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Chester W. Mattocks
Certified Public Accountant

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2007

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

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STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT
OFFICIAL ROSTER
As Of
June 30, 2007

BOARD OF EDUCATION

<u>NAME</u>	<u>TITLE</u>
Mr. Joe Guillen	President
Mr. Leroy Salazar	Vice-President
Mr. Ralph Medina	Secretary
Mr. Isaac Medina	Member
Mr. Joe Romero	Member

SCHOOL OFFICIALS

<u>NAME</u>	<u>POSITION</u>
Dr. David Cockerham	Superintendent
Charlene Sanchez	Business Manager

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M **Chester W. Mattocks**
Certified Public Accountant

P.O. Box 25941
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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
State of New Mexico - Espanola Public School District
Espanola, New Mexico

and

Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

I have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information and the budgetary comparisons of the General Fund, the Cafeteria Special Revenue Fund and the Reading First Special Revenue Fund of the State of New Mexico, Espanola Public School District (District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the Table of Contents. Also, I have audited the financial statements of each of the District's nonmajor governmental and fiduciary funds including budgetary comparisons of each nonmajor fund and the budgetary comparisons of the Bond Building Capital Projects Fund and the Debt Service Debt Service Fund and the financial statements of each discretely presented component unit 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 the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraphs, I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements and the combining and individual fund financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

The District does not have the detailed records to support completely a significant portion of the recorded amounts of capital assets and the recorded amounts for the related accumulated depreciation. As a result for all relevant capital assets, I was not able to audit the recorded amounts for capital assets as of June 30, 2007 in the basic financial statements. In addition, some capital assets such as library books have not been recorded and some depreciable capital assets are not being depreciated.

Because of the effects of the matter discussed above, I am not able to express an opinion on the statement of net assets or the statement of activities, which are a necessary part of the basic financial statements referred to above.

In addition to the above matter, the accounting records for the Charter School, Carinos Charter School, were inadequate. The supporting data for the Carinos Charter School's accounting records was incomplete and inadequate. Therefore, the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on the financial statements for the discretely presented component unit, Carinos Charter School.

In addition to the above matters, the beginning fund balance for the Espanola Military Academy was presented as all unrestricted in the General Fund in the prior audit. I was unable to perform sufficient procedures to determine the correct composition of fund balances of the Espanola Military Academy at June 30, 2006. Also, the Espanola Military Academy's records were partially on the District's system and partially on spreadsheets. The supporting documentation for the spreadsheets was inadequate. Therefore, the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on the financial statements for the discretely presented component unit, Espanola Military Academy.

In my opinion, the governmental funds financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, aggregate remaining fund information of the District as of June 30, 2007, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, the Cafeteria Special Revenue Fund and the Reading First Special Revenue Fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Because of the effects of the matters discussed in the fifth and sixth paragraphs of this report, I am unable to express an opinion, and I do not express an opinion, on the combining and individual financial statements of each fund of the two component units including the fiduciary fund of Espanola Military Academy, and the respective budgetary comparisons of the individual funds of the two component units, Carinos Charter School and Espanola Military Academy. In addition, in my 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 the District as of June 30, 2007, and the respective changes in financial position, thereof and the respective budgetary comparisons for each nonmajor governmental fund and the respective budgetary comparisons for the Bond Building Capital Projects Fund and the Debt Service Debt Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated December 4, 2009, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The District has not presented its Management's Discussion and Analysis for the year ended June 30, 2007. The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board.

My audit was made for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying financial information listed as Additional Schedules-Supporting Schedules in the Table of Contents and the Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements and the combining and individual fund financial statements of the District. Because of the effects of the matters discussed in the fifth and sixth paragraphs of this report, I am not able to express an opinion, and I do not express an opinion on the Schedule of Expenditures of Federal Awards. Because of the effects of the matters discussed in the fifth and sixth paragraphs of this report, I am not able to express an opinion, and I do not express an opinion on the Schedule of Cash Reconciliations-Component Units and the Schedule of Changes in Fiduciary Assets and Liabilities- Component Unit- Agency

Fund- Espanola Military Academy. The Additional Information-Supporting Schedules listed in the Table of Contents as the Schedule of Cash Reconciliations- District, the Schedule of Pledged Collateral, the Schedule of Changes in Fiduciary Assets and Liabilities-District- All Agency Funds, the Combining Schedule of Changes in Fiduciary Assets- District- All Agency Funds and the Schedule of Joint Powers Agreements have been subjected to the auditing procedures applied in the audit of the basic financial statements and the combining and individual fund financial statements and, in my opinion are fairly stated in all material respects, in relation to the basic financial statements and the financial statements of each of the respective individual funds taken as a whole.

Chester W. Mattoko, CPA

December 4, 2009

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

	Governmental Activities	Component Units	
		Carinos Charter School	Espanola Military Academy
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 10,829,963	\$ 33,428	\$ 131,225
Property taxes receivable	2,301,849		
Due from grantor	2,425,517		43,496
Inventory	155,205		
Total current assets	15,712,534	33,428	174,721
Noncurrent assets:			
Capital assets	76,549,393		
Less: Accumulated depreciation	(21,850,837)		
Total noncurrent assets	54,698,556		
Other assets			
Bond issuance costs, net of accumulated amortization	-0-		
Total assets	70,411,090	33,428	174,721
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	359,454		16,054
Deferred revenue-grants	615,636		
Current portion of long-term obligations	2,161,049		
Total current liabilities	3,136,139	-0-	16,054
Long-term liabilities:			
Noncurrent portion of long-term obligations	16,519,429		
Total long-term liabilities	16,519,429		
Total liabilities	19,655,568	-0-	16,054
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	36,287,232		
Restricted for:			
Debt service	3,040,243		
Special projects	623,479		27,597
Capital projects	6,134,799		
Unrestricted	4,669,769	33,428	131,070
Total net assets	\$ 50,755,522	\$ 33,428	\$ 158,667

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
EXPENSES:					
Governmental activities:					
Education	\$ (46,155,772)	\$ 134,015	\$ 13,164,361	\$ 2,487,100	\$ (30,370,296)
Total governmental activities	\$ (46,155,772)	\$ 134,015	\$ 13,164,361	\$ 2,487,100	(30,370,296)
Component Units:					
Carinos Charter School	\$ (706,201)	\$ -0-	\$ 45,871	\$ -0-	
Espanola Military Academy	\$ (2,487,721)	\$ -0-	\$ 63,566	\$ 396,027	
General revenues:					
Taxes:					
Property taxes, levied for general purposes					63,716
Property taxes, levied for debt service					2,270,153
Property taxes, levied for capital projects					731,299
State equalization guarantee					30,410,319
Other local revenue					271,492
Interest and investment earnings					618,559
Subtotal, general revenues					34,365,538
Change in net assets					3,995,242
Net assets - beginning of year- as originally presented					46,646,359
Restatements					113,921
Net assets- end of year as restated					46,760,280
Net assets - end of year					\$ 50,755,522

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007

	<u>General Fund</u>	<u>Cafeteria</u>	<u>Reading First</u>	<u>Debt Service</u>
<u>ASSETS</u>				
Cash and investments	\$ 435,807	\$ 47,557		\$ 2,749,502
Due from other funds	2,312,870			
Property taxes receivable	47,671			1,706,085
Due from grantor			\$ 651,663	
Inventory	<u>117,405</u>	<u>37,800</u>		
Total assets	<u>\$ 2,913,753</u>	<u>\$ 85,357</u>	<u>\$ 651,663</u>	<u>\$ 4,455,587</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds			\$ 603,769	
Accounts payable and accrued liabilities	\$ 140,057	\$ 4,114	47,894	
Deferred revenue - grants				
Deferred revenues - property taxes	<u>38,961</u>			<u>\$ 1,608,261</u>
Total liabilities	<u>179,018</u>	<u>4,114</u>	<u>651,663</u>	<u>1,608,261</u>
Fund balances:				
Reserved for:				
Inventories	117,405	37,800		
Debt service				2,847,326
Unreserved:				
Designated				
Undesignated, reported in:				
General Fund	2,617,330			
Special Revenue Funds		43,443		
Capital Projects Funds				
Total fund balances	<u>2,734,735</u>	<u>81,243</u>	<u>-0-</u>	<u>2,847,326</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,913,753</u>	<u>\$ 85,357</u>	<u>\$ 651,663</u>	<u>\$ 4,455,587</u>

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

Bond Building	Other Governmental Funds	Total	Component Units	
			Carinos Charter School	Espanola Military Academy
\$ 3,927,649	\$ 3,669,448	\$ 10,829,963	\$ 33,428	\$ 131,225
		2,312,870		43,496
	548,093	2,301,849		
	1,773,854	2,425,517		43,496
	-0-	155,205		
<u>\$ 3,927,649</u>	<u>\$ 5,991,395</u>	<u>\$ 18,025,404</u>	<u>\$ 33,428</u>	<u>\$ 218,217</u>
	\$ 1,709,101	\$ 2,312,870		\$ 43,496
\$ 18,315	149,074	359,454		16,054
	615,636	615,636		
	519,166	2,166,388		
<u>18,315</u>	<u>2,992,977</u>	<u>5,454,348</u>	<u>\$ -0-</u>	<u>59,550</u>
		155,205		
	192,917	3,040,243		
		2,617,330	33,428	131,070
	580,036	623,479		27,597
<u>3,909,334</u>	<u>2,225,465</u>	<u>6,134,799</u>		
<u>3,909,334</u>	<u>2,998,418</u>	<u>12,571,056</u>	<u>33,428</u>	<u>158,667</u>
<u>\$ 3,927,649</u>	<u>\$ 5,991,395</u>	<u>\$ 18,025,404</u>	<u>\$ 33,428</u>	<u>\$ 218,217</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

Total fund balances - governmental funds \$ 12,571,056

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets is:	\$ 76,549,393	
Accumulated depreciation is:	<u>(21,850,837)</u>	54,698,556

Delinquent property taxes not collected within sixty days after year end are not considered available revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities.	2,166,388
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Bond issuance costs are expensed for fund financial statements but amortized for government-wide financial statements. Bond issuance costs net of accumulated amortization were:	-0-
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Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Bonds payable	\$ (18,230,000)	
Compensated absences payable	(269,154)	
Capital lease payable	<u>(181,324)</u>	<u>(18,680,478)</u>

Total net assets-governmental activities	<u>\$ 50,755,522</u>
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Note: There were no reconciling items for the two component units.

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

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STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	General Fund	Cafeteria	Reading First	Debt Service
REVENUES:				
Local taxes	\$ 67,561			\$ 2,407,146
State sources	33,045,774			
Federal sources	533,752	\$ 1,999,366	\$ 1,802,842	
Charges for services	13,149	32,161		
Other local revenue	128,827			
Interest	279,987			90,618
Total Revenues	<u>34,069,050</u>	<u>2,031,527</u>	<u>1,802,842</u>	<u>2,497,764</u>
EXPENDITURES:				
Current:				
Instruction	16,490,144		1,726,680	
Support services-students	3,882,689		3,632	
Support services- instruction	502,472		72,530	
Support services-general administration	1,112,370			24,057
Support services -school administration	2,363,474			
Central services	953,099			
Operation and maintenance of plant	6,016,435			
Student transportation	2,226,241			
Food services operations		1,955,927		
Community service operations				
Debt service- principal and interest				2,754,290
Debt service- bond issuance costs				
Facilities acquisition and construction				
Other				
Total Expenditures	<u>33,546,924</u>	<u>1,955,927</u>	<u>1,802,842</u>	<u>2,778,347</u>
Excess (deficiency) of revenues over expenditures	<u>522,126</u>	<u>75,600</u>	<u>-0-</u>	<u>(280,583)</u>
Other financing sources (uses):				
Issuance of general obligation bonds				
Operating transfers in (out)				
Total other financing sources (uses)				
Net changes in fund balances	<u>522,126</u>	<u>75,600</u>	<u>-0-</u>	<u>(280,583)</u>
Fund balances - beginning of year as originally presented	2,237,666	5,643	-0-	3,195,689
Restatements	(25,057)	-0-	-0-	(67,780)
Fund balances- beginning of year as restated	<u>2,212,609</u>	<u>5,643</u>	<u>-0-</u>	<u>3,127,909</u>
Fund balances - End of year	<u>\$ 2,734,735</u>	<u>\$ 81,243</u>	<u>\$ -0-</u>	<u>\$ 2,847,326</u>

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

Bond Building	Other Governmental Funds	Total Governmental Funds	Component	Units
			Carinos Charter School	Espanola Military Academy
	\$ 775,430	\$ 3,250,137		
	4,467,397	37,513,171	\$ 562,293	\$ 2,387,007
	4,212,649	8,548,609		
	88,705	134,015		
	142,665	271,492		
\$ 153,799	94,155	618,559		
<u>153,799</u>	<u>9,781,001</u>	<u>50,335,983</u>	<u>562,293</u>	<u>2,387,007</u>
	3,033,274	21,250,098	328,583	1,079,198
	1,107,529	4,993,850	5,490	472,607
	436,862	1,011,864	14,085	
	222,623	1,359,050	38,683	147,440
	1,286	2,364,760	3,566	
	97,136	1,050,235	69,332	113,697
	14,625	6,031,060	12,054	272,957
	68,928	2,295,169		
	64,541	2,020,468		5,795
		-0-		
		2,754,290		
		-0-		
1,542,826	4,233,445	5,776,271	45,872	396,027
			188,536	
<u>1,542,826</u>	<u>9,280,249</u>	<u>50,907,115</u>	<u>706,201</u>	<u>2,487,721</u>
<u>(1,389,027)</u>	<u>500,752</u>	<u>(571,132)</u>	<u>(143,908)</u>	<u>(100,714)</u>
		-0-		
	-0-	-0-		
	-0-	-0-	-0-	-0-
<u>(1,389,027)</u>	<u>500,752</u>	<u>(571,132)</u>	<u>(143,908)</u>	<u>(100,714)</u>
5,318,598	1,835,432	12,593,028	177,336	259,381
(20,237)	662,234	549,160	-0-	-0-
<u>5,298,361</u>	<u>2,497,666</u>	<u>13,142,188</u>	<u>177,336</u>	<u>259,381</u>
<u>\$ 3,909,334</u>	<u>\$ 2,998,418</u>	<u>\$ 12,571,056</u>	<u>\$ 33,428</u>	<u>\$ 158,667</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2007**

Total net change in fund balances - governmental funds. \$ (571,132)

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

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

Depreciation expense	\$ (2,355,871)	
Capital outlays during the year which were capitalized	<u>5,038,931</u>	
(Deficiency)Excess of capital outlay over depreciation expense		2,683,060

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

Compensated absences payable	69,443
------------------------------	--------

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.	2,005,000
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Because some property taxes will not be collected for several months after the fiscal year end, they are not considered available revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities. The change in the liability for the year was:	(191,129)
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Issuance of general obligation bonds is an other financing source in the governmental funds, but is a liability in the government-wide financial statements	-0-
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Bond issuance costs are an expenditure in the governmental funds but are amortized in the government-wide financial statements	
-Bond issuance costs incurred in current fiscal year	-0-
-Current year amortization	<u>-0-</u>

Change in net assets of governmental activities	<u>\$ 3,995,242</u>
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Note: There were no reconciling items for the two component units.

