

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

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COMPREHENSIVE FINANCIAL ANNUAL REPORT  
AND  
SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2007

WITH  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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## INTRODUCTORY SECTION

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STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Year Ended June 30, 2007

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**STATE OF NEW MEXICO  
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CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**

Year Ended June 30, 2007

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## OFFICIAL ROSTERS

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

OFFICIAL ROSTERS  
June 30, 2007

CIMARRON MUNICIPAL SCHOOL

Board of Education

Donna Archuleta	Board President
Thane Hascall	Board Vice President
Mark Anderson	Board Secretary
Sally Torres	Board Member
Gayanne Jeffers	Board Member

School Officials

James Gallegos	Superintendent
Lita Sanchez	Business Manager

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

OFFICIAL ROSTERS  
June 30, 2007

MORENO VALLEY HIGH SCHOOL

Governing Council

Smith Holt	Board President
Dennis Cox	Board Vice President
Bill Bishop	Board Secretary
Ed Johnson	Board Treasurer
Phil Koszarek	Board Member
Mark Stewart	Board Member
Ellen Goins	Board Member
Joe Phillips	Board Member
Amy Franklin	Board Member

School Officials

Jackie Boyd	Director
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MORENO VALLEY EDUCATION FOUNDATION

Board of Directors

Lynda Perry	Board President
Kelly Haukebo	Board Vice President
Martha Stewart	Board Historian
Jodi Koszarek	Board Treasurer

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**FINANCIAL SECTION**

**FISCAL YEAR 2007**

**JULY 1, 2006 THROUGH JUNE 30, 2007**

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# KEYSTONE ACCOUNTING, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor  
And the Board of Education of  
Cimarron Municipal School District No. 3

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cimarron Municipal School District No. 3, as of and for the year ended June 30, 2007, which collectively comprise Cimarron Municipal School District No. 3's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Cimarron Municipal School District No. 3's nonmajor governmental funds and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of Cimarron Municipal School District No. 3's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cimarron Municipal School District No. 3's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cimarron Municipal School District No. 3, as of June 30, 2007, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and fiduciary fund of Cimarron Municipal School District No. 3 as of June 30, 2007, and the respective changes in financial position and the respective budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

# KEYSTONE ACCOUNTING, LLC

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Fax (505) 566-1911

Hector H. Balderas, State Auditor  
And the Board of Education of  
Cimarron Municipal School District No. 3

In accordance with Government Auditing Standards, we have also issued our report dated September 29, 2008, on our consideration of Cimarron Municipal School District No. 3'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 conjunction with this report in assessing the results of our audit.

The District has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not a required part of, the basic financial statements.

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



September 29, 2008



## **BASIC FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

STATEMENT OF NET ASSETS

June 30, 2007

	Primary Governmental <u>Activities</u>	Component <u>Unit</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 3,549,959	\$ 234,763
Receivables:		
Delinquent property taxes receivable	3,743,611	-
Grant	95,413	-
Other receivables	-	200
Interest	2,946	-
Due from other governments	86,038	-
Deferred bond issuance costs	45,558	-
Restricted cash for notes payable	-	25,852
USDA commodities inventory	1,264	-
Food inventory	263	-
Non-current:		
Non-depreciable assets	1,041,046	446,161
Depreciable capital assets, net	<u>12,029,259</u>	<u>646,581</u>
 Total assets	 <u>20,595,357</u>	 <u>1,353,557</u>
<u>LIABILITIES</u>		
Bank overdrafts	\$ 54,837	\$ -
Accounts payable	51,425	18,175
Accrued liabilities	45,231	17,122
Deferred grant revenue	96,429	23,932
Noncurrent liabilities:		
Due within one year	585,000	16,545
Due in more than one year	<u>1,782,468</u>	<u>248,104</u>
 Total liabilities	 <u>2,615,390</u>	 <u>323,878</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	10,702,837	853,945
Restricted:		
Debt service	3,675,546	-
Capital projects	3,355,601	(3,570)
Inventories	1,527	-
Unrestricted	<u>244,456</u>	<u>179,304</u>
 Total net assets	 <u>\$ 17,979,967</u>	 <u>\$ 1,029,679</u>

See accompanying notes.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Units</u>
Primary government:						
Governmental activities:						
Instruction	\$ 3,406,263	\$ 8,457	\$ 261,218	\$ 51,119	\$ (3,085,469)	\$ -
Support Services - Students	701,367	15,892	53,786	10,526	(621,163)	-
Support Services - Instruction	99,543	-	7,634	1,494	(90,415)	-
Support Services - General Administration	224,510	-	17,217	3,369	(203,924)	-
Support Services - School Administration	247,127	-	18,952	3,709	(224,466)	-
Central Services	104,315	-	8,000	-	(96,315)	-
Operations & Maintenance of Plant	1,437,366	-	110,228	-	(1,327,138)	-
Student Transportation	354,574	-	330,332	-	(24,242)	-
Food Services	270,017	35,124	146,435	-	(88,458)	-
Bond interest paid	94,193	-	-	-	(94,193)	-
	<u>\$ 6,939,275</u>	<u>\$ 59,473</u>	<u>\$ 953,802</u>	<u>\$ 70,217</u>	<u>(5,855,783)</u>	<u>-</u>
Total governmental activities						
Component unit	<u>\$ 1,191,211</u>	<u>\$ 7,941</u>	<u>\$ 141,233</u>	<u>\$ -</u>	<u>-</u>	<u>(1,042,037)</u>
General revenues:						
Property Taxes:						
					158,347	-
					4,178,944	-
					1,863,995	-
					4,163,500	1,036,431
					55,864	-
					-	5,213
					<u>10,420,650</u>	<u>1,041,644</u>
					4,564,867	(393)
					13,424,256	962,123
					(9,156)	67,949
					<u>13,415,100</u>	<u>1,030,072</u>
					<u>\$ 17,979,967</u>	<u>\$ 1,029,679</u>

See accompanying notes.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2007

	General Fund	Education Technology Bonds Fund	Capital Improvements HB-33 Fund	Capital Improvements SB-9 Fund	Ed Technology Equipment Act Fund	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>							
Pooled cash and investments	\$ 165,148	\$ 249,815	\$ 623,458	\$ 1,192,027	\$ 1,115,882	\$ 203,629	\$ 3,549,959
Receivables:							
Delinquent property taxes	23,219	3,482,899	91,402	62,556	-	83,535	3,743,611
Grant	-	-	-	-	-	95,413	95,413
Interest	-	-	-	2,946	-	-	2,946
Due from other governments	5,079	19,703	35,830	24,902	-	524	86,038
Due from other funds	96,387	-	186,714	-	-	-	283,101
USDA commodities inventory	-	-	-	-	-	1,264	1,264
Food inventory	-	-	-	-	-	263	263
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 289,833</u>	<u>\$ 3,752,417</u>	<u>\$ 937,404</u>	<u>\$ 1,282,431</u>	<u>\$ 1,115,882</u>	<u>\$ 384,628</u>	<u>\$ 7,762,595</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>							
Liabilities:							
Bank overdrafts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,837	\$ 54,837
Accounts payable	27,167	-	-	6,067	398	17,793	51,425
Due to other funds	-	259,735	-	-	-	23,366	283,101
Deferred revenue:							
Federal, state, and local grants	-	-	-	-	-	96,429	96,429
Delinquent property taxes	18,682	3,464,730	58,456	39,509	-	82,969	3,664,346
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>45,849</u>	<u>3,724,465</u>	<u>58,456</u>	<u>45,576</u>	<u>398</u>	<u>275,394</u>	<u>4,150,138</u>
Fund balance:							
Reserved:							
Retirement of long-term debt	-	27,952	-	-	-	99,568	127,520
Inventories	-	-	-	-	-	1,527	1,527
Unreserved reported in:							
General fund	243,984	-	-	-	-	-	243,984
Special revenue funds	-	-	-	-	-	(18,210)	(18,210)
Capital projects funds	-	-	878,948	1,236,855	1,115,484	26,349	3,257,636
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>243,984</u>	<u>27,952</u>	<u>878,948</u>	<u>1,236,855</u>	<u>1,115,484</u>	<u>109,234</u>	<u>3,612,457</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<u>\$ 289,833</u>	<u>\$ 3,752,417</u>	<u>\$ 937,404</u>	<u>\$ 1,282,431</u>	<u>\$ 1,115,882</u>	<u>\$ 384,628</u>	<u>\$ 7,762,595</u>

See accompanying notes.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

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

June 30, 2007

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

Fund balances - total governmental funds	\$ 3,612,457
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	13,070,305
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	3,664,346
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,367,141)</u>
Net assets of governmental activities	<u>\$ 17,979,967</u>

See accompanying notes.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2007

	General Fund	Education Technology Bonds Fund	Capital Improvements HB-33 Fund	Capital Improvements SB-9 Fund	Ed Technology Equipment Act Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
<b>Federal sources:</b>							
Forest reserve	\$ 2,403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,403
Federal flowthrough grants	-	-	-	-	-	311,253	311,253
Federal direct grants	-	-	-	-	-	41,378	41,378
Food and milk reimbursements	-	-	-	-	-	137,034	137,034
USDA Commodities	-	-	-	-	-	9,401	9,401
<b>Total federal revenues</b>	<b>2,403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>499,066</b>	<b>501,469</b>
<b>State sources:</b>							
State equalization guarantee	4,154,824	-	-	-	-	-	4,154,824
Transportation	330,332	-	-	-	-	-	330,332
State instructional material	36,684	-	-	-	-	-	36,684
State grant	22,812	-	-	-	-	11,793	34,605
<b>Total state revenues</b>	<b>4,544,652</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,793</b>	<b>4,556,445</b>
<b>Local sources:</b>							
Grant	16,130	-	-	-	-	24,903	41,033
District school tax levy	139,665	574,429	997,137	768,893	-	56,816	2,536,940
Fees and activities	8,457	-	-	-	-	51,016	59,473
Earnings from investments	54,692	-	10,737	6,405	53,075	1,837	126,746
Miscellaneous	4,273	-	-	-	-	-	4,273
<b>Total local revenues</b>	<b>223,217</b>	<b>574,429</b>	<b>1,007,874</b>	<b>775,298</b>	<b>53,075</b>	<b>134,572</b>	<b>2,768,465</b>
<b>Total revenue</b>	<b>4,770,272</b>	<b>574,429</b>	<b>1,007,874</b>	<b>775,298</b>	<b>53,075</b>	<b>645,431</b>	<b>7,826,379</b>
<b>Expenditures:</b>							
<b>Current:</b>							
Instruction	2,883,185	-	-	-	-	289,375	3,172,560
Support Services - Students	603,187	-	-	-	-	50,059	653,246
Support Services - Instruction	86,851	-	-	-	-	5,862	92,713
Support Services - General Administration	190,791	4,409	7,733	5,800	-	373	209,106
Support Services - School Administration	170,997	-	-	-	-	59,175	230,172
Central Services	97,158	-	-	-	-	-	97,158
Operations & Maintenance of Plant	710,687	-	-	179,293	448,769	-	1,338,749
Student Transportation	330,247	-	-	-	-	-	330,247
Food Services	103,250	-	-	-	-	148,241	251,491
Capital outlay	-	-	121,193	532,607	314,359	13,630	981,789
<b>Debt service:</b>							
Principal retirement	-	555,000	-	-	-	335,000	890,000
Bond interest paid	-	36,537	-	-	-	8,375	44,912
Bond issuance costs	-	-	-	-	58,672	-	58,672
<b>Total expenditures</b>	<b>5,176,353</b>	<b>595,946</b>	<b>128,926</b>	<b>717,700</b>	<b>821,800</b>	<b>910,090</b>	<b>8,350,815</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(406,081)</b>	<b>(21,517)</b>	<b>878,948</b>	<b>57,598</b>	<b>(768,725)</b>	<b>(264,659)</b>	<b>(524,436)</b>
<b>Other sources:</b>							
Sale of bonds	-	35,000	-	-	1,715,000	-	1,750,000
Bond premium	-	-	-	-	45,885	-	45,885
<b>Total other sources</b>	<b>-</b>	<b>35,000</b>	<b>-</b>	<b>-</b>	<b>1,760,885</b>	<b>-</b>	<b>1,795,885</b>
<b>Net change in fund balance</b>	<b>(406,081)</b>	<b>13,483</b>	<b>878,948</b>	<b>57,598</b>	<b>992,160</b>	<b>(264,659)</b>	<b>1,271,449</b>
<b>Fund balance as previously reported</b>	<b>582,777</b>	<b>81,999</b>	<b>-</b>	<b>1,171,726</b>	<b>137,755</b>	<b>375,907</b>	<b>2,350,164</b>
<b>Restatement</b>	<b>67,288</b>	<b>(67,530)</b>	<b>-</b>	<b>7,531</b>	<b>(14,431)</b>	<b>(2,014)</b>	<b>(9,156)</b>
<b>Fund balance as restated</b>	<b>650,065</b>	<b>14,469</b>	<b>-</b>	<b>1,179,257</b>	<b>123,324</b>	<b>373,893</b>	<b>2,341,008</b>
<b>Fund balance at end of the year</b>	<b>\$ 243,984</b>	<b>\$ 27,952</b>	<b>\$ 878,948</b>	<b>\$ 1,236,855</b>	<b>\$ 1,115,484</b>	<b>\$ 109,234</b>	<b>\$ 3,612,457</b>

See accompanying notes.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

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

Year Ended June 30, 2007

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

Net change in fund balance - total governmental funds	\$ 1,271,449
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year	512,149
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,664,346
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar, items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(860,302)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(22,775)</u>
Change in net assets of governmental activities	<u>\$ 4,564,867</u>

See accompanying notes.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

GENERAL FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Federal sources:</b>				
Forest reserve	\$ 2,599	\$ 2,599	\$ 2,403	\$ (196)
<b>State sources:</b>				
State equalization guarantee	4,162,990	4,179,120	4,154,824	(24,296)
Transportation	298,059	330,247	330,332	85
State instructional material	36,684	36,684	36,684	-
State grant	<u>22,800</u>	<u>22,800</u>	<u>22,812</u>	<u>12</u>
Total state revenues	<u>4,520,533</u>	<u>4,568,851</u>	<u>4,544,652</u>	<u>(24,199)</u>
<b>Local sources:</b>				
Grant	-	-	16,130	16,130
District school tax levy	115,170	115,170	135,905	20,735
Fees and activities	8,200	8,200	8,649	449
Earnings from investments	20,000	20,000	54,692	34,692
Miscellaneous	<u>-</u>	<u>-</u>	<u>4,273</u>	<u>4,273</u>
Total local revenues	<u>143,370</u>	<u>143,370</u>	<u>219,649</u>	<u>76,279</u>
Total revenues	<u>\$ 4,666,502</u>	<u>\$ 4,714,820</u>	<u>\$ 4,766,704</u>	<u>\$ 51,884</u>

(continued)

See accompanying notes.



STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

GENERAL FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Expenditures:				
Current:				
Instruction	\$ 3,020,645	\$ 2,889,531	\$ 2,888,572	\$ 959
Support Services - Students	556,122	592,920	592,920	-
Support Services - Instruction	93,724	86,851	86,851	-
Support Services - General Administration	194,735	187,266	187,266	-
Support Services - School Administration	171,903	170,997	170,997	-
Central Services	96,138	97,158	97,158	-
Operation & Maintenance of Plant	679,493	700,916	700,916	-
Student Transportation	298,059	330,247	330,247	-
Food Services Operations	-	103,251	103,250	1
	5,110,819	5,159,137	5,158,177	960
Excess (deficiency) of revenues over expenditures	(444,317)	(444,317)	(391,473)	52,844
Beginning cash balance budgeted	444,317	444,317	-	(444,317)
Fund balance as previously reported	-	-	582,777	582,777
Restatement	-	-	67,288	67,288
Fund balance as restated	-	-	650,065	650,065
Fund balance at end of the year	\$ -	\$ -	258,592	\$ 258,592
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			23,219	
Change in due from other governments			(777)	
Change in payables			(18,176)	
Change in deferred property taxes			(18,682)	
			\$ 243,984	

See accompanying notes.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

AGENCY FUNDS  
Statement of Fiduciary Assets and Liabilities  
June 30, 2007

ASSETS

Pooled cash and investments	\$ <u>86,809</u>
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LIABILITIES

Deposits held for others	\$ <u>86,809</u>
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See accompanying notes.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

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I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Cimarron Municipal School District (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the Villages of Cimarron, New Mexico, Eagle's Nest, New Mexico, Angel Fire, New Mexico, and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

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

As required by GAAP, these financial statements present the District (primary government) and its component units. The component units discussed below are included in the District's reporting because of the significance of their operational or financial relationships with the District in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*.

1. Blended Component Units

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

2. Discretely Presented Component Units

a. Moreno Valley High School

Moreno Valley High School (Charter School) was established in 2002 under the Charter School Act and serves to provide public education to the communities of Angel Fire, New Mexico and Eagle's Nest, New Mexico. The Charter School has a significant financial relationship with the District as that it receives federal and state funding through the District. Additionally, the District is financially responsible for the Charter School. The Charter School operates and is reported on the same basis as the District.

b. Moreno Valley High School Foundation

Moreno Valley High School Foundation (Foundation) was established in 2001 in order to provide funding, both public and private monies, to the Charter School. The Foundation exists solely for this purpose and constitutes a significant operational relationship with the Charter School. The Foundation operates and is reported on the same basis as the District.

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

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The government reports the following major governmental funds:

General Fund – The government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Education Technology Debt Service Fund – Used to account for the accumulation of resources for and the payment of, general long-term debt principal, interest, and related costs associated with the Education Technology bond issues.

HB-33 Capital Improvements Fund – This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 5 mill property tax levy and interest earned on investments, under House Bill 33.

