SUPPORT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources:					
Fees - Activities	\$ 40,000	40,000	6,582	-	(33,418)
Fees - Users	1,031,865	1,031,865	901,008	-	(130,857)
Investment Income	17,500	17,500	45,802	-	28,302
Total Revenues	<u>1,089,365</u>	<u>1,089,365</u>	<u>953,392</u>	<u>-</u>	<u>(135,973)</u>
Expenditures:					
Education, Current:					
Instructional	<u>1,889,365</u>	<u>1,930,908</u>	<u>1,145,993</u>	<u>(41,543)</u>	<u>784,915</u>
Revenues Over (Under) Expenditures	<u>(800,000)</u>	<u>(841,543)</u>	<u>(192,601)</u>	<u>(41,543)</u>	<u>648,942</u>
Budgetary Notation - Cash Appropriated from Prior Year	<u>\$ 800,000</u>	<u>841,543</u>		<u>41,543</u>	

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 24106 - IDEA-B ENTITLEMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 1,667,035	2,254,473	1,715,711	587,438	(538,762)
Expenditures:					
Education, Current:					
Instruction	1,240,962	1,240,962	1,235,689	-	5,273
Support Services - Students	175,282	749,940	685,188	(574,658)	64,752
Support Services - General Administration	40,439	31,127	28,977	9,312	2,150
Support Services - School Administration	210,352	232,444	148,944	(22,092)	83,500
Total Expenditures	1,667,035	2,254,473	2,098,798	(587,438)	155,675
Revenues Over (Under) Expenditures	\$ -	-	(383,087)	-	(383,087)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 24108 - IDEA-B DISCRETIONARY COMPETITIVE
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ -	3,648	5,709	3,648	2,061
Expenditures:					
Education, Current:					
Support Services - Students	-	3,598	-	(3,598)	3,598
Support Services - General Administration	-	50	-	(50)	50
Total Expenditures	-	3,648	-	(3,648)	3,648
Revenues Over (Under) Expenditures	\$ -	-	5,709	-	5,709

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 24109 - IDEA-B PRESCHOOL
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 57,759	83,560	78,963	25,801	(4,597)
Expenditures:					
Education, Current:					
Instruction	55,432	69,874	69,873	(14,442)	1
Support Services - Students	-	12,532	7,500	(12,532)	5,032
Support Services - General Administration	2,327	1,154	1,083	1,173	71
Total Expenditures	57,759	83,560	78,456	(25,801)	5,104
Revenues Over (Under) Expenditures	\$ -	-	507	-	507

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 24133 - ENHANCING EDUCATION THRU TECHNOLOGY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ -	40,686	65,271	40,686	24,585
Expenditures:					
Education, Current:					
Instruction	-	39,825	39,825	(39,825)	-
Support Services - General Administration	-	861	557	(861)	304
Total Expenditures	-	40,686	40,382	(40,686)	304
Revenues Over (Under) Expenditures	\$ -	-	24,889	-	24,889

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 24135 - COMPREHENSIVE SCHOOL REFORM DEMONSTRATION
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ -	19,382	38,273	19,382	18,891
Expenditures:					
Education, Current:					
Instruction	-	19,382	19,381	(19,382)	1
Total Expenditures	-	19,382	19,381	(19,382)	1
Revenues Over (Under) Expenditures	\$ -	-	18,892	38,764	18,890

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 24150 - TITLE V INNOVATION STRATEGIES
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 8,904	9,230	25,622	326	16,392
Expenditures:					
Education, Current:					
Instruction	8,533	8,533	8,533	-	-
Support Services - Students	178	570	569		
Support Services - General Administration	193	127	127	66	-
Total Expenditures	8,904	9,230	9,229	(326)	1
Revenues Over (Under) Expenditures	\$ -	-	16,393	-	16,393

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 24153 - ENGLISH LANGUAGE ACQUISITION
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 256,992	338,561	139,789	81,569	(198,772)
Expenditures:					
Education, Current:					
Instruction	212,941	282,311	259,735	(69,370)	22,576
Support Services - Instruction	-	37,533	22,549	(37,533)	14,984
Support Services - General Administration	14,476	13,674	3,977	802	9,697
Support Services - School Administration	5,043	5,043	1,834	-	3,209
Total Expenditures	232,460	338,561	288,095	(106,101)	50,466
Revenues Over (Under) Expenditures	\$ 24,532	-	(148,306)	(24,532)	(148,306)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 24154 - TITLE II-A
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 702,461	817,626	584,380	115,165	(233,246)
Expenditures:					
Education, Current:					
Instruction	602,828	671,995	653,079	(69,167)	18,916
Support Services - Students	19,671	14,517	2,178	5,154	12,339
Support Services - Instruction	-	2,375	1,191	(2,375)	1,184
Support Services - General Administration	79,962	24,620	10,555	55,342	14,065
Support Services - School Administration	-	72,076	70,202	(72,076)	1,874
Operations & Maintenance of Plant	-	7,043	-	(7,043)	7,043
Education, Non-Current:					
Capital Outlay	-	25,000	-	(25,000)	25,000
Total Expenditures	702,461	817,626	737,205	(115,165)	80,421
Revenues Over (Under) Expenditures	\$ -	-	(152,825)	-	(152,825)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 24157 - TITLE IV-A
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 60,585	102,411	83,107	41,826	(19,304)
Expenditures:					
Education, Current:					
Instruction	40,439	62,421	36,861	(21,982)	25,560
Support Services - Students	-	1,414	952	(1,414)	462
Support Services - School Administration	20,146	38,576	31,170	(18,430)	7,406
Total Expenditures	60,585	102,411	68,983	(41,826)	33,428
Revenues Over (Under) Expenditures	\$ -	-	14,124	-	14,124