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 66,268	\$ 66,268	\$ 67,220	\$ 952
State sources	33,581,921	33,025,526	33,045,774	20,248
Federal sources	388,275	388,275	533,752	145,477
Charges for services	-0-	-0-	10,649	10,649
Other local revenue	5,000	5,000	131,327	126,327
Investment	150,000	150,000	279,987	129,987
Total revenues	34,191,464	33,635,069	34,068,709	433,640
EXPENDITURES:				
Current:				
Instruction	17,878,993	17,889,647	16,487,296	1,402,351
Support services-students	5,813,975	4,197,816	3,863,720	334,096
Support services- instruction	935,138	516,964	501,946	15,018
Support services-general administration	1,287,660	1,166,529	1,074,239	92,290
Support services				
-school administration	1,588,296	2,366,915	2,363,474	3,441
Central services	704,029	935,865	932,640	3,225
Operation and maintenance of plant	5,518,478	5,978,235	5,964,426	13,809
Student transportation	2,112,591	2,232,697	2,220,709	11,988
Other support services	4,568	4,568	-0-	4,568
Total expenditures	35,843,728	35,289,236	33,408,450	1,880,786
Excess (deficiency) of revenues over expenditures	(1,652,264)	(1,654,167)	\$ 660,259	\$ 2,314,426
Prior year cash required to balance budget	\$ 1,652,264	\$ 1,654,167		

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS - CAFETERIA)
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 1,603,701	\$ 1,879,643	\$ 1,883,203	\$ 3,560
Charges for services				
Other local revenue				
Interest				
	<u>1,603,701</u>	<u>1,879,643</u>	<u>1,883,203</u>	<u>3,560</u>
Total revenues	<u>1,603,701</u>	<u>1,879,643</u>	<u>1,883,203</u>	<u>3,560</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations	<u>1,603,929</u>	<u>1,878,871</u>	<u>1,835,813</u>	<u>43,058</u>
	<u>1,603,929</u>	<u>1,878,871</u>	<u>1,835,813</u>	<u>43,058</u>
Total expenditures	<u>1,603,929</u>	<u>1,878,871</u>	<u>1,835,813</u>	<u>43,058</u>
Excess (deficiency) of revenues over expenditures	(228)	<u>\$ 772</u>	<u>\$ 47,390</u>	<u>\$ 46,618</u>
Prior year cash required to balance budget	<u>\$ 228</u>			

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - READING FIRST
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 1,804,958	\$ 1,407,121	\$ (397,837)
Charges for services				
Other local revenue				
Interest				
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>-0-</u>	<u>1,804,958</u>	<u>1,407,121</u>	<u>(397,837)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	1,644,142	1,596,435	47,707
Support services-students	-0-	5,750	3,505	2,245
Support services-instruction	-0-	72,588	72,530	58
Support services-general administration	-0-	82,478	82,478	-0-
Support services -school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>-0-</u>	<u>1,804,958</u>	<u>1,754,948</u>	<u>50,010</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (347,827)</u>	<u>\$ (347,827)</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS-DISTRICT
AS OF JUNE 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 526,323
Total assets	<u>\$ 526,323</u>
LIABILITIES	
Deposits held for others	\$ 526,323
Total liabilities	<u>\$ 526,323</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND-COMPONENT
UNIT -ESPANOLA MILITARY ACADEMY AS OF JUNE 30, 2007

	<u>Agency Fund- Espanola Military Academy</u>
ASSETS	
Cash	\$ 5,863
Total assets	<u>\$ 5,863</u>
LIABILITIES	
Deposits held for others	\$ 5,863
Total liabilities	<u>\$ 5,863</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the State of New Mexico, Espanola Public School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

A. *Reporting Entity*

The District was created under the provision of Section 22-5-4 (NMSA, 1978 Comp.) to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the state of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The Board selects a superintendent who administers the District.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The District also has two *component units*, as defined by GASB Statement No. 14 as there are two other legally separate organizations for which the elected School Board members are financially accountable. They are the Charter Schools, Espanola Military Academy and Carinos Charter School. There are no other primary governments with which the District meets the criteria for including as component units. There are no other primary governments with which the District has a significant relationship.

B. *Basic Financial Statements - GASB Statement #34*

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The new reporting model focus is on either the District as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type activities. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The District did not have any business-type activities during the year ended June 30, 2007.

Since the District does not have any business-type activities, but only governmental activities, the District's policy is not to apply any FASB pronouncements issued after November 30, 1989 in its

government-wide financial statements, but only those issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

The government-wide Statement of Activities reflects both the gross and net cost per functional category. The District reports one function (education). The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenues (taxes, intergovernmental revenues, interest income, etc.). Historically, the previous mode did not summarize or present net cost by function or activity. The District does not currently employ indirect cost allocation systems.

This government-wide focus is more on the sustainability of the District as an entity and in aggregate financial position resulting from the activities of the current fiscal period.

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in either the governmental or business-type categories. Nonmajor funds (by category) are summarized into a single column.

The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the District's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column on the governmental-wide presentation.

Internal activity between the various funds is eliminated in the government-wide financial statements. Interfund receivables and payables at June 30, 2007 have been eliminated. These consist of amounts titled "Due from other funds" and "Due to other funds" in the fund financial statements. The component unit, Espanola had a "due from" and a "due to" within its funds of \$43,496 at June 30, 2007. It has been eliminated in the government-wide financial statements.

The District's fiduciary funds (agency funds) are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. If the District had any component units similar to fiduciary funds, they would not be incorporated into the government-wide financial statements.

C. Basis of Presentation

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and description of each existing fund type follow.

Governmental Funds

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

General fund - the primary operating fund of the District accounts for all financial resources, except those required to be accounted for in other funds.

Special revenue funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt service funds - account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Capital projects funds - account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB #34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which include funds that were not required to be presented as major but were at the discretion of management:

Cafeteria Special Revenue Fund - This fund is used to account for the cost of operating a student breakfast, lunch, snack bar and summer lunch program and is financed with federal grants and fees paid by program users. This fund is required by the National School Lunch/Breakfast Federal Program.

Reading First Special Revenue Fund - To account for funds used for reading first program (PL 107-110).

Debt Service Debt Service Fund - This fund is used to account for the accumulation of resources and for payment of long-term debt principal and interest. This fund is authorized by the bond resolutions.

Bond Building Capital Projects Fund - This fund is used to account for the erecting, remodeling, making additions to and furnishing school buildings and purchasing and improving school grounds. Funding is provided by issuance of general obligations bonds. This fund is authorized by the bond resolutions.

Fiduciary Funds

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District. The District only had agency funds during the year ended June 30, 2007.

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

School activity funds - accounts for assets held by the District as an agent for the individual schools and school organizations.

Clearing agency fund - accounts for assets held by the District before they are remitted to other entities such as withholdings including pension, retiree health care and others.

In addition, the Charter School, Espanola Military Academy has an agency fund for its school activity fund. No agency funds were noted for Carinos Charter School.

Component Units – Charter Schools

The District has two Charter Schools, Carinos Charter School which was established by order of the Secretary of Education in the fiscal year ended June 30, 2006 and the Espanola Military Academy which was established three years ago. Both Charter Schools meet the State Auditor's criteria for inclusion as component units. Both Charter Schools are presented discretely. The two charter schools do not have any component units. If they had any component units similar to fiduciary funds, they would not be incorporated into the government-wide financial statements. The two component units have been treated as major funds for financial statement purposes.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The Government-wide Financial Statements and the Fiduciary Fund Financial Statements are presented on an accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on a modified accrual basis.

Accrual Basis - Under the accrual basis of accounting, revenues are recorded when earned and expenditures are recorded when incurred.

Modified Accrual - All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all property tax revenues available if they are collected within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Property taxes are recognized when levied. Reimbursement receivables are recognized when the related expenditures are incurred. Other receipts and taxes become measurable and available when cash is received by the District and are recognized as revenue at that time.

In applying the "susceptible to accrual" concept to intergovernmental revenues, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

E. Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with accounting principles generally accepted in the United States of America (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on this non-GAAP budgetary basis.

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of the Public Education Department) the local school board submits to the School Budget Planning Unit (SBPU) of the New Mexico Public Education Department an estimated budget for the school district for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the Public Education Department by the school district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed operating budget will be reviewed and approved by the SBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The operating budget will be used by the District until it has been notified that the budget has been approved by the SBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBPU.
5. No school board or officer or employee of a school district shall make any expenditures or incur any obligation for the expenditure of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division, but this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.
7. Legal budget control for expenditures is by function. Budgets were not prepared for the following Special Revenue Funds because they had no activity during the fiscal year ended June 30, 2007:
 1. Johnson O'Malley
 2. GRADS Child Care
 3. Arts in Education
 4. PNM Foundation
 5. Computerized Learning System
 6. State School Improvements
 7. Reading Improvements
 8. Preschool CYFD

- 9. Resources for School Health
- 10. New Mexico Incentive Funding

- 8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and any amendments.
- 9. Carinos Charter School overspent its budget for its Special Revenue Fund, Charter School- State by \$74,798. Espanola Military Academy overspent its budget for its Special Revenue Fund, Legislative Appropriation-Operational by \$ 31,841, and overspent its budget in its Capital Projects Fund- Public School Capital Outlay by \$88,107. Both Charter Schools overspent various functions within their various funds. A finding has been included in this report.

F. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances lapse at the fiscal year end and are therefore not included as a reservation of fund balance. Authorization for the eventual expenditure will be included in the following year's budget appropriations.

G. Assets, Liabilities and Fund Equity

1. Cash

The District is authorized under the provisions of Chapter 6, Article 10, Paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

2. Investments

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

- (a) Bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within the last five years preceding; or
- (b) Securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) In contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor.
- (d) The District may invest its money with the New Mexico State Treasurer's short-term investment pool. Such money will not be invested in the State Treasurer's short-term investment pool for a period greater than 181 days.

- (e) The District may invest funds in the New Mexico State Treasurer's Local Government Investment Pool (Pool). The Pool's investments are U.S. term overnight repurchase agreements. Interest rates fluctuate depending upon the investments in the Pool.

3. Accounts Receivable

Accounts receivable are recorded in the various governmental funds. They consist of amounts receivable from local governments relating to various grant agreements and property taxes receivable. Property taxes receivables are shown net of an allowance for uncollectibles. The allowance is equal to 4% of outstanding property taxes at June 30, 2007.

4. Inventories

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

5. Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair value at the date of donation. Software which meets the capitalization requirement is also capitalized. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The District does not capitalize interest in regards to its capital assets.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Land improvements	20 years
Buildings & building improvements	40 years
Machinery and equipment, including computer equipment and software	3 to 10 years
Autos and vehicles	10 years

GASB Statement #34 requires the recording and depreciation of infrastructure assets, which include roads, bridges, traffic signals, etc. The District did not own any infrastructure assets as of June 30, 2007.

6. Deferred Revenues

The District reports deferred revenues on its Statement of Net Assets and fund balance sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures on a reimbursement basis grant. In subsequent periods, when the District has a legal claim to the

resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

7. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net assets.

8. Long-term Liabilities

For district-wide reporting, the insurance costs and any bond premium and any bond discount associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34, the amortization of the costs of bonds, bond premium and bond discount will be amortized prospectively from the date of adoption of GASB Statement No. 34.

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source at face value. Bond premiums are reported as an other financing source while bond discounts are reported as an other financing use. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

9. Fund Balances of Fund Financial Statements

Reservations of fund balance represent amounts that are not appropriable for expenditures or legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The District designates the portion of the year end fund balance, not otherwise designated or reserved, for subsequent years' expenditures. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

10. Restricted Net Assets

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

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

Imposed by law through constitutional provisions or enabling legislation.

The Invested in Capital Assets, net of related debt consists of the portion of net assets which is associated with non-liquid capital assets less any outstanding related debt.

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

11. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made

from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

12. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

13. Bond Issuance Costs, Bond Discounts and Bond Premiums

The costs of issuing bonds, bond discounts, and bond premiums are capitalized in the government-wide financial statements and are amortized over the life of the related general obligation bonds payable.

2. CASH AND INVESTMENTS

A. Pledged Collateral Requirement

The District deposits its funds with various financial institutions. The District may invest in U.S. Treasury obligations but did not during the year ended June 30, 2007. New Mexico statutes Section 6-10-17, 1978, provides that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited after deducting the amount of Federal Deposit Insurance Corporation insurance coverage for each financial institution. A schedule detailing the collateral pledged to the District's deposits is located in the back of this report.

AA. Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The government does not have a deposits policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2007, \$732,001 of the District's and the Charter Schools' bank balances of \$5,625,341 was exposed to custodial credit risk because it was uninsured and uncollateralized. At June 30, 2007, the carrying amount of these deposits was \$2,639,258.

B. Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less than 1 Year</u>
State Investment	<u>\$8,887,544</u>	<u>\$8,887,544</u>
Total	<u>\$8,887,544</u>	<u>\$8,877,544</u>

Custodial credit risk – Investments. For an investment, custodial credit risk is the risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s policy related to investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The carrying value of the District’s investments at June 30, 2007 was \$8,887,544.

The State Treasurer Local Government Investment Pool is not SEC Registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by it’s departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool procedures that apply to all other state investments. The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distribution dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2007. The State of New Mexico is the regulatory oversight entity and participation in the pool is voluntary. The credit rating was AAAM and the weighted average maturity was 43 days.

D. Summary of Cash and Investments

The District pools the cash from three bank accounts and one investment account. For financial reporting purposes, individual fund cash balances are reported as either cash and investments if they have a positive cash balance or “Due To Other Funds” (in the case of a fund overdraft) with an offsetting “Due from Other Funds” in the Operational Account of the General Fund. These Due From/Due To balances have been eliminated in the government-wide financial statements.

	<u>District</u>	<u>Carinos Charter School</u>	<u>Espanola Military Academy</u>
A reconciliation of cash and investments follows:			
Total cash and investments on deposit, all financial institutions	\$ 5,530,085	\$ 49,424	\$ 137,233
Less: Outstanding checks and warrants	<u>(2,964,099)</u>	<u>(15,996)</u>	<u>(6,008)</u>
 Total cash	 2,565,986	 <u>\$ 33,428</u>	 <u>\$ 131,225</u>
 Less: 1. Cash- Agency funds	 (526,323)		
2. Cash-Component unit	<u>(97,244)</u>		
Subtotal	1,942,419		
Add: investments with State Treasurer	<u>8,887,544</u>		
Per financial statements:			
Cash and investments	<u>\$ 10,829,963</u>	<u>\$ 33,428</u>	<u>\$ 131,225</u>

3. INVENTORY

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. The reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

Inventories at June 30, 2007, consisted of the following:

Special Revenue Fund:

Cafeteria	\$	37,800
Total	\$	<u>37,800</u>

General Fund:

Operational account (maintenance supplies)	\$	117,405
Total	\$	<u>117,405</u>

4. RECEIVABLES

Receivables at June 30, 2007, consisted of the following:

	<u>General</u>	<u>Cafeteria</u>	<u>Reading First</u>	<u>Debt Service</u>	<u>Bond Building</u>
Prop. taxes receivable	\$ 47,671	\$ -0-		\$ 1,706,085	\$ -0-
Due from grantor			\$ 651,663		
Total	<u>\$ 47,671</u>	<u>\$ -0-</u>	<u>\$ 651,663</u>	<u>\$ 1,706,085</u>	<u>\$ -0-</u>

	<u>Other Governmental Funds</u>	<u>Total - District</u>	<u>Component Unit- Espanola Military Academy</u>
Prop. taxes receivable	\$ 548,093	\$ 2,301,849	\$ -0-
Due from grantor	<u>1,773,854</u>	<u>2,425,517</u>	<u>43,496</u>
Total	<u>\$ 2,321,947</u>	<u>\$ 4,727,366</u>	<u>\$ 43,496</u>

Property taxes receivable are shown net of an allowance for uncollectible taxes of 4% of outstanding property taxes at year end. All other amounts are considered to be fully collectible. Property taxes not received within 60 days of the fiscal year end are shown as deferred property taxes in the fund financial statements.