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

Education Technology Act Fund – This fund provides financing for the purchase of educational technology used in the educational process that constitutes learning and administrative resources for the School District. Funding is received from bond issues under 6-15A-1 through 6-15-A-16.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Additionally, the government reports the following fund types:

**SPECIAL REVENUE FUNDS**

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

**CAPITAL PROJECTS FUNDS**

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

**DEBT SERVICE FUNDS**

Debt Service Funds – The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**FIDUCIARY FUNDS**

Fiduciary Funds – Fiduciary Funds are Cimarron Municipal School District No. 3 funds used to account for financial resources used by the student activity groups for which the District has stewardship

Similar to private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

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

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

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity

1. *Deposits and investments*

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

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

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the school district. Deposits may be made to the extent that they are insured by an Cimarron Municipal School District No. 3 of the United States or by collateral deposited as security or by bond given by the financial institution.

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

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

2. *Receivables and payables*

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

The School District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, HB – 33 Capital Improvements Fund , SB – 9 Capital Improvements Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

3. *Inventories*

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

4. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2006, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The costs of library books are not depreciated unless the individual cost is in excess of \$5,000. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

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



STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

5. *Compensated absences*

Accrued and unused annual leave is not paid at the termination of an employee's contract. Accrued sick and unused sick leave is paid to employees who terminate their employment and where employed prior to 1999. The number of employees that are eligible for this payout is minimal and the accrual was not reported in these financial statements.

6. *Long-term obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital projects expenditures.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. *Fund balance*

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

8. *Net assets*

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

a. Invested in capital assets, net of related debt

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

b. Restricted net assets

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

c. Unrestricted net assets

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

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

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. *Indirect Costs*

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

10. *Estimates*

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

11. *Revenues*

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$4,154,824 in state equalization guarantee distributions during the year ended June 30, 2007.

**Transportation Distribution:** School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$330,330 in transportation distributions during the year ended June 30, 2007.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.” The details of the \$13,070,305 difference are as follows:

Capital assets	\$	19,261,122
Accumulated depreciation		<u>(6,190,817)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities		<u>\$ 13,070,305</u>

Another element of the reconciliation states “other assets are not available to pay to current-period expenditures and therefore are deferred in the funds.” The details of the \$3,664,346 difference are as follows:

Property taxes receivable	\$	<u>3,664,346</u>
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The final adjustment in the reconciliation indicates that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The \$2,367,141 difference is detailed as follows:

Bonds payable	\$	2,335,000
Accrued interest payable		45,231
Bond premiums		43,885
Amortization of bond premiums		(11,417)
Bond issue costs		(72,064)
Amortization of bond issue costs		<u>26,506</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities		<u>\$ 2,367,141</u>

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
 June 30, 2007

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
 (continued)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$512,149 difference are as follows:

Capital outlay	\$ 981,789
Depreciation expense	<u>(469,640)</u>
Net adjustment to changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 512,149</u>

The second element in the reconciliation indicates “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The adjustment of \$3,664,346 is detailed as follows:

Reduction in revenue:	
Deferred property taxes in 2006	\$ -
Amounts to be included in revenue:	
Deferred property taxes in 2007	<u>3,664,346</u>
Net adjustment to change in net assets of governmental activities for revenues that are not recorded in the funds	<u>\$ 3,664,346</u>

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
 June 30, 2007

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
 (continued)

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$860,302 difference are as follows:

Principal repayments:	
General obligation debt	\$ 890,000
Proceeds of bonds	(1,750,000)
Premium received on refunding bonds	(43,885)
Amortization of bond premium	11,417
Bond issuance costs	58,672
Amortization of bond issuance costs	<u>(26,506)</u>
Net adjustment to decrease change in net assets of governmental activities	<u>\$ (860,302)</u>

The final element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$22,775 difference are as follows:

Accrued interest:	
July 30, 2007	\$ (45,231)
June 30, 2006	<u>22,456</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (22,775)</u>

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

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III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

STATE OF NEW MEXICO  
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Notes to the Financial Statements  
June 30, 2007

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. Budgetary Information (continued)

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

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2007 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Cimarron Municipal School District No. 3 to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 5,110,819	\$ 5,159,137
Special Revenue Fund	505,957	691,188
Debt Service Fund	1,437,887	1,437,887
Capital Projects Fund	2,099,596	4,364,984
Totals	\$ 9,154,259	\$ 11,653,196

B. Deficit Fund Equity

Cimarron Municipal Schools

There was one deficit fund balance as of June 30, 2007. The \$16,835 fund balance deficit in the Food Service Special Revenue Fund will be covered by the General Fund.

Moreno Valley High School

There was one deficit fund balance as of June 30, 2007. The \$12,214 fund balance deficit in the Public School Capital Outlay Fund will be covered by the Charter School's General Fund.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2007, the carrying amount of the District's deposits was \$3,581,931 and the bank balance was \$4,023,305. Of this balance \$200,000 was covered by federal depository insurance and \$2,134,000 was covered by collateral held in joint safekeeping by a third party. The remaining \$1,689,305 not covered by pledged collateral is comprised of amounts in excess of those required to be collateralized under State law.



**STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**

Notes to the Financial Statements  
June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Temporary Investments (continued)

Custodial Credit Risk

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

	Cimarron Municipal Schools	Moreno Valley High School	Moreno Valley Education Foundation
Uninsured and uncollateralized	\$ 1,689,305	\$ (35,510)	\$ 1,044
Uninsured and collateral held by pledging bank's trust dept not in the city's name	<u>2,134,000</u>	<u>100,000</u>	<u>-</u>
Total uninsured	3,823,305	64,490	1,044
Insured (FDIC)	<u>200,000</u>	<u>102,884</u>	<u>100,000</u>
Total deposits	<u>\$ 4,023,305</u>	<u>\$ 167,374</u>	<u>\$ 101,044</u>
State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ 1,911,653	\$ 32,245	\$ -
Pledged security	<u>2,134,000</u>	<u>100,000</u>	<u>-</u>
Over collateralization	<u>\$ 222,347</u>	<u>\$ 67,755</u>	<u>\$ -</u>

The collateral pledged is listed on Page 134 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any Cimarron Municipal School District No. 3, district or political subdivision of the State of New Mexico.

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

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables

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

	<u>General</u>	<u>Ed Technology Bonds</u>	<u>HB-33 Capital Improvements</u>	<u>SB-9 Capital Improvements</u>	<u>Other Governmental Funds</u>
Receivables:					
Delinquent property taxes	\$ 23,219	\$ 3,482,899	\$ 91,402	\$ 62,556	\$ 83,535
Grant	-	-	-	-	95,413
Interest	-	-	-	2,946	-
Due from other:					
Governments	5,079	19,703	35,830	24,902	524
Funds	<u>96,387</u>	<u>-</u>	<u>186,714</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 124,685</u>	<u>\$ 3,502,602</u>	<u>\$ 313,946</u>	<u>\$ 90,404</u>	<u>\$ 179,472</u>

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

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

Cimarron Municipal School District:

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements		
Other Governmental Funds	-	96,429
Delinquent property taxes		
General Fund	18,682	-
Education Technology Bond	3,464,730	-
HB-33 Capital Improvements	58,456	-
SB-9 Capital Improvements	39,509	-
Other Governmental Funds	<u>82,969</u>	<u>-</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 3,664,346</u>	<u>\$ 96,429</u>

STATE OF NEW MEXICO  
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Notes to the Financial Statements  
June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables (continued)

Moreno Valley High School:

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements		
Entitlement IDEA-B	\$ -	\$ 13,520
Gear Up	-	1,391
Total deferred/unearned revenue for governmental funds	<u>\$ -</u>	<u>\$ 14,911</u>

Moreno Valley Education Foundation:

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements		
Federal Funds	\$ -	\$ 9,021

C. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

Cimarron Municipal School District:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,041,046	\$ -	\$ -	\$ -	\$ 1,041,046
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	<u>\$ 1,041,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,041,046</u>
Capital assets, being depreciated:					
Land improvements	-	67,556	-	28,128	95,684
Buildings and improvements	15,400,190	1,049	-	(139,458)	15,261,781
Furniture, fixtures, and equipment	1,838,097	913,184	-	111,330	2,862,611
Total capital assets being depreciated	<u>17,238,287</u>	<u>981,789</u>	<u>-</u>	<u>-</u>	<u>18,220,076</u>
Less accumulated depreciation for:					
Land improvements	-	(7,044)	-	-	(7,044)
Buildings and improvements	(4,678,427)	(277,628)	-	-	(4,956,055)
Furniture, fixtures, and equipment	(1,042,750)	(184,968)	-	-	(1,227,718)
Total accumulated depreciation	<u>(5,721,177)</u>	<u>(469,640)</u>	<u>-</u>	<u>-</u>	<u>(6,190,817)</u>
Total capital assets being depreciated, net	<u>\$ 11,517,110</u>	<u>\$ 512,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,029,259</u>

STATE OF NEW MEXICO  
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Notes to the Financial Statements  
June 30, 2007

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IV. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (continued)

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

<u>Depreciation Allocation to Functions</u>	
Instruction	\$ 233,819
Support Services - Students	48,097
Support Services - Instruction	6,826
Support Services - General Administration	15,396
Support Services - School Administration	16,947
Central Services	7,154
Operations & Maintenance of Plant	98,569
Student Transportation	24,315
Food Services	<u>18,517</u>
Total Depreciation Expense	<u>\$ 469,640</u>

Construction commitments

The Cimarron Municipal School District No. 3 has not received any funds from the State of New Mexico Public School Facilities Authority for the year ended June 30, 2007.

The District is involved in several long-term construction projects as part of their master plan for upgrading the district buildings. The amount of \$3,257,637 in the capital projects fund designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.

STATE OF NEW MEXICO  
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Notes to the Financial Statements  
June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (continued)

Moreno Valley High School:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital assets, being depreciated:					
Buildings and improvements	352,228	-	-	-	352,228
Furniture, fixtures, and equipment	<u>47,372</u>	-	<u>(933)</u>	-	<u>46,439</u>
Total capital assets being depreciated	<u>399,600</u>	<u>-</u>	<u>(933)</u>	<u>-</u>	<u>398,667</u>
Less accumulated depreciation for:					
Buildings and improvements	(51,076)	(23,410)	933	-	(73,553)
Furniture, fixtures, and equipment	<u>(24,257)</u>	<u>(5,451)</u>	-	-	<u>(29,708)</u>
Total accumulated depreciation	<u>(75,333)</u>	<u>(28,861)</u>	<u>933</u>	<u>-</u>	<u>(103,261)</u>
Total capital assets being depreciated, net	<u>\$ 324,267</u>	<u>\$ (28,861)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295,406</u>

The Charter School has determined that the capital assets serve essentially the entire School's functional activities and had decided not to allocate depreciation by function. Depreciation expense for the Charter School was \$28,861.

The State of New Mexico Public School Facilities Authority has paid portions of the Moreno Valley High School's expense for the schools lease of classroom space. For the year ended June 30, 2007, these contributions amounted to \$48,857.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (continued)

Moreno Valley Education Foundation:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Restatement</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000
Construction in progress	146,161	-	-	-	146,161
Total capital assets, not being depreciated	<u>\$ 446,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446,161</u>
Capital assets, being depreciated:					
Land improvements	-	-	-	-	-
Buildings and improvements	335,244	-	-	-	335,244
Furniture, fixtures, and equipment	56,522	42,447	-	-	98,969
Total capital assets being depreciated	<u>391,766</u>	<u>42,447</u>	<u>-</u>	<u>-</u>	<u>434,213</u>
Less accumulated depreciation for:					
Buildings and improvements	(23,781)	(16,934)	-	(16,934)	(57,649)
Furniture, fixtures, and equipment	(12,049)	(7,690)	-	(5,650)	(25,389)
Total accumulated depreciation	<u>(35,830)</u>	<u>(24,624)</u>	<u>-</u>	<u>(22,584)</u>	<u>(83,038)</u>
Total capital assets being depreciated, net	<u>\$ 355,936</u>	<u>\$ 17,823</u>	<u>\$ -</u>	<u>\$ (22,584)</u>	<u>\$ 351,175</u>

The restatement of depreciable capital assets and accumulated depreciation are corrections of prior year information. The details of these adjustments are discussed in the note on restatement on page 46.

The Foundation has decided not to allocate depreciation by function because capital assets serve essentially the entire school's functional activities. Depreciation expense for the Foundation was \$24,624.

The Moreno Valley Education Foundation has not received any funds from the State of New Mexico Public School Facilities Authority for the year ended June 30, 2007.

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
 June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (continued)

D. Inter-Fund Receivables and Payables

The composition of inter-fund balances at June 30, 2007 is as follows:

Cimarron Municipal Schools:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 96,387	\$ -
HB-33 Capital Projects Fund	186,714	-
Education Technology Bonds	-	259,735
Other governmental funds:		
Food Service	-	23,366
Total	<u>\$ 283,101</u>	<u>\$ 283,101</u>

Moreno Valley High School:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 12,214	\$ -
Public School Capital Oulay Fund	-	12,214
Total	<u>\$ 12,214</u>	<u>\$ 12,214</u>

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

E. Inter-Fund Transfers

There were no inter-fund transfers in Cimarron Municipal School District made during the year ended June 30, 2007.

There was an inter-fund transfers between the Moreno Valley High School and Moreno Valley Education Foundation for \$20,000 to help the Foundation pay for the climbing rock purchased during the year ended June 30, 2007.

	<u>Moreno Valley High School</u>	<u>Moreno Valley Education Foundation</u>
Transferred out	\$ 20,000	\$ -
Transferred in	-	20,000
Total	<u>\$ 20,000</u>	<u>\$ 20,000</u>

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
 June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-Term Debt

The details of the bonds and notes as of June 30, 2007 are as follows:

Cimarron Municipal Schools

<u>General Obligations Bonds</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Balance June 30, 2007</u>	<u>Amount Due Within One Year</u>
Series 2003	\$ 900,000	2.75%	\$ 585,000	\$ 585,000
Series 2006	<u>1,750,000</u>	4.25%	<u>1,750,000</u>	<u>-</u>
Total	<u>\$ 2,650,000</u>		<u>\$ 2,335,000</u>	<u>\$ 585,000</u>

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

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

Moreno Valley Education Foundation

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<u>Long-Term Notes Payable</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Balance June 30, 2007</u>	<u>Amount Due Within One Year</u>
Notes Payable	<u>\$ 300,000</u>	8.75%	<u>\$ 264,649</u>	<u>\$ 16,545</u>

Long-term Notes Payable – Construction loan taken out by Moreno Valley Education Foundation for the construction of the Moreno Valley High School campus. The construction loan converted to a 10-year variable interest rate loan on September 4, 2005 with monthly payments of \$3,400.



STATE OF NEW MEXICO  
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Notes to the Financial Statements  
June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-Term Debt (continued)

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

Cimarron Municipal Schools:

General Obligation Bonds			
Year Ending			Total
<u>June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2008	\$ 585,000	\$ 85,419	\$ 670,419
2009	-	74,375	74,375
2010	600,000	61,625	661,625
2011	625,000	35,594	660,594
2012	<u>525,000</u>	<u>11,156</u>	<u>536,156</u>
Total	<u>\$ 2,335,000</u>	<u>\$ 268,169</u>	<u>\$ 2,603,169</u>

Moreno Valley Education Foundation:

Long-term Notes Payable			
Year Ending			Total
<u>June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2008	\$ 16,545	\$ 20,855	\$ 37,400
2009	19,873	20,927	40,800
2010	21,683	19,117	40,800
2011	23,658	17,142	40,800
2012	25,772	15,028	40,800
2013 - 2017	<u>157,118</u>	<u>28,978</u>	<u>186,096</u>
Total	<u>\$ 264,649</u>	<u>\$ 122,047</u>	<u>\$ 386,696</u>

STATE OF NEW MEXICO  
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Notes to the Financial Statements  
June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-Term Debt (continued)

Changes in long term debt – During the year ended June 30, 2007 the following changes occurred in liabilities:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Amount Due</u> <u>Within One Year</u>
Bonds payable	\$ 1,475,000	\$ 1,750,000	\$ (890,000)	\$ 2,335,000	\$ 585,000

	<u>Balance</u> <u>June 30, 2007</u>
Bonds payable	\$ 2,335,000
Unamortized:	
Bond premiums	32,468
Total non-current liabilities	\$ 2,367,468

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

V. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2007.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

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V. OTHER INFORMATION (continued)

B. Contingent Liabilities

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

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

C. Employee Retirement Plan

Plan Description - Substantially all of Cimarron Municipal School District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERA) 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. ERA issues a separate, publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to:

ERA  
P.O. Box 26129  
Santa Fe, New Mexico 87502-6129.

Funding Policy - Plan members are required to contribute 7.75% of their gross salary. Cimarron Municipal School District is required to contribute 10.15% of the gross covered salary. The contribution requirements of plan members and Cimarron Municipal School District are established in Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. Cimarron Municipal School District's contributions to the ERA for the years ended June 30, 2007, 2006 and 2005 were: \$315,289, \$285,119, and \$260,739 respectively, equal to the amount of the required contribution for the year. The contribution rates will increase each year as follows:

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

STATE OF NEW MEXICO  
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Notes to the Financial Statements  
June 30, 2007

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V. OTHER INFORMATION (continued)

D. Post-Retirement Health Care Benefits

The Retiree Health Care Act (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 the 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 consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

Eligible retirees are:

1. Retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retired on or before employer's NMHRCA effective date, in which event the time period for contributions becomes the time between the employer's effective date and the date of retirement; or
2. 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 1.3% of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to .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 employer's NMRHCA effective date or is a former legislator. Participants may also enroll on optional plans of coverage.

Contributions from participating employers and 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.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

V. OTHER INFORMATION (continued)

D. Post-Retirement Health Care Benefits (continued)

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 in writing to:

New Mexico Retiree Health Care Authority  
4308 Carlisle Blvd. NE, Suite 104  
Albuquerque, NM 87107

For the fiscal year ended June 30, 2007, Cimarron Municipal School District remitted \$40,475 in employer contributions and \$20,237 in employee contributions to the Retiree Health Care Authority.