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 24162 - TITLE I PROGRAM IMPROVEMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ -	201,499	83,396	201,499	(118,103)
Expenditures:					
Education, Current:					
Instruction	-	194,724	194,717	(194,724)	7
Support Services - Students	-	3,993	3,992	(3,993)	1
Support Services - General Administration	-	2,782	2,782	(2,782)	-
Total Expenditures	-	201,499	201,491	(201,499)	8
Revenues Over (Under) Expenditures	\$ -	-	(118,095)	-	(118,095)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 24167 - READING FIRST
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ -	1,072,010	800,807	1,072,010	(271,203)
Expenditures:					
Education, Current:					
Instruction	-	1,049,401	948,484	(1,049,401)	100,917
Support Services - General Administration	-	22,609	13,279	(22,609)	9,330
Total Expenditures	-	1,072,010	961,763	(1,072,010)	110,247
Revenues Over (Under) Expenditures	\$ -	-	(160,956)	-	(160,956)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 24174 - CARL PERKINS - SECONDARY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 136,160	136,160	39,864	-	(96,296)
Expenditures:					
Education, Current:					
Instruction	133,203	133,203	70,899	-	62,304
Support Services - General Administration	2,957	2,957	993	-	1,964
Total Expenditures	136,160	136,160	71,892	-	64,268
Revenues Over (Under) Expenditures	\$ -	-	(32,028)	-	(32,028)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 24180 - CARL PERKINS - HSTW
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 45,000	45,000	6,290	-	(38,710)
Expenditures:					
Education, Current:					
Instruction	31,500	31,500	11,612	-	19,888
Support Services - General Administration	6,750	8,350	2,512	(1,600)	5,838
Support Services - School Administration	6,750	5,150	791	1,600	4,359
Total Expenditures	45,000	45,000	14,915	-	30,085
Revenues Over (Under) Expenditures	\$ -	-	(8,625)	-	(8,625)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 25122 - IHS/NORTHERN NAVAJO MEDICAL CENTER
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 71,336	290,883	-	219,547	(290,883)
Expenditures:					
Education, Current:					
Instruction	9,657	8,500	8,249	1,157	251
Support Services - Students	61,679	281,076	221,930	(219,397)	59,146
Support Services - School Administration	-	1,307	1,300	(1,307)	7
Total Expenditures	71,336	290,883	231,479	(219,547)	59,404
Revenues Over (Under) Expenditures	\$ -	-	(231,479)	-	(231,479)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 25131 - JOHNSON O'MALLEY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 145,190	564,239	518,080	419,049	(46,159)
Expenditures:					
Education, Current:					
Instruction	111,462	350,091	281,103	(238,629)	68,988
Support Services - Students	19,882	137,810	136,963	(117,928)	847
Support Services - General Administration	-	7,791	6,781	(7,791)	1,010
Support Services - School Administration	11,166	68,547	61,832	(57,381)	6,715
Operations & Maintenance of Plant	2,680	-	-	2,680	-
Student Transportation	-	-	-	-	-
Total Expenditures	145,190	564,239	486,679	(419,049)	77,560
Revenues Over (Under) Expenditures	\$ -	-	31,401	-	31,401

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 25145 - IMPACT AID - SPECIAL EDUCATION
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 1,188,000	1,188,000	782,599	-	(405,401)
Expenditures:					
Education, Current:					
Instruction	1,151,199	1,151,199	754,786	-	396,413
Support Services - Students	-	9,399	9,295	(9,399)	104
Support Services - School Administration	-	16,402	10,848	(16,402)	5,554
Operations and Maintenance of Plant	36,801	11,000	10,750	25,801	250
Total Expenditures	1,188,000	1,188,000	785,679	-	402,321
Revenues Over (Under) Expenditures	\$ -	-	(3,080)	-	(3,080)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 25149 - NM GRADS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ -	5,000	5,000	5,000	-
Expenditures:					
Education, Current:					
Instruction	-	5,000	4,996	(5,000)	4
Total Expenditures	-	5,000	4,996	(5,000)	4
Revenues Over (Under) Expenditures	\$ -	-	4	-	4

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 25152 - MEDICAL ASSISTANCE PAYMENTS (MEDICAID)
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 352,429	352,429	162,118	-	(190,311)
Expenditures:					
Education, Current:					
Support Services - Students	352,429	352,429	248,195	-	104,234
Revenues Over (Under) Expenditures	\$ -	-	(86,077)	-	(86,077)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 25162 - TANF - GRADS - HSD
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ -	12,000	12,000	12,000	-
Expenditures:					
Education, Current:					
Instruction	-	12,000	11,467	(12,000)	533
Revenues Over (Under) Expenditures	\$ -	-	533	-	533

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 25184 - INDIAN EDUCATION FORMULA GRANT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 100,000	1,207,347	1,255,000	1,107,347	47,653
Expenditures:					
Education, Current:					
Instruction	93,700	1,164,943	1,141,056	(1,071,243)	23,887
Support Services - General Administration	-	16,669	16,177	(16,669)	492
Support Services - School Administration	6,300	25,735	14,450	(19,435)	11,285
Total Expenditures	100,000	1,207,347	1,171,683	(1,107,347)	35,664
Revenues Over (Under) Expenditures	\$ -	-	83,317	-	83,317

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 25198 - DISTANCE LEARNING TELEMED GRANT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ -	-	-	-	-
Expenditures:					
Education, Current:					
Support Services - Instruction	-	6,964	6,963	(6,964)	1
Revenues Over (Under) Expenditures	\$ -	(6,964)	(6,963)	6,964	(1)
Budgetary Notation - Cash Appropriated from Prior Year	\$	6,964			

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 25201 - NAVAJO NATION GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ -	98,000	-	98,000	(98,000)
Expenditures:					
Education, Current:					
Instruction	-	44,247	44,241	(44,247)	6
Support Services - Students	-	53,753	53,750	(53,753)	3
Total Expenditures	-	98,000	97,991	(98,000)	9
Revenues Over (Under) Expenditures	\$ -	-	(97,991)	-	(97,991)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 26119 - HEIFER INTERNATIONAL GRANT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources	\$ -	7,586	-	7,586	(7,586)
Expenditures:					
Education, Current:					
Instruction	-	7,586	6,585	(7,586)	1,001
Revenues Over (Under) Expenditures	\$ -	-	(6,585)	-	(6,585)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 26123 - PNM FOUNDATION GRANT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources	\$ -	-	2,500	-	2,500
Expenditures:					
Education, Current:	-	-	-	-	-
Revenues Over (Under) Expenditures	\$ -	-	2,500	-	2,500