5. INTERFUND RECEIVABLES AND PAYABLES

The District operates a pooled cash account. Funds report as follows: Positive cash balances are reported as "Cash and Investments," while negative cash balances are reported as "Due to other funds" with an offsetting "Due from Other Funds" in the Operational Account of the General Fund. These amounts are eliminated in the government-wide financial statements.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major:		
General (Operational)	\$ 2,312,870	
Reading First		\$ 603,769
Non major:		
Other governmental funds:		
Special Revenue Funds:		
Title I- IASA		355,576
IDEA-B Entitlement		237,440
IDEA-B Preschool		4,809
Title II Enhancing Ed Through Technology		10,112
Comprehensive School Reform		33,738
Title III Incentive		3,333
Title V- Part A- Innovative Ed		4,136
English Language Acquisition		120,856
Teacher/Principal Training and Recruitment		41,844
Safe and Drug Free Schools		19,642
Title I School Improvements		62,469
Indian Ed Formula Grant		13,028
Literacy Through School Libraries		141,237
LANL Foundation		13,497
Technology for Education		77,350
Family and Youth Resource		35,146
State School Improvement		9,895
Extended School Program		120,741
Schools on the Rise		1,259
School Based Health Center		50,818
Total Special Revenue Fund- Nonmajor		<u>1,356,926</u>
Capital Projects Funds:		
Public School Capital Outlay		47,715
Special Capital Outlay- State		304,460
Total Capital Projects Funds- Nonmajor		<u>352,175</u>
Total other governmental funds		1,709,101
Total	<u>\$ 2,312,870</u>	<u>\$ 2,312,870</u>

6. CAPITAL ASSETS

The District's capital assets were as follows for the year ended June 30, 2007:

	As originally presented, Balance June 30, 2006	Restatement	As restated, Balance June 30, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
Assets not being depreciated:							
Land and improvements	\$ 4,852,702	\$ -0-	\$ 4,852,702	\$ -0-	\$ -0-	\$ -0-	\$ 4,852,702
Construction in progress	-0-	561,252	561,252	313,846	-0-	(561,252)	313,846
Total assets not being depreciated	4,852,702	561,252	5,413,954	313,846	-0-	(561,252)	5,166,548
Assets being depreciated:							
Buildings and improvements	60,398,155	-0-	60,398,155	4,701,281	-0-	561,252	65,660,688
Machinery and equipment	5,449,353	249,000	5,698,353	23,804	-0-	-0-	5,722,157
Total assets being depreciated	65,847,508	249,000	66,096,508	4,725,085	-0-	561,252	71,382,845
Total assets	70,700,210	810,252	71,510,462	5,038,931	-0-	-0-	76,549,393
Less Accumulated depreciation for:							
Buildings and improvements	(17,370,261)	-0-	(17,370,261)	(2,160,906)	-0-	-0-	(19,531,167)
Machinery and equipment	(2,124,705)	-0-	(2,124,705)	(194,965)	-0-	-0-	(2,319,670)
Total accumulated depreciation	(19,494,966)	-0-	(19,494,966)	(2,355,871)	-0-	-0-	(21,850,837)
Total capital assets, less accumulated depreciation	\$ 51,205,244	\$ 810,252	\$ 52,015,496	\$ 2,683,060	\$ -0-	\$ -0-	\$ 54,698,556

For the year ended June 30, 2007 depreciation expense of \$2,355,871 was charged to the Governmental Activities-Education of the District. Land and improvement capital assets, totaling \$4,852,702 were not charged with depreciation in accordance with accounting principles generally accepted in the United States of America. Construction-in-progress also is not charged with depreciation until placed in service.

7. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

During the year ended June 30, 2007, the following changes occurred in the liabilities reported in the government-wide Statement of Net Assets:

	As originally Restated Balance June 30, 2006	Restatement	As Restated Balance at June 30, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year	Amounts considered Long-Term
Bonds payable	\$ 20,235,000	\$ -0-	\$20,235,000	\$ -0-	\$ (2,005,000)	\$ 18,230,000	\$ 1,835,000	\$ 16,395,000
Compensated absences payable	226,461	44,460	270,921	276,876	(278,643)	269,154	269,154	-0-
Capital lease payable	-0-	249,000	249,000	-0-	(67,676)	181,324	56,895	124,429
Total	\$ 20,461,461	\$ 293,460	\$20,754,921	\$276,876	\$ (2,351,319)	\$ 18,680,478	\$ 2,161,049	\$ 16,519,429

General obligation bonds are repaid with property taxes which are collected by the Debt Service Fund.

In prior years, the General Fund has been used to pay accrued compensated absences and will likely continue to do so, except for Special Revenue Funds that have employees which will pay for their own employees.

B. General Obligation Bonds

General obligation bonds, authorized by the voters of the District, are issued for the purposes of erecting, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds. The following is a list of bonds issued and outstanding at June 30, 2007.

Series	Amount of Original Issue	Final Mat. Year Ending June 30	Range of Interest Rates	Balance July 1, 2006	Addition (Retired)	Balance June 30, 2007
Oct 1, 1994	\$ 2,500,000	2007	4.9 – 6.9%	\$ 280,000	\$ (280,000)	\$ -0-
June 15, 1998	5,000,000	2010	4.25 – 6.25%	2,325,000	(750,000)	1,575,000
Feb 15, 1999	3,500,000	2012	4.0 – 5.9%	2,625,000	(275,000)	2,350,000
May 1, 2000	1,500,000	2012	4.8 – 6.8%	800,000	(100,000)	700,000
June 1, 2002	5,200,000	2018	3.15 – 4.65%	4,555,000	(300,000)	4,255,000
June 1, 2003	5,000,000	2016	1.35 – 3.74%	4,800,000	(275,000)	4,525,000
June 1, 2004	5,000,000	2017	3.00 – 4.00%	4,850,000	(25,000)	4,825,000
Total				<u>\$ 20,235,000</u>	<u>\$ (2,005,000)</u>	<u>\$ 18,230,000</u>

The annual debt service requirements to maturity for general obligation bonds at June 30, 2007 are as follows:

Year ending June 30	Principal	Interest	Total
2008	\$ 1,835,000	\$ 676,086	\$ 2,511,086
2009	1,880,000	605,867	2,485,867
2010	1,960,000	530,964	2,490,964
2011	1,825,000	451,685	2,276,685
2012	2,055,000	377,469	2,432,469
Subtotal	9,555,000	2,642,071	12,197,071
2013-2017	7,670,000	930,825	8,600,825
2018-2022	1,005,000	21,491	1,026,491
Total	<u>\$ 18,230,000</u>	<u>\$ 3,594,387</u>	<u>\$ 21,824,387</u>

C. Capital Lease Payable

The District entered into a capital lease payable in the fiscal year ended June 30, 2006. It was recorded as a prior period adjustment in the year ended June 30, 2007. The capital lease payable was for \$249,000 in principal and included \$22,886 in interest payments. Payments were for \$67,971 per year for four years. The interest rate on this lease is 6.109%. The lease originated in June 2006, but no payments were made until the fiscal year ended June 30, 2007. The payments for 2006 and 2007 fiscal years were both late.

Year ending June 30	Lease Payments
2008	\$ 67,971
2009	67,971
Total payments	135,942
Less interest	(11,513)
Total principal payments	\$ 124,429

- D. The annual debt service requirements to maturity for all long-term debt except compensated absences payable follows:

Year ending June 30	Principal	Interest	Total
2008	\$ 1,895,371	\$ 683,687	\$ 2,579,058
2009	1,944,058	609,780	2,553,838
2010	1,960,000	530,964	2,490,964
2011	1,825,000	451,685	2,276,685
2012	2,055,000	377,469	2,432,469
Subtotal	9,679,429	2,653,585	12,333,014
2013-2017	7,670,000	930,825	8,600,825
2018-2022	1,005,000	21,491	1,026,491
Total	\$ 18,354,429	\$ 3,605,901	\$ 21,960,330

8. CONTINGENT LIABILITIES

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

The District is a defendant in several lawsuits. Although the outcome of the lawsuits is not presently determinable, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the principal condition of the District.

9. INSURANCE COVERAGE

The District is insured through the New Mexico Public School Insurance Authority. Coverage provided includes all-peril on buildings and contents; crime coverage; general liability; civil rights and personal injury; motor vehicle and fleet property damage and liability; school bus property damage and liability coverage; and statutory workmen's compensation coverage. The crime coverage portion of this insurance includes employee fidelity/faithful performance coverage up to \$250,000 each occurrence.

10. BUDGET TO GAAP RECONCILIATION

The Statements of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis) present budget comparisons using cash basis revenues and expenditures, while

the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds utilizes the modified accrual basis of accounting. The following is a reconciliation of revenues and expenditures between the statements:

	General	Cafeteria	Reading First	Debt Service	Bond Building
Revenues per modified accrual basis	\$ 34,069,050	\$ 2,031,527	\$ 1,802,842	\$ 2,497,764	\$ 153,799
Differences attributable to accruals at Beginning and ending of year:					
Taxes receivable	(341)			(1,413)	
Intergovernmental receivables			(395,721)		
Deferred revenue					
PSFA state revenue					
Commodities received		(148,324)			
Revenues per budgetary basis	<u>\$ 34,068,709</u>	<u>\$ 1,883,203</u>	<u>\$ 1,407,121</u>	<u>\$ 2,496,351</u>	<u>\$ 153,799</u>
Expenditures per modified accrual basis	\$ 33,546,924	\$ 1,955,927	\$ 1,802,842	\$ 2,778,347	\$ 1,542,826
Differences attributable to accruals at Beginning and ending of year:					
Accounts payable	(130,509)		(47,894)		34,686
Changes in inventories	(7,965)	28,210			
Commodities used		(148,324)			
PSFA state expenditures					
Expenditures per budgetary basis	<u>\$ 33,408,450</u>	<u>\$ 1,835,813</u>	<u>\$ 1,754,948</u>	<u>\$ 2,778,347</u>	<u>\$ 1,577,512</u>

11. ERA PENSION PLAN

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

Funding Policy. Plan members are required to contribute 7.750% of their gross salary. The District is required to contribute 10.15% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the District are established in Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the years ended June 30, 2007, 2006, and 2005 (employer portion only) were \$2,309,453, \$2,113,054 and \$1,831,015, respectively, equal to the amount of the required contributions of each.

12. POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN

Plan description. The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree

Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

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

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

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

The District's contributions to the RHCA for the years ended June 30, 2007, 2006 and 2005 were \$295,365, \$292,648, and \$291,278 respectively, which equal the required contributions for each year.

13. OPERATING LEASES

The District leases certain office equipment, primarily copying machines under operating leases of varying terms. Total lease payments for the year ended June 30, 2007 were \$110,850. Future lease payment commitments under operating which were cancelable under conditions permitted by current statutes are as follows:

<u>Year Ending June 30</u>	<u>Lease Payments</u>
2008	\$110,850
2009	110,850
2010	110,850
2011	<u>28,603</u>
Total	<u>\$361,153</u>

14. PRIOR PERIOD ADJUSTMENTS

Several prior period adjustments were required to the balances that were carried over from the prior audit for the fiscal year ended June 30, 2006. Restatements to both the government-wide financial statements and the governmental fund financial statements were made.

Restatements to the net assets of the District were:

Beginning net assets	\$ 46,646,359
Recording of capital lease payable	(249,000)
Recording of software related to capital lease	249,000
Recording of construction-in-progress not recorded at June 30, 2006	561,252
Correction of compensated absences payable and addition of payroll taxes	(44,460)
Recording of receivables that should have been recorded at June 30, 2006	1,546,983
Reversal of prior year accounts payable at June 30, 2006	89,484
Recording of additional accounts payable at June 30, 2006	(748,484)
Correction to property tax receivable as of June 30, 2006	<u>(1,290,854)</u>
Total restatements	<u>113,921</u>
Beginning net assets as restated	<u>\$ 46,760,280</u>

There were restatements made to the governmental fund financial statements. They are as follows:

	<u>General Fund</u>	<u>Cafeteria Fund</u>	<u>Debt Service Fund</u>	<u>Bond Building Fund</u>	<u>Other Non- major Governmental Funds</u>
Correction of deferred property taxes	\$ (1,275)		\$ (67,780)		\$ (18,725)
Correction of intergovernmental receivables					1,546,983
Correction of beginning fund balances					(251,043)
Correction to accounts payable	<u>(23,782)</u>			<u>\$ (20,237)</u>	<u>(614,981)</u>
Total restatements	<u>\$ (25,057)</u>	<u>\$ -0-</u>	<u>\$ (67,780)</u>	<u>\$ (20,237)</u>	<u>\$ 662,234</u>

These restatements were made to the fund balances of the indicated fund as of June 30, 2006.

In addition, the prior audit did not include the \$4,317 at June 30, 2006 for the activity fund of the Espanola Military Academy. It has been included in the Schedule of Changes in Fiduciary Assets and Liabilities- Component Unit-Espanola Military Academy.

15. SUBSEQUENT EVENTS

Subsequent to June 30, 2007, the District issued \$2,100,000 in general obligation bonds during the fiscal year ended June 30, 2008.

Also, as of July 1, 2009, the Charter School, Espanola Military Academy ceased to exist as a Charter School. It became a school within the District.

SUPPLEMENTAL SECTION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Operational Account: Accounts for the general operations of the District.

Transportation Account: Accounts for the State funds received which are used for the transportation of students.

Instructional Materials Account: Accounts for the State funds received which are used to purchase instructional materials.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