E. Restatement

Cimarron Municipal Schools

Due to prior year cash reconciliation errors, the government-wide net assets have been restated by \$9,156 as follows:

Restatement of cash:	
Operating	\$ (8,290)
Transportation	31,053
Food Service	70
Debt Service	(2,084)
Education Technology Bonds	5,491
Capital Improvements SB-9	7,531
Ed Technology Equipment Act	<u>(14,431)</u>
Total cash restatement	<u>19,340</u>
Restatement of prior year due from other funds:	
Operating	\$ 44,525
Education Technology Bonds	<u>(73,021)</u>
	<u>(28,496)</u>
Total restatement of net assets	<u>\$ (9,156)</u>

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes to the Financial Statements  
June 30, 2007

V. OTHER INFORMATION (continued)

E. Restatement (continued)

The following restatements to the special revenues funds did not result in a restatement of net assets as that the revenues of special revenue funds are match against the expenses resulting in a receivable or payable instead a carrying fund balance.

Title I	\$	19,843
Entitlement IDEA-B		976
Discretionary IDEA-B		(103)
Preschool IDEA-B		(8,481)
Title II Math/Science		794
Title V		(12,077)
Title II Teacher Quality		(8,742)
Turner Foundation		10,814
Technology for Education		1,911
Incentives for School Improvements		15,541
State School Improvement		305
Gear Up		(328)
Total cash restatement		20,453
Prior year due form other funds:		
IDEA-B		8,481
Medicaid		4,247
Drug Free schools		980
Technology for Education		11,974
Incentives for School Improvement		15,542
Teacher Quality		(12,728)
Total restatement of due to/due from other funds		28,496
Total restatement of special revenue funds	\$	48,949

Moreno Valley Education Foundation

The prior audit report had a year end for the foundation of December 31. The current audit has a year end for the foundation of June 30. The Net income for the period January 1 through June 30, 2006 was \$90,533, which consisted of donations of \$61,108, grant income of \$32,262, rent income of \$27,900, and expenses of \$30,737. This also created a restatement of accumulated depreciation of \$22,584. Total restatement of net assets for the government wide financials is \$67,949.

**GENERAL FUNDS**

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

GENERAL FUND  
Combining Balance Sheet  
June 30, 2007

	General Funds			Total General <u>Fund</u>
	<u>Operational Fund</u>	<u>Transportation Fund</u>	<u>Instructional Materials Fund</u>	
<b><u>ASSETS</u></b>				
Pooled cash and investments	\$ 57,855	\$ 49,466	\$ 57,827	\$ 165,148
Receivables:				
Delinquent property taxes	23,219	-	-	23,219
Due from other governments	5,079	-	-	5,079
Due from other funds	96,387	-	-	96,387
 Total assets	\$ 182,540	\$ 49,466	\$ 57,827	\$ 289,833
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Accounts payable	\$ 27,167	\$ -	\$ -	\$ 27,167
Deferred revenue:				
Delinquent property taxes	18,682	-	-	18,682
 Total liabilities	45,849	-	-	45,849
Fund balance:				
Unreserved and reported in:				
Undesignated	136,691	49,466	57,827	243,984
 Total liabilities and fund balance	\$ 182,540	\$ 49,466	\$ 57,827	\$ 289,833



STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

GENERAL FUND  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2007

	General Funds			
	Operational Fund	Transportation Fund	Instructional Materials Fund	
<b>Revenues:</b>				
Federal sources:				
Forest reserve	\$ 2,403	\$ -	\$ -	\$ 2,403
State sources:				
State equalization guarantee	4,154,824	-	-	4,154,824
Transportation	-	330,332	-	330,332
State instructional material	-	-	36,684	36,684
State grant	19,041	-	3,771	22,812
Total state revenues	4,173,865	330,332	40,455	4,544,652
Local sources:				
Grant	16,130	-	-	16,130
District school tax levy	139,665	-	-	139,665
Fees and activities	8,457	-	-	8,457
Earnings from investments	54,692	-	-	54,692
Miscellaneous	4,273	-	-	4,273
Total local revenues	223,217	-	-	223,217
Total revenue	4,399,485	330,332	40,455	4,770,272
<b>Expenditures:</b>				
Current:				
Instruction	2,843,689	-	39,496	2,883,185
Support Services - Students	603,187	-	-	603,187
Support Services - Instruction	86,851	-	-	86,851
Support Services - General Administration	190,791	-	-	190,791
Support Services - School Administration	170,997	-	-	170,997
Central Services	97,158	-	-	97,158
Operations & Maintenance of Plant	710,687	-	-	710,687
Student Transportation	-	330,247	-	330,247
Food Services	103,250	-	-	103,250
Total expenditures	4,806,610	330,247	39,496	5,176,353
Excess of revenues over expenditures	(407,125)	85	959	(406,081)
Fund balance as previously reported	507,581	18,328	56,868	582,777
Restatement	36,235	31,053	-	67,288
Fund balance as restated	543,816	49,381	56,868	650,065
Fund balance at end of the year	\$ 136,691	\$ 49,466	\$ 57,827	\$ 243,984

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

OPERATIONAL FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Federal sources:</b>				
Forest reserve	\$ 2,599	\$ 2,599	\$ 2,403	\$ (196)
<b>State sources:</b>				
State equalization guarantee	4,162,990	4,179,120	4,154,824	(24,296)
State grant	19,029	19,029	19,041	12
Total state revenues	<u>4,182,019</u>	<u>4,198,149</u>	<u>4,173,865</u>	<u>(24,284)</u>
<b>Local sources:</b>				
Grant	-	-	16,130	16,130
District school tax levy	115,170	115,170	135,905	20,735
Fees and activities	8,200	8,200	8,649	449
Earnings from investments	20,000	20,000	54,692	34,692
Miscellaneous	-	-	4,273	4,273
Total local revenues	<u>143,370</u>	<u>143,370</u>	<u>219,649</u>	<u>76,279</u>
Total revenues	<u>4,327,988</u>	<u>4,344,118</u>	<u>4,395,917</u>	<u>51,799</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	2,980,190	2,849,076	2,849,076	-
Support Services - Students	556,122	592,920	592,920	-
Support Services - Instruction	93,724	86,851	86,851	-
Support Services - General Administration	194,735	187,266	187,266	-
Support Services - School Administration	171,903	170,997	170,997	-
Central Services	96,138	97,158	97,158	-
Operation & Maintenance of Plant	679,493	700,916	700,916	-
Food Services Operations	-	103,251	103,250	1
Total expenditures	<u>4,772,305</u>	<u>4,788,435</u>	<u>4,788,434</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	<u>(444,317)</u>	<u>(444,317)</u>	<u>(392,517)</u>	<u>51,800</u>
Beginning cash balance budgeted	<u>444,317</u>	<u>444,317</u>	-	<u>(444,317)</u>
Fund balance as previously reported	-	-	507,581	507,581
Restatement	-	-	36,235	36,235
Fund balance as restated	-	-	543,816	543,816
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	151,299	<u>\$ 151,299</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			23,219	
Change in due from other governments			(777)	
Change in payables			(18,176)	
Change in deferred property taxes			(18,682)	
			<u>\$ 136,691</u>	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

TRANSPORTATION FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Transportation	\$ 298,059	\$ 330,247	\$ 330,332	\$ 85
Expenditures:				
Current:				
Student Transportation	<u>298,059</u>	<u>330,247</u>	<u>330,247</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>85</u>	<u>85</u>
Fund balance as previously reported	-	-	18,328	18,328
Restatement	<u>-</u>	<u>-</u>	<u>31,053</u>	<u>31,053</u>
Fund balance as restated	<u>-</u>	<u>-</u>	<u>49,381</u>	<u>49,381</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	49,466	<u>\$ 49,466</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>-</u>	
			<u>\$ 49,466</u>	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

INSTRUCTIONAL MATERIALS FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State sources:				
State instructional material	\$ 36,684	\$ 36,684	\$ 36,684	\$ -
State grant	<u>3,771</u>	<u>3,771</u>	<u>3,771</u>	<u>-</u>
Total state revenues	40,455	40,455	40,455	-
<b>Expenditures:</b>				
Current:				
Instruction	<u>40,455</u>	<u>40,455</u>	<u>39,496</u>	<u>959</u>
Excess of revenues over expenditures	-	-	959	959
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>56,868</u>	<u>56,868</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	57,827	<u>\$ 57,827</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			<u>-</u>	
			<u>\$ 57,827</u>	

**NONMAJOR GOVERNMENTAL FUNDS**

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Balance Sheet  
June 30, 2007

	Special Revenue Funds			
	Food Service	Athletics	Title I	Entitlement
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>IDEA-B</u>
<u>ASSETS</u>				<u>Fund</u>
Pooled cash and investments	\$ 22,742	\$ 152	\$ 7,330	\$ 1,607
Receivables:				
Delinquent property taxes	-	-	-	-
Grant	-	-	-	-
Due from other governments	-	-	-	-
USDA commodities inventory	1,264	-	-	-
Food inventory	<u>263</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 24,269</u>	<u>\$ 152</u>	<u>\$ 7,330</u>	<u>\$ 1,607</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Bank overdrafts	\$ -	\$ -	\$ -	\$ -
Accounts payable	17,738	-	-	-
Due to other funds	23,366	-	-	-
Deferred revenue:				
Federal, state, and local grants	-	-	7,330	1,607
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>41,104</u>	<u>-</u>	<u>7,330</u>	<u>1,607</u>
Fund balance:				
Reserved:				
Retirement of long-term debt	-	-	-	-
Inventories	1,527	-	-	-
Unreserved and reported in:				
Special revenues funds	(18,362)	152	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>(16,835)</u>	<u>152</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 24,269</u>	<u>\$ 152</u>	<u>\$ 7,330</u>	<u>\$ 1,607</u>

(continued)

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Balance Sheet  
June 30, 2007

	Special Revenue Funds			
	Discretionary IDEA-B <u>Fund</u>	Preschool IDEA-B <u>Fund</u>	Title VI <u>Fund</u>	Title II Math/Science <u>Fund</u>
<b><u>ASSETS</u></b>				
Pooled cash and investments	\$ 1,783	\$ -	\$ -	\$ 794
Receivables:				
Delinquent property taxes	-	-	-	-
Grant	-	4,046	2,371	-
Due from other governments	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-	-	-	-
Total assets	\$ 1,783	\$ 4,046	\$ 2,371	\$ 794
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Bank overdrafts	\$ -	\$ 4,046	\$ 2,371	\$ -
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue:				
Federal, state, and local grants	1,783	-	-	794
Delinquent property taxes	-	-	-	-
	-	-	-	-
Total liabilities	1,783	4,046	2,371	794
Fund balance:				
Reserved:				
Retirement of long-term debt	-	-	-	-
Inventories	-	-	-	-
Unreserved and reported in:				
Special revenues funds	-	-	-	-
Capital projects funds	-	-	-	-
	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ 1,783	\$ 4,046	\$ 2,371	\$ 794

(continued)

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Balance Sheet  
June 30, 2007

	Special Revenue Funds			
	Enhancing Education <u>Fund</u>	Title V <u>Fund</u>	Title II Teacher Quality <u>Fund</u>	Title IV Drug Free Schools <u>Fund</u>
<b><u>ASSETS</u></b>				
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Delinquent property taxes	-	-	-	-
Grant	4,266	11,202	19,635	856
Due from other governments	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-	-	-	-
Total assets	<u>\$ 4,266</u>	<u>\$ 11,202</u>	<u>\$ 19,635</u>	<u>\$ 856</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Bank overdrafts	\$ 4,266	\$ 11,202	\$ 19,635	\$ 856
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue:				
Federal, state, and local grants	-	-	-	-
Delinquent property taxes	-	-	-	-
	-	-	-	-
Total liabilities	<u>4,266</u>	<u>11,202</u>	<u>19,635</u>	<u>856</u>
Fund balance:				
Reserved:				
Retirement of long-term debt	-	-	-	-
Inventories	-	-	-	-
Unreserved and reported in:				
Special revenues funds	-	-	-	-
Capital projects funds	-	-	-	-
	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 4,266</u>	<u>\$ 11,202</u>	<u>\$ 19,635</u>	<u>\$ 856</u>

(continued)



STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet

June 30, 2007

	Special Revenue Funds			
	Title XIX Medicaid <u>Fund</u>	Teacher Quality Enhancement <u>Fund</u>	Rural Education Achievement Program <u>Fund</u>	Intel Foundation <u>Fund</u>
<b><u>ASSETS</u></b>				
Pooled cash and investments	\$ -	\$ 12,728	\$ -	\$ 209
Receivables:				
Delinquent property taxes	-	-	-	-
Grant	9,130	-	3,331	-
Due from other governments	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-	-	-	-
Total assets	\$ 9,130	\$ 12,728	\$ 3,331	\$ 209
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Bank overdrafts	\$ 9,130	\$ -	\$ 3,331	\$ -
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue:				
Federal, state, and local grants	-	12,728	-	209
Delinquent property taxes	-	-	-	-
	-	-	-	-
Total liabilities	9,130	12,728	3,331	209
Fund balance:				
Reserved:				
Retirement of long-term debt	-	-	-	-
Inventories	-	-	-	-
Unreserved and reported in:				
Special revenues funds	-	-	-	-
Capital projects funds	-	-	-	-
	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ 9,130	\$ 12,728	\$ 3,331	\$ 209

(continued)

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet

June 30, 2007

	Special Revenue Funds			
	Jordan Fundamentals Grant <u>Fund</u>	PNM Foundation <u>Fund</u>	Turner Foundation <u>Fund</u>	Microsoft Settlement <u>Fund</u>
<u>ASSETS</u>				
Pooled cash and investments	\$ 21	\$ 30	\$ 29,299	\$ (13,262)
Receivables:				
Delinquent property taxes	-	-	-	-
Grant	-	-	-	13,262
Due from other governments	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-	-	-	-
Total assets	\$ 21	\$ 30	\$ 29,299	\$ -
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Bank overdrafts	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue:				
Federal, state, and local grants	21	30	29,299	-
Delinquent property taxes	-	-	-	-
	-	-	-	-
Total liabilities	21	30	29,299	-
Fund balance:				
Reserved:				
Retirement of long-term debt	-	-	-	-
Inventories	-	-	-	-
Unreserved and reported in:				
Special revenues funds	-	-	-	-
Capital projects funds	-	-	-	-
	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ 21	\$ 30	\$ 29,299	\$ -

(continued)

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Balance Sheet  
June 30, 2007

	Special Revenue Funds			
	A Plus for Energy <u>Fund</u>	Center for Teacher Excellence <u>Fund</u>	Technology for Education <u>Fund</u>	Incentives for School Improvement <u>Fund</u>
<b><u>ASSETS</u></b>				
Pooled cash and investments	\$ -	\$ -	\$ (3,368)	\$ 23,427
Receivables:				
Delinquent property taxes	-	-	-	-
Grant	-	-	3,368	-
Due from other governments	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ 23,427
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Bank overdrafts	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue:				
Federal, state, and local grants	-	-	-	23,427
Delinquent property taxes	-	-	-	-
	-	-	-	23,427
Total liabilities	-	-	-	23,427
Fund balance:				
Reserved:				
Retirement of long-term debt	-	-	-	-
Inventories	-	-	-	-
Unreserved and reported in:				
Special revenues funds	-	-	-	-
Capital projects funds	-	-	-	-
	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ -	\$ -	\$ -	\$ 23,427

(continued)

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Balance Sheet  
June 30, 2007

	Special Revenue Funds			
	State School Improvement <u>Fund</u>	Libraries GO Bond <u>Fund</u>	Tutoring & Student Enhance <u>Fund</u>	Communities of Academic Partnership <u>Fund</u>
<b><u>ASSETS</u></b>				
Pooled cash and investments	\$ 1,075	\$ (8,275)	\$ 5,996	\$ (2,500)
Receivables:				
Delinquent property taxes	-	-	-	-
Grant	-	8,275	-	2,500
Due from other governments	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-	-	-	-
Total assets	<u>\$ 1,075</u>	<u>\$ -</u>	<u>\$ 5,996</u>	<u>\$ -</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Bank overdrafts	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue:				
Federal, state, and local grants	1,075	-	5,996	-
Delinquent property taxes	-	-	-	-
	-	-	-	-
Total liabilities	<u>1,075</u>	<u>-</u>	<u>5,996</u>	<u>-</u>
Fund balance:				
Reserved:				
Retirement of long-term debt	-	-	-	-
Inventories	-	-	-	-
Unreserved and reported in:				
Special revenues funds	-	-	-	-
Capital projects funds	-	-	-	-
	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,075</u>	<u>\$ -</u>	<u>\$ 5,996</u>	<u>\$ -</u>

(continued)

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Balance Sheet  
June 30, 2007

	Special Revenue Funds			
	Schools on the Rise <u>Fund</u>	NM Arts <u>Fund</u>	Center for Teaching Excellence <u>Fund</u>	Gear Up <u>Fund</u>
<b><u>ASSETS</u></b>				
Pooled cash and investments	\$ (1,000)	\$ (1,893)	\$ 10,454	\$ 1,643
Receivables:				
Delinquent property taxes	-	-	-	-
Grant	1,000	1,893	-	-
Due from other governments	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-	-	-	-
Total assets	\$ -	\$ -	\$ 10,454	\$ 1,643
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Bank overdrafts	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue:				
Federal, state, and local grants	-	-	10,454	1,643
Delinquent property taxes	-	-	-	-
	-	-	10,454	1,643
Total liabilities	-	-	10,454	1,643
Fund balance:				
Reserved:				
Retirement of long-term debt	-	-	-	-
Inventories	-	-	-	-
Unreserved and reported in:				
Special revenues funds	-	-	-	-
Capital projects funds	-	-	-	-
	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ -	\$ -	\$ 10,454	\$ 1,643

(continued)

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Balance Sheet  
June 30, 2007