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 26143 - SAVE THE CHILDREN
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources	\$ -	260,472	108,241	260,472	(152,231)
Expenditures:					
Education, Current:					
Instruction	-	56,178	47,118	(56,178)	9,060
Support Services - Students	-	45,357	41,035	(45,357)	4,322
Support Services - General Administration	-	3,596	2,317	(3,596)	1,279
Support Services - General Administration	-	118,949	71,229	(118,949)	47,720
Student Transportation	-	30,192	4,617	(30,192)	25,575
Community Services	-	6,200	1,508	(6,200)	4,692
Total Expenditures	-	260,472	167,824	(260,472)	92,648
Revenues Over (Under) Expenditures	\$ -	-	(59,583)	-	(59,583)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 26150 - BURLINGTON GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources	\$ 1,000	3,017	1,500	2,017	(1,517)
Expenditures:					
Education, Current:					
Instruction	1,000	3,017	2,653	(2,017)	364
Revenues Over (Under) Expenditures	\$ -	-	(1,153)	-	(1,153)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 26174 - PARENTS REACHING OUT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources	\$ -	95,000	77,500	95,000	(17,500)
Expenditures:					
Education, Current:					
Community Services	-	95,000	92,601	(95,000)	2,399
Revenues Over (Under) Expenditures	\$ -	-	(15,101)	-	(15,101)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 27117 - TECHNOLOGY FOR EDUCATION
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ -	111,292	162,069	111,292	50,777
Expenditures:					
Education, Current:					
Operations & Maintenance of Plant	-	111,292	93,410	(111,292)	17,882
Revenues Over (Under) Expenditures	\$ -	-	68,659	-	68,659

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 27121 - ELEMENTARY PHYSICAL EDUCATION GRANT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ -	116,460	33,682	116,460	(82,778)
Expenditures:					
Education, Current:					
Instruction	-	116,460	116,459	(116,460)	1
Revenues Over (Under) Expenditures	\$ -	-	(82,777)	-	(82,777)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 27138 - INCENTIVES FOR SCHOOL IMPROVEMENTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ -	101,301	19,920	101,301	(81,381)
Expenditures:					
Education, Current:					
Instruction	-	92,030	75,930	(92,030)	16,100
Support Services - School Administration	-	9,271	-	(9,271)	9,271
Total Expenditures	-	101,301	75,930	(101,301)	25,371
Revenues Over (Under) Expenditures	\$ -	-	(56,010)	-	(56,010)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 27140 - FAMILY AND YOUTH RESOURCES - PRO
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ -	45,000	22,320	45,000	(22,680)
Expenditures:					
Education, Current:					
Support Services - Students	-	44,379	44,379	(44,379)	-
Support Services - General Administration	-	621	621	(621)	-
Total Expenditures		45,000	45,000	(45,000)	-
Revenues Over (Under) Expenditures	\$ -	-	(22,680)	-	(22,680)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 27145 - GO BOND LIBRARY FUNDING
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ -	30,014	126,740	30,014	96,726
Expenditures:					
Education, Current:					
Support Services - Instruction	-	30,014	26,605	(30,014)	3,409
Revenues Over (Under) Expenditures	\$ -	-	100,135	-	100,135

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 27149 - PRE-K INITIATIVE
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ -	305,892	225,865	305,892	(80,027)
Expenditures:					
Education, Current:					
Instruction	-	305,892	303,511	(305,892)	2,381
Revenues Over (Under) Expenditures	\$ -	-	(77,646)	611,784	(82,408)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 27150 - INDIAN EDUCATION ACT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ -	78,678	89,808	78,678	11,130
Expenditures:					
Education, Current:					
Instruction	-	54,834	23,531	(54,834)	31,303
Support Services - Students	-	23,844	-	(23,844)	23,844
Total Expenditures	-	78,678	23,531	(78,678)	55,147
Revenues Over (Under) Expenditures	\$ -	-	66,277	-	66,277

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 27154 - BEGINNING TEACHER MENTORING
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ 13,248	13,666	23,966	418	10,300
Expenditures:					
Education, Current:					
Instruction	13,248	13,666	13,666	(418)	-
Revenues Over (Under) Expenditures	\$ -	-	10,300	-	10,300

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 27155 - BREAKFAST FOR ELEMENTARY STUDENTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ 21,737	21,737	21,737	-	-
Expenditures:					
Education, Current:					
Food Services	21,737	21,737	21,737	-	-
Revenues Over (Under) Expenditures	\$ -	-	-	-	-

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 27161 - PRE-K START UP COSTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ -	92,448	46,799	92,448	(45,649)
Expenditures:					
Education, Current:					
Instruction	-	92,448	92,447	(92,448)	1
Revenues Over (Under) Expenditures	\$ -	-	(45,648)	-	(45,648)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 27163 - SCHOOLS IN NEED OF IMPROVEMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ -	700,000	106,075	700,000	(593,925)
Expenditures:					
Education, Current:					
Instruction	-	700,000	604,101	(700,000)	95,899
Revenues Over (Under) Expenditures	\$ -	-	(498,026)	-	(498,026)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 27164 - SCHOOL IMPROVEMENT FRAMEWORK
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ -	15,000	-	15,000	(15,000)
Expenditures:					
Education, Current:					
Instruction	-	15,000	-	(15,000)	15,000
Revenues Over (Under) Expenditures	\$ -	-	-	-	-

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 28121 - PRESCHOOL - CYFD
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ 10,000	110,304	126,331	100,304	16,027
Expenditures:					
Education, Current:					
Instruction	9,725	107,484	106,100	(97,759)	1,384
Support Services - General Administration	-	2,820	1,483	(2,820)	1,337
Support Services - School Administration	275	-	-	275	-
Total Expenditures	10,000	110,304	107,583	(100,304)	2,721
Revenues Over (Under) Expenditures	\$ -	-	18,748	-	18,748