COMBINING BALANCE SHEET - BY ACCOUNT - GENERAL FUND
AS OF JUNE 30, 2007

	<u>Operational Account</u>	<u>Transportation Account</u>	<u>Instructional Materials Account</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	\$ 258,091	\$ 11,189	\$ 166,527	\$ 435,807
Due from other funds	2,312,870			2,312,870
Taxes receivable	47,671			47,671
Inventory	<u>117,405</u>			<u>117,405</u>
Total assets	<u>\$ 2,736,037</u>	<u>\$ 11,189</u>	<u>\$ 166,527</u>	<u>\$ 2,913,753</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Due to other funds				
Accounts payable	\$ 140,057			\$ 140,057
Deferred revenue - property taxes	<u>38,961</u>			<u>38,961</u>
Total liabilities	<u>179,018</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>179,018</u>
Fund Equity:				
Fund balances:				
Received for inventory	117,405			117,405
Unreserved:				
Designated for subsequent year's expenditures				
Undesignated	<u>2,439,614</u>	<u>11,189</u>	<u>166,527</u>	<u>2,617,330</u>
Total fund balances	<u>2,557,019</u>	<u>11,189</u>	<u>166,527</u>	<u>2,734,735</u>
Total liabilities and fund equity	<u>\$ 2,736,037</u>	<u>\$ 11,189</u>	<u>\$ 166,527</u>	<u>\$ 2,913,753</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BY ACCOUNT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Operational Account</u>	<u>Transportation Account</u>	<u>Instructional Materials Account</u>	<u>Total</u>
<u>REVENUES</u>				
Local taxes	\$ 67,561			\$ 67,561
State sources	30,460,092	\$ 2,192,697	\$ 392,985	33,045,774
Federal sources	533,752			533,752
Charges for services	13,149			13,149
Other local revenue	128,767	60		128,827
Interest	279,987			279,987
	<u>31,483,308</u>	<u>2,192,757</u>	<u>392,985</u>	<u>34,069,050</u>
Total revenues				
<u>EXPENDITURES</u>				
Current:				
Instruction	16,188,306		301,838	16,490,144
Support services-students	3,882,689			3,882,689
Support services- instruction	464,793		37,679	502,472
Support services-general administration	1,112,370			1,112,370
Support services -school administration	2,363,474			2,363,474
Central services	953,099			953,099
Operation and maintenance of plant	6,016,435			6,016,435
Student transportation	44,386	2,181,855		2,226,241
Food service operations	-0-			-0-
Facilities acquisition and construction	-0-			-0-
	<u>31,025,552</u>	<u>2,181,855</u>	<u>339,517</u>	<u>33,546,924</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	457,756	10,902	53,468	522,126
Other financing uses:				
Operating transfers in (out)				
Net changes in fund balances	<u>457,756</u>	<u>10,902</u>	<u>53,468</u>	<u>522,126</u>
Fund balances, beginning of year, as originally presented	2,124,320	287	113,059	2,237,666
Restatements	(25,057)	-0-	-0-	(25,057)
Fund balances, beginning of year, as restated	<u>2,099,263</u>	<u>287</u>	<u>113,059</u>	<u>2,212,609</u>
Fund balances, end of year	<u>\$ 2,557,019</u>	<u>\$ 11,189</u>	<u>\$ 166,527</u>	<u>\$ 2,734,735</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND - OPERATIONAL ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 66,268	\$ 66,268	\$ 67,220	\$ 952
State sources	31,116,345	30,428,523	30,460,092	31,569
Federal sources	388,275	388,275	533,752	145,477
Charges for services	-0-	-0-	10,649	10,649
Other local revenue	5,000	5,000	131,267	126,267
Investment	150,000	150,000	279,987	129,987
	<u>31,725,888</u>	<u>31,038,066</u>	<u>31,482,967</u>	<u>444,901</u>
Total revenues				
EXPENDITURES:				
Current:				
Instruction	17,522,637	17,522,637	16,185,014	1,337,623
Support services-students	5,813,975	4,197,816	3,863,720	334,096
Support services- instruction	898,509	479,668	464,711	14,957
Support services-general administration	1,287,660	1,166,529	1,074,239	92,290
Support services				
-school administration	1,588,296	2,366,915	2,363,474	3,441
Central services	704,029	935,865	932,640	3,225
Operation and maintenance of plant	5,503,478	5,978,235	5,964,426	13,809
Student transportation	40,000	40,000	38,854	1,146
Other support services	4,568	4,568	-0-	4,568
	<u>33,363,152</u>	<u>32,692,233</u>	<u>30,887,078</u>	<u>1,805,155</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(1,637,264)	(1,654,167)	<u>\$ 595,889</u>	<u>\$ 2,250,056</u>
Prior year cash required to balance budget	<u>\$ 1,637,264</u>	<u>\$ 1,654,167</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 595,889
Adjustments: Revenue- Change in taxes receivable between years				341
Adjustments: Expenditures				
Change between accounts payable between years				(130,509)
Change in inventory between years				(7,965)
Change in fund balances (GAAP)				<u>\$ 457,756</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND - TRANSPORTATION ACCOUNT FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ 2,072,591	\$ 2,192,697	\$ 2,192,697	\$ -0-
Federal sources				
Charges for services			60	60
Other local revenue				
Interest				
Total revenues	<u>2,072,591</u>	<u>2,192,697</u>	<u>2,192,757</u>	<u>60</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation	2,072,591	2,192,697	2,181,855	10,842
Food services operations				
Total expenditures	<u>2,072,591</u>	<u>2,192,697</u>	<u>2,181,855</u>	<u>10,842</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 10,902</u>	<u>\$ 10,902</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 10,902
Adjustments: Revenue-None.				-0-
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ 10,902</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND - INSTRUCTIONAL MATERIALS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ 392,985	\$ 404,306	\$ 392,985	\$ (11,321)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>392,985</u>	<u>404,306</u>	<u>392,985</u>	<u>(11,321)</u>
EXPENDITURES:				
Current:				
Instruction	356,356	367,010	302,282	64,728
Support services-students				
Support services- instruction	36,629	37,296	37,235	61
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>392,985</u>	<u>404,306</u>	<u>339,517</u>	<u>64,789</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 53,468</u>	<u>\$ 53,468</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 53,468
Adjustments: Revenue-None.				-0-
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ 53,468</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - BY FUND TYPE
AS OF JUNE 30, 2007

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	\$ 1,208,037	\$ 192,284	\$ 2,269,127	\$ 3,669,448
Due from grantor	1,421,679		352,175	1,773,854
Taxes receivable		2,992	545,101	548,093
 Total revenues	 <u>\$ 2,629,716</u>	 <u>\$ 195,276</u>	 <u>\$ 3,166,403</u>	 <u>\$ 5,991,395</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Due to other funds	\$ 1,356,926		\$ 352,175	\$ 1,709,101
Accounts payable	77,118		71,956	149,074
Deferred revenue - grants	615,636			615,636
Deferred revenue - property taxes		\$ 2,359	516,807	519,166
 Total liabilities	 <u>2,049,680</u>	 <u>2,359</u>	 <u>940,938</u>	 <u>2,992,977</u>
Fund Equity:				
Fund balances:				
Unreserved:				
Designated for subsequent year's expenditures				
Undesignated	580,036	192,917	2,225,465	2,998,418
 Total fund balances	 <u>580,036</u>	 <u>192,917</u>	 <u>2,225,465</u>	 <u>2,998,418</u>
 Total liabilities and fund equity	 <u>\$ 2,629,716</u>	 <u>\$ 195,276</u>	 <u>\$ 3,166,403</u>	 <u>\$ 5,991,395</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<u>REVENUES</u>				
Local taxes		\$ 3,569	\$ 771,861	\$ 775,430
State sources	\$ 730,093		3,737,304	4,467,397
Federal sources	4,212,649			4,212,649
Charges for services	88,705			88,705
Other local revenue	142,665			142,665
Interest	17,040	4,674	72,441	94,155
Total revenues	<u>5,191,152</u>	<u>8,243</u>	<u>4,581,606</u>	<u>9,781,001</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	3,033,274			3,033,274
Support services-students	1,107,529			1,107,529
Support services- instruction	436,862			436,862
Support services-general administration	222,581	42		222,623
Support services				
-school administration	1,286			1,286
Central services	97,136			97,136
Operation and maintenance of plant	14,625			14,625
Student transportation	68,928			68,928
Food services operations	64,541			64,541
Facilities acquisition and construction	44,369		4,189,076	4,233,445
Total expenditures	<u>5,091,131</u>	<u>42</u>	<u>4,189,076</u>	<u>9,280,249</u>
Excess (deficiency) of revenues over expenditures	<u>100,021</u>	<u>8,201</u>	<u>392,530</u>	<u>500,752</u>
Other financing sources				
Operating transfers in	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net changes in fund balances	<u>100,021</u>	<u>8,201</u>	<u>392,530</u>	<u>500,752</u>
Fund balances, beginning of year, as originally presented	480,015	183,441	1,171,976	1,835,432
Restatements	-0-	1,275	660,959	662,234
Fund balances, beginning of year, as restated	<u>480,015</u>	<u>184,716</u>	<u>1,832,935</u>	<u>2,497,666</u>
Fund balances, end of year	<u>\$ 580,036</u>	<u>\$ 192,917</u>	<u>\$ 2,225,465</u>	<u>\$ 2,998,418</u>

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

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS- are used for the proceeds of specific revenue sources, which are legally restricted to expenditures for specific purposes.

Cafeteria-Major Fund- To account for income from lunch sales and provide for the operating expenses of the school lunch and breakfast program. Funding is provided by user charges and reimbursements under the National School Lunch and School Breakfast Programs (P 100-435). Reported as a major fund.

Reading First-Major Fund- To account for funds used for reading first program (PL 107-110). Reported as a major fund.

Athletics- To account for income from gross receipts and other proceeds from District athletic events and to provide for the payment of operating expenses of those activities (SDE Regulation 6, NMAC 2.2).

Non-Instructional Support- To account for user fees from various school functions (Public Education Dept., PSAB, Supplement 3).

Title I IASA- To account for grant funds to be used for the purpose of improving educational opportunities for educationally deprived children. Funding authority is the U.S. Department of Education (PL 100-297).

IDEA-B Entitlement- To account for resources provided to the District for the purpose of meeting the educational needs of the handicapped. Funding authority is the U.S. Department of Education (PL 94-142).

IDEA-B Preschool- To account for the operations of supplementary aid to students with disabilities ages 5-21. Funding authority is the U.S. Department of Education (PL 99-457).

Title I IASA Family Literacy- To account for preschool programs aimed toward educationally disadvantaged children. Funding authority is the U.S. Department of Education (PL 100-297).

Title II-D-Enhancing Education Through Technology- To account for grant funds received to conduct a demonstration project aimed at reforming schools (PL 103-382 and Title III, Part A, Subpart 2, Section 3132).

Comprehensive School Reform- To account for grant funds received to conduct a demonstration project aimed at reforming schools (Title I, Part F).

Title III- No Child Left Behind- To account for resources used to implement the No Child Left Behind Legislation (No Child Left Behind Act, Laws, 2002).

Title V- Part A- Innovative Ed-To improve educational opportunities for all children (No Child Left Behind Act, Laws, 2002).

English Language Acquisition – To account for federal flow-through grants to assist students with the English language (Title III, Part A, Sections 3101 and 3129).

Teacher/Principal Training and Recruitment – To account for grants through the Public Education Department to improve training and recruitment (Title II, Part A).

Safe and Drug Free Schools- To account for operations to promote drug use prevention education, intervention and rehabilitation referral in public schools. Funding authority is the U.S. Department of Education (PL 100-297 and Title IV, Part A, Subpart 1).

Rural and Low Income Schools- To account for resources provided to aid in implementation of school improvement plans (ESEA, PL 103-382 and Title VI, Part B, Subpart 2).

Title I School Improvements- To account for resources provided to districts for approved school improvements or corrective action plans. Funding authority is Section 1003, Title I ESEA (PL 103-382).

Immigrant Funding Title III- To account for funds used for immigrant programs (PL 107-110, ESEA, Title III, Part A, Sections 3101 and 3129).

Johnson O'Malley- To provide assistance in meeting the specialized and unique educational needs of all eligible Indian Students (PL 93-638 and PL 100-497).

Impact Aid- Special Education- To account for funds received under the Federal Impact Aid Law (PL 81-874) to operate programs for those children with special needs and Native American children. Funding authority is the U.S. Department of Education.

Impact Aid- Indian Education- To develop and implement elementary and secondary school projects that meet the special educational and culturally related academic needs of Indian children (PL 103-382).

GRADS Child Care- To account for funds used to provide child care services in conjunction with the Graduation, Reality and Dual Role Skills (GRADS) Program. Funding is provided by the federal government through the State of New Mexico Children, Youth and Families Department.

National Endowment for the Arts – To account for a specific restricted grant from the National Endowment for the Arts.

Title XIX Medicaid – To account for funds obtained for the provision of medical services to children of low-income families. Funding is the U.S. Government (Title XIX).

Indian Ed Formula Grant – To account for a direct U.S. Department of Education grant (PL 100-427).

Juvenile Justice Delinquency Prevention – To account for grants from U.S. Department of Justice related to juvenile delinquency.

Arts in Education- To account for federal funds used to implement art programs. Funding provided by U.S. Department of Education (PL 100-297).

Dropout Prevention Demonstration- To account for resources, provided to assist at-risk students, in conjunction with New Mexico Department of Health (ESEA, PL 103-382).

Literacy Through School Libraries – To account for direct grants from U.S. Department of Education related to libraries and literacy (USDE/Elem/Secondary Ed Act of 1965 (Amended 2001)).

LANL Foundation- To provide funds to public school districts for improvement of technological education (DOE Regulation and LANL Administration).

PNM Foundation- To account for resources provided through the PNM Foundation (New Mexico Public Education Dept., PSAB Supplement 3).

Technology for Education- To account for resources to enable school districts to utilize computers for education (22-15 A, NMSA, 1978 Comp.).

Preschool CYFD Day Care- To account for funds received for the operations of a daycare center at the high school. Funds provided by Child, Youth and Families Department.

School Enrichment - To account for state funds for school enrichment programs (Laws of 2007).

Computerized Learning Center- To account for funds used for computer learning centers (PL 107-110).

Incentives for School Improvement- To provide financial incentives to individual schools that exceed expected academic performance (22-13A-1, NMSA, 1978 Comp.).

Family and Youth Resource – To account for state grants related to families and youth (NMPED/School Health Unit- Laws of 2004).

State School Improvements – To account for state grants related to school improvements (HB 2, page 223).

Libraries G.O. Bonds – To account for proceeds of state general obligation bonds sent to Districts by State of New Mexico for use in libraries (Laws of 2006).

Reading Improvements Initiative- To account for state funds used to address and accelerate the reading ability of students. Funding is through the New Mexico Public Education Dept.

Breakfast for Elementary Students – To provide state grants for providing breakfast to elementary students through the New Mexico Public Education Department.

Extended School Program – To account for state grants through New Mexico Public Education Department to extend schools' programs.

Schools on the Rise – To account for state grants through New Mexico Public Education Department to schools who meet certain criteria.

Preschool CYFD – To account for grants from CYFD to assist with daycare through Children, Youth and Families Department (CYFD).

Youth Conservation Corps- To account for state funds used to implement a program that involves students in projects, which conserve the state's natural resources (9-5B-1, NMSA, 1979 Comp.).

Resources for School Health- To account for funds used to implement a coordinated school health program. Funds received under contract with New Mexico Department of Health.

New Mexico Incentive Funding – To provide incentive state grants to schools through Public Education Department.

Private Direct Grants- To account for restricted funds used for private direct grants.

McCune Foundation- To account for funds for educational research grants received from a private foundation (New Mexico Public Education Dept., PSAB Supplement 3).

School Based Health Center – To account for resources provided by State of New Mexico Department of Health to implement a school based health program.

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STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
AS OF JUNE 30, 2007

	<u>Athletics</u>	<u>Non- Instructional Support</u>	<u>Title I - IASA</u>	<u>IDEA - B Entitlement</u>	<u>IDEA - B Preschool</u>
<u>ASSETS</u>					
Cash and investments	\$ 95,788	\$ 484,248			
Due from grantor			\$ 387,908	\$ 249,889	\$ 4,809
Total assets	<u>\$ 95,788</u>	<u>\$ 484,248</u>	<u>\$ 387,908</u>	<u>\$ 249,889</u>	<u>\$ 4,809</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Due to other funds			\$ 355,576	\$ 237,440	\$ 4,809
Accounts payable			32,332	12,449	
Deferred revenue - grants					
Total liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>387,908</u>	<u>249,889</u>	<u>4,809</u>
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures					
Undesignated	95,788	484,248			
Total fund balances	<u>95,788</u>	<u>484,248</u>			
Total liabilities and fund equity	<u>\$ 95,788</u>	<u>\$ 484,248</u>	<u>\$ 387,908</u>	<u>\$ 249,889</u>	<u>\$ 4,809</u>

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

<u>Title I Family Literacy IASA</u>	<u>Title II Enhancing Ed Through Technology</u>	<u>Comprehensive School Reform</u>	<u>Title III Incentive</u>	<u>Title V Part A Innovative Ed</u>	<u>English Language Acquisition</u>
	\$ 10,112	\$ 53,710	\$ 3,333	\$ 4,136	\$ 120,856
<u>\$ -0-</u>	<u>\$ 10,112</u>	<u>\$ 53,710</u>	<u>\$ 3,333</u>	<u>\$ 4,136</u>	<u>\$ 120,856</u>
	\$ 10,112	\$ 33,738 19,972	\$ 3,333	\$ 4,136	\$ 120,856
<u>\$ -0-</u>	<u>10,112</u>	<u>53,710</u>	<u>3,333</u>	<u>4,136</u>	<u>120,856</u>
<u>\$ -0-</u>	<u>\$ 10,112</u>	<u>\$ 53,710</u>	<u>\$ 3,333</u>	<u>\$ 4,136</u>	<u>\$ 120,856</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS (continued)
AS OF JUNE 30, 2007

	<u>Teacher/ Principal Training and Recruitment</u>	<u>Safe & Drug Free Schools</u>	<u>Rural & Low Income Schools</u>	<u>Title I School Improvement</u>	<u>Immigrant Funding Title III</u>
<u>ASSETS</u>					
Cash and investments			\$ 26,895		\$ 10,907
Due from grantor	\$ 41,844	\$ 19,642		\$ 62,469	
Total assets	<u>\$ 41,844</u>	<u>\$ 19,642</u>	<u>\$ 26,895</u>	<u>\$ 62,469</u>	<u>\$ 10,907</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Due to other funds	\$ 41,844	\$ 19,642		\$ 62,469	
Accounts payable					
Deferred revenue - grants			\$ 26,895		\$ 10,907
Total liabilities	<u>41,844</u>	<u>19,642</u>	<u>26,895</u>	<u>62,469</u>	<u>10,907</u>
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures					
Undesignated					
Total fund balances					
Total liabilities and fund equity	<u>\$ 41,844</u>	<u>\$ 19,642</u>	<u>\$ 26,895</u>	<u>\$ 62,469</u>	<u>\$ 10,907</u>