	<b>Special Revenue Funds</b>			
	BP America Production <u>Fund</u>	Taos RSLC <u>Fund</u>	McCune Foundation <u>Fund</u>	Total Nonmajor Special Revenue <u>Funds</u>
<b><u>ASSETS</u></b>				
Pooled cash and investments	\$ (2,067)	\$ 33	\$ (8,156)	\$ 78,802
Receivables:				
Delinquent property taxes	-	-	-	-
Grant	2,122	-	8,156	95,413
Due from other governments	-	-	-	-
USDA commodities inventory	-	-	-	1,264
Food inventory	-	-	-	263
	-	-	-	263
Total assets	<u>\$ 55</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 175,742</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Bank overdrafts	\$ -	\$ -	\$ -	\$ 54,837
Accounts payable	55	-	-	17,793
Due to other funds	-	-	-	23,366
Deferred revenue:				
Federal, state, and local grants	-	33	-	96,429
Delinquent property taxes	-	-	-	-
	-	-	-	-
Total liabilities	<u>55</u>	<u>33</u>	<u>-</u>	<u>192,425</u>
Fund balance:				
Reserved:				
Retirement of long-term debt	-	-	-	-
Inventories	-	-	-	1,527
Unreserved and reported in:				
Special revenues funds	-	-	-	(18,210)
Capital projects funds	-	-	-	-
	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,683)</u>
Total liabilities and fund balance	<u>\$ 55</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 175,742</u>

(continued)

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet

June 30, 2007

	Debt Services <u>Fund</u>	Public School Capital Outlay - 20% <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
<b><u>ASSETS</u></b>			
Pooled cash and investments	\$ 98,478	\$ 26,349	\$ 203,629
Receivables:			
Delinquent property taxes	83,535	-	83,535
Grant		-	95,413
Due from other governments	524	-	524
USDA commodities inventory	-	-	1,264
Food inventory	-	-	263
	<hr/>	<hr/>	<hr/>
Total assets	\$ 182,537	\$ 26,349	\$ 384,628
	<hr/>	<hr/>	<hr/>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
Liabilities:			
Bank overdrafts	\$ -	\$ -	\$ 54,837
Accounts payable	-	-	17,793
Due to other funds	-	-	23,366
Deferred revenue:			
Federal, state, and local grants	-	-	96,429
Delinquent property taxes	82,969	-	82,969
	<hr/>	<hr/>	<hr/>
Total liabilities	82,969	-	275,394
	<hr/>	<hr/>	<hr/>
Fund balance:			
Reserved:			
Retirement of long-term debt	99,568	-	99,568
Inventories	-	-	1,527
Unreserved and reported in:			
Special revenues funds	-	-	(18,210)
Capital projects funds	-	26,349	26,349
	<hr/>	<hr/>	<hr/>
Total fund balance	99,568	26,349	109,234
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	\$ 182,537	\$ 26,349	\$ 384,628
	<hr/>	<hr/>	<hr/>

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2007

	Special Revenue Funds					
	Food Service	Athletics	Title I	Entitlement IDEA-B	Discretionary IDEA-B	Preschool IDEA-B
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<b>Revenues:</b>						
Federal sources:						
Federal flowthrough grants	\$ -	\$ -	\$ 94,553	\$ 152,097	\$ 21,075	\$ 13,100
Federal direct grants	-	-	-	-	-	-
Food and milk reimbursements	137,034	-	-	-	-	-
USDA Commodities	<u>9,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total federal revenues	<u>146,435</u>	<u>-</u>	<u>94,553</u>	<u>152,097</u>	<u>21,075</u>	<u>13,100</u>
State sources:						
State grant	<u>1,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Local sources:						
Grant	-	-	-	-	-	-
District school tax levy	-	-	-	-	-	-
Fees and activities	35,124	15,892	-	-	-	-
Earnings from investments	<u>997</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total local revenues	<u>36,121</u>	<u>15,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>183,637</u>	<u>15,948</u>	<u>94,553</u>	<u>152,097</u>	<u>21,075</u>	<u>13,100</u>
<b>Expenditures:</b>						
Current:						
Instruction	-	16,106	94,553	89,159	21,075	13,100
Support Services - Students	-	-	-	19,963	-	-
Support Services - Instruction	-	-	-	-	-	-
Support Services - School Administration	-	-	-	42,975	-	-
Food Services	148,241	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Bond interest paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>148,241</u>	<u>16,106</u>	<u>94,553</u>	<u>152,097</u>	<u>21,075</u>	<u>13,100</u>
Excess (deficiency) of revenues over expenditures	<u>35,396</u>	<u>(158)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) as previously reported	(52,301)	310	-	-	-	-
Restatement	<u>70</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) as restated	(52,231)	310	-	-	-	-
Fund balance (deficit) at end of the year	<u>\$ (16,835)</u>	<u>\$ 152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)



STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2007

	Special Revenue Funds					
	Title VI	Title II	Enhancing	Title V	Title II	Title IV
	<u>Fund</u>	<u>Math/Science</u>	<u>Education</u>	<u>Fund</u>	<u>Teacher</u>	<u>Drug Free</u>
					<u>Quality</u>	<u>Schools</u>
					<u>Fund</u>	<u>Fund</u>
<b>Revenues:</b>						
Federal sources:						
Federal flowthrough grants	\$ -	\$ -	\$ 968	\$ 4,032	\$ 23,129	\$ 2,299
Federal direct grants	-	-	-	-	-	-
Food and milk reimbursements	-	-	-	-	-	-
USDA Commodities	-	-	-	-	-	-
	-	-	-	-	-	-
Total federal revenues	<u>-</u>	<u>-</u>	<u>968</u>	<u>4,032</u>	<u>23,129</u>	<u>2,299</u>
State sources:						
State grant	-	-	-	-	-	-
	-	-	-	-	-	-
Local sources:						
Grant	-	-	-	-	-	-
District school tax levy	-	-	-	-	-	-
Fees and activities	-	-	-	-	-	-
Earnings from investments	-	-	-	-	-	-
	-	-	-	-	-	-
Total local revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>-</u>	<u>-</u>	<u>968</u>	<u>4,032</u>	<u>23,129</u>	<u>2,299</u>
<b>Expenditures:</b>						
Current:						
Instruction	-	-	-	4,032	23,129	2,299
Support Services - Students	-	-	452	-	-	-
Support Services - Instruction	-	-	-	-	-	-
Support Services - School Administration	-	-	516	-	-	-
Food Services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Bond interest paid	-	-	-	-	-	-
	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>968</u>	<u>4,032</u>	<u>23,129</u>	<u>2,299</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) as previously reported	-	-	-	-	-	-
Restatement	-	-	-	-	-	-
Fund balance (deficit) as restated	-	-	-	-	-	-
Fund balance (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2007

	Special Revenue Funds				
	Title XIX Medicaid <u>Fund</u>	Teacher Quality Enhancement <u>Fund</u>	Rural Education Achievement Program <u>Fund</u>	Intel Foundation <u>Fund</u>	Jordan Fundamentals Grant <u>Fund</u>
<b>Revenues:</b>					
Federal sources:					
Federal flowthrough grants	\$ -	\$ -	\$ -	\$ -	\$ -
Federal direct grants	10,459	-	30,919	-	-
Food and milk reimbursements	-	-	-	-	-
USDA Commodities	-	-	-	-	-
Total federal revenues	10,459	-	30,919	-	-
State sources:					
State grant	-	-	-	-	-
Local sources:					
Grant	-	-	-	-	-
District school tax levy	-	-	-	-	-
Fees and activities	-	-	-	-	-
Earnings from investments	-	-	-	-	-
Total local revenues	-	-	-	-	-
Total revenue	10,459	-	30,919	-	-
<b>Expenditures:</b>					
Current:					
Instruction	-	-	-	-	-
Support Services - Students	10,459	-	15,235	-	-
Support Services - Instruction	-	-	-	-	-
Support Services - School Administration	-	-	15,684	-	-
Food Services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Total expenditures	10,459	-	30,919	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-
Fund balance (deficit) as previously reported	-	-	-	-	-
Restatement	-	-	-	-	-
Fund balance (deficit) as restated	-	-	-	-	-
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2007

	Special Revenue Funds				
	PNM Foundation <u>Fund</u>	Turner Foundation <u>Fund</u>	Microsoft Settlement <u>Fund</u>	A Plus for Energy <u>Fund</u>	Center for Teacher Excellence <u>Fund</u>
Revenues:					
Federal sources:					
Federal flowthrough grants	\$ -	\$ -	\$ -	\$ -	\$ -
Federal direct grants	-	-	-	-	-
Food and milk reimbursements	-	-	-	-	-
USDA Commodities	-	-	-	-	-
Total federal revenues	-	-	-	-	-
State sources:					
State grant	-	-	-	-	-
Total local revenues	-	8,024	13,262	-	-
Total revenue	-	8,024	13,262	-	-
Expenditures:					
Current:					
Instruction	-	4,074	13,262	-	-
Support Services - Students	-	3,950	-	-	-
Support Services - Instruction	-	-	-	-	-
Support Services - School Administration	-	-	-	-	-
Food Services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Total expenditures	-	8,024	13,262	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-
Fund balance (deficit) as previously reported	-	-	-	-	-
Restatement	-	-	-	-	-
Fund balance (deficit) as restated	-	-	-	-	-
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2007

	Special Revenue Funds				
	Technology for Education <u>Fund</u>	Incentives for School Improvement <u>Fund</u>	State School Improvement <u>Fund</u>	Libraries GO Bond <u>Fund</u>	Tutoring & Student Enhance <u>Fund</u>
<b>Revenues:</b>					
Federal sources:					
Federal flowthrough grants	\$ -	\$ -	\$ -	\$ -	\$ -
Federal direct grants	-	-	-	-	-
Food and milk reimbursements	-	-	-	-	-
USDA Commodities	-	-	-	-	-
Total federal revenues	-	-	-	-	-
State sources:					
State grant	-	1,350	-	3,969	-
Local sources:					
Grant	-	-	-	-	-
District school tax levy	-	-	-	-	-
Fees and activities	-	-	-	-	-
Earnings from investments	-	-	-	-	-
Total local revenues	-	-	-	-	-
Total revenue	-	1,350	-	3,969	-
<b>Expenditures:</b>					
Current:					
Instruction	-	1,350	-	-	-
Support Services - Students	-	-	-	-	-
Support Services - Instruction	-	-	-	3,969	-
Support Services - School Administration	-	-	-	-	-
Food Services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Total expenditures	-	1,350	-	3,969	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-
Fund balance (deficit) as previously reported	-	-	-	-	-
Restatement	-	-	-	-	-
Fund balance (deficit) as restated	-	-	-	-	-
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2007

	Special Revenue Funds				
	Communities of Academic Partnership <u>Fund</u>	Schools on the Rise <u>Fund</u>	NM Arts <u>Fund</u>	Center for Teaching Excellence <u>Fund</u>	Gear Up <u>Fund</u>
<b>Revenues:</b>					
Federal sources:					
Federal flowthrough grants	\$ -	\$ -	\$ -	\$ -	\$ -
Federal direct grants	-	-	-	-	-
Food and milk reimbursements	-	-	-	-	-
USDA Commodities	-	-	-	-	-
Total federal revenues	-	-	-	-	-
State sources:					
State grant	2,500	1,000	1,893	-	-
Local sources:					
Grant	-	-	-	-	-
District school tax levy	-	-	-	-	-
Fees and activities	-	-	-	-	-
Earnings from investments	-	-	-	-	-
Total local revenues	-	-	-	-	-
Total revenue	2,500	1,000	1,893	-	-
<b>Expenditures:</b>					
Current:					
Instruction	2,500	1,000	-	-	-
Support Services - Students	-	-	-	-	-
Support Services - Instruction	-	-	1,893	-	-
Support Services - School Administration	-	-	-	-	-
Food Services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Total expenditures	2,500	1,000	1,893	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-
Fund balance (deficit) as previously reported	-	-	-	-	-
Restatement	-	-	-	-	-
Fund balance (deficit) as restated	-	-	-	-	-
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2007

	Special Revenue Funds			
	BP America Production <u>Fund</u>	Taos RSLC <u>Fund</u>	McCune Foundation <u>Fund</u>	Total Nonmajor Special Revenue <u>Funds</u>
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ -	\$ -	\$ 311,253
Federal direct grants	-	-	-	41,378
Food and milk reimbursements	-	-	-	137,034
USDA Commodities	-	-	-	9,401
	-	-	-	499,066
Total federal revenues				
	-	-	-	499,066
State sources:				
State grant	-	-	-	11,793
	-	-	-	11,793
Local sources:				
Grant	3,736	-	-	24,903
District school tax levy	-	-	-	-
Fees and activities	-	-	-	51,016
Earnings from investments	-	-	-	1,172
	-	-	-	1,172
Total local revenues				
	3,736	-	-	77,091
Total revenue				
	3,736	-	-	587,950
Expenditures:				
Current:				
Instruction	3,736	-	-	289,375
Support Services - Students	-	-	-	50,059
Support Services - Instruction	-	-	-	5,862
Support Services - School Administration	-	-	-	59,175
Food Services	-	-	-	148,241
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	-	-	-	-
	-	-	-	-
Total expenditures				
	3,736	-	-	552,712
Excess (deficiency) of revenues over expenditures				
	-	-	-	35,238
Fund balance (deficit) as previously reported				
	-	-	-	(51,991)
Restatement				
	-	-	-	70
Fund balance (deficit) as restated				
	-	-	-	(51,921)
Fund balance (deficit) at end of the year				
	-	-	-	(16,683)

(continued)

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2007

	Debt Services <u>Fund</u>	Public School Capital Outlay - 20% <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:			
Federal sources:			
Federal flowthrough grants	\$ -	\$ -	\$ 311,253
Federal direct grants	-	-	41,378
Food and milk reimbursements	-	-	137,034
USDA Commodities	-	-	9,401
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Total federal revenues	-	-	499,066
State sources:			
State grant	-	-	11,793
	<hr/>	<hr/>	<hr/>
Local sources:			
Grant	-	-	24,903
District school tax levy	56,816	-	56,816
Fees and activities	-	-	51,016
Earnings from investments	665	-	1,837
	<hr/>	<hr/>	<hr/>
Total local revenues	57,481	-	134,572
	<hr/>	<hr/>	<hr/>
Total revenue	57,481	-	645,431
Expenditures:			
Current:			
Instruction	-	-	289,375
Support Services - Students	-	-	50,059
Support Services - Instruction	-	-	5,862
Support Services - School Administration	-	-	59,175
Food Services	-	-	148,241
Capital outlay	-	13,630	13,630
Debt service:			
Principal retirement	335,000	-	335,000
Bond interest paid	8,375	-	8,375
	<hr/>	<hr/>	<hr/>
Total expenditures	343,748	13,630	910,090
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(286,267)	(13,630)	(264,659)
	<hr/>	<hr/>	<hr/>
Fund balance (deficit) as previously reported	387,919	39,979	375,907
Restatement	(2,084)	-	(2,014)
	<hr/>	<hr/>	<hr/>
Fund balance (deficit) as restated	385,835	39,979	373,893
	<hr/>	<hr/>	<hr/>
Fund balance (deficit) at end of the year	\$ 99,568	\$ 26,349	\$ 109,234

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## **BUDGETARY PRESENTATION**

## NONMAJOR SPECIAL REVENUE FUNDS

### FOOD SERVICES

This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

### ATHLETICS

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

### TITLE I

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

### ENTITLEMENT/DISCRETIONARY IDEA-B

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

### PRESCHOOL IDEA-B

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

### TITLE VI

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

### TITLE II MATH/SCIENCE

The Title II math, science and core academic areas project provides funds to carry out a math skills control system for grades kindergarten through eighth. The project is funded by the Federal Government through the State of New Mexico Department of Education, under the Elementary and Secondary Education Act of 1965, Title II, Part A, Public Law 100-297, as amended, Public Law 101-589.

## NONMAJOR SPECIAL REVENUE FUNDS (continued)

### ENHANCING EDUCATION

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

### TITLE V

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

### TITLE II TEACHER QUALITY

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

### TITLE IV DRUG FREE SCHOOLS

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

### TITLE XIX MEDICAID

To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-112, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.

### TEACHER QUALITY ENHANCEMENT

To improve student achievement; improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities; hold institutions of higher education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teachers plan to teach, such as mathematics, science, English, foreign language, history, economics, art, civics, Government, and geography, including training in the effective uses of technology in the classroom; and recruit highly qualified individuals, including individuals from other occupations, into the teaching force. Authorization granted under Higher Education Act of 1965, Title II, Part A, Public Law 105-244.

## NONMAJOR SPECIAL REVENUE FUNDS (continued)

### RURAL EDUCATION ACHIEVEMENT

To account for funds received under the Small Rural School Achievement Program to enhance education.

### INTEL FOUNDATION

To assist schools in education by reducing the student to teacher ratio.

### JORDAN FOUNDATION

To help students in learning through the application and design.

### PNM FOUNDATION

Classroom innovation grant for the purpose of "Books 'N More." Authority for creation is a grant from PNM.

### TURNER FOUNDATION

To enhance the curriculum by utilizing nontraditional teaching methods (real life learning).

### MICROSOFT SETTLEMENT

For qualifying schools to purchase computer hardware, software and professional development services.

### A PLUS FOR ENERGY

To assist high school lab based science courses in the study of energy resources.

### CENTER FOR TEACHER EXCELLENCE

To promote individual teacher professional development.

### TECHNOLOGY FOR EDUCATION

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

### INCENTIVE FOR SCHOOL IMPROVEMENTS

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

### STATE SCHOOL IMPROVEMENT

State grant used to enhance the quality of education.

## NONMAJOR SPECIAL REVENUE FUNDS (continued)

### LIBRARIES GO BOND

Funding made available to update and expand library collections.

### TUTORING & STUDENT ENHANCEMENT

To assist in the success rate of students by providing after-school tutoring.

### COMMUNITIES OF ACADEMIC PARTNERSHIP

To improve academic achievement of students.

### SCHOOLS ON THE RISE

To provide schools with addition funds for education materials.

### NM ARTS

To account for the grants reserved from the NM Arts.

### CENTER FOR TEACHING EXCELLENCE

To promote collaboration between public school teachers and university faculty.

### GEAR UP

To encourage eligible entities to provide supportive services to elementary and middle schools, and secondary school students who are at risk of dropping out of school; and information to students and their parents about the advantages of obtaining a postsecondary education and the college financing options for the students and their parents. Authorization granted through Higher Education Act, Title IV, Part A, Subpart 2, Chapter 2, 20 U.S.C. 1070a-21-1070a-28.

### BP AMERICA PRODUCTION

To provide students with experiences and career awareness in wildlife, forestry, and environmental management operations.