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 28178 - GEAR-UP CHE
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ 10,000	148,719	-	138,719	(148,719)
Expenditures:					
Education, Current:					
Instruction	10,000	131,375	75,427	(121,375)	55,948
Support Services - Students	-	17,344	9,017	(17,344)	8,327
Total Expenditures	10,000	148,719	84,444	(138,719)	64,275
Revenues Over (Under) Expenditures	\$ -	-	(84,444)	-	(84,444)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 28180 - REGIONAL QUALITY CENTER (RQC)
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ -	97,750	97,750	97,750	-
Expenditures:					
Education, Current:					
Instruction	-	80,814	80,814	(80,814)	-
Support Services - School Administration	-	16,936	16,934	(16,936)	2
Total Expenditures	-	97,750	97,748	(97,750)	2
Revenues Over (Under) Expenditures	\$ -	-	2	-	2

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 29102 - PRIVATE DIRECT GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources	\$ 80,000	79,165	11,000	(835)	(68,165)
Expenditures:					
Education, Current:					
Instruction	40,880	40,045	28,748	835	11,297
Support Services - Students	7,551	7,551	3,223	-	4,328
Education, Non-Current:					
Capital Outlay	31,569	31,569	19,546	-	12,023
Total Expenditures	80,000	79,165	51,517	835	27,648
Revenues Over (Under) Expenditures	\$ -	-	(40,517)	-	(40,517)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 29130 - SCHOOL BASED HEALTH CENTER
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ 26,000	89,975	82,763	63,975	(7,212)
Expenditures:					
Education, Current:					
Support Services - Students	26,000	89,975	73,555	(63,975)	16,420
Revenues Over (Under) Expenditures	\$ -	-	9,208	-	9,208

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 31200 - PUBLIC SCHOOL CAPITAL OUTLAY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ 2,940,787	13,920,906	302,556	10,980,119	(13,618,350)
Expenditures:					
Education, Non-Current:					
Capital Outlay	2,940,787	13,920,906	117,107	(10,980,119)	13,803,799
Revenues Over (Under) Expenditures	-	-	185,449	-	185,449

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 31400 - SPECIAL CAPITAL OUTLAY - STATE
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources	\$ 460,000	440,156	452,875	(19,844)	12,719
Expenditures:					
Education, Non-Current:					
Capital Outlay	460,000	440,156	432,006	19,844	8,150
Revenues Over (Under) Expenditures	-	-	20,869	-	20,869

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 31500 - SPECIAL CAPITAL OUTLAY - FEDERAL
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ -	1,165,364	611,164	1,165,364	(554,200)
Expenditures:					
Education, Non-Current:					
Capital Outlay	1,011,281	2,485,439	205,250	(1,474,158)	2,280,189
Revenues Over (Under) Expenditures	(1,011,281)	(1,320,075)	405,914	(308,794)	1,725,989
Budgetary Notation - Cash Appropriated from Prior Year	\$ 1,011,281	1,320,075		308,794	

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 31700 - CAPITAL IMPROVEMENTS SB-9
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State Sources					
State Flow-through Grant	\$ -	372,489	250,134	372,489	(122,355)
Local Sources					
Ad Valorem Taxes - School District	1,279,146	1,279,146	1,283,173	-	4,027
Oil and Gas Taxes	31,794	31,794	26,916	-	(4,878)
Investment Income	10,000	10,000	56,115	-	46,115
	<u>1,320,940</u>	<u>1,320,940</u>	<u>1,366,204</u>	<u>-</u>	<u>45,264</u>
Total Revenues	<u>1,320,940</u>	<u>1,693,429</u>	<u>1,616,338</u>	<u>372,489</u>	<u>(77,091)</u>
Expenditures:					
Education, Current:					
Support Services - General Administration	10,000	10,000	12,832	-	(2,832)
Education, Non-Current:					
Capital Outlay	<u>2,510,095</u>	<u>3,020,557</u>	<u>2,231,552</u>	<u>(510,462)</u>	<u>789,005</u>
Total Expenditures	<u>2,520,095</u>	<u>3,030,557</u>	<u>2,244,384</u>	<u>(510,462)</u>	<u>786,173</u>
Revenues Over (Under) Expenditures	<u>(1,199,155)</u>	<u>(1,337,128)</u>	<u>(628,046)</u>	<u>(137,973)</u>	<u>709,082</u>
Budgetary Notation - Cash Appropriated from Prior Year	\$ <u>1,199,155</u>	<u>1,337,128</u>		<u>137,973</u>	

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FUND 32100 - PUBLIC SCHOOL CAPITAL OUTLAY - 20%
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources					
Investment Income	\$ 7,500	7,500	34,910	-	27,410
Expenditures:					
Education, Non-Current:					
Capital Outlay	758,778	649,841	232,879	108,937	416,962
Revenues Over (Under) Expenditures	<u>(751,278)</u>	<u>(642,341)</u>	<u>(197,969)</u>	<u>(108,937)</u>	<u>(389,552)</u>
Budgetary Notation - Cash Appropriated from Prior Year	\$ <u>751,278</u>	<u>642,341</u>		<u>108,937</u>	

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
FIDUCIARY FUNDS DESCRIPTION
For the Year Ended June 30, 2007

Agency Funds - Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations, or other governments. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds relate primarily to the various activities of the individual schools.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
For the Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deletions	Net Increase (Decrease)	Balance June 30, 2007
<u>Assets</u>					
Cash and Investments	\$ 526,654	834,881	738,370	96,511	623,165
<u>Liabilities</u>					
Deposits Held for Others	\$ 526,654	834,881	738,370	96,511	623,165

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
**STATEMENT OF CHANGES IN DEPOSITS HELD FOR OTHERS -
ALL AGENCY FUNDS**
For the Year Ended June 30, 2007