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

<u>Johnson O'Malley</u>	<u>Impact Aid Special Education</u>	<u>Impact Aid Indian Education</u>	<u>Grads Child Care</u>	<u>National Endowment For the Arts</u>
\$ 1,924	\$ 47,357	\$ 34,107	\$ 1,500	
<u>\$ 1,924</u>	<u>\$ 47,357</u>	<u>\$ 34,107</u>	<u>\$ 1,500</u>	<u>\$ -0-</u>
\$ 1,924	\$ 47,357	\$ 34,107	\$ 1,500	
<u>1,924</u>	<u>47,357</u>	<u>34,107</u>	<u>1,500</u>	<u>\$ -0-</u>
<u>\$ 1,924</u>	<u>\$ 47,357</u>	<u>\$ 34,107</u>	<u>\$ 1,500</u>	<u>\$ -0-</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS (continued)
AS OF JUNE 30, 2007

	<u>Title XIX Medicaid</u>	<u>Indian Ed Formula Grant</u>	<u>Juvenile Justice Delinquency Prevention</u>	<u>Arts in Education</u>	<u>Dropout Prevention Demonstration</u>
<u>ASSETS</u>					
Cash and investments	\$ 330,213				
Due from grantor		\$ 13,028			
Total assets	<u>\$ 330,213</u>	<u>\$ 13,028</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Due to other funds		\$ 13,028			
Accounts payable	\$ 3,986				
Deferred revenue - grants	326,227				
Total liabilities	<u>330,213</u>	<u>13,028</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures					
Undesignated					
Total fund balances					
Total liabilities and fund equity	<u>\$ 330,213</u>	<u>\$ 13,028</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

<u>Literacy Through School Libraries</u>	<u>LANL Foundation</u>	<u>PNM Foundation</u>	<u>Technology for Education</u>	<u>School Enrichment</u>	<u>Computerized Learning System</u>
\$ 141,237	\$ 13,497	\$ 2,710	\$ 77,350		
<u>\$ 141,237</u>	<u>\$ 13,497</u>	<u>\$ 2,710</u>	<u>\$ 77,350</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
\$ 141,237	\$ 13,497		\$ 77,350		
		\$ 2,710			
<u>141,237</u>	<u>13,497</u>	<u>2,710</u>	<u>77,350</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>\$ 141,237</u>	<u>\$ 13,497</u>	<u>\$ 2,710</u>	<u>\$ 77,350</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS (continued)
AS OF JUNE 30, 2007

	<u>Incentives for School</u>	<u>Family and Youth Resource</u>	<u>State School Imp</u>	<u>Libraries GO Bonds</u>	<u>Reading Improvements</u>
<u>ASSETS</u>					
Cash and investments	\$ 59,082				\$ 12,527
Due from grantor		\$ 35,146	\$ 9,895		
Total assets	<u>\$ 59,082</u>	<u>\$ 35,146</u>	<u>\$ 9,895</u>	<u>\$ -0-</u>	<u>\$ 12,527</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Due to other funds		\$ 35,146	\$ 9,895		
Accounts payable	\$ 8,379				
Deferred revenue - grants	<u>50,703</u>				<u>\$ 12,527</u>
Total liabilities	<u>59,082</u>	<u>35,146</u>	<u>9,895</u>	<u>\$ -0-</u>	<u>12,527</u>
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures					
Undesignated					
Total fund balances					
Total liabilities and fund equity	<u>\$ 59,082</u>	<u>\$ 35,146</u>	<u>\$ 9,895</u>	<u>\$ -0-</u>	<u>\$ 12,527</u>

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

<u>Breakfast for Elementary Students</u>	<u>Extended School Program</u>	<u>Schools on the Rise</u>	<u>Preschool CYFD</u>	<u>NMYCC</u>	<u>Resources for School Health</u>
	\$ 120,741	\$ 1,259			\$ 6,435
<u>\$ -0-</u>	<u>\$ 120,741</u>	<u>\$ 1,259</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,435</u>
	\$ 120,741	\$ 1,259			\$ 6,435
<u>\$ -0-</u>	<u>120,741</u>	<u>1,259</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>6,435</u>
<u>\$ -0-</u>	<u>\$ 120,741</u>	<u>\$ 1,259</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,435</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS (continued)
AS OF JUNE 30, 2007

	<u>New Mexico Incentive Funding</u>	<u>Private Direct Grants</u>	<u>McCure Foundation</u>	<u>School Based Health Center</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and investments	\$ 805	\$ 81,643	\$ 11,896		\$ 1,208,037
Due from grantor				\$ 50,818	1,421,679
Total assets	<u>\$ 805</u>	<u>\$ 81,643</u>	<u>\$ 11,896</u>	<u>\$ 50,818</u>	<u>\$ 2,629,716</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Due to other funds				\$ 50,818	\$ 1,356,926
Accounts payable					77,118
Deferred revenue - grants	\$ 805	\$ 81,643	\$ 11,896		615,636
Total liabilities	<u>805</u>	<u>81,643</u>	<u>11,896</u>	<u>50,818</u>	<u>2,049,680</u>
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures					
Undesignated					580,036
Total fund balances					<u>580,036</u>
Total liabilities and fund equity	<u>\$ 805</u>	<u>\$ 81,643</u>	<u>\$ 11,896</u>	<u>\$ 50,818</u>	<u>\$ 2,629,716</u>

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

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STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Athletics</u>	<u>Non – Instructional Support</u>	<u>Title 1 - IASA</u>	<u>IDEA - B Entitlement</u>	<u>Preschool IDEA - B</u>
REVENUES:					
State sources					
Federal sources			\$ 1,746,397	\$ 1,049,116	\$ 12,332
Charges for services	\$ 52,468	\$ 36,237			
Other local revenue					
Interest	<u>3,302</u>	<u>13,738</u>			
Total revenues	<u>55,770</u>	<u>49,975</u>	<u>1,746,397</u>	<u>1,049,116</u>	<u>12,332</u>
EXPENDITURES:					
Current:					
Instruction	5,074	650	1,134,857	340,258	12,332
Support services-students			375,672	602,592	
Support services- instruction			88,221	14,276	
Support services-general administration			103,527	51,271	
Support services -school administration				1,286	
Central services					
Operation and maintenance of plant			3,219	11,406	
Student transportation			40,901	28,027	
Food services operations					
Facilities acquisition and construction					
Total expenditures	<u>5,074</u>	<u>650</u>	<u>1,746,397</u>	<u>1,049,116</u>	<u>12,332</u>
Excess (deficiency) of revenues over expenditures	50,696	49,325			
Other financing sources (uses):					
Operating transfers in (out)					
Net changes in fund balances	<u>50,696</u>	<u>49,325</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances, beginning of year, as originally presented	45,092	434,923	-0-	-0-	-0-
Restatements	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balance, beginning of year, as restated	<u>45,092</u>	<u>434,923</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances, end of year	<u>\$ 95,788</u>	<u>\$ 484,248</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

<u>Title I Family Literacy IASA</u>	<u>Title II Enhancing Education through Technology</u>	<u>Comprehensive School Reform</u>	<u>Title III Incentive</u>	<u>Title V-Part A Innovative</u>	<u>English Language Acquisition</u>
	\$ 10,112	\$ 107,424	\$ 3,333	\$ 10,886	\$ 269,441
<u>\$ -0-</u>	<u>10,112</u>	<u>107,424</u>	<u>3,333</u>	<u>10,886</u>	<u>269,441</u>
	10,112	104,104	3,333	10,886	247,176 7,080
		3,320			15,185
<u>-0-</u>	<u>10,112</u>	<u>107,424</u>	<u>3,333</u>	<u>10,886</u>	<u>269,441</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	-0-	-0-	-0-	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (continued)
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Teacher/ Principal Training and Recruitment</u>	<u>Safe and Drug Free Schools</u>	<u>Rural and Low Income Schools</u>	<u>Title I School Improvement</u>	<u>Immigrant Funding Title III</u>
REVENUES:					
State sources					
Federal sources	\$ 260,002	\$ 21,010	\$ 162,923	\$ 102,503	\$ 55,635
Charges for services					
Other local revenue					
Interest					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>260,002</u>	<u>21,010</u>	<u>162,923</u>	<u>102,503</u>	<u>55,635</u>
EXPENDITURES:					
Current:					
Instruction	246,185	19,885	154,210	97,529	55,635
Support services-students					
Support services- instruction					
Support services-general administration	13,817	1,125	8,713	4,974	
Support services					
-school administration					
Central services					
Operation and maintenance of plant					
Student transportation					
Food services operations					
Facilities acquisition and construction					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>260,002</u>	<u>21,010</u>	<u>162,923</u>	<u>102,503</u>	<u>55,635</u>
Excess (deficiency) of revenues over expenditures					
Other financing sources (uses):					
Operating transfers in (out)					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances, beginning of year, as originally presented	-0-	-0-	-0-	-0-	-0-
Restatements	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balance, beginning of year, as restated	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

<u>Johnson O' Malley</u>	<u>Impact Aid Special Education</u>	<u>Impact Aid Indian Education</u>	<u>Grads Child Care</u>	<u>National Endowment For the Arts</u>
	\$ 14,059	\$ 5,774		\$ 10,000
<u>\$ -0-</u>	<u>14,059</u>	<u>5,774</u>	<u>\$ -0-</u>	<u>10,000</u>
	14,059	5,774		10,000
<u>-0-</u>	<u>14,059</u>	<u>5,774</u>	<u>-0-</u>	<u>10,000</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
-0-	-0-	-0-	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (continued)
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Title XIX Medicaid</u>	<u>Indian Ed Formula Grant</u>	<u>Juvenile Justice Delinquency Program</u>	<u>Arts in Education</u>	<u>Dropout Prevention Demonstration</u>
REVENUES:					
State sources					
Federal sources	\$ 4,240	\$ 49,011	\$ 18,170		
Charges for services					
Other local revenue					
Interest					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>4,240</u>	<u>49,011</u>	<u>18,170</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
EXPENDITURES:					
Current:					
Instruction		24,679			
Support services-students			17,459		
Support services- instruction	4,240	24,332			
Support services-general administration			711		
Support services					
-school administration					
Central services					
Operation and maintenance of plant					
Student transportation					
Food services operations					
Facilities acquisition and construction					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>4,240</u>	<u>49,011</u>	<u>18,170</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures					
Other financing sources (uses):					
Operating transfers in (out)					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances, beginning of year, as originally presented	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Restatements	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balance, beginning of year, as restated	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

<u>Literacy Through School Libraries</u>	<u>LANL Foundation</u>	<u>PNM Foundation</u>	<u>Technology For Education</u>	<u>School Enrichment</u>	<u>Computerized Learning System</u>
\$ 300,281			\$ 71,409	\$ 20,000	
	\$ 109,463				
<u>300,281</u>	<u>109,463</u>	<u>\$ -0-</u>	<u>71,409</u>	<u>20,000</u>	<u>\$ -0-</u>
63,089	684		71,409	18,936	
220,793	11,643				
16,399				1,064	
	97,136				
<u>300,281</u>	<u>109,463</u>	<u>-0-</u>	<u>71,409</u>	<u>20,000</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (continued)
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Incentives for School</u>	<u>Family & Youth Resource</u>	<u>State School Imp</u>	<u>Libraries GO Bonds</u>	<u>Reading Improvements</u>
REVENUES:	\$ 22,712	\$ 89,784			
State sources					
Federal sources					
Charges for services					
Other local revenue					
Interest					
Total revenues	22,712	89,784	\$ -0-	\$ -0-	\$ -0-
EXPENDITURES:					
Current:					
Instruction	22,712				
Support services-students		87,309			
Support services- instruction					
Support services-general administration		2,475			
Support services					
-school administration					
Central services					
Operation and maintenance of plant					
Student transportation					
Food services operations					
Facilities acquisition and construction					
Total expenditures	22,712	89,784	-0-	-0-	-0-
Excess (deficiency) of revenues over expenditures					
Other financing sources (uses):					
Operating transfers in (out)					
Net changes in fund balances	-0-	-0-	-0-	-0-	-0-
Fund balances, beginning of year, as originally presented	-0-	-0-	-0-	-0-	-0-
Restatements	-0-	-0-	-0-	-0-	-0-
Fund balance, beginning of year, as restated	-0-	-0-	-0-	-0-	-0-
Fund balances, end of year	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

<u>Breakfast For Elementary Students</u>	<u>Extended School Day Program</u>	<u>Schools On the Rise</u>	<u>Preschool CYFD</u>	<u>NMYCC</u>	<u>Resources for School Health</u>
\$ 64,541	\$ 308,023	\$ 1,259		\$ 22,996	
<u>64,541</u>	<u>308,023</u>	<u>1,259</u>	<u>\$ -0-</u>	<u>22,996</u>	<u>\$ -0-</u>
	308,023	1,259		22,996	
64,541					
<u>64,541</u>	<u>308,023</u>	<u>1,259</u>	<u>-0-</u>	<u>22,996</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
-0-	-0-	-0-	-0-	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (continued)
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>New Mexico Incentive Funding</u>	<u>Private Direct Grants</u>	<u>McCune Foundation</u>	<u>School Based Health Center</u>	<u>Total</u>
REVENUES:					
State sources				\$ 129,369	\$ 730,093
Federal sources					4,212,649
Charges for services					88,705
Other local revenue		\$ 33,202			142,665
Interest					17,040
Total revenues	\$ -0-	33,202	\$ -0-	129,369	5,191,152
EXPENDITURES:					
Current:					
Instruction		33,202			3,033,274
Support services-students					1,107,529
Support services- instruction				85,000	436,862
Support services-general administration					222,581
Support services -school administration					1,286
Central services					97,136
Operation and maintenance of plant					14,625
Student transportation					68,928
Food services operations					64,541
Facilities acquisition and construction				44,369	44,369
Total expenditures	-0-	33,202	-0-	129,369	5,091,131
Excess (deficiency) of revenues over expenditures					100,021
Other financing sources (uses):					
Operating transfers in (out)					
Net changes in fund balances	-0-	-0-	-0-	-0-	100,021
Fund balances, beginning of year, as originally presented	-0-	-0-	-0-	-0-	480,015
Restatements	-0-	-0-	-0-	-0-	-0-
Fund balance, beginning of year, as restated	-0-	-0-	-0-	-0-	480,015
Fund balances, end of year	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 580,036