### TAOS RSLC

To purchase supplies to provide additional learning opportunities.

### MCCUNE FOUNDATION

A local grant provided by the McCune Foundation to teach communication, self-esteem and problem solving skills.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

FOOD SERVICE SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive (Negative)
<b>Revenues:</b>				
Federal sources:				
Food and milk reimbursements	\$ 161,589	\$ 161,589	\$ 137,034	\$ (24,555)
State sources:				
State grant	1,000	1,000	1,081	81
Local sources:				
Fees and activities	33,000	33,000	36,198	3,198
Earnings from investments	-	-	997	997
Total local revenues	<u>33,000</u>	<u>33,000</u>	<u>37,195</u>	<u>4,195</u>
Total revenues	195,589	195,589	175,310	(20,279)
<b>Expenditures:</b>				
Current:				
Food Services Operations	195,589	195,589	154,177	41,412
Excess of revenues over expenditures	-	-	21,133	21,133
Fund balance (deficit) as previously reported	-	-	(52,301)	(52,301)
Restatement	-	-	70	70
Fund balance as restated	-	-	(52,231)	(52,231)
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(31,098)	<u>\$ (31,098)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in inventory			(2,375)	
Change in payables			<u>17,712</u>	
			<u>\$ (16,835)</u>	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

ATHLETICS SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Local sources:				
Fees and activities	\$ 17,000	\$ 17,000	\$ 15,892	\$ (1,108)
Earnings from investments	<u>200</u>	<u>200</u>	<u>56</u>	<u>(144)</u>
Total revenues	17,200	17,200	15,948	(1,252)
<b>Expenditures:</b>				
Current:				
Instruction	<u>22,209</u>	<u>22,209</u>	<u>18,576</u>	<u>3,633</u>
Excess (deficiency) of revenues over expenditures	(5,009)	(5,009)	(2,628)	2,381
Beginning cash balance budgeted	5,009	5,009	-	(5,009)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>310</u>	<u>310</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(2,318)	<u>\$ (2,318)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			<u>2,470</u>	
			<u>\$ 152</u>	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

TITLE I SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive (Negative)
Revenues:				
Federal sources:				
Federal grant	\$ 94,248	\$ 122,379	\$ 78,895	\$ (43,484)
 Expenditures:				
Current:				
Instruction	<u>94,248</u>	<u>122,379</u>	<u>94,553</u>	<u>27,826</u>
Excess (deficiency) of revenues over expenditures	-	-	(15,658)	(15,658)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(15,658)	<u>\$ (15,658)</u>
 RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>(7,330)</u>	
			<u>\$ -</u>	



STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

ENTITLEMENT IDEA-B SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive (Negative)
<b>Revenues:</b>				
Federal sources:				
Federal grant	\$ 134,127	\$ 150,748	\$ 152,097	\$ 1,349
<b>Expenditures:</b>				
Current:				
Instruction	81,459	89,159	89,159	-
Support Services - Students	15,768	18,614	19,963	(1,349)
Support Services - School Administration	36,900	42,975	42,975	-
Total expenditures	<u>134,127</u>	<u>150,748</u>	<u>152,097</u>	<u>(1,349)</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			<u>-</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

DISCRETIONARY IDEA-B SPECIAL REVENUE FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Federal sources:				
Federal grant	\$ 17,250	\$ 21,075	\$ 21,075	\$ -
<b>Expenditures:</b>				
Current:				
Instruction	17,250	21,075	21,075	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	-	\$ -
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			-	
			\$ -	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

PRESCHOOL IDEA-B SPECIAL REVENUE FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Federal sources:				
Federal grant	\$ 12,767	\$ 14,753	\$ 12,540	\$ (2,213)
<b>Expenditures:</b>				
Current:				
Instruction	12,767	14,753	13,100	1,653
Excess (deficiency) of revenues over expenditures	-	-	(560)	(560)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(560)	\$ (560)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in receivables			(2)	
Change in grant receivable			562	
			\$ -	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

ENHANCING EDUCATION SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Federal sources:				
Federal grant	\$ -	\$ 968	\$ -	\$ (968)
<b>Expenditures:</b>				
Current:				
Support Services - Students	-	452	452	-
Support Services - School Administration	-	516	516	-
Total expenditures	-	968	968	-
Excess (deficiency) of revenues over expenditures	-	-	(968)	(968)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(968)	<u>\$ (968)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			968	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

TITLE V SPECIAL REVENUE FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Federal sources:				
Federal grant	\$ 4,022	\$ 4,126	\$ 3,782	\$ (344)
<b>Expenditures:</b>				
Current:				
Instruction	4,022	4,126	4,032	94
Excess (deficiency) of revenues over expenditures	-	-	(250)	(250)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(250)	\$ (250)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			250	
			\$ -	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

TITLE II TEACHER QUALITY SPECIAL REVENUE FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Federal sources:				
Federal grant	\$ 23,438	\$ 26,440	\$ 13,290	\$ (13,150)
<b>Expenditures:</b>				
Current:				
Instruction	23,438	26,440	23,129	3,311
Excess (deficiency) of revenues over expenditures	-	-	(9,839)	(9,839)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(9,839)	\$ (9,839)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			9,839	
			\$ -	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 TITLE IV DRUG FREE SCHOOLS SPECIAL REVENUE FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive (Negative)
Revenues:				
Federal sources:				
Federal grant	\$ 2,307	\$ 2,308	\$ 5,115	\$ 2,807
 Expenditures:				
Current:				
Instruction	<u>2,307</u>	<u>2,308</u>	<u>2,299</u>	<u>9</u>
Excess of revenues over expenditures	-	-	2,816	2,816
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	2,816	<u>\$ 2,816</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(3,796)	
Change in payables			<u>980</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

TITLE XIX MEDICAID SPECIAL REVENUE FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
<b>Federal sources:</b>				
Federal direct grant	\$ -	\$ 11,165	\$ 10,459	\$ (706)
<b>Expenditures:</b>				
<b>Current:</b>				
Support Services - Students	-	11,165	10,459	706
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			-	
			<u>\$ -</u>	



STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

RURAL EDUCATION ACHIEVEMENT PROGRAM SPECIAL REVENUE FUND

Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Federal sources:				
Federal direct grant	\$ -	\$ 30,919	\$ 31,247	\$ 328
<b>Expenditures:</b>				
Current:				
Support Services - Students	-	15,235	15,235	-
Support Services - School Administration	-	15,684	15,684	-
Total expenditures	-	30,919	30,919	-
Excess of revenues over expenditures	-	-	328	328
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	328	\$ 328
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(328)	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

INTEL FOUNDATION SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Local sources:				
Grant	\$ -	\$ 209	\$ -	\$ (209)
 <b>Expenditures:</b>				
Current:				
Instruction	-	209	-	209
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 <b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			-	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 JORDAN FUNDAMENTALS GRANT SPECIAL REVENUE FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Grant	\$ -	\$ 7	\$ -	\$ (7)
 Expenditures:				
Current:				
Instruction	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
 RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>-</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

PNM FOUNDATION SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive <u>(Negative)</u>
Revenues:				
Local sources:				
Grant	\$ -	\$ 14	\$ -	\$ (14)
 Expenditures:				
Current:				
Instruction	<u>-</u>	<u>14</u>	<u>-</u>	<u>14</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
 RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>-</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

TURNER FOUNDATION SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Local sources:				
Grant	\$ -	\$ 20,028	\$ 15,000	\$ (5,028)
Earnings from investments	-	-	120	120
	-	20,028	15,120	(4,908)
<b>Total revenues</b>				
<b>Expenditures:</b>				
Current:				
Instruction	-	15,000	4,074	10,926
Support Services - Students	-	5,028	3,950	1,078
	-	20,028	8,024	12,004
<b>Total expenditures</b>				
Excess of revenues over expenditures	-	-	7,096	7,096
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	7,096	\$ 7,096
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			(7,096)	
			\$ -	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

MICROSOFT SETTLEMENT SPECIAL REVENUE FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Local sources:				
Grant	\$ -	\$ 27,962	\$ -	\$ (27,962)
<b>Expenditures:</b>				
Current:				
Instruction	-	27,962	13,262	14,700
Excess (deficiency) of revenues over expenditures	-	-	(13,262)	(13,262)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(13,262)	<u>\$ (13,262)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>13,262</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

A PLUS FOR ENERGY SPECIAL REVENUE FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Grant	\$ -	\$ 10,000	\$ -	\$ (10,000)
 Expenditures:				
Current:				
Instruction	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
 RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>-</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 TECHNOLOGY FOR EDUCATION SPECIAL REVENUE FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State sources:				
State grant	\$ -	\$ 8,647	\$ -	\$ (8,647)
<b>Expenditures:</b>				
Current:				
Support Services - Students	<u>-</u>	<u>8,647</u>	<u>-</u>	<u>8,647</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			<u>-</u>	
			<u>\$ -</u>	



STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

INCENTIVES FOR SCHOOL IMPROVEMENT SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
State sources:				
State grant	\$ -	\$ 5,885	\$ 16,904	\$ 11,019
<b>Expenditures:</b>				
Current:				
Instruction	-	5,885	1,350	4,535
Excess of revenues over expenditures	-	-	15,554	15,554
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	15,554	<u>\$ 15,554</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in receivables			(191)	
Change in grant receivable			(7,476)	
Change in deferred revenue			<u>(7,887)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

LIBRARIES GO BOND SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive (Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ 4,439	\$ -	\$ (4,439)
 Expenditures:				
Current:				
Support Services - Instruction	-	4,439	3,969	470
 Excess (deficiency) of revenues over expenditures	-	-	(3,969)	(3,969)
 Fund balance at beginning of the year	-	-	-	-
 Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(3,969)	<u>\$ (3,969)</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>3,969</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

COMMUNITIES OF ACADEMIC PARTNERSHIP SPECIAL REVENUE FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive (Negative)
<b>Revenues:</b>				
State sources:				
State grant	\$ -	\$ 2,500	\$ -	\$ (2,500)
<b>Expenditures:</b>				
Current:				
Instruction	-	2,500	2,500	-
Excess (deficiency) of revenues over expenditures	-	-	(2,500)	(2,500)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(2,500)	<u>\$ (2,500)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>2,500</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHOOLS ON THE RISE SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive (Negative)
<b>Revenues:</b>				
State sources:				
State grant	\$ -	\$ 1,000	\$ -	\$ (1,000)
<b>Expenditures:</b>				
Current:				
Instruction	-	1,000	1,000	-
Excess (deficiency) of revenues over expenditures	-	-	(1,000)	(1,000)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(1,000)	<u>\$ (1,000)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>1,000</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

NM ARTS SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State sources:				
State grant	\$ -	\$ 2,780	\$ -	\$ (2,780)
 <b>Expenditures:</b>				
Current:				
Support Services - Instruction	<u>-</u>	<u>2,780</u>	<u>1,893</u>	<u>887</u>
Excess (deficiency) of revenues over expenditures	-	-	(1,893)	(1,893)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(1,893)	<u>\$ (1,893)</u>
 <b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>1,893</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

BP AMERICA PRODUCTION SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Local sources:				
Miscellaneous	\$ -	\$ 5,006	\$ -	\$ (5,006)
<b>Expenditures:</b>				
Current:				
Instruction	-	5,006	3,681	1,325
Excess (deficiency) of revenues over expenditures	-	-	(3,681)	(3,681)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(3,681)	<u>\$ (3,681)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			2,121	
Change in payables			(55)	
Change in deferred revenue			1,615	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

TAOS RSLC SPECIAL REVENUE FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive (Negative)
Revenues:				
Local sources:				
Grant	\$ -	\$ 32	\$ -	\$ (32)
 Expenditures:				
Current:				
Instruction	-	32	-	32
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			-	
			<u>\$ -</u>	

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## **DEBT SERVICE FUNDS**

### **DEBT SERVICE FUND**

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

### **EDUCATION TECHNOLOGY DEBT SERVICE FUND**

Used to account for the accumulation of resources for and the payment of, general long-term debt principal, interest, and related costs associated with the Education Technology bond issues.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

DEBT SERVICES FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
District school tax levy	\$ 343,376	\$ 343,376	\$ 71,861	\$ (271,515)
Earnings from investments	-	-	665	665
Total revenues	<u>343,376</u>	<u>343,376</u>	<u>72,526</u>	<u>(270,850)</u>
Expenditures:				
Current:				
Support Services - General Administration	<u>3,434</u>	<u>3,434</u>	<u>373</u>	<u>3,061</u>
Debt service:				
Principal retirement	335,000	335,000	335,000	-
Bond interest paid	<u>8,375</u>	<u>8,375</u>	<u>8,375</u>	<u>-</u>
Total debt service	<u>343,375</u>	<u>343,375</u>	<u>343,375</u>	<u>-</u>
Non-operating reserves	<u>431,334</u>	<u>431,334</u>	<u>-</u>	<u>431,334</u>
Total expenditures	<u>778,143</u>	<u>778,143</u>	<u>343,748</u>	<u>434,395</u>
Excess (deficiency) of revenues over expenditures	<u>(434,767)</u>	<u>(434,767)</u>	<u>(271,222)</u>	<u>163,545</u>
Beginning cash balance budgeted	<u>434,767</u>	<u>434,767</u>	<u>-</u>	<u>(434,767)</u>
Fund balance as previously reported	-	-	387,919	387,919
Restatement	<u>-</u>	<u>-</u>	<u>(2,084)</u>	<u>(2,084)</u>
Fund balance as restated	<u>-</u>	<u>-</u>	<u>385,835</u>	<u>385,835</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	114,613	<u>\$ 114,613</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			67,400	
Change in due from other governments			524	
Change in deferred property taxes			<u>(82,969)</u>	
			<u>\$ 99,568</u>	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

EDUCATION TECHNOLOGY BONDS FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Local sources:				
District school tax levy	\$ 591,539	\$ 591,539	\$ 546,767	\$ (44,772)
<b>Expenditures:</b>				
Current:				
Support Services - General Administration	5,915	5,915	4,409	1,506
Debt service:				
Principal retirement	555,000	555,000	555,000	-
Bond interest paid	36,538	36,538	36,538	-
Total debt service	591,538	591,538	591,538	-
Non-operating reserves	62,291	62,291	-	62,291
Total expenditures	659,744	659,744	595,947	63,797
Excess (deficiency) of revenues over expenditures	(68,205)	(68,205)	(49,180)	19,025
<b>Other sources:</b>				
Sale of bonds	-	-	35,000	35,000
Net change in fund balance	(68,205)	(68,205)	(14,180)	54,025
Beginning cash balance budgeted	68,205	68,205	-	(68,205)
Fund balance as previously reported	-	-	81,999	81,999
Restatement	-	-	(67,530)	(67,530)
Fund balance as restated	-	-	14,469	14,469
Fund balance at end of the year	\$ -	\$ -	289	\$ 289
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in receivables				(10,209)
Change in property tax receivable				3,482,899
Change in due from other governments				19,703
Change in deferred property taxes				(3,464,730)
				<u>\$ 27,952</u>

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## CAPITAL PROJECTS FUNDS

### CAPITAL IMPROVEMENTS HB – 33

This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 5 mill property tax levy and interest earned on investments, under House Bill 33.

### CAPITAL IMPROVEMENTS SB – 9

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

### ED TECHNOLOGY EQUIPMENT ACT

This fund is used to account for the revenues and expenditures associated with Education Technology Bonds in the purchasing of equipment used in the educational process.

### PUBLIC SCHOOL CAPITAL OUTLAY 20%

A capital projects fund to capture the 20% of eligible federal (Forest Reserve and Impact Aid) and local revenue (local taxes) that must be budgeted in Capital Outlay. Provides financing for the construction and improvement of buildings and land, and the purchase of equipment.