	Balance			Balance
	July 1, 2006	Additions	Deletions	June 30, 2007
Central Activity - District	\$ 62,780	74,844	43,262	94,362
Kirtland Central High School	184,591	251,898	245,948	190,541
Kirtland Middle School	26,713	63,916	55,842	34,787
Kirtland Elementary School	12,360	28,200	27,874	12,686
Grace B. Wilson Elementary School	34,804	18,298	19,382	33,720
Ruth N. Bond Elementary School	12,633	28,079	11,179	29,533
Ojo Amarillo Elementary School	6,342	9,267	8,426	7,183
Kirtland Early Childhood Center	86	792	383	495
Shiprock High School	97,574	146,704	147,706	96,572
Career Prep High School	7,340	10,001	7,048	10,293
Tse Bit Ai Middle School	19,536	65,204	63,964	20,776
Mesa Elementary School	2,897	5,291	7,786	402
Nataani Nez Elementary School	14,789	4,859	5,729	13,919
Nizhoni Elementary School	6,165	4,338	1,865	8,638
Eva B. Stokely Elementary School	4,232	3,736	6,122	1,846
Newcomb High School	(2,827)	83,682	45,280	35,575
Newcomb Middle School	22,109	13,234	18,226	17,117
Newcomb Elementary School	10,776	9,070	10,942	8,904
Naschitti Elementary School	3,754	13,468	11,406	5,816
	<u>\$ 526,654</u>	<u>834,881</u>	<u>738,370</u>	<u>623,165</u>

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>
Major Programs:			
U. S. Department of Education Direct Grants:			
Impact Aid:			
General	84.041	11000	\$ 19,395,789
Special Education	84.041	25145	779,243
Indian Add-on	84.041	25147	4,950,582
Indian Education Formula Grant	84.060	25184	<u>1,172,394</u>
Total U.S. Department of Education Direct Grants			<u>26,298,008</u>
US Department of Education passed through New Mexico State Public Education Department:			
ESEA Title I	84.010	24101	3,643,543
IDEA-B Entitlement	84.027	24106	2,105,184
US Department of Agriculture passed through New Mexico State Public Education Department:			
National School Breakfast	10.553	21000	698,495
National School Lunch	10.555	21000	2,161,609
US Department of Agriculture passed through New Mexico State Department of Human Services			
Commodities	10.550	21000	<u>243,308</u>
Total Major Programs			<u>35,150,147</u>
Non-Major Programs:			
U. S. Department of Education			
Passed through New Mexico State Public Education Department:			
Title I Cluster			
Teacher Principal Training and Recruiting (Title II-A)	84.367A	24154	734,418
Safe and Drug Free Schools and Communities	84.186A	24157	68,849
Title I Program Improvement	84.218A	24162	<u>182,625</u>
Total Title I Cluster			<u>985,892</u>
IDEA-B Pre-School	84.173	24109	73,782
Native American School Repair and Renovation Grants	84.352B	31500	209,325
English Language Acquisition	84.365A	24153	288,103
Technology Literacy Challenge	84.318X	24133	39,290
Comprehensive School Reform	84.332A	24135	19,170
ESEA Title V-A Innovation Strategies	84.298	24150	8,785
Reading First	84.357	24167	963,536
Carl Perkins Secondary	84.048A	24174	74,935
Carl Perkins HSTW	84.048A	24180	24,221
Navajo Nation Grants	84.xxx	25201	<u>97,991</u>
Total Department of Education Non-Major Programs			<u>2,785,030</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007

	<u>Federal CFDA Number</u>	<u>Pass- Through Number</u>	<u>Federal Expenditures</u>
U. S. Department of Health & Human Services Indirect Grants			
Passed through Navajo Nation:			
IHS/Navajo Nation Medical Center	93.228	25122	223,119
Passed though New Mexico Public Education Department:			
NM GRADS	93.596	25149	4,996
First A/C NM GRADS	93.558/93.590	25162	<u>11,467</u>
Total Department of Health & Human Services Indirect Grants			<u>239,582</u>
U.S. Department of Interior - Bureau of Indian Affairs Direct Grant			
Johnson O'Malley	15.130	25131	<u>460,232</u>
U.S. Department of Agriculture			
Distance Learning and Telemedicine Grant - Rural Utility Services	10.8550	25198	6,963
Total Non-Major Programs			<u>3,491,807</u>
Total Expenditures of Federal Awards			<u>\$ 38,641,954</u>

Notes to Schedule of Expenditures of Federal Awards:

1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Central Consolidated Schools for the fiscal year ended June 30, 2007 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

2 Non-Cash Assistance

Included above -U.S. Department of Agriculture - Food Distribution

243,308

3 Federal Insurance

None

4 Federal Loans and/or Loan Guarantees

None

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
SCHEDULE OF PLEDGED COLLATERAL
For the Year Ended June 30, 2007

<u>Security Description</u>	<u>Security Number</u>	<u>CUSIP Number</u>	<u>Market Value</u>	<u>Maturity Date</u>
Wells Fargo Bank:				
			\$	
Ginnie Mae Mortgage Backed Security	781278	36225BM39	1,209,803	04-15-2031
Ginnie Mae Mortgage Backed Security	781316	36225BN95	<u>3,255,636</u>	07-15-2031
			\$ <u>4,465,439</u>	

These securities are held by Wells Fargo Bank in the name of the District in a vault at the following address:
Wells Fargo Bank
608 2nd Ave. South
Minneapolis, MN 55402

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
CASH RECONCILIATION
For the Year Ended June 30, 2007

	<u>Operational</u>	<u>Teacherage</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>	<u>Athletics</u>
Audited Cash and Investments, June 30, 2006	\$ 3,786,480	67,252	331,890	174,447	296,628	145,152
Add:						
2006-2007 Revenues	53,330,295	408,696	2,216,997	610,092	2,806,473	262,201
Prior Year Checks Voided	4,956					
Cash Reclassification of Outstanding Liabilities	2,477,894	4,661	122,707		90,101	270
Net Loans from Other Funds			1,224,102		79,308	
Operating Transfer In						
Total Cash and Investments Available	<u>59,599,625</u>	<u>480,609</u>	<u>3,895,696</u>	<u>784,539</u>	<u>3,272,510</u>	<u>407,623</u>
Less:						
2006-2007 Expenditures	52,436,237	412,126	3,895,696	672,188	3,272,510	229,649
Net Loans to Other Funds	2,908,035					
Operating Transfer Out	<u>276,262</u>					
Cash and Investments, June 30, 2007	<u>\$ 3,979,091</u>	<u>68,483</u>	<u></u>	<u>112,351</u>	<u></u>	<u>177,974</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
CASH RECONCILIATION, continued
For the Year Ended June 30, 2007