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - ATHLETICS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources				
Charges for services	\$ 35,000	\$ 35,000	\$ 55,770	\$ 20,770
Other local revenue				
Interest				
	<u>35,000</u>	<u>35,000</u>	<u>55,770</u>	<u>20,770</u>
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>55,770</u>	<u>20,770</u>
EXPENDITURES:				
Current:				
Instruction	90,071	90,071	5,074	84,997
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
	<u>90,071</u>	<u>90,071</u>	<u>5,074</u>	<u>84,997</u>
Total expenditures	<u>90,071</u>	<u>90,071</u>	<u>5,074</u>	<u>84,997</u>
Excess (deficiency) of revenues over expenditures	(55,071)	(55,071)	<u>\$ 50,696</u>	<u>\$ 105,767</u>
Prior year cash balance required to balance budget	<u>\$ 55,071</u>	<u>\$ 55,071</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 50,696
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ 50,696</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) – SPECIAL REVENUE FUND - NON – INSTRUCTIONAL SUPPORT
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources				
Charges for services	\$ -0-	\$ -0-	\$ 285	\$ 285
Other local revenue				
Interest	-0-	-0-	49,690	49,690
	<u>-0-</u>	<u>-0-</u>	<u>49,975</u>	<u>49,975</u>
Total revenues				
EXPENDITURES:				
Current:				
Instruction	380,391	380,391	650	379,741
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Other support services				
	<u>380,391</u>	<u>380,391</u>	<u>650</u>	<u>379,741</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(380,391)	(380,391)	<u>\$ 49,325</u>	<u>\$ 429,716</u>
Prior year cash required to balance budget	<u>\$ 380,391</u>	<u>\$ 380,391</u>		
Changes in fund balances (Non-GAAP Budgetary Basis)				\$ 49,325
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ 49,325</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - TITLE I - IASA
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 1,767,206	\$ 2,020,906	\$ 1,737,557	\$ (283,349)
Charges for services				
Other local revenue				
Interest				
	<u>1,767,206</u>	<u>2,020,906</u>	<u>1,737,557</u>	<u>(283,349)</u>
EXPENDITURES:				
Current:				
Instruction	875,058	1,139,362	1,139,362	-0-
Support services-students	654,283	610,819	344,094	266,725
Support services-instruction	-0-	88,515	88,221	294
Support services-general administration	99,855	125,012	103,527	21,485
Support services -school administration				
Central service				
Operation and maintenance of plant	-0-	16,220	3,219	13,001
Student transportation	25,978	40,978	40,901	77
Food service operations				
	<u>1,655,174</u>	<u>2,020,906</u>	<u>1,719,324</u>	<u>301,582</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 112,032</u>	<u>\$ -0-</u>	<u>\$ 18,233</u>	<u>\$ 18,233</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 18,233
Adjustments: Revenue- Change in due from grantor between years				4,490
Change in deferred revenue between years				9,399
Adjustments: Expenditures- Change in accounts payable between years				(32,122)
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - IDEA-B ENTITLEMENT
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 1,051,891	\$ 1,051,891	\$ 892,858	\$ (159,033)
Charges for services				
Other local revenue				
Interest				
	<u>1,051,891</u>	<u>1,051,891</u>	<u>892,858</u>	<u>(159,033)</u>
Total revenues	<u>1,051,891</u>	<u>1,051,891</u>	<u>892,858</u>	<u>(159,033)</u>
EXPENDITURES:				
Current:				
Instruction	330,235	348,235	348,235	-0-
Support services-students	598,950	597,390	597,390	-0-
Support services-instruction	1,740	14,276	14,276	-0-
Support services-general administration	54,382	51,271	51,271	-0-
Support services				
-school administration	-0-	1,286	1,286	-0-
Central service				-0-
Operation and maintenance of plant	18,584	11,406	11,406	-0-
Student transportation	-0-	28,027	28,027	-0-
Food service operations	-0-	-0-	-0-	-0-
	<u>1,003,891</u>	<u>1,051,891</u>	<u>1,051,891</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 48,000</u>	<u>\$ -0-</u>	<u>\$ (159,033)</u>	<u>\$ (159,033)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (159,033)
Adjustments: Revenue- Change in due from grantor between years				170,599
Adjustments: Expenditures- Change in accounts payable between years				(11,566)
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - IDEA-B PRESCHOOL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 25,065	\$ 25,065	\$ 19,495	\$ (5,570)
Charges for services				
Other local revenue				
Interest				
	<u>25,065</u>	<u>25,065</u>	<u>19,495</u>	<u>(5,570)</u>
Total revenues				
	<u>25,065</u>	<u>25,065</u>	<u>19,495</u>	<u>(5,570)</u>
EXPENDITURES:				
Current:				
Instruction	25,065	25,065	12,332	12,733
Support services				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
	<u>25,065</u>	<u>25,065</u>	<u>12,332</u>	<u>12,733</u>
Total expenditures				
	<u>25,065</u>	<u>25,065</u>	<u>12,332</u>	<u>12,733</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 7,163</u>	<u>\$ 7,163</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 7,163
Adjustments: Revenue- Change in due from grantor between years				(7,163)
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - TITLE I IASA FAMILY LITERACY FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ -0-	\$ 12,748	\$ 12,748
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>12,748</u>	<u>12,748</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 12,748</u>	<u>\$ 12,748</u>
Change in fund balances (Non- GAAP Budgetary Basis)				\$ 12,748
Adjustments: Revenue- Change in due from grantor between years.				(12,748)
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - TITLE II - ENHANCING EDUCATION THROUGH TECHNOLOGY FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 18,146	\$ -0-	\$ (18,146)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>18,146</u>	<u>-0-</u>	<u>(18,146)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	18,146	10,112	8,034
Support services				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>-0-</u>	<u>18,146</u>	<u>10,112</u>	<u>8,034</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (10,112)</u>	<u>\$ (10,112)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (10,112)
Adjustments: Revenue- Change in due from grantor between years				10,112
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - COMPREHENSIVE SCHOOL REFORM FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 113,370	\$ 111,204	\$ (2,166)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>113,370</u>	<u>111,204</u>	<u>(2,166)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	106,566	84,132	22,434
Support services	-0-	3,484	-0-	3,484
Support services-students				
Support services- instruction	-0-	3,320	3,320	-0-
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>-0-</u>	<u>113,370</u>	<u>87,452</u>	<u>25,918</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 23,722</u>	<u>\$ 23,752</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 23,752
Adjustments: Revenue-				(3,780)
Adjustments: Expenditures- Change in accounts payable between years				(19,972)
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

**STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT**

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - TITLE III INCENTIVE
 FOR THE YEAR ENDED JUNE 30, 2007**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 3,500	\$ -0-	\$ (3,500)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>3,500</u>	<u>-0-</u>	<u>(3,500)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	3,500	3,333	167
Support services				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>-0-</u>	<u>3,500</u>	<u>3,333</u>	<u>167</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>-0-</u>	<u>\$ (3,333)</u>	<u>\$ (3,333)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (3,333)
Adjustments: Revenue- Change in due from grantor between years.				3,333
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - TITLE V-PART A-INNOVATIVE ED PRO STRATEGIES FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ 6,819	\$ 10,886	\$ 23,980	\$ 13,094
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>6,819</u>	<u>10,886</u>	<u>23,980</u>	<u>13,094</u>
EXPENDITURES:				
Current:				
Instruction	6,819	10,886	10,886	-0-
Support services				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>6,819</u>	<u>10,886</u>	<u>10,886</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 13,094</u>	<u>\$ 13,094</u>
Change in fund balances (Non- GAAP Budgetary Basis)				\$ 13,094
Adjustments: Revenue- Change in due from grantor between years				(13,094)
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - ENGLISH LANGUAGE ACQUISITION FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ 142,168	\$ 270,312	\$ 162,976	\$ (107,336)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>142,168</u>	<u>270,312</u>	<u>162,976</u>	<u>(107,336)</u>
EXPENDITURES:				
Current:				
Instruction	127,769	247,176	247,176	-0-
Support services-students	7,000	7,080	7,080	-0-
Support services- instruction				
Support services-general administration	7,399	16,056	15,185	871
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>142,168</u>	<u>270,312</u>	<u>269,441</u>	<u>871</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (106,465)</u>	<u>\$ (106,465)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (106,465)
Adjustments: Revenue-Change in due from grantor between years				106,465
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - TEACHER/PRINCIPAL TRAINING AND RECRUITMENT FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 451,477	\$ 283,061	\$ (168,416)
Charges for services				
Other local revenue				
Interest				
Total revenues	-0-	451,477	283,061	(168,416)
EXPENDITURES:				
Current:				
Instruction	-0-	437,660	246,185	191,475
Support services				
Support services-students				
Support services- instruction				
Support services-general administration	-0-	13,817	13,817	-0-
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	-0-	451,477	260,002	191,475
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ 23,059	\$ 23,059
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 23,059
Adjustments: Revenue-Change in due from grantor between years				(23,059)
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				\$ -0-

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - SAFE AND DRUG FREE SCHOOLS AND COMMUNITY FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ 31,895	\$ 37,039	\$ 13,043	\$ (23,996)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>31,895</u>	<u>37,039</u>	<u>13,043</u>	<u>(23,996)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	5,144	-0-	5,144
Support services				
Support services-students	27,789	30,189	19,885	10,304
Support services- instruction				
Support services-general administration	1,706	1,706	1,125	581
Support services -school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>29,495</u>	<u>37,039</u>	<u>21,010</u>	<u>16,029</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 2,400</u>	<u>\$ -0-</u>	<u>\$ (7,967)</u>	<u>\$ (7,967)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (7,967)
Adjustments: Revenue- Change in due from grantor between years.				7,967
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - RURAL & LOW INCOME SCHOOLS FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 269,072	\$ 44,662	\$ (224,410)
Charges for services				
Other local revenue				
Interest				
 Total revenues	<u>-0-</u>	<u>269,072</u>	<u>44,662</u>	<u>(224,410)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	254,682	154,210	100,472
Support services-students				
Support services-instruction				
Support services-general administration	-0-	14,390	8,713	5,677
Support services -school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
 Total expenditures	<u>-0-</u>	<u>269,072</u>	<u>162,923</u>	<u>106,149</u>
 Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (118,261)</u>	<u>\$ (118,261)</u>
 Change in fund balances (Non-GAAP Budgetary Basis)				\$ (118,261)
Adjustments: Revenue- Change in deferred revenue between years				118,261
Adjustments: Expenditures- None.				<u>-0-</u>
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - TITLE I SCHOOL IMPROVEMENTS FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 112,367	\$ 111,235	\$ (1,132)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>112,367</u>	<u>111,235</u>	<u>(1,132)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	106,358	97,529	8,829
Support services-students				
Support services-instruction				
Support services-general administration	-0-	6,009	4,974	1,035
Support services -school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>-0-</u>	<u>112,367</u>	<u>102,503</u>	<u>9,864</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,732</u>	<u>\$ 8,732</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 8,732
Adjustments: Revenue- Change in due from grantor between years.				(8,732)
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - IMMIGRANT FUNDING TITLE III FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 18,093	\$ -0-	\$ (18,093)
Charges for services				
Other local revenue				
Interest				
	<u>-0-</u>	<u>18,093</u>	<u>-0-</u>	<u>(18,093)</u>
Total revenues	<u>-0-</u>	<u>18,093</u>	<u>-0-</u>	<u>(18,093)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	55,635	55,635	-0-
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
	<u>-0-</u>	<u>55,635</u>	<u>55,635</u>	<u>-0-</u>
Total expenditures	<u>-0-</u>	<u>55,635</u>	<u>55,635</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	-0-	(37,542)	\$ (55,635)	\$ (18,093)
Prior year cash required to balance budget	\$ -0-	\$ 37,542		
Change in fund balances (Non- GAAP Budgetary Basis)				\$ (55,635)
Adjustments: Revenue- Change in deferred revenue between years.				55,635
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

**STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT**

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - IMPACT AID SPECIAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2007**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ 14,153	\$ 14,153	\$ 11,340	\$ (2,813)
Charges for services				
Other local revenue	-0-	-0-	1,301	1,301
Interest				
Total revenues	<u>14,153</u>	<u>14,153</u>	<u>12,641</u>	<u>(1,512)</u>
EXPENDITURES:				
Current:				
Instruction	14,153	14,153	14,059	94
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>14,153</u>	<u>14,153</u>	<u>14,059</u>	<u>94</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (1,418)</u>	<u>\$ (1,418)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (1,418)
Adjustments: Revenue- Change in deferred revenue between years				1,418
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - IMPACT AID INDIAN EDUCATION FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 17,259	\$ 17,259	\$ 18,591	\$ 1,332
Charges for services				
Other local revenue	-0-	-0-	4,031	4,031
Interest				
Total revenues	<u>17,259</u>	<u>17,259</u>	<u>22,622</u>	<u>5,363</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students	17,259	17,259	5,774	11,485
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>17,259</u>	<u>17,259</u>	<u>5,774</u>	<u>11,485</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 16,848</u>	<u>\$ 16,848</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 16,848
Adjustments: Revenue- Change in deferred revenue between years				(16,848)
Adjustments: Expenditures- None				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - NATIONAL ENDOWMENT FOR THE ARTS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 10,000	\$ 10,000	\$ -0-
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>10,000</u>	<u>10,000</u>	<u>-0-</u>
EXPENDITURES:				
Current:				
Instruction	-0-	10,000	10,000	-0-
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>-0-</u>	<u>10,000</u>	<u>10,000</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ -0-
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - TITLE XIX MEDICAID
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ 200,000	\$ 200,000	\$ 243,673	\$ 43,673
Charges for services				
Other local revenue				
Interest				
 Total revenues	<u>200,000</u>	<u>200,000</u>	<u>243,673</u>	<u>43,673</u>
 EXPENDITURES:				
Current:				
Instruction				
Support services-students	142,125	141,125	-0-	141,125
Support services-instruction	-0-	1,000	254	746
Support services-general administration				
Support services				
-school administration				
Central service	57,875	57,875	-0-	57,875
Operation and maintenance of plant				
Student transportation				
Food service operations				
 Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>254</u>	<u>199,746</u>
 Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 243,419</u>	<u>\$ 243,419</u>
 Change in fund balances (Non-GAAP Budgetary Basis)				\$ 243,419
Adjustments: Revenue- Change in deferred revenue between years				(239,433)
Adjustments: Expenditures- Change in accounts payable between years.				(3,986)
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - INDIAN EDUCATION FORMULA GRANT FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 56,766	\$ 45,453	\$ (11,313)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>56,766</u>	<u>45,453</u>	<u>(11,313)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	32,434	24,679	7,755
Support services-students				
Support services-instruction	-0-	24,332	24,332	-0-
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>-0-</u>	<u>56,766</u>	<u>49,011</u>	<u>7,755</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (3,558)</u>	<u>\$ (3,558)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (3,558)
Adjustments: Revenue- Change in due from grantor between years.				3,558
Adjustments: Expenditures- None				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - JUVENILE JUSTICE DELINQUENCY PREVENTION FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	\$ -0-	\$ -0-	\$ -0-	\$ -0-
EXPENDITURES:				
Current:				
Instruction				
Support services-students	-0-	17,459	17,459	-0-
Support services-instruction	-0-	711	711	-0-
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	-0-	18,170	18,170	-0-
Excess (deficiency) of revenues over expenditures	\$ -0-	(18,170)	\$ (18,170)	\$ -0-
Prior year cash required to balance budget		\$ 18,170		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (18,170)
Adjustments: Revenue- Change in deferred revenue between years				18,170
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				\$ -0-

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - DROPOUT PREVENTION DEMONSTRATION FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ -0-	\$ 49,000	\$ 49,000
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>49,000</u>	<u>49,000</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 49,000</u>	<u>\$ 49,000</u>
Change in fund balances (Non- GAAP Budgetary Basis)				\$ 49,000
Adjustments: Revenue- Change in due from grantor between years				(49,000)
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - LITERACY THROUGH SCHOOL LIBRARIES FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 355,305	\$ 260,654	\$ (94,651)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>355,305</u>	<u>260,654</u>	<u>(94,651)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students	-0-	63,091	63,089	2
Support services-instruction	-0-	274,924	220,793	54,131
Support services-general administration	-0-	17,290	16,399	891
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>-0-</u>	<u>355,305</u>	<u>300,281</u>	<u>55,024</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (39,627)</u>	<u>\$ (39,627)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (39,627)
Adjustments: Revenue- Change in due from grantor between years.				39,627
Adjustments: Expenditures- None				<u>-0-</u>
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - LANL FOUNDATION
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ -0-	\$ 174,406	\$ 174,406	\$ -0-
Interest				
Total revenues	<u>-0-</u>	<u>174,406</u>	<u>174,406</u>	<u>-0-</u>
EXPENDITURES:				
Current:				
Instruction	-0-	65,690	684	65,006
Support services-students	-0-	11,643	11,643	-0-
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service	-0-	97,073	96,114	959
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>-0-</u>	<u>174,406</u>	<u>108,441</u>	<u>65,965</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 65,965</u>	<u>\$ 65,965</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 65,965
Adjustments: Revenue- Change in due from grantor between years				(65,965)
Adjustments: Expenditures-None				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - TECHNOLOGY FOR EDUCATION FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 71,409	\$ -0-	\$ (71,409)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	-0-	71,409	-0-	(71,409)
EXPENDITURES:				
Current:				
Instruction	-0-	71,409	71,409	-0-
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	-0-	71,409	71,409	-0-
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ (71,409)	\$ (71,409)
Change in fund balances (Non- GAAP Budgetary Basis)				\$ (71,409)
Adjustments: Revenue- Change in due from grantor between years.				71,409
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				\$ -0-