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 CAPITAL IMPROVEMENTS HB-33 CAPITAL PROJECTS FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Local sources:				
District school tax levy	\$ -	\$ 500,000	\$ 928,360	\$ 428,360
Earnings from investments	<u>-</u>	<u>-</u>	<u>10,738</u>	<u>10,738</u>
Total revenues	<u>-</u>	<u>500,000</u>	<u>939,098</u>	<u>439,098</u>
<b>Expenditures:</b>				
Current:				
Support Services - General Administration	-	7,733	7,733	-
Operation & Maintenance of Plant	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total current expenses	-	107,733	7,733	100,000
Capital outlay:				
Equipment	<u>-</u>	<u>392,267</u>	<u>121,193</u>	<u>271,074</u>
Total expenditures	<u>-</u>	<u>500,000</u>	<u>128,926</u>	<u>371,074</u>
Excess of revenues over expenditures	-	-	810,172	810,172
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	810,172	<u>\$ 810,172</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			91,402	
Change in due from other governments			35,830	
Change in deferred property taxes			<u>(58,456)</u>	
			<u>\$ 878,948</u>	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Local sources:				
District school tax levy	\$ 680,443	\$ 695,831	\$ 752,733	\$ 56,902
Earnings from investments	-	-	3,459	3,459
<b>Total revenues</b>	<u>680,443</u>	<u>695,831</u>	<u>756,192</u>	<u>60,361</u>
<b>Expenditures:</b>				
Current:				
Support Services - General Administration	6,805	6,805	5,800	1,005
Operation & Maintenance of Plant	281,276	257,470	173,226	84,244
<b>Total current expenses</b>	<u>288,081</u>	<u>264,275</u>	<u>179,026</u>	<u>85,249</u>
Capital outlay:				
Equipment	175,000	290,424	200,099	90,325
Construction in progress	1,460,000	1,383,770	332,508	1,051,262
<b>Total capital outlay</b>	<u>1,635,000</u>	<u>1,674,194</u>	<u>532,607</u>	<u>1,141,587</u>
<b>Total expenditures</b>	<u>1,923,081</u>	<u>1,938,469</u>	<u>711,633</u>	<u>1,226,836</u>
Excess (deficiency) of revenues over expenditures	(1,242,638)	(1,242,638)	44,559	1,287,197
Beginning cash balance budgeted	<u>1,242,638</u>	<u>1,242,638</u>	-	(1,242,638)
Fund balance as previously reported	-	-	1,171,726	1,171,726
Restatement	-	-	7,531	7,531
Fund balance as restated	-	-	<u>1,179,257</u>	<u>1,179,257</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,223,816	<u>\$ 1,223,816</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in receivables			2,946	
Change in property tax receivable			30,767	
Change in due from other governments			24,902	
Change in payables			(6,067)	
Change in deferred property taxes			<u>(39,509)</u>	
			<u>\$ 1,236,855</u>	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 ED TECHNOLOGY EQUIPMENT ACT CAPITAL PROJECTS FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Earnings from investments	\$ -	\$ -	\$ 51,834	\$ 51,834
Expenditures:				
Current:				
Operation & Maintenance of Plant	120,000	1,364,043	456,268	907,775
Capital outlay:				
Equipment	<u>30,000</u>	<u>535,957</u>	<u>314,359</u>	<u>221,598</u>
Total expenditures	<u>150,000</u>	<u>1,900,000</u>	<u>770,627</u>	<u>1,129,373</u>
Excess (deficiency) of revenues over expenditures	(150,000)	(1,900,000)	(718,793)	1,181,207
Other sources:				
Sale of bonds	<u>-</u>	<u>1,750,000</u>	<u>1,703,453</u>	<u>(46,547)</u>
Net change in fund balance	<u>(150,000)</u>	<u>(150,000)</u>	<u>984,660</u>	<u>1,134,660</u>
Beginning cash balance budgeted	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
Fund balance as previously reported	-	-	137,755	137,755
Restatement	<u>-</u>	<u>-</u>	<u>(14,431)</u>	<u>(14,431)</u>
Fund balance as restated	<u>-</u>	<u>-</u>	<u>123,324</u>	<u>123,324</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,107,984	<u>\$ 1,107,984</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>7,500</u>	
			<u>\$ 1,115,484</u>	



STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

PUBLIC SCHOOL CAPITAL OUTLAY - 20% CAPITAL PROJECTS FUND  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
District school tax levy	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay:				
Equipment	<u>26,515</u>	<u>26,515</u>	<u>13,630</u>	<u>12,885</u>
Excess (deficiency) of revenues over expenditures	(26,515)	(26,515)	(13,630)	12,885
Beginning cash balance budgeted	26,515	26,515	-	(26,515)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>39,979</u>	<u>39,979</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	26,349	<u>\$ 26,349</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>-</u>	
			<u>\$ 26,349</u>	

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**COMPONENT UNIT**  
**MORENO VALLEY HIGH SCHOOL**

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNIT

MORENO VALLEY HIGH SCHOOL  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2007

	General Fund	Entitlement IDEA-B Fund	Walton Family Foundation Fund	Gear Up Fund	Public School Capital Outlay Fund	Ed Technology Equipment Act Fund	Total Governmental Funds
<u>ASSETS</u>							
Pooled cash and investments	\$ 135,922	\$ 13,520	\$ -	\$ 1,391	\$ -	\$ 8,644	\$ 159,477
Due from other funds	<u>12,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,214</u>
Total assets	<u>\$ 148,136</u>	<u>\$ 13,520</u>	<u>\$ -</u>	<u>\$ 1,391</u>	<u>\$ -</u>	<u>\$ 8,644</u>	<u>\$ 171,691</u>
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Accounts payable	\$ 18,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,175
Accrued liabilities	17,122	-	-	-	-	-	17,122
Due to other funds	-	-	-	-	12,214	-	12,214
Deferred revenue:							
Federal, state, and local grants	<u>-</u>	<u>13,520</u>	<u>-</u>	<u>1,391</u>	<u>-</u>	<u>-</u>	<u>14,911</u>
Total liabilities	<u>35,297</u>	<u>13,520</u>	<u>-</u>	<u>1,391</u>	<u>12,214</u>	<u>-</u>	<u>62,422</u>
Fund balance:							
Unreserved reported in:							
General fund	112,839	-	-	-	-	-	112,839
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,214)</u>	<u>8,644</u>	<u>(3,570)</u>
Total fund balance	<u>112,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,214)</u>	<u>8,644</u>	<u>109,269</u>
Total liabilities and fund balance	<u>\$ 148,136</u>	<u>\$ 13,520</u>	<u>\$ -</u>	<u>\$ 1,391</u>	<u>\$ -</u>	<u>\$ 8,644</u>	<u>\$ 171,691</u>

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNIT

MORENO VALLEY HIGH SCHOOL  
 GOVERNMENTAL FUNDS  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2007

	General Fund	Entitlement IDEA-B Fund	Walton Family Foundation Fund	Gear Up Fund	Public School Capital Fund	Ed Technology Equipment Fund	Total Governmental Funds
<b>Revenues:</b>							
<b>Federal sources:</b>							
Federal flowthrough grants	\$ -	\$ 6,969	\$ -	\$ -	\$ -	\$ -	\$ 6,969
<b>State sources:</b>							
State equalization guarantee	933,000	-	-	-	-	-	933,000
State flow through grants	876	-	-	-	-	-	876
State instructional material	17,036	-	-	-	-	-	17,036
State grant	-	-	-	3,312	36,643	3,712	43,667
Total state revenues	<u>950,912</u>	<u>-</u>	<u>-</u>	<u>3,312</u>	<u>36,643</u>	<u>3,712</u>	<u>994,579</u>
<b>Local sources:</b>							
Grant	-	-	17,264	-	-	-	17,264
Fees and activities	7,941	-	-	-	-	-	7,941
Miscellaneous	4,343	-	-	-	-	-	4,343
Total local revenues	<u>12,284</u>	<u>-</u>	<u>17,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,548</u>
Total revenue	<u>963,196</u>	<u>6,969</u>	<u>17,264</u>	<u>3,312</u>	<u>36,643</u>	<u>3,712</u>	<u>1,031,096</u>
<b>Expenditures:</b>							
<b>Current:</b>							
Instruction	576,835	6,969	-	3,312	-	-	587,116
Support Services - Students	4,364	-	-	-	-	-	4,364
Support Services - Instruction	10,907	-	-	-	-	-	10,907
Support Services - General Administration	88,882	-	-	-	-	-	88,882
Support Services - School Administration	141,701	-	17,264	-	-	-	158,965
Central Services	39,398	-	-	-	-	-	39,398
Operations & Maintenance of Plant	65,752	-	-	-	48,857	12,464	127,073
Total expenditures	<u>927,839</u>	<u>6,969</u>	<u>17,264</u>	<u>3,312</u>	<u>48,857</u>	<u>12,464</u>	<u>1,016,705</u>
Excess (deficiency) of revenues over expenditures	35,357	-	-	-	(12,214)	(8,752)	14,391
<b>Other uses:</b>							
Transfers out	(20,000)	-	-	-	-	-	(20,000)
Net change in fund balance	15,357	-	-	-	(12,214)	(8,752)	(5,609)
Fund balance at beginning of the year	97,482	-	-	-	-	17,396	114,878
Fund balance (deficit) at end of the year	<u>\$ 112,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,214)</u>	<u>\$ 8,644</u>	<u>\$ 109,269</u>

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNIT

MORENO VALLEY HIGH SCHOOL  
 GENERAL FUND  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
State sources:				
State equalization guarantee	\$ 933,001	\$ 933,001	\$ 933,000	\$ (1)
State flowthrough grant	876	876	876	-
State grant	<u>8,518</u>	<u>8,518</u>	<u>17,036</u>	<u>8,518</u>
Total state revenues	<u>942,395</u>	<u>942,395</u>	<u>950,912</u>	<u>8,517</u>
Local sources:				
Fees and activities	480	480	7,941	7,461
Earnings from investments	75	75	-	(75)
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>4,343</u>	<u>2,343</u>
Total local revenues	<u>2,555</u>	<u>2,555</u>	<u>12,284</u>	<u>9,729</u>
Total revenues	<u>\$ 944,950</u>	<u>\$ 944,950</u>	<u>\$ 963,196</u>	<u>\$ 18,246</u>
<b>Expenditures:</b>				
Current:				
Instruction	\$ 619,251	\$ 619,251	\$ 561,903	\$ 57,348
Support Services - Students	5,920	5,920	4,364	1,556
Support Services - Instruction	15,269	15,269	10,907	4,362
Support Services - General Administration	91,423	91,423	88,727	2,696
Support Services - School Administration	180,664	180,664	140,623	40,041
Central Services	41,825	41,825	39,398	2,427
Operation & Maintenance of Plant	81,897	81,897	65,752	16,145
Other Support Services	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>1,046,249</u>	<u>1,046,249</u>	<u>911,674</u>	<u>134,575</u>
Excess (deficiency) of revenues over expenditures	(101,299)	(101,299)	51,522	152,821
Other uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Net change in fund balance	(101,299)	(101,299)	31,522	132,821
Beginning cash balance budgeted	101,299	101,299	-	(101,299)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>97,482</u>	<u>97,482</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>129,004</u>	<u>\$ 129,004</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			<u>(16,165)</u>	
			<u>\$ 112,839</u>	

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
COMPONENT UNIT

MORENO VALLEY HIGH SCHOOL  
AGENCY FUNDS  
Statement of Fiduciary Assets and Liabilities  
June 30, 2007

ASSETS

Pooled cash and investments \$ 2,630

LIABILITIES

Deposits held for others \$ 2,630

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNIT

MORENO VALLEY HIGH SCHOOL  
 GENERAL FUND

Combining Balance Sheet  
 June 30, 2007

	General Funds		Total General <u>Fund</u>
	Operational <u>Fund</u>	Instructional Materials <u>Fund</u>	
<u>ASSETS</u>			
Pooled cash and investments	\$ 118,520	\$ 17,402	\$ 135,922
Due from other funds	12,214	-	12,214
Total assets	\$ 130,734	\$ 17,402	\$ 148,136
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 18,175	\$ -	\$ 18,175
Accrued liabilities	17,122	-	17,122
Total liabilities	35,297	-	35,297
Fund balance:			
Unreserved and reported in:			
Undesignated	95,437	17,402	112,839
Total liabilities and fund balance	\$ 130,734	\$ 17,402	\$ 148,136



STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNIT

MORENO VALLEY HIGH SCHOOL  
 GENERAL FUND

Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2007

	General Funds		
	Operational	Instructional	Total General
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<b>Revenues:</b>			
State sources:			
State equalization guarantee	\$ 933,000	\$ -	\$ 933,000
State flow through grants	-	876	876
State instructional material	-	17,036	17,036
	933,000	17,912	950,912
Local sources:			
Fees and activities	7,941	-	7,941
Miscellaneous	4,343	-	4,343
	12,284	-	12,284
Total revenue	945,284	17,912	963,196
<b>Expenditures:</b>			
Current:			
Instruction	568,935	7,900	576,835
Support Services - Students	4,364	-	4,364
Support Services - Instruction	10,729	178	10,907
Support Services - General Administration	88,882	-	88,882
Support Services - School Administration	141,701	-	141,701
Central Services	39,398	-	39,398
Operations & Maintenance of Plant	65,752	-	65,752
	919,761	8,078	927,839
Excess of revenues over expenditures	25,523	9,834	35,357
<b>Other uses:</b>			
Transfers out	(20,000)	-	(20,000)
Net change in fund balance	5,523	9,834	15,357
Fund balance at beginning of the year	89,914	7,568	97,482
Fund balance at end of the year	\$ 95,437	\$ 17,402	\$ 112,839

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNIT

MORENO VALLEY HIGH SCHOOL  
 OPERATIONAL FUND

Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
State sources:				
State equalization guarantee	\$ 933,001	\$ 933,001	\$ 933,000	\$ (1)
Local sources:				
Fees and activities	480	480	7,941	7,461
Earnings from investments	75	75	-	(75)
Miscellaneous	2,000	2,000	4,343	2,343
Total local revenues	2,555	2,555	12,284	9,729
Total revenues	935,556	935,556	945,284	9,728
<b>Expenditures:</b>				
Current:				
Instruction	610,733	610,733	554,003	56,730
Support Services - Students	5,920	5,920	4,364	1,556
Support Services - Instruction	15,269	15,269	10,729	4,540
Support Services - General Administration	91,423	91,423	88,727	2,696
Support Services - School Administration	180,664	180,664	140,623	40,041
Central Services	41,825	41,825	39,398	2,427
Operation & Maintenance of Plant	81,897	81,897	65,752	16,145
Other Support Services	10,000	10,000	-	10,000
Total expenditures	1,037,731	1,037,731	903,596	134,135
Excess (deficiency) of revenues over expenditures	(102,175)	(102,175)	41,688	143,863
Other uses:				
Transfers out	-	-	(20,000)	(20,000)
Net change in fund balance	(102,175)	(102,175)	21,688	123,863
Beginning cash balance budgeted	102,175	102,175	-	(102,175)
Fund balance at beginning of the year	-	-	89,914	89,914
Fund balance at end of the year	\$ -	\$ -	111,602	\$ 111,602
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			(16,165)	
			\$ 95,437	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNIT

MORENO VALLEY HIGH SCHOOL  
 INSTRUCTIONAL MATERIALS FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State flowthrough grant	\$ 876	\$ 876	\$ 876	\$ -
State grant	<u>8,518</u>	<u>8,518</u>	<u>17,036</u>	<u>8,518</u>
Total state revenues	9,394	9,394	17,912	8,518
 Expenditures:				
Current:				
Instruction	<u>8,518</u>	<u>8,518</u>	<u>7,900</u>	<u>618</u>
Excess of revenues over expenditures	876	876	9,834	8,958
Beginning cash balance budgeted	(876)	(876)	-	876
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>7,568</u>	<u>7,568</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	17,402	<u>\$ 17,402</u>
 RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>-</u>	
			<u>\$ 17,402</u>	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNIT

MORENO VALLEY HIGH SCHOOL  
 ENTITLEMENT IDEA-B SPECIAL REVENUE FUND  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Federal sources:				
Federal grant	\$ 4,699	\$ 4,699	\$ 12,490	\$ 7,791
Expenditures:				
Current:				
Instruction	8,989	8,989	6,969	2,020
Excess (deficiency) of revenues over expenditures	(4,290)	(4,290)	5,521	9,811
Beginning cash balance budgeted	4,290	4,290	-	(4,290)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	5,521	\$ 5,521
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			(5,521)	
			\$ -	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNIT

MORENO VALLEY HIGH SCHOOL  
 WALTON FAMILY FOUNDATION SPECIAL REVENUE FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Fees and activities	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Support Services - School Administration	<u>17,265</u>	<u>17,265</u>	<u>17,264</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	(17,265)	(17,265)	(17,264)	1
Beginning cash balance budgeted	17,265	17,265	-	(17,265)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(17,264)	<u>\$ (17,264)</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNIT

MORENO VALLEY HIGH SCHOOL  
 GEAR UP SPECIAL REVENUE FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	4,704	4,704	3,312	1,392
Excess (deficiency) of revenues over expenditures	(4,704)	(4,704)	(3,312)	1,392
Beginning cash balance budgeted	4,704	4,704	-	(4,704)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(3,312)	\$ (3,312)
RECONCILIATION TO GAAP BASIS:				
Change in receivables			-	
Change in restatement			-	
Change in deferred revenue			3,312	
			\$ -	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNIT

MORENO VALLEY HIGH SCHOOL  
 PUBLIC SCHOOL CAPITAL OUTLAY CAPITAL PROJECTS FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
State sources:				
State grant	\$ 48,857	\$ 48,857	\$ 36,643	\$ (12,214)
Expenditures:				
Current:				
Operation & Maintenance of Plant	<u>48,857</u>	<u>48,857</u>	<u>48,857</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	(12,214)	(12,214)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(12,214)	<u>\$ (12,214)</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred property taxes			<u>-</u>	
			<u>\$ (12,214)</u>	

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNIT

MORENO VALLEY HIGH SCHOOL  
 ED TECHNOLOGY EQUIPMENT ACT CAPITAL PROJECTS FUND  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ -	\$ 3,712	\$ 3,712
Expenditures:				
Current:				
Operation & Maintenance of Plant	<u>17,396</u>	<u>17,396</u>	<u>12,464</u>	<u>4,932</u>
Excess (deficiency) of revenues over expenditures	(17,396)	(17,396)	(8,752)	8,644
Beginning cash balance budgeted	17,396	17,396	-	(17,396)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>17,396</u>	<u>17,396</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	8,644	<u>\$ 8,644</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred property taxes			<u>-</u>	
			<u>\$ 8,644</u>	



**MORENO VALLEY HIGH SCHOOL  
COMPONENT UNIT**

**MORENO VALLEY EDUCATION FOUNDATION**

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNIT

MORENO VALLEY EDUCATION FOUNDATION  
 GOVERNMENTAL FUNDS

Balance Sheet  
 June 30, 2007

	<u>General</u> <u>Fund</u>	<u>Pep Grant</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b><u>ASSETS</u></b>			
Pooled cash and investments	\$ 66,265	\$ 9,021	\$ 75,286
Receivables:			
Deposits receivables	200	-	200
Restricted cash for notes payable	25,852	-	25,852
 Total assets	\$ 92,317	\$ 9,021	\$ 101,338
 <b><u>LIABILITIES AND FUND BALANCE</u></b>			
Liabilities:			
Notes payable	\$ 264,649	\$ -	\$ 264,649
Deferred revenue:			
Federal, state, and local grants	-	9,021	9,021
 Total liabilities	264,649	9,021	273,670
 Fund balance:			
Reserved:			
Retirement of long-term debt	(264,649)	-	(264,649)
Unreserved reported in:			
General fund	92,317	-	92,317
 Total fund balance	(172,332)	-	(172,332)
 Total liabilities and fund balance	\$ 92,317	\$ 9,021	\$ 101,338