	<u>Non-Instructional</u>	<u>Federal Projects</u>	<u>State and Local</u>	<u>Bond Building</u>	<u>Public School Capital Outlay</u>	<u>Special Capital Outlay-State</u>
Audited Cash and Investments, June 30, 2006	\$ 841,543	6,519,421	185,238	15,169,888		
Add:						
2006-2007 Revenues	953,392	14,421,568	1,386,566	751,567	302,556	452,875
Prior Year Checks Voided						
Cash Reclassification of Outstanding Liabilities	16,239	795,989	57,286			
Net Loans from Other Funds		1,264,753	546,190		(185,449)	(20,869)
Operating Transfer In						
Total Cash and Investments Available	<u>1,811,174</u>	<u>23,001,731</u>	<u>2,175,280</u>	<u>15,921,455</u>	<u>117,107</u>	<u>432,006</u>
Less:						
2006-2007 Expenditures	1,149,596	16,268,407	2,100,789	5,133,558	117,107	432,006
Net Loans to Other Funds						
Operating Transfer Out						
Cash and Investments, June 30, 2007	<u>\$ 661,578</u>	<u>6,733,324</u>	<u>74,491</u>	<u>10,787,897</u>		

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
CASH RECONCILIATION, continued
For the Year Ended June 30, 2007

	Special Capital Outlay-Federal	Capital Improvements SB-9	PSCO 20%	Debt Service	Total
Audited Cash and Investments, June 30, 2006	\$ 1,320,075	1,337,128	642,341	4,922,544	35,740,027
Add:					
2006-2007 Revenues	611,164	1,616,338	34,910	4,433,688	84,599,378
Prior Year Checks Voided					4,956
Cash Reclassification of Outstanding Liabilities					3,565,147
Net Loans from Other Funds					2,908,035
Operating Transfer In				231,573	231,573
Total Cash and Investments Available	<u>1,931,239</u>	<u>2,953,466</u>	<u>677,251</u>	<u>9,587,805</u>	<u>127,049,116</u>
Less:					
2006-2007 Expenditures	205,250	2,244,384	232,879	4,865,774	93,668,156
Net Loans to Other Funds					2,908,035
Operating Transfer Out					276,262
Cash and Investments, June 30, 2007	<u>\$ 1,725,989</u>	<u>709,082</u>	<u>444,372</u>	<u>4,722,031</u>	<u>30,196,663</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
JOINT POWERS AGREEMENTS
June 30, 2007

MEDICAID PROGRAM AS A PROVIDER OF SCHOOL-BASED HEALTH SERVICES

Participants: Central Consolidated School District No. 22 and New Mexico Human Services Department

Responsible Parties: Central Consolidated School District No. 22 and New Mexico Human Services Department

Description: To participate in the Medicaid program as a provider of school-based health services

Period: 4/24/03 until indefinite

Project Cost: 100% reimbursement of cost to Medicaid-eligible children

District Contribution: Undetermined

Audit Responsibility: Central Consolidated School District No. 22

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
JOINT POWERS AGREEMENTS
June 30, 2006

JOINT POWERS AGREEMENT FOR OPERATION OF GOLF COURSE

Participants: Central Consolidated School District No. 22 and San Juan College

Responsible parties: Central Consolidated School District No. 22 and San Juan College

Description: Acceptance of a gift of land from El Paso Natural Gas for use as a golf course, classes, etc. and operation of public golf course

Period: From 11/1/1990 until terminated by either of the members herein

Project Cost: Undetermined

District Contribution: Undetermined

Audit Responsibility: San Juan College

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
BANK DEPOSITORIES
June 30, 2007

The following information is presented to comply with Section 12-6-5 NMSA 1978.

The following is a list of individual deposit accounts and investments held by Central Consolidated School District No. 22 as of June 30, 2007. Accounts were held at Wells Fargo Bank and Bank of America.

<u>Account Name</u>	<u>Account Type</u>	<u>Balance Per Bank</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks/Transfers</u>	<u>Adjustments</u>	<u>Balance Per Books</u>
Wells Fargo Bank:						
Fiduciary Accounts:						
Central Activity	1	\$ 24,891	(2,546)	(35,980)		\$ (13,635)
Investment	2	636,800				636,800
Total		<u>661,691</u>	<u>(2,546)</u>	<u>(35,980)</u>		<u>623,165</u>
District Accounts:						
Operational	1	809,330	2,546	(7,854,032)	3,577,647	(3,464,509)
Athletic	1	23,356	(8,494)	(2,362)	(12,500)	-
Investment	2,3	17,820,246				17,820,246
Total		<u>18,652,932</u>	<u>(5,948)</u>	<u>(7,856,394)</u>	<u>3,565,147</u>	<u>14,355,737</u>
Total Wells Fargo Bank		<u>\$ 19,314,623</u>	<u>(8,494)</u>	<u>(7,892,374)</u>	<u>3,565,147</u>	<u>\$ 14,978,902</u>
Bank of Albuquerque	3	<u>\$ 776,199</u>				<u>\$ 776,199</u>
New Mexico State Treasurer	4	<u>\$ 15,064,727</u>				<u>\$ 15,064,727</u>
Total All Accounts and Investment:						<u>\$ 30,819,828</u>
Tie-in to Financial Statements:						
Cash and Investments - Statement of Net Assets						\$ 30,196,663
Cash and Investments - Statement of Fiduciary Net Assets						623,165
Total Cash and Investment:						<u>\$ 30,819,828</u>

The adjustment to the Operation account includes the \$3,565,147 for reclassification of liabilities and \$12,500 for the reclassification between the Operational and Athletic accounts.

Account Type

- 1-Checking
- 2-Money Market Account
- 3-Government Agency Notes
- 4-State Pool Investment

SEE INDEPENDENT AUDITORS' REPORT

The accompanying notes are an integral part of these financial statements



Griego Professional Services, LLC

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget
To the Board of Education
Central Consolidated Schools District No. 22
Kirtland, New Mexico

We have audited the financial statements of the governmental activities, each major fund, budgetary comparisons for the general fund and major special revenue funds and the aggregate remaining fund information of Central Consolidated Schools District No. 22 ("District"), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated September 4, 2008. We also have audited the financial statements of each of the District's major capital project funds, the debt service fund, nonmajor governmental and fiduciary funds, including budgetary comparisons, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007, as listed in the table of contents, and have issued our report thereon dated September 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Consolidated Schools District No. 22, New Mexico's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as items FS 06-01, FS 06-04 and FS 07-02.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Consolidated Schools District No. 22, New Mexico'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 06-01, FS 06-04 and FS 07-02.

We noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as item FS 07-01.

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

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

Grigo Professional Services, LLC

Albuquerque, New Mexico
September 4, 2008



Griego Professional Services, LLC

Certified Public Accountants

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

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget
To the Board of Education
Central Consolidated Schools District No. 22
Kirtland , New Mexico

Compliance

We have audited the compliance of Central Consolidated Schools District No. 22, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Central Consolidated Schools District No. 22's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Central Consolidated Schools District No. 22's management. Our responsibility is to express an opinion on Central Consolidated Schools District No. 22's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Consolidated Schools District No. 22's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Central Consolidated Schools District No. 22's compliance with those requirements.

In our opinion, Central Consolidated Schools District No. 22, New Mexico complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items FA-06-02 and FA 07-1.

P.O. Box 37379 • Albuquerque, NM 87176-7379
8500 Menaul Blvd. NE, Ste. B295 • Albuquerque, NM 87112
Phone (505) 856-2741 - Fax (505) 856-7510

Internal Control Over Compliance

The management of Central Consolidated Schools District No. 22, New Mexico is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Central Consolidated Schools District No. 22, New Mexico's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance and accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weakness as defined below. However, as discussed below, we identified one deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting as item FA 07-1.

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

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

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

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

Grigo Professional Services, LLC

Albuquerque, New Mexico
September 4, 2008

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS DISTRICT NO. 22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

Schedule V

Section I – Summary of Audit Results

Financial Statements:

- | | |
|---|-------------|
| 1. Type of auditors' report issued | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Control deficiencies identified not considered to be significant deficiencies? | Yes |
| d. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | 1. Internal control over major programs: | | | | | | | | | | | | | |
|---|--------------------------------|-----------------|----------------------|------------------------------|--------|---------|--------|--------|--------|--------------------------------|--------|------------|--|
| a. Material weakness identified? | No | | | | | | | | | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes | | | | | | | | | | | | |
| c. Control deficiencies identified not considered to be significant deficiencies? | Yes | | | | | | | | | | | | |
| 2. Type of auditors' report issued on compliance for major programs | Unqualified | | | | | | | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | Yes | | | | | | | | | | | | |
| 4. Identification of major programs: | | | | | | | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">CFDA
Number</th> <th style="text-align: center; border-bottom: 1px solid black;">Federal Program</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">10.550/10.553/10.555</td> <td style="text-align: center;">USDA – Cluster Food Programs</td> </tr> <tr> <td style="text-align: center;">84.010</td> <td style="text-align: center;">Title I</td> </tr> <tr> <td style="text-align: center;">84.027</td> <td style="text-align: center;">IDEA B</td> </tr> <tr> <td style="text-align: center;">84.060</td> <td style="text-align: center;">Indian Education Formula Grant</td> </tr> <tr> <td style="text-align: center;">84.041</td> <td style="text-align: center;">Impact Aid</td> </tr> </tbody> </table> | CFDA
Number | Federal Program | 10.550/10.553/10.555 | USDA – Cluster Food Programs | 84.010 | Title I | 84.027 | IDEA B | 84.060 | Indian Education Formula Grant | 84.041 | Impact Aid | |
| CFDA
Number | Federal Program | | | | | | | | | | | | |
| 10.550/10.553/10.555 | USDA – Cluster Food Programs | | | | | | | | | | | | |
| 84.010 | Title I | | | | | | | | | | | | |
| 84.027 | IDEA B | | | | | | | | | | | | |
| 84.060 | Indian Education Formula Grant | | | | | | | | | | | | |
| 84.041 | Impact Aid | | | | | | | | | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$1,159,259 | | | | | | | | | | | | |
| 6. Auditee qualified as low-risk auditee? | No | | | | | | | | | | | | |

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Section II – Financial Statement Findings

FS-06-01 Audit Report – Repeated and Revised

Condition: The District's audit report for the year ended June 30, 2007 was not submitted to the State Auditor by the required due date, November 15, 2007. The report was submitted to the State Auditor's Office on September 7, 2008

Criteria: Audit reports not received on or before the due date, November 15, are considered to be in non-compliance with requirements of Section 2.2.2.9.A of the State Audit Rule.

Cause: The District did not submit the 2006 audit to the State Auditor until December 14, 2007. This was the first year with a new auditor and the District and the auditors, decided not to begin the 2007 audit until the 2006 audit report was released. The tardiness of the 2006 audit was due to an illness encountered by the previous auditor which prevented him from completing his work until February 2008.

Effect: The result was the late submission of the District's audit report for the year ended June 30, 2007. Late submission of audit reports may affect the District's ability to obtain financing and grant awards.

Auditors' Recommendations: The District must ensure timeliness of audits. The District is qualified to complete audits timely and plans to submit the 2008 audit by the November 15, 2008 deadline.

Management's Response: The District will ensure that the compilation of the annual financial statements is completed in a timely manner. This will provide the Independent Auditor with sufficient time to comply with the Section 2.2.2.9.A of the State Audit Rule. The District understands that the number of auditors available to do all the audits required in the state makes it difficult for every audit to be completed between year end and the submission date.

FS 06-04 Overspending of Budgeted Amounts – Repeated and Revised

Condition: The District maintained expenditure functions in various funds where actual expenditures exceeded budgetary authority; Capital Improvements SB-9, Support Services (\$2,832).

Criteria: Sound financial management and 6-6-6 NMSA 1978 require that budgets not be exceeded at the legal level of control. For school districts, the expenditure function is the legal level of control.

Cause: The District did not make the appropriate budgetary transfers to alleviate the over-expenditure, resulting in non compliance with New Mexico law, and the control established by the use of budgets has been compromised.