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - SCHOOL ENRICHMENT
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ -0-	\$ 20,000	\$ 20,000	\$ -0-
Interest				
Total revenues	<u>-0-</u>	<u>20,000</u>	<u>20,000</u>	<u>-0-</u>
EXPENDITURES:				
Current:				
Instruction	-0-	18,936	18,936	-0-
Support services-students				
Support services-instruction				
Support services-general administration	-0-	1,064	1,064	-0-
Support services -school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>-0-</u>	<u>20,000</u>	<u>20,000</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Change in fund balances (Non- GAAP Budgetary Basis)				\$ -0-
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - INCENTIVES FOR SCHOOL IMPR ACT FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 57,738	\$ 31,419	\$ (26,319)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>57,738</u>	<u>31,419</u>	<u>(26,319)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	57,738	22,712	35,026
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>-0-</u>	<u>57,738</u>	<u>22,712</u>	<u>35,026</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,707</u>	<u>\$ 8,707</u>
Change in fund balances (Non- GAAP Budgetary Basis)				\$ 8,707
Adjustments: Revenue- Change in deferred revenue between years				(328)
Adjustments: Expenditures- Change in accounts payable				(8,379)
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - FAMILY & YOUTH RESOURCE
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 90,000	\$ 54,638	\$ (35,362)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>90,000</u>	<u>54,638</u>	<u>(35,362)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students	-0-	87,525	87,309	216
Support services-instruction				
Support services-general administration	-0-	2,475	2,475	-0-
Support services -school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>-0-</u>	<u>90,000</u>	<u>89,784</u>	<u>216</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (35,146)</u>	<u>\$ (35,146)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (35,146)
Adjustments: Revenue – Change in due from grantor between years				35,146
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - LIBRARY GO BONDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ -0-	\$ -0-	\$ 86,001	\$ 86,001
Federal sources				
Charges for services				
Other local revenue				
Interest				
	<u>-0-</u>	<u>-0-</u>	<u>86,001</u>	<u>86,001</u>
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>86,001</u>	<u>86,001</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 86,001</u>	<u>\$ 86,001</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 86,001
Adjustments: Revenue – Change in due from grantor between years.				(86,001)
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - BREAKFAST FOR ELEMENTARY STUDENTS FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ 64,541	\$ 64,541	\$ 64,541	\$ -0-
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>64,541</u>	<u>64,541</u>	<u>64,541</u>	<u>-0-</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations	64,541	64,541	64,541	-0-
Total expenditures	<u>64,541</u>	<u>64,541</u>	<u>64,541</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ -0-
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - EXTENDED SCHOOL DAY PROGRAM FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ -0-	\$ 400,000	\$ 187,282	\$ (212,718)
Interest				
Total revenues	<u>-0-</u>	<u>400,000</u>	<u>187,282</u>	<u>(212,718)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	400,000	308,023	91,977
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>-0-</u>	<u>400,000</u>	<u>308,023</u>	<u>91,977</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (120,741)</u>	<u>\$ (120,741)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (120,741)
Adjustments: Revenue- Change in due from grantor between years.				120,741
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - SCHOOLS ON THE RISE
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ -0-	\$ 19,555	\$ -0-	\$ (19,555)
Interest				
 Total revenues	<u>-0-</u>	<u>19,555</u>	<u>-0-</u>	<u>(19,555)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	1,500	1,259	241
Support services-students				
Support services-instruction	-0-	18,055	-0-	18,055
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
 Total expenditures	<u>-0-</u>	<u>19,555</u>	<u>1,259</u>	<u>18,296</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (1,259)</u>	<u>\$ (1,259)</u>
Change in fund balances (Non- GAAP Budgetary Basis)				\$ (1,259)
Adjustments: Revenue-Change in due from grantor between years.				1,259
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - YOUTH CONSERVATION CORPORATION(NMYCC) FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ -0-	\$ 102,089	\$ 68,322	\$ (33,767)
Interest				
Total revenues	<u>-0-</u>	<u>102,089</u>	<u>68,322</u>	<u>(33,767)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	102,089	22,996	79,093
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>-0-</u>	<u>102,089</u>	<u>22,996</u>	<u>79,093</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 45,326</u>	<u>\$ 45,326</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 45,326
Adjustments: Revenue- Change in due from grantor between years				(45,326)
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - PRIVATE DIRECT GRANTS FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ 100,232	\$ 100,232	\$ 39,307	\$ (60,925)
Interest				
Total revenues	<u>100,232</u>	<u>100,232</u>	<u>39,307</u>	<u>(60,925)</u>
EXPENDITURES:				
Current:				
Instruction	100,232	100,232	33,202	67,030
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>100,232</u>	<u>100,232</u>	<u>33,202</u>	<u>67,030</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,105</u>	<u>\$ 6,105</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 6,105
Adjustments: Revenue- Change in deferred revenue between years				(6,105)
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - MCCUNE FOUNDATION
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ 39,832	\$ 39,832	\$ -0-	\$ (39,832)
Interest				
	<u>39,832</u>	<u>39,832</u>	<u>-0-</u>	<u>(39,832)</u>
Total revenues	<u>39,832</u>	<u>39,832</u>	<u>-0-</u>	<u>(39,832)</u>
EXPENDITURES:				
Current:				
Instruction	39,832	39,832	-0-	39,832
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
	<u>39,832</u>	<u>39,832</u>	<u>-0-</u>	<u>39,832</u>
Total expenditures	<u>39,832</u>	<u>39,832</u>	<u>-0-</u>	<u>39,832</u>
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Change in fund balances (Non-GAAP Budgetary Basis)				\$ -0-
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - SCHOOL BASED HEALTH CENTER FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ -0-	\$ 225,000	\$ 78,551	\$ (146,449)
Interest				
Total revenues	-0-	225,000	78,551	(146,449)
EXPENDITURES:				
Current:				
Instruction	-0-	85,000	85,000	-0-
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Facilities acquisition and construction	-0-	140,000	44,369	95,631
Student transportation				
Food service operations				
Total expenditures	-0-	225,000	129,369	95,631
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ (50,818)	\$ (50,818)
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (50,818)
Adjustments: Revenue-Change in due from grantor between years				50,818
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

DEBT SERVICE FUNDS

DEBT SERVICE FUNDS - are used to account for accumulation of funds to service the debt obligations of the District.

Debt Service - To accumulate monies through District tax levies in order to provide for the payment of interest and principal on general obligation bonds. The funding authority is the State Department of Education. Reported as a major fund.

Deferred Sick Leave: To accumulate funds to reimburse those employees who do not use all of their accumulated sick leave. Funding authority is State of New Mexico Public Education Department.

Educational Technology Equipment Act: To accumulate local tax revenues for the payment of interest and principal on Education Technology Equipment notes (Section 16-15A-1, NMSA 1978).

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

COMBINING BALANCE SHEET – NONMAJOR DEBT SERVICE FUNDS
AS OF JUNE 30, 2007

	<u>Deferred Sick Leave</u>	<u>Educational Technology Equipment</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	\$ 67,910	\$ 124,374	\$ 192,284
Taxes receivable		<u>2,992</u>	<u>2,992</u>
Total assets	<u>\$ 67,910</u>	<u>\$ 127,366</u>	<u>\$ 195,276</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Due to other funds			
Accounts payable			
Deferred revenue - property taxes		<u>\$ 2,359</u>	<u>\$ 2,359</u>
Total liabilities	<u>\$ -0-</u>	<u>2,359</u>	<u>2,359</u>
Fund Equity:			
Fund balances:			
Unreserved:			
Designated for subsequent year's expenditures			
Undesignated	<u>67,910</u>	<u>125,007</u>	<u>192,917</u>
Total fund balances	<u>67,910</u>	<u>125,007</u>	<u>192,917</u>
Total liabilities and fund equity	<u>\$ 67,910</u>	<u>\$ 127,366</u>	<u>\$ 195,276</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Deferred Sick Leave	Educational Technology Equipment	Total
<u>REVENUES</u>			
Local taxes		\$ 3,569	\$ 3,569
State sources			
Federal sources			
Charges for services			
Other local revenue			
Interest		4,674	4,674
Total revenues	\$ -0-	8,243	8,243
<u>EXPENDITURES</u>			
Current:			
Instruction			
Support services-students			
Support services- instruction			
Support services-general administration		42	42
Support services -school administration			
Central services			
Operation and maintenance of plant			
Student transportation			
Community services operations			
Debt service			
Total expenditures	-0-	42	42
Excess (deficiency) of revenues over expenditures	-0-	8,201	8,201
Other financing sources			
Operating transfers in	-0-	-0-	-0-
Net changes in fund balances	-0-	8,201	8,201
Fund balances, beginning of year, as originally presented	67,910	115,531	183,441
Restatements	-0-	1,275	1,275
Fund balances, beginning of years, as restated	67,910	116,806	184,716
Fund balances, end of year	\$ 67,910	\$ 125,007	\$ 192,917

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - DEBT SERVICE FUND -- DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes	\$ 2,754,290	\$ 2,754,290	\$ 2,405,733	\$ (348,557)
State sources				
Federal sources				
Charges for services				
Other local revenue				
Interest	-0-	-0-	90,618	90,618
	<u>2,754,290</u>	<u>2,754,290</u>	<u>2,496,351</u>	<u>(257,939)</u>
Total revenues				
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration	27,543	27,543	24,057	3,486
Support services				
-school administration				
Debt Service	5,269,459	5,269,459	2,754,290	2,515,169
Operation and maintenance of plant				
Student transportation				
Food service operations				
Debt service				
	<u>5,297,002</u>	<u>5,297,002</u>	<u>2,778,347</u>	<u>2,518,655</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(2,542,712)	(2,542,712)	<u>\$ (281,996)</u>	<u>\$ 2,260,716</u>
Prior year cash balance required to balance budget	<u>\$ 2,542,712</u>	<u>\$ 2,542,712</u>		

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - DEBT SERVICE FUND -- DEFERRED SICK LEAVE FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources				
Federal sources				
Charges for services				
Other local revenue				
Interest				
 Total revenues	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration	30,000	30,000	-0-	30,000
Support services -school administration				
Debt Service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Debt service				
 Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>-0-</u>	<u>30,000</u>
 Excess (deficiency) of revenues over expenditures	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ -0-</u>	<u>\$ 30,000</u>
 Change in fund balances (Non-GAAP Budgetary Basis)				\$ -0-
Adjustments: Revenue- None				-0-
Adjustments: Expenditures-None				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) – DEBT SERVICE FUND -- EDUCATIONAL TECHNOLOGY EQUIPMENT ACT FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ -0-	\$ -0-	\$ 4,211	\$ 4,211
State sources				
Federal sources				
Charges for services				
Other local revenue				
Interest			4,674	4,674
	<u>-0-</u>	<u>-0-</u>	<u>8,885</u>	<u>8,885</u>
Total revenues				
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration	180	180	42	138
Support services				
-school administration				
Debt Service	111,581	111,581	-0-	111,581
Operation and maintenance of plant				
Student transportation				
Food service operations				
Debt service				
	<u>111,761</u>	<u>111,761</u>	<u>42</u>	<u>111,719</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(111,761)	(111,761)	<u>\$ 8,843</u>	<u>\$ 120,604</u>
Prior year cash required to balance budget	<u>\$ 111,761</u>	<u>\$ 111,761</u>		
Change in fund balances (Non- GAAP Budgetary Basis)			\$ 8,843	
Adjustments: Revenue- Change between years in taxes receivable			(642)	
Adjustments: Expenditures- None.			-0-	
Change in fund balances (GAAP)			<u>\$ 8,201</u>	

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

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CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUNDS - are used to account for funds which are to be used to fund major capital acquisitions.

Bond Building - To account for the erecting, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds. Funding is provided by issuance of general obligation bonds. Reported as a major fund.

Public School Capital Outlay - To account for major additions to school buildings. Funding is provided by the State of New Mexico.

Special Capital Outlay - State - To account for special improvement projects for school grounds. Funding is provided by the State of New Mexico. Authority is Section 22-26-1, NMSA 1978.

Capital Improvements SB-9' - To account for the funding of major improvements to the District's facilities under provisions of the Public School Capital Improvements Act. Funding is derived from property tax revenues and from the State of New Mexico Public School Capital Improvement Fund.

Energy Efficiency Act – This fund was created pursuant to the Public Building Energy Efficiency Act (6-23-1 et seq NMSA 1978) which authorizes local school districts to enter into guaranteed energy savings contracts with qualified providers for upto ten years to finance, purchase and install energy efficiency measures in their buildings.

Educational Technology Equipment Act – This fund was created pursuant to the Educational Technology Act (Sections 16-15A-1 through 16-15A-16, NMSA 1978) that allows school districts to issue Educational Technology Equipment notes pursuant to legislation passed by the New Mexico State Legislature in 1977. Pursuant to the Educational Technology Equipment Act, proceeds from the sale of notes will be used for the purpose of acquiring education technology equipment for use in classrooms and library and media centers within the District

Public School Capital Outlay 20% - To account for 20% of local tax revenues collected to be used for improvements and additions to school owned property.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
AS OF JUNE 30, 2007

	<u>Public School Capital Outlay</u>	<u>Special Capital Outlay - State</u>	<u>Capital Improvements SB-9</u>	<u>Energy Efficiency Act</u>
<u>ASSETS</u>				
Cash and investments			\$ 985,099	
Due from grantor	\$ 47,715	\$ 304,460		
Taxes receivable			545,101	
	<u>47,715</u>	<u>304,460</u>	<u>1,530,200</u>	<u>-0-</u>
Total assets	<u>\$ 47,715</u>	<u>\$ 304,460</u>	<u>\$ 1,530,200</u>	<u>\$ -0-</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Due to other funds	\$ 47,715	\$ 304,460		
Accounts payable			\$ 586	
Deferred revenue - prop. taxes			516,807	
	<u>47,715</u>	<u>304,460</u>	<u>517,393</u>	<u>\$ -0-</u>
Total liabilities	<u>47,715</u>	<u>304,460</u>	<u>517,393</u>	<u>\$ -0-</u>
Fund equity:				
Fund balances:				
Unreserved:				
Designated for subsequent year's expenditures				
Undesignated	-0-	-0-	1,012,807	-0-
	<u>-0-</u>	<u>-0-</u>	<u>1,012,807</u>	<u>-0-</u>
Total fund balances	<u>-0-</u>	<u>-0-</u>	<u>1,012,807</u>	<u>-0-</u>
Total liabilities and fund equity	<u>\$ 47,715</u>	<u>\$ 304,460</u>	<u>\$ 1,530,200</u>	<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS-CONTINUED
AS OF JUNE 30, 2007

	<u>Educational Tech Equip. Act</u>	<u>Public School Capital Outlay 20%</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,109,059	\$ 174,969	\$ 2,269,127
Due from grantor			352,175
Taxes receivable			545,101
	<u>\$ 1,109,059</u>	<u>\$ 174,969</u>	<u>\$ 3,166,403</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Due to other funds			\$ 352,175
Accounts payable	\$ 71,370		71,956
Deferred revenue - prop. taxes			516,807
	<u>71,370</u>	<u>\$ -0-</u>	<u>940,938</u>
Fund equity:			
Fund balances:			
Unreserved:			
Designated for subsequent year's expenditures			
Undesignated	1,037,689	174,969	2,225,465
Total fund balances	<u>1,037,689</u>	<u>174,969</u>	<u>2,225,465</u>
Total liabilities and fund equity	<u>\$ 1,109,059</u>	<u>\$ 174,969</u>	<u>\$ 3,166,403</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007**