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNIT

MORENO VALLEY EDUCATION FOUNDATION  
 GOVERNMENTAL FUNDS  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2007

	General <u>Fund</u>	Pep Grant <u>Fund</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>			
Federal sources:			
Federal direct grants	\$ -	\$ 55,421	\$ 55,421
Local sources:			
Miscellaneous	<u>79,088</u>	-	<u>79,088</u>
Total revenue	<u>79,088</u>	<u>55,421</u>	<u>134,509</u>
<b>Expenditures:</b>			
Current:			
Instruction	-	27,871	27,871
Support Services - General Administration	5,077	10,316	15,393
Support Services - School Administration	2,089	-	2,089
Central Services	1,553	-	1,553
Operations & Maintenance of Plant	25,329	-	25,329
Food Services	268	-	268
Capital outlay	-	42,447	42,447
Debt service:			
Interest paid	<u>23,305</u>	-	<u>23,305</u>
Total expenditures	<u>57,621</u>	<u>80,634</u>	<u>138,255</u>
Excess (deficiency) of revenues over expenditures	<u>21,467</u>	<u>(25,213)</u>	<u>(3,746)</u>
<b>Other sources and uses:</b>			
Transfers in	-	20,000	20,000
Other in	-	5,213	5,213
Other out	<u>(5,213)</u>	-	<u>(5,213)</u>
Total other sources and uses	<u>(5,213)</u>	<u>25,213</u>	<u>20,000</u>
Net change in fund balance	<u>16,254</u>	-	<u>16,254</u>
Fund balance (deficit) as previously reported	(279,119)	-	(279,119)
Restatement	<u>90,533</u>	-	<u>90,533</u>
Fund balance (deficit) as restated	<u>(188,586)</u>	-	<u>(188,586)</u>
Fund balance (deficit) at end of the year	<u>\$ (172,332)</u>	<u>\$ -</u>	<u>\$ (172,332)</u>

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**OTHER SUPPLEMENTAL INFORMATION**

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STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF CAPITAL ASSETS - BY SOURCE

June 30, 2007

Capital assets:		
Land and improvements	\$	1,108,602
Buildings and improvements		15,401,239
Equipment (software)		2,751,281
Construction in progress		<u>-</u>
Total Capital assets	\$	<u>19,261,122</u>
Investment in Capital assets from:		
General Fund	\$	13,021,878
Capital projects funds:		
Bond Building Fund		3,000,000
HB-33 Capital Improvements		121,193
SB-9 Capital Improvements		677,429
Education Technology Equipment Act		1,989,359
Capital Outlay 20%		13,630
State Grants Capital Outlay		<u>437,633</u>
Total investment in Capital assets	\$	<u>19,261,122</u>

See accompanying notes.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

FIDUCIARY FUNDS

Schedule of Changes in Assets and Liabilities - All Agency Funds  
Year Ended June 30, 2007

Activity		Balance				Balance
Fund	ASSETS	June 30, 2006	Receipts	Disbursements		June 30, 2007
000	Activities	\$ 1,375	\$ 344	\$ -		\$ 1,719
400	Annual Yearbook	6,988	5,407	5,636		6,759
401	Administration	2,222	466	-		2,688
402	High School Art	31	11	-		42
403	Booster Club	2,035	19,526	17,365		4,196
405	Juan Martinez Scholarship	-	10,075	1,000		9,075
407	High School Photography	83	61	136		8
408	Elementary MOP	5,821	2,051	1,419		6,453
409	Elementary Yearbook	683	1,298	1,539		442
410	Elementary Principal	2,070	6,643	6,600		2,113
411	Elementary Art	329	184	344		169
412	PeeWee Basketball	1,960	1,706	1,088		2,578
413	Elementary Athletics	762	153	884		31
414	Elementary Reading	283	22	-		305
415	Class of 2006	79	7	86		-
416	Class of 2009	727	944	865		806
417	Class of 2010	-	881	532		349
418	Class of 2007	4,904	697	4,742		859
420	Class of 2008	2,980	5,223	8,030		173
426	ENEMS Principal	4,804	17,949	8,712		14,041
427	MS Admin	6,321	193	6,514		-
428	MS Barn Fund	1,835	2,126	3,961		-
429	Universal Classroom	-	593	-		593
430	MS Art	630	217	807		40
431	MS Yearbook	-	2,877	1,305		1,572
434	MS Student Council	-	662	585		77
436	Foreign Language Club	239	19	-		258
437	Spanish Club	113	14	28		99
438	MS Spanish Club	116	14	-		130
440	HS Principal	2,431	3,005	3,265		2,171
442	HS Student Council	251	1,178	1,388		41
444	Humanities	274	-	274		-
446	Band-Music	2,526	13,889	13,348		3,067
448	News 101	427	19	444		2
449	HS Exploratory	52	462	-		514
450	HS National Honor Society	\$ 20	\$ 664	\$ -		\$ 684

(continued)



STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

FIDUCIARY FUNDS

Schedule of Changes in Assets and Liabilities - All Agency Funds  
Year Ended June 30, 2007

Activity		Balance				Balance
Fund	ASSETS	<u>June 30, 2006</u>	<u>Receipts</u>	<u>Disbursements</u>		<u>June 30, 2007</u>
451	Ram's Horn	\$ 3,107	\$ 592	\$ 284		\$ 3,415
452	RHOR	439	265	174		530
454	HS Shop	490	622	911		201
455	HS Laser Shop/Business	-	2,789	1,477		1,312
457	TSA-2	125	13	-		138
458	Elementary VIPs	4,038	4,199	5,540		2,697
460	Zane Scholarship	10,793	437	3		11,227
464	HS Girls Basketball	96	-	96		-
470	MS FCA	1,134	404	595		943
474	HS Drama	172	16	-		188
476	HS FCA	151	67	132		86
478	HS Childrens' Theatre	499	114	-		613
479	HS Graphic Art	2,500	423	696		2,227
481	Cody Renfroe	25	-	25		-
485	ENMS Beta Club	329	24	-		353
487	WERC Environmental Design	<u>1,154</u>	<u>230</u>	<u>559</u>		<u>825</u>
	Pooled cash and investments	<u>\$ 78,423</u>	<u>\$ 109,775</u>	<u>\$ 101,389</u>		<u>\$ 86,809</u>
	<b>LIABILITIES</b>					
	<u>Deposits held for others</u>	<u>\$ 78,423</u>	<u>\$ 109,775</u>	<u>\$ 101,389</u>		<u>\$ 86,809</u>

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF PLEDGED COLLATERAL  
June 30, 2007

	<u>International Bank</u>
Cash on deposit at June 30, 2007	\$ 4,023,305
Less FDIC coverage	<u>200,000</u>
Uninsured funds	<u>\$ 3,823,305</u>
50% collateral requirement	\$ 1,911,653
Pledged collateral	<u>2,134,000</u>
Excess of pledged collateral	<u>\$ 222,347</u>

Pledged collateral of financial institutions consists of the following at June 30, 2007

	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
International Bank:			
FHLB	9/28/2007	3133X8Q47	\$ 647,072
FHLB	9/28/2007	3133X8Q47	74,657
FHLB	11/15/2007	3133KIQB7	347,720
FFCB	7/17/2008	31331XCL4	75,309
FHLB	11/13/2009	3133NOGP4	48,870
FNMA	10/11/2011	3136F73D7	569,422
FHLB	12/29/2011	3133XJEH7	173,110
FHLB	12/29/2011	3133XJEH7	<u>197,840</u>
			<u>\$ 2,134,000</u>

The above securities are held at Federal Reserve Bank in Denver, CO

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNITS

SCHEDULE OF PLEDGED COLLATERAL  
 June 30, 2007

Moreno Valley High School

	<u>Bank of America</u>	<u>International Bank</u>
Cash on deposit at June 30, 2007	\$ 2,884	\$ 164,490
Less FDIC coverage	<u>2,884</u>	<u>100,000</u>
 Uninsured funds	 <u>\$ -</u>	 <u>\$ 64,490</u>
50% collateral requirement	\$ -	\$ 32,245
Pledged collateral	<u>-</u>	<u>100,000</u>
 Excess of pledged collateral	 <u>\$ -</u>	 <u>\$ 67,755</u>

Pledged collateral of financial institutions consists of the following at June 30, 2007

	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
International Bank:			
FHLB	12/29/2011	3133 XDJG7	<u>\$ 100,000</u>

The above securities are held at Federal Reserve Bank in Denver, CO

Moreno Valley Education Foundation

	<u>International Bank</u>
Cash on deposit at	\$ 101,137
Less FDIC coverage	<u>100,000</u>
 Uninsured funds	 <u>\$ 1,137</u>

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

CASH RECONCILIATION  
June 30, 2007

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 458,662	\$ 4,395,917	\$ (4,715,413)	\$ (73,021)	\$ 66,145	\$ (8,290)	\$ 57,855
Transportation	27,174	330,332	(330,247)	(8,846)	18,413	31,053	49,466
Instructional Materials	56,891	40,455	(39,496)	(23)	57,827	-	57,827
Food Services	1,539	175,310	(154,177)	-	22,672	70	22,742
Athletics	2,780	15,948	(18,576)	-	152	-	152
Federal Flowthrough Funds	1,386	286,796	(311,254)	-	(23,072)	(7,790)	(30,862)
Federal Direct Funds	(8,542)	41,706	(41,378)	8,481	267	-	267
Local Grants	11,649	15,120	(21,286)	-	5,483	10,814	16,297
State Flowthrough Funds	17,029	16,904	(8,819)	(27,516)	(2,402)	17,757	15,355
State Direct Funds	12,425	-	(1,893)	-	10,532	(328)	10,204
Local/State	(6,509)	-	(3,681)	-	(10,190)	-	(10,190)
HB-33 Capital Outlay	-	939,098	(128,926)	(186,714)	623,458	-	623,458
Capital Improvement SB - 9	1,139,937	756,192	(711,633)	-	1,184,496	7,531	1,192,027
Ed Technology Equipment Act	145,653	1,755,288	(770,628)	-	1,130,313	(14,431)	1,115,882
PSCO - 20%	39,979	-	(13,630)	-	26,349	-	26,349
Debt Service	371,784	72,526	(343,748)	-	100,562	(2,084)	98,478
Education Technology Bonds	71,789	581,767	(595,946)	186,714	244,324	5,491	249,815
Agency Funds	-	-	-	-	-	86,809	86,809
<b>Total</b>	<u>\$ 2,343,626</u>	<u>\$ 9,423,359</u>	<u>\$ (8,210,731)</u>	<u>\$ (100,925)</u>	<u>\$ 3,455,329</u>	<u>\$ 126,602</u>	<u>\$ 3,581,931</u>

Account Name	Account Type	Bank Name	Bank Amount	Adjustments to report:	
				Restatement of cash:	
Operational	Checking	International Bank	\$ 73,075	Operational	\$ (8,290)
Cafeteria	Checking	International Bank	6,639	Transportation	31,053
Athletics	Checking	International Bank	201	Food Service	70
Activities	Checking	International Bank	78,755	Federal Flowthrough Funds	(7,790)
Activities	CD	International Bank	10,973	Federal Direct Funds	8,481
Federal funds	Checking	International Bank	(11,190)	Local Grants	10,814
State and local	Checking	International Bank	17,792	State Flowthrough Funds	2,215
HB-33	Checking	International Bank	744,651	State Direct Funds	(328)
SB-9	Checking	International Bank	1,080,930	Capital Improvements SB-9	7,531
SB-9	CD	International Bank	123,040	Ed Technology Equipment Act	(14,431)
Ed Tech	Checking	International Bank	1,124,405	Debt Service	(2,084)
Debt service	Checking	International Bank	348,293	Education Technology Bond	(67,530)
Special investments	Checking	International Bank	425,741	Agency funds	86,809
Payroll clearing	Checking	International Bank	-	Total adjustment to the report	<u>\$ 46,520</u>
<b>Total</b>			<u>\$ 4,023,305</u>	Adjustments to cash:	
				Bank Balance	\$ 4,023,305
				Reconciling items	(441,374)
				Total adjustment to cash	<u>\$ 3,581,931</u>

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMPONENT UNITS

SCHEDULE OF DEPOSIT ACCOUNTS  
 June 30, 2007

Moreno Valley High School

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>	<u>Outstanding Deposits</u>	<u>Outstanding Checks</u>	<u>Reconciled Balance</u>
Operational	Checking	International Bank	\$ 164,490	\$ -	\$ (5,113)	\$ 159,377
Activities	Checking	Bank of America	2,884	-	(254)	2,630
Total			<u>\$ 167,374</u>	<u>\$ -</u>	<u>\$ (5,367)</u>	\$ 162,007
Less activities cash						(2,630)
Cash on hand						100
Balance per financial statement						<u>\$ 159,477</u>

Moreno Valley Education Foundation

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>	<u>Outstanding Deposits</u>	<u>Outstanding Checks</u>	<u>Reconciled Balance</u>
Operational	Checking	International Bank	\$ 64,368	\$ -	\$ -	\$ 64,368
Operational	Checking	International Bank	1,897	-	-	1,897
Federal funds	Checking	International Bank	9,021	-	-	9,021
Operational	CD	International Bank	25,852	-	-	25,852
Total			<u>\$ 101,138</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 101,138
Less activities cash						-
Balance per financial statement						<u>\$ 101,138</u>

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**SINGLE AUDIT SECTION**

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

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

Hector H. Balderas, State Auditor  
and the Board of Education  
Cimarron Municipal School District No. 3

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of Cimarron Municipal School District No. 3 as of and for the year ended June 30, 2007, and have issued our report thereon dated September 29, 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 Cimarron Municipal School District No. 3'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 Cimarron Municipal School District No. 3's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cimarron Municipal School District No. 3's internal control over financial reporting.

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by Cimarron Municipal School District No. 3's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. Findings 2007 – 5 through 2007 – 9, C2007 – 2 through C2007 – 3, and F2007 – 2 through F2007 – 5.

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Hector H. Balderas, State Auditor  
and the Board of Education  
Cimarron Municipal School District No. 3

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 Cimarron Municipal School District No. 3's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items findings 2007 – 3, C2007 – 3, and F2007 – 4 to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cimarron Municipal School District No. 3'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 responses as items findings 2007 – 1 through 2007 – 7, C2007 – 1 through C2007 – 3, and F2007 – 1 through F2007 – 4.

Cimarron Municipal School District No. 3's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Cimarron Municipal School District No. 3's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within Cimarron Municipal School District No. 3, the audit committee, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.



September 29, 2008

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

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

Hector H. Balderas, State Auditor  
And the Board of Education  
Cimarron Municipal School District No. 3

### Compliance

We have audited the compliance of Cimarron Municipal School District No. 3 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* (Revised May, 2007) that are applicable to each of its major federal programs for the year ended June 30, 2007. Cimarron Municipal School's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of finding and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Cimarron Municipal School's management. Our responsibility is to express an opinion on Cimarron Municipal School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Cimarron Municipal School District No. 3'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 Cimarron Municipal School District No. 3's compliance with those requirements.

In our opinion, Cimarron Municipal School District No. 3, 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.

### Internal Control Over Compliance

The management of Cimarron Municipal School District No. 3 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cimarron Municipal School District No. 3'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 an opinion on the effectiveness of the Cimarron Municipal School District No. 3's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cimarron Municipal School District No. 3's internal control over compliance.

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Hector H. Balderas, State Auditor  
And the Board of Education  
Cimarron Municipal School District No. 3

Our consideration of the internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

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

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

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



September 29, 2008



STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended June 30, 2007

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A. PRIOR YEAR AUDIT FINDINGS

2006 – A Employee Contract.

*Condition:* One employee's gross pay did not agree to a signed contract

*Current Status:* Resolved – not repeated in the current year.

2006 – B Depositing Activity Money.

*Condition:* One month of deposits for the student activity funds was tested. Six deposits for student activities from students and parents were not deposited within 24 hours of receipt.

*Current Status:* Resolved – not repeated in the current year.

2006 – C Budget Adjustment Requests

*Condition:* Grant money was expensed in three instances by the District prior to receipt of an approved Budget Adjustment Request (BAR) in the total amount of \$19,014.

*Current Status:* Resolved – not repeated in the current year.

2006 – D State Equalization Transfers to Charter School

*Condition:* The state equalization money received each month by the District on behalf of the Charter School was not transferred in a timely manner to the Charter School.

*Current Status:* Resolved – not repeated in the current year.

2006 – E Expenditures over approved budget

*Condition:* The District over expended the allowed budget in the Food Service Fund for the Food Service Function by \$4,799.

*Current Status:* Resolved – not repeated in the current year.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended June 30, 2007

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A. PRIOR YEAR AUDIT FINDINGS (continued)

2006 – F     Receipting and Depositing Activity Funds

*Condition:* Activity sponsors and the Business Office are not receipting funds when they are received from students and sponsors respectively. Deposits of these funds are not being made within twenty-four hours or one banking day.

*Current Status:* Resolved – not repeated in the current year.

2006 – G     Delinquent Audit Report

*Condition:* The Annual Audit for the District is due at the office of the State Auditor by November 15 of each year. Audit report was submitted March 20, 2007

*Current Status:* Not Resolved – repeated in the current year.

2006 – H     Cash Management – Moreno Valley Education Foundation

*Condition:* Draw downs on the PEP Grant, CFDA# 84.215F, remained in the Foundation's bank account from 4 to 19 days before being expended.

*Current Status:* Resolved – not repeated in the current year.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Cimarron Municipal School District No. 3.
2. There were sixteen significant deficiencies disclosed during the audit of the financial statements in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Three of these deficiencies were disclosed as material weaknesses.
3. No instances of noncompliance material to the financial statements of Cimarron Municipal School District No. 3 was disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal awards program in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Cimarron Municipal School District No. 3 expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Cimarron Municipal School District No. 3 that is required to be reported in accordance with OMB Circular A-133.510(a).
7. The programs treated as major programs include: IDEA – B CFDA 84.027 and 84.173, and USDA Food Service CFDA 10.555 and 10.553.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Cimarron Municipal School District No. 3 was not determined to be a high-risk auditee.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT

CIMARRON MUNICIPAL SCHOOLS

2007 – 1     **AUDIT REPORT INFORMATION DISCLOSED TO THE PUBLIC BEFORE STATE  
AUDITOR RELEASE**

*Condition:* The District discussed in an open meeting the audit report prior to official public release, and the newspaper reported that the information.

*Criteria:* The state law Section 2.2.2.10.K(3) of 2.2.2 NMAC (2004) requires that neither the IPA nor Cimarron Municipal School District No. 3 personnel shall release any information to the public relating to the audit at the time of the exit conference or at any other time until the audit report becomes public record.