Effect: Excessive actual expenditures over budget may result in additional oversight from award agencies, possible reduction of federal and/or state funding and non-compliance with state statutes.

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

Management's Response: During the 2007 fiscal year, the District received a larger than normal tax distribution from the county in Fund 31700. This caused the 1% fee for the county to exceed the budgetary authority of the District. Additionally, the District has since increased initial budgets for tax distribution charges so that unexpected increases in tax revenues don't cause an over expenditure of budget authority. The District has implemented a quarterly budgetary review procedure to prevent unresolved over expenditures at year end.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

FS 07-01 Timeliness of Deposits

Condition: During our testwork of receipts, we noted two out of twenty-five in which a receipt was not deposited timely. Deposits made in December of 2006 and January of 2007 in the amounts of \$648.11 and \$497.67 were not made within 24 hours of receipt.

Criteria: NMAC 6.20.2.6 states that deposits must be made within a 24 hour period from the receipt of the monies.

Cause: The staff of the District did not deposit the funds within 24 hours after receipt. Proper procedures relating to cash receipts were not followed.

Effect: Non-adherence to state statutes places the District in noncompliance and lack of timeliness of deposits could subject the District to a possible occurrence of fraud.

Auditors' Recommendations: We recommend that the District emphasize the importance of timely deposits of receipts, and monitor receipts more closely in order to be compliant with state statutes. The District should cross-train employees so that more than one individual is able to make deposits to ensure daily deposits are possible.

Management's Response: The District has emphasized the importance of making timely deposits with the manager responsible for the identified late deposits. This manager is now required to bring his deposits to the business office for inclusion with their daily deposits. The business office staff will monitor this process.

FS-07-02 Internal Control Structure Standards

Condition: The District has not maintained formalized/"written" procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions as required by NMAC 6.20.2.11.

Criteria: Per NMAC 6.20.2.11, "Each school district shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions."

Cause: The District has operated under the Supplement 13 of the Public Education Department and did not formalize policies and procedures at the District level. Supplement 13 provides guidance relating to operations of a school district as it relates to the Public Education Department, however, it does not meet the requirements of NMAC 6.20.2.11.

Effect: The absence of proper and required policies and procedures may cause management to lack reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP, and that state and federal programs are managed in compliance with applicable laws and regulations.

Auditors' Recommendations: The District must develop and implement written internal control policies and procedures in compliance with NMAC 6.20.2.11. The development of such policies will ensure operational effectiveness through a disaster, turnover, and operation changes.

Management's Response: The District is in the process of developing and implementing written internal control policies and procedures.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Section III – Federal Award Findings and Questioned Costs

FA 06-2: Audit Report Submission of Data Collection Form and Reporting Package – Revised and Repeated

Federal program information:

Funding agency:	All
Title:	All
CFDA number:	All

Condition: The June 30, 2007 data collection form and reporting package were not submitted to the Federal Audit Clearinghouse by the required date of March 31, 2008.

Criteria: OMB Circular A-133 requires that the audit shall be completed and the data collection form and reporting package shall be submitted to the Federal Audit Clearinghouse within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Questioned Costs: None.

Cause: The District did not complete the 2006 audit until February 2008, The untimely submission and completion of the 2006 audit combined with the fact that the Districts was required to contract with a new auditing firm for the 2007 audit caused the 2007 audit to be submitted past the March 31, 2008 deadline.

Effect: The result was the late submission of the District's audit report for the year ended June 30, 2007, and the District is not in compliance with Federal and State requirements. Late submission of audit reports may affect the District's ability to obtain financing and federal grant awards.

Auditor's Recommendation: The District must ensure timeliness of audits. The District is qualified to complete audits timely and plans to submit the 2008 audit by the November 15, 2008 deadline.

Management's Response: The delay in the completion of the annual audit had a corresponding delay in the submission of the Data Collection Form and Reporting Package. The Data Collection Form and Reporting Package were submitted upon receipt of the approved audit report.

FA 07-1: Period of Availability of Funds

Federal program information:

Funding agency:	U.S. Department of Education
Title:	Indian Education – Grants to Local Educational Agencies
CFDA number:	84.060A

Condition: The District did not revert Indian Education Formula Grant funds back to the federal agency as required by the grant provisions. Per review of the general ledger expenditures, the award did not expend \$83,315 of the award by June 30, 2007.

Criteria: Per grant provisions, "the budget period for this award is 12 months. All allowable costs must be incurred within this period. Carryover of funds are not authorized."

Questioned Costs: None.

Cause: The District did not fully expend the award and did not revert funds to the federal award agency in a timely manner. The District did not obtain a waiver of this grant provision.

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Effect: The District did not comply with grant provisions relating to reversion of unused funds within the specified grant period. The District did not revert unused funds within the time required by the grant provisions. Noncompliance with grant provisions may result in a reduction of current or future funding from the granting agency.

Auditor's Recommendation: The District must ensure compliance with grant provisions. Personnel in charge of programs/awards must be knowledgeable of award requirements and implement procedures to comply with the provision which are indicated. We recommend the District utilize checklist or other procedures necessary to ensure award compliance.

Management's Response: The District will develop a grant management checklist to ensure compliance with grant provisions.

Section IV – Prior Year Audit Findings

05-03 Federal Grant Cash Management – Resolved

06-01 Timeliness of Audit Report - Repeated and Revised as FS 06-01

06-02 Timeliness of Filing Single Audit Report to Clearing House – Repeated and Revised as FS 06-02

06-03 Other Matters – Allowable Costs– Resolved

2006-04 Over Expenditure of Budget – Repeated and Revised as FS 06-04

Section V – Other Disclosures

Auditor Prepared Financials

The financial statements presented in this report were prepared by the by the staff of Central Consolidated School District.

Exit Conference

The contents of this report were discussed on September 12, 2008. The following individuals were in attendance.

CENTRAL CONSOLIDATED SCHOOLS

Hoskie Benally, Board President

Bill Noland, Superintendent

Byron Manning, Director of Finance and Business Operations

Kathy Hamilton, Accountant

Gary Martinez, Controller

Griego Professional Services, LLC

J.J. Griego, CPA