*Effect of condition:* The District could cause a misrepresentation of the audit report by disclosing information being officially released to the public.

*Cause:* The District discussed in an open meeting items discussed in the exit conference.

*Recommendation:* The District should not discuss in an open meeting items discussed III the exit conference.

*Response:* The District will not discuss in an open meeting the items discussed in an exit conference.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

CIMARRON MUNICIPAL SCHOOLS (continued)

2007 – 2      LATE AUDIT REPORT

*Condition:* The June 30, 2007 audit report was not submitted to the New Mexico State Auditor's Office by the due date of November 15, 2007. The Audit was submitted to the New Mexico State Auditor's Office on September 29, 2008.

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

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

*Cause:* The district's cash was not reconciled until January 2008 and information to complete the Moreno Valley Education Foundation's portion of the audit was not provided until September 2008.

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

*Response:* All information requested by the auditor will be submitted in a timely fashion. The request for bids for an auditor will be conducted in a timely manner.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

CIMARRON MUNICIPAL SCHOOLS (continued)

2007 – 3      LATE FILING OF FEDERAL CLEARING HOUSE REPORTING

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

*Criteria:* The Federal Clearing House requires that the audit report be filed either one month after the date of the audit report release, or nine months after the year end.

*Effect of condition:* The report was not available for the filing of the Federal Clearing House report on a timely basis.

*Cause:* Information required to complete the audit was not available from the foundation.

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

*Response:* All information requested by the auditor will be submitted in a timely fashion. The request for bids for an auditor will be conducted in a timely manner

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

CIMARRON MUNICIPAL SCHOOLS (continued)

2007 – 4 FILING INACCURATE REPORT WITH THE NEW MEXICO DEPARTMENT OF EDUCATION

*Condition:* The required annual report to be submitted to the New Mexico Public Education Department was filed with inaccurate cash reconciling information.

*Criteria:* New Mexico Department of Education requires the annual report to be filed by the thirty-first day of July, following the close of the fiscal year with information that reconciles prior year ending cash with current year ending cash.

*Effect of Condition:* The District provided misleading information to the New Mexico Public Education Department.

*Cause:* Errors in reconciling cash had occurred up to the time of the submitting of the report to the New Mexico Public Education Department. These errors caused cash balances to be inaccurate in the accounting system.

*Recommendation:* The District needs to have cash reconciled correctly monthly and prior to July 31 so that a complete and accurate report may be submitted the State.

*Management Response:* All cash will be reconciled on a monthly basis and required reports will be submitted to the New Mexico Public Education Department as required.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

CIMARRON MUNICIPAL SCHOOLS (continued)

2007 – 5 RECONCILIATIONS WERE COMPLETED INCORRECTLY

*Condition:* Reconciliations for bank accounts were incorrectly completed.

*Criteria:* Bank statements should reconcile to the balance in the general ledger.

*Effect of condition:* Operations proceeded without the correct balance and risk of material misstatement in the financial data was heightened.

*Cause:* Bank statements were not reconciled to the general ledger and subsidiary accounts.

*Recommendation:* Reconciliations should be performed monthly as soon as all information is available and the bank statement is received so errors can be corrected in a timely fashion, and management will be assured balances are correct.

*Response:* All bank statements will be reconciled in as soon as information is available.



STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2007

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

CIMARRON MUNICIPAL SCHOOLS (continued)

2007 – 6 DEFICIT CASH BALANCES EXISTED AT YEAR END

*Condition:* At fiscal year end, there were cash deficit balances in the federally funded special revenue funds, which caused the federal special revenue bank account to have a deficit balance of \$30,956. There was not enough positive cash account balances within the federal funds to cover all the deficit cash account balances resulting in the deficit bank account balance. The federal funds that contributed to the overdrawn bank balance are as follows:

Idea - B Preschool	\$ 4,046
Title VI	2,371
Enhancing Education	4,266
Title VI	11,202
Title II	19,635
Title IV Drug Free Schools	656
Title XIX Medicaid	9,130
Rural Education Achievement	<u>3,331</u>
	<u>\$ 54,637</u>

*Criteria:* Maintaining positive bank account balances is part of the fiscal responsibility of management. In accordance with NMSA 1978 6.10.2, it is the duty of an Cimarron Municipal School District No. 3 that receives or disburses public money to maintain a cash record and to balance that record daily so as to show the balance of public money on hand at the close of each day's business.

*Effect of the condition:* The district gets charged insufficient funds fees by the bank. The funds can not be administered efficiently due to the cash deficit bank balance. The district is not in compliance with NMSA 1978 6.10.2.

*Cause:* Lack of adequate monitoring of disbursements, timely requests for reimbursement of funds, and receipt of reimbursement of funds from the State Department of Education resulted in the deficit bank balance.

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

*Management's response:* Every effort will be made to have funds reimbursed in a timely fashion. Title II monies have been consolidated through the High Plains Regional Cooperative to help alleviate this issue.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

CIMARRON MUNICIPAL SCHOOLS (continued)

2007 – 7 MISSING INFORMATION FROM THE EMPLOYEE FILES

*Condition:* One of 25 employee files selected for testing had an incomplete I-9 form. A background check was missing from one of 25 employee files selected.

*Criteria:* An employer is required by federal law to verify the citizenship or immigration status of all employees. In accordance with federal and state law all employees who have access to children are required to have a background check completed and approved.

*Effect of condition:* The school is out of compliance with requirements for the department of labor and the New Mexico Public Education Department.

*Cause:* The district is not maintaining adequate controls over employee hiring.

*Recommendation:* The district should not employ any individual without prior completion of the I-9 form or receipt of the cleared background check.

*Response:* Employee files have been corrected and proper documentation is in place.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

CIMARRON MUNICIPAL SCHOOLS (continued)

2007 – 8 PREPARATION OF FINANCIAL STATEMENTS

*Condition:* The financial statements were prepared by the auditor.

*Criteria:* In accordance with SAS115, Management is required to have an internal control system of financial reporting including the preparation of the financial statements.

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

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

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

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

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

CIMARRON MUNICIPAL SCHOOLS (continued)

2007 – 9      DISBURSEMENTS MADE WITHOUT PURCHASE ORDER

*Condition:* Nine out of the twenty-five disbursements tested had purchases made prior to the date of purchase orders being completed. Purchase orders are used to control cash and to authorize the purchase.

*Criteria:* Purchase authorization and budgetary control is acquired through the completion of a purchase order for purchases, which is signed by a person giving authority for the purchase.

*Effect of the Condition:* Any purchase made without prior authorization has the potential to cause cash deficits and/or over expensing of the budget in the fund in which the purchase is recorded.

*Cause:* Personnel decide that an immediate purchase is needed and circumvent the proper procedure for purchasing.

*Recommendation:* The importance of cash controls and adequate planning need to be made clear to all personnel that will be making purchases for the school.

*Management's Response:* All personnel will be informed that prior approval will be required for all and any purchases.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

MORENO VALLEY HIGH SCHOOL

C2007 – 1 UNAUTHORIZED TRANSFER OF CASH

*Condition:* The charter school transferred \$20,000 to the Moreno Valley Education Foundation for the purchase of a climbing wall that is recorded as an asset on the foundation's books. There was not any authorization from the New Mexico Public Education Department for the transfer.

*Criteria:* New Mexico Public Education Department requires the schools to obtain approval for all transfers and loans.

*Effect of the Condition:* The circumventing of controls over cash opens the charter school to the potential for misappropriation of monies. The controls are necessary to ensure the safekeeping of public monies.

*Cause:* The charter school did not follow the proper procedures for transferring monies from the funds.

*Recommendation:* The charter school needs to ensure that all authorizations have been requested and received before transferring monies from any funds.

*Management's Response:* Moreno Valley High School will institute policies to ensure that all authorizations have been requested and received before transferring monies from any funds.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

MORENO VALLEY HIGH SCHOOL (continued)

C2007 – 2 DISBURSEMENTS TESTED WERE MISSING ADEQUATE DOCUMENTATION

*Condition:* Three disbursements from the activity account out of the twenty-five disbursements tested over all did not have adequate documentation to explain the need for the disbursement.

*Criteria:* All transactions should be supported by adequate documentation that justifies the transaction's occurrence.

*Effect of the Condition:* Allowing disbursements to occur without adequate documentation presents an opportunity for fraud to occur.

*Cause:* The charter school is not maintaining adequate controls over disbursements.

*Recommendation:* The charter school needs to improve controls over transactions to insure that transactions are not recorded unless sufficient documentation is available to support the transaction.

*Management's Response:* Moreno Valley High School will continue to improve controls over transactions.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

MORENO VALLEY HIGH SCHOOL (continued)

C2007 – 3 IMPROPER GOVERNMENTAL ACCOUNTING

*Condition:* The charter school is not using proper fund accounting to record expenditures.

*Criteria:* The charter school must keep fund accounting, the expenses for special revenue funds should be spent out of the special revenue funds as explained in Codification of GASB 1300.105.

*Effect of the Condition:* Allocation of the expenses could allow for double dipping and presents an opportunity for fraud to occur. The monthly or quarterly reporting to the New Mexico Public Education Department would be in error due to special revenue expenditures being reported in the general fund. If the reimbursement was not received in the same year as the expenditures, the expenditures would be closed to the general fund's fund balance. As a consequence, reimbursements received for expenditures in the prior year will have to be refunded because there will be no expenditures to offset the revenue.

*Cause:* Instead of temporarily transferring cash from the general fund to the special revenue funds to cover expenditures until reimbursements are received, the charter school records expenditures in the general fund. Those expenditures are then transferred to the special revenue fund that is deemed appropriate.

*Recommendation:* The charter school needs to record expenditures in the fund for which those expenditures were originally intended. Authorization from the New Mexico Public Education Department should be obtained to temporarily loan cash from the general fund to the special revenue funds in order to cover cash deficits.

*Management's Response:* Moreno Valley High School will take measures to ensure that expenditures are recorded in the fund for which those expenditures were originally intended.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

MORENO VALLEY EDUCATION FOUNDATION

F2007 - 1 LATE FILING OF AUDIT REPORT

*Condition:* The June 30, 2007 audit report was not submitted to the New Mexico State Auditor's Office by the due date of November 15, 2007. The Audit was submitted to the New Mexico State Auditor's Office on September 29, 2008.

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

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

*Cause:* The districts cash was not reconciled until January 2008 and information to complete the Moreno Valley Education Foundation's portion of the audit was not provided until September 2008.

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

*Response:* The audit did not begin until October 2007, and the Foundation continued to receive inquiries for *additional* information until July 2008. A November deadline was never communicated to us. The depreciation of capital assets was an issue, however, that has been accomplished. We believe the timeline of auditor requested information and receipt of information from the Foundation will be more timely in the next audit.



STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

MORENO VALLEY EDUCATION FOUNDATION (continued)

F2007 – 2 DISBURSEMENTS TESTED WERE MISSING ADEQUATE DOCUMENTATION.

*Condition:* Five disbursements out of the twenty-five disbursements tested over all did not have adequate documentation to explain the need for the disbursement.

*Criteria:* All transactions should be supported by adequate documentation that justifies the transaction's occurrence.

*Effect of the Condition:* Allowing disbursements to occur without adequate documentation presents an opportunity for fraud to occur.

*Cause:* The foundation is not maintaining adequate controls over disbursements.

*Recommendation:* The foundation needs to improve controls over transactions to insure that transactions are not recorded unless sufficient documentation is available to support the transaction.

*Management's Response:* The Foundation elected a new Treasurer last fall who went through training in January 2008. This problem will not occur again.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

MORENO VALLEY EDUCATION FOUNDATION (continued)

F2007 – 3    UNTIMELY DEPOSITS

*Condition::* Revenue collected was not deposited within one banking day.

*Criteria:* NMAC 6.20.2.14(c) states that money received and receipted shall be deposited in the bank within 24 hours or one banking day.

*Effect of the Condition:* The foundation is in violation of NMAC 6.20.2.14(c). Cash retained by board members for extended periods of time are susceptible to misuse or fraud.

*Cause:* Deposits at times were taking over a month to be deposited in the bank.

*Recommendation:* Receipts should be deposited within one banking day.

*Management's Response:* The Foundation elected a new Treasurer last fall who went through training in January 2008. We were told in training we had 3 business days. We will try to comply to the "one business day rule".

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

MORENO VALLEY EDUCATION FOUNDATION (continued)

F2007 – 4 IMPROPER FUND ACCOUNTING.

*Condition:* The foundation is not using proper fund accounting to record expenditures.

*Criteria:* The foundation must use fund accounting to separate the pep grant from the general operations, the expenses for special revenue funds should be spent out of the special revenue funds as explained in Codification of GASB 1300.105.

*Effect of the Condition:* The foundation cannot provide reports for the pep grant and the operating fund.

*Cause:* The foundation's record keeping does not separate the revenue and expenses of the PEP Grant from other activities.

*Recommendation:* The charter school needs to record expenditures in the fund for which those expenditures were originally intended. Authorization from the New Mexico Public Education Department should be obtained to temporarily loan cash from the general fund to the special revenue funds in order to cover cash deficits.

*Management's Response:* The PEP grant has closed and the Foundation no longer has two funds.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

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B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

MORENO VALLEY EDUCATION FOUNDATION (continued)

F2007 – 5 RECEIPTS FOR CASH RECEIVED

*Condition:* The foundation received donated cash and does not issue receipts to help with the control of the cash.

*Criteria:* Pre-numbered receipts should be issued for all revenue received to insure that all revenue is received and recorded in a timely manner

*Effect of the Condition:* There is no assurance that all cash donated to the foundation was actually recorded and deposited.

*Cause:* The foundation is not maintaining adequate controls over receipts.

*Recommendation:* The foundation needs to improve internal controls over revenue.

*Management's Response:* Occasionally there are functions that are not billed as a "fundraiser," however a donation jar is set out for the high school. The donation jar has a lid so money cannot be taken out and placed in a highly visible site. After the function is over, the money is counted by two members and documented how much, time, place, event, etc.

C. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No audit findings to report.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2007

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>			
Pass-Through Program From:			
New Mexico Department of Education:			
<u>Child Nutrition -- Cluster:</u>			
USDA National School Lunch Program	10.555	21000	\$ 84,858
USDA School Breakfast Program	10.553	21000	<u>52,176</u>
Total Child Nutrition Cluster			137,034
Direct Program:			
Forest Reserve	10.670	11000	2,403
Pass-Through Program From:			
New Mexico Human Service Department:			
USDA Commodities Program	10.550	21000	<u>9,401</u>
Total U.S. Department of Agriculture			<u>148,838</u>

(continued)

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

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2007

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Special Education -- Cluster:</u>			
<u>U.S. Department of Education:</u>			
Pass-Through Programs From:			
New Mexico Department of Education:			
IDEA-B Entitlement	84.027	24106	\$ 180,141
IDEA-B Preschool	84.173	24109	<u>13,100</u>
Total U.S. Department of Education - Special Education (IDEA-B) Cluster			<u>193,241</u>
Direct Programs:			
Foundation PEP Grant	84.215F	N/A	55,421
Rural Education Achievement Program	84.358A	25233	<u>30,919</u>
Subtotal Direct Programs			<u>86,340</u>
Pass-Through Programs From:			
New Mexico Department of Education:			
Title I Basic Education Grant	84.010	24101	94,553
Technology Literacy Challenge	84.318	24133	968
Title VI Inovative Education	84.298	24150	4,032
Title II Improving Teacher Quality	84.367	24154	23,129
Title IV - Safe and Drug-Free Schools	84.186	24157	<u>2,299</u>
Subtotal Pass-Through Programs			<u>124,981</u>
Total U.S. Department of Education			<u>404,562</u>
<u>U.S. Department of Health and Human Services:</u>			
Pass-Through Program From:			
New Mexico Department of Health:			
Title XIX Medicaid	93.778	24253	<u>10,459</u>
Total Expenditures of Federal Awards			<u>\$ 563,859</u>

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

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Notes To The Schedule Of Expenditures Of Federal Awards  
Year Ended June 30, 2007

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

All federal grant operations of Cimarron Municipal School District No. 3 (the “School District”) are included in the scope of the Office of management and Budget (“OMB”) Circular A-133 audit (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised May 2007 the “Compliance Supplement”). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal 2007 cash and non-cash expenditures to ensure coverage of at least 50% (high risk auditee) of federally granted funds. Actual coverage is approximately 59% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$563,859 and all non-cash expenditures amounted to \$9,401.

Major Federal Award Program Description	Fiscal 2007 <u>Expenditure</u>
Cash assistance:	
IDEA-B Cluster	\$ 193,241
USDA	<u>137,034</u>
Total	<u>\$ 330,275</u>

The School District’s federal programs IDEA – B Cluster and USDA Food Service were considered high risk Type B programs for the 2007 audit.

The U.S. Department of Education is the School District’s oversight Cimarron Municipal School District No. 3 for single audit.

2. Summary of significant accounting policies

Basis of presentation

The accompanying Schedule of Expenditure of Federal Awards includes all federal grants to the School District that had activity during the fiscal year ended June 30, 2007. This Statement has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the School District has met the qualifications for the respective grant.

Accrued and deferred reimbursements

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

3. Audits performed by other entities

There were no other audits performed by other organizations on the School Districts federal grant programs in 2007.



**REQUIRED DISCLOSURE**

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STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

REQUIRED DISCLOSURES  
Year Ended June 30, 2007

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REQUIRED DISCLOSURE

The financial statements were prepared by the independent public accountants. Management is responsible for the content of the report.

An exit conference was held September 29, 2008, during which the audit findings were discussed. The exit conference was attended by the following individuals:

CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Donna Archuleta	Board President
James Gallegos	Superintendent
Lita Sanchez	Business Manager

MORENO VALLEY HIGH SCHOOL

Phil Koszarek	Board Memeber
Jacque Boyd	Director

MORENO VALLEY EDUCATION FOUNDATION

Lynda Perry	Board President
Jodi Koszarek	Board Treasurer

KEYSTONE ACCOUNTING, LLC

Terry Ogle, CPA	Partner
William W. King	Senior Auditor