	Public School Capital Outlay	Special Capital Outlay - State	Capital Improvements SB-9	Energy Efficiency Act
REVENUES				
Local taxes			\$ 771,861	
State sources	\$ 963,603	\$ 2,773,701		
Federal sources				
Other local revenue				
Interest			32,199	
Total revenues	<u>963,603</u>	<u>2,773,701</u>	<u>804,060</u>	<u>\$ -0-</u>
EXPENDITURES				
Capital outlay	<u>502,267</u>	<u>2,757,312</u>	<u>840,486</u>	<u>47,020</u>
Total expenditures	<u>502,267</u>	<u>2,757,312</u>	<u>840,486</u>	<u>47,020</u>
Net changes in fund balances	<u>461,336</u>	<u>16,389</u>	<u>(36,426)</u>	<u>(47,020)</u>
Fund balances, beginning of year as originally reported	168,374	(33,449)	1,311,360	47,020
Restatements	<u>(629,710)</u>	<u>17,060</u>	<u>(262,127)</u>	<u>-0-</u>
Fund balances, beginning of year as restated	<u>(461,336)</u>	<u>(16,389)</u>	<u>1,049,233</u>	<u>47,020</u>
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,012,807</u>	<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS-CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2007**

	Educational Tech Equip. Act	Public School Capital Outlay 20%	Total
REVENUES			
Local taxes			\$ 771,861
State sources			3,737,304
Federal sources			
Other local revenue			
Interest	\$ 33,647	\$ 6,595	72,441
Total revenues	<u>33,647</u>	<u>6,595</u>	<u>4,581,606</u>
EXPENDITURES			
Capital outlay	<u>41,991</u>	<u>-0-</u>	<u>4,189,076</u>
Total expenditures	<u>41,991</u>	<u>-0-</u>	<u>4,189,076</u>
Net changes in fund balances	<u>(8,344)</u>	<u>6,595</u>	<u>392,530</u>
Fund balances, beginning of year as originally reported	1,192,205	(1,513,534)	1,171,976
Restatements	<u>(146,172)</u>	<u>1,681,908</u>	<u>660,959</u>
Fund balances, beginning of year as restated	<u>1,046,033</u>	<u>168,374</u>	<u>1,832,935</u>
Fund balances, end of year	<u>\$ 1,037,689</u>	<u>\$ 174,969</u>	<u>\$ 2,225,465</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CAPITAL PROJECTS FUND-- BOND BUILDING
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ -0-	\$ -0-	\$ 153,799	\$ 153,799
Interest				
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>153,799</u>	<u>153,799</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Facilities acquisition and construction	5,652,168	5,652,168	1,577,512	4,074,656
Student transportation				
Food service operations				
Total expenditures	<u>5,652,168</u>	<u>5,652,168</u>	<u>1,577,512</u>	<u>4,074,656</u>
Excess (deficiency) of revenues over expenditures	(5,652,168)	(5,652,168)	<u>\$ (1,423,713)</u>	<u>\$ 4,228,455</u>
Prior year cash required to balance budget	<u>\$ 5,652,168</u>	<u>\$ 5,652,168</u>		

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CAPITAL PROJECTS FUND -- PUBLIC SCHOOL CAPITAL OUTLAY FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ 3,316,344	\$ 3,324,555	\$ 2,608,739	\$ (715,816)
Interest				
Total revenues	<u>3,316,344</u>	<u>3,324,555</u>	<u>2,608,739</u>	<u>(715,816)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Facilities acquisition and construction	<u>3,316,344</u>	<u>3,324,555</u>	<u>681,584</u>	<u>2,642,971</u>
Total expenditures	<u>3,316,344</u>	<u>3,324,555</u>	<u>681,584</u>	<u>2,642,971</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,927,155</u>	<u>\$ 1,927,155</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 1,927,155
Adjustments: Revenue- Change in due from grantor between years				(1,465,819)
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ 461,336</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CAPITAL PROJECTS FUND -- SPECIAL CAPITAL OUTLAY
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 425,000	\$ 425,000	\$ 11,686	\$ (413,314)
Federal sources				
Charges for services				
Other local revenue				
Interest				
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>425,000</u>	<u>425,000</u>	<u>11,686</u>	<u>(413,314)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Facilities acquisition and construction	<u>425,000</u>	<u>425,000</u>	<u>286,602</u>	<u>138,398</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>425,000</u>	<u>425,000</u>	<u>286,602</u>	<u>138,398</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (274,916)</u>	<u>\$ (274,916)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (274,916)
Adjustments: Revenue- Change in due from grantor between years				291,305
Adjustments: Expenditures- None				-0-
Change in fund balances (GAAP)				<u>\$ 16,389</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CAPITAL PROJECTS FUND -- CAPITAL IMPROVEMENTS - SB-9 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes	\$ 760,437	\$ 760,437	\$ 768,668	\$ 8,231
State sources	-0-	400,976	-0-	(400,976)
Federal sources				
Charges for services				
Other local revenue				
Interest	-0-	-0-	32,199	32,199
	<u>760,437</u>	<u>1,161,413</u>	<u>800,867</u>	<u>(360,546)</u>
Total revenues				
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service	7,604	7,704	7,687	17
Operation and maintenance of plant				
Student transportation				
Food service operations				
Facilities acquisition and construction	<u>1,653,460</u>	<u>2,054,336</u>	<u>1,092,777</u>	<u>961,559</u>
	<u>1,661,064</u>	<u>2,062,040</u>	<u>1,100,464</u>	<u>961,576</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(900,627)	(900,627)	<u>\$ (299,597)</u>	<u>\$ 601,030</u>
Prior year cash balance required to balance budget	<u>\$ 900,627</u>	<u>\$ 900,627</u>		
Changes in fund balances (Non-GAAP Budgetary Basis)				\$ (299,597)
Adjustments: Revenue- Change in deferred revenue between years				201,141
Change in taxes receivable between years				14,190
Adjustments: Expenditures- Change in accounts payable between years				47,840
Change in fund balances (GAAP)				<u>\$ (36,426)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CAPITAL PROJECTS FUND -- ENERGY EFFICIENCY ACT
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes				
State sources				
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration.				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Facilities acquisition and construction	<u>90,124</u>	<u>90,124</u>	<u>47,020</u>	<u>43,104</u>
Total expenditures	<u>90,124</u>	<u>90,124</u>	<u>47,020</u>	<u>43,104</u>
Excess (deficiency) of revenues over expenditures	(90,124)	(90,124)	<u>\$ (47,020)</u>	<u>\$ 43,104</u>
Prior year cash balance required to balance budget	<u>\$ 90,124</u>	<u>\$ 90,124</u>		
Changes in fund balances (Non-GAAP Budgetary Basis)				\$ (47,020)
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ (47,020)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CAPITAL PROJECTS FUND -- EDUCATIONAL TECHNOLOGY EQUIPMENT FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes				
State sources				
Federal sources				
Charges for services				
Other local revenue				
Interest	\$ -0-	\$ -0-	\$ 33,647	\$ 33,647
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>33,647</u>	<u>33,647</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Facilities acquisition and construction	1,187,946	1,187,946	116,793	1,071,153
Total expenditures	<u>1,187,946</u>	<u>1,187,946</u>	<u>116,793</u>	<u>1,071,153</u>
Excess (deficiency) of revenues over expenditures	(1,187,946)	(1,187,946)	\$ (83,146)	\$ <u>1,104,800</u>
Prior year cash balance required to balance budget	<u>\$ 1,187,946</u>	<u>\$ 1,187,946</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (83,146)
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures – Change in accounts payable between years				74,802
Change in fund balances (GAAP)				<u>\$ (8,344)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CAPITAL PROJECTS FUND -- PUBLIC SCHOOL CAPITAL OUTLAY 20% FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes				
State sources				
Federal sources				
Charges for services				
Other local revenue				
Interest	\$ -0-	\$ -0-	\$ 6,595	\$ 6,595
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>6,595</u>	<u>6,595</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Facilities acquisition and construction	<u>167,773</u>	<u>167,773</u>	<u>-0-</u>	<u>167,773</u>
Total expenditures	<u>167,773</u>	<u>167,773</u>	<u>-0-</u>	<u>167,773</u>
Excess (deficiency) of revenues over expenditures	(167,773)	(167,773)	<u>\$ 6,595</u>	<u>\$ 174,368</u>
Prior year cash balance required to balance budget	<u>\$ 167,773</u>	<u>\$ 167,773</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 6,595
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ 6,595</u>

The accompanying notes are an integral part of these financial statements

COMPONENT UNITS

COMPONENT UNIT
CARINOS CHARTER SCHOOL

General Fund - To account for all financial receivables except these required to be accounted for elsewhere.

Special Revenue Funds

Charter School- Federal- To account for federal funds received required to be used for Charter School.

Charter School-State- To account for state funds received from State of New Mexico Public Education Department required to be used for Charter School.

Capital Project Fund

Public School Capital Outlay - To account for state funds to be used for leasing building for Charter School.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

COMBINING BALANCE SHEET – COMPONENT UNIT-CARINOS CHARTER SCHOOL
AS OF JUNE 30, 2007

	Special Revenue Funds			Capital Projects Fund	Total
	General Fund	Charter School -Federal	Charter School -State	Public School Capital Outlay	
<u>ASSETS</u>					
Cash	\$ 33,428				\$ 33,428
Total assets	<u>\$ 33,428</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 33,428</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund equity:					
Fund balances:					
Restricted-Special Revenue Funds	-0-	-0-	-0-	-0-	-0-
Unreserved:					
Designated for subsequent year's expenditures	-0-	-0-	-0-	-0-	-0-
Undesignated	<u>33,428</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>33,428</u>
Total fund balances	<u>33,428</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>33,428</u>
Total liabilities and fund equity	<u>\$ 33,428</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>33,428</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – COMPONENT UNIT-CARINOS CHARTER SCHOOL
FOR THE YEAR ENDED JUNE 30, 2007**

	General Fund (Operational)	Special Revenue Funds		Capital Projects Fund	Total
		Charter School -Federal	Charter School -State	Public School Capital Outlay	
REVENUES					
State sources	\$ 516,421			\$ 45,872	\$ 562,293
Federal sources					
Other local revenue					
Total revenues	<u>516,421</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>45,872</u>	<u>562,293</u>
EXPENDITURES					
Current:					
Instruction	151,247	102,538	74,798		328,583
Support services-students	5,490				5,490
Support services- instruction	14,085				14,085
Support services- general administration	38,683				38,683
Support services- school administration	3,566				3,566
Central services	69,332				69,332
Operation and maintenance of plant	12,054				12,054
Other	188,536				188,536
Facilities acquisition and construction	-0-			45,872	45,872
Total expenditures	<u>482,993</u>	<u>102,538</u>	<u>74,798</u>	<u>45,872</u>	<u>706,201</u>
Net changes in fund balances	<u>33,428</u>	<u>(102,538)</u>	<u>(74,798)</u>	<u>-0-</u>	<u>(143,908)</u>
Fund balances, beginning of year as originally reported	-0-	102,538	74,798	-0-	177,336
Restatements	-0-	-0-	-0-	-0-	-0-
Fund balances, beginning of year as restated	-0-	102,538	74,798	-0-	177,336
Fund balances, end of year	<u>\$ 33,428</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 33,428</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) – COMPONENT UNIT- CARINOS CHARTER SCHOOL- GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes				
State sources	\$ 598,979	\$ 598,979	\$ 516,421	\$ (82,558)
Federal sources	-0-	-0-	-0-	-0-
Charges for services				
Other local revenue				
Investment				
Total revenues	<u>598,979</u>	<u>598,979</u>	<u>516,421</u>	<u>(82,558)</u>
EXPENDITURES:				
Current:				
Instruction	372,523	372,523	151,247	221,276
Support services-students	226,456	226,456	5,490	220,966
Support services- instruction	-0-	-0-	14,085	(14,085)
Support services-general administration	-0-	-0-	38,683	(38,683)
Support services				
-school administration	-0-	-0-	3,566	(3,566)
Central services	-0-	-0-	69,332	(69,332)
Operation and maintenance of plant	-0-	-0-	12,054	(12,054)
Student transportation				
Facilities acquisition and construction	-0-	-0-	-0-	-0-
Other	-0-	-0-	188,536	(188,536)
Total expenditures	<u>598,979</u>	<u>598,979</u>	<u>482,993</u>	<u>115,986</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 33,428</u>	<u>\$ 33,428</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 33,428
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ 33,428</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) – COMPONENT UNIT- CARINOS CHARTER SCHOOL- SPECIAL REVENUE FUND-CHARTER SCHOOL-FEDERAL FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources				
Federal sources	\$ 150,000	\$ 150,000	\$ -0-	\$ (150,000)
Charges for services				
Other local revenue				
Investment				
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>-0-</u>	<u>(150,000)</u>
EXPENDITURES:				
Current:				
Instruction	150,000	150,000	102,538	47,462
Support services-students	-0-	-0-	-0-	-0-
Support services- instruction	-0-	-0-	-0-	-0-
Support services-general administration	-0-	-0-	-0-	-0-
Support services				
-school administration	-0-	-0-	-0-	-0-
Central services	-0-	-0-	-0-	-0-
Operation and maintenance of plant	-0-	-0-	-0-	-0-
Student transportation				
Facilities acquisition and construction	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>102,538</u>	<u>47,462</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (102,538)</u>	<u>\$ (102,538)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (102,538)
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ (102,538)</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) – COMPONENT UNIT- CARINOS CHARTER SCHOOL- SPECIAL REVENUE FUND-CHARTER SCHOOL-STATE FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources				
Federal sources				
Charges for services				
Other local revenue				
Investment				
Total revenues	\$ -0-	\$ -0-	\$ -0-	\$ -0-
EXPENDITURES:				
Current:				
Instruction	-0-	-0-	74,798	(74,798)
Support services-students	-0-	-0-	-0-	-0-
Support services- instruction	-0-	-0-	-0-	-0-
Support services-general administration	-0-	-0-	-0-	-0-
Support services				
-school administration	-0-	-0-	-0-	-0-
Central services	-0-	-0-	-0-	-0-
Operation and maintenance of plant	-0-	-0-	-0-	-0-
Student transportation				
Facilities acquisition and construction	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
Total expenditures	-0-	-0-	74,798	(74,798)
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ (74,798)	\$ (74,798)
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (74,798)
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ (74,798)</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) – COMPONENT UNIT-CARINOS CHARTER SCHOOL- CAPITAL PROJECTS FUND-PUBLIC SCHOOL CAPITAL OUTLAY FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources	\$ -0-	\$ 45,872	\$ 45,872	\$ -0-
Federal sources				
Charges for services				
Other local revenue				
Investment				
Total revenues	<u>-0-</u>	<u>45,872</u>	<u>45,872</u>	<u>-0-</u>
EXPENDITURES:				
Current:				
Instruction	-0-	-0-	-0-	-0-
Support services-students	-0-	-0-	-0-	-0-
Support services- instruction	-0-	-0-	-0-	-0-
Support services-general administration	-0-	-0-	-0-	-0-
Support services				
-school administration	-0-	-0-	-0-	-0-
Central services	-0-	-0-	-0-	-0-
Operation and maintenance of plant	-0-	-0-	-0-	-0-
Student transportation				
Facilities acquisition and construction	-0-	45,872	45,872	-0-
Other	-0-	-0-	-0-	-0-
Total expenditures	<u>-0-</u>	<u>45,872</u>	<u>45,872</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ -0-
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

COMPONENT UNIT
ESPANOLA MILITARY ACADEMY

General Fund - To account for all financial resources, except those required to be accounted for elsewhere.

Operational Account: Accounts for the general operations of the District.

Instructional Materials Account: Accounts for the State funds received which are used to purchase instructional materials.

Special Revenue Funds

Charter School- Federal- To account for federal funds received required to be used for Charter School.

Legislative Appropriation-Operational- To account for a legislative appropriation specified for operations of the Charter School.

Capital Project Funds

Public School Capital Outlay - To account for state funds to be used for leasing building for Charter School.

Special Capital Outlay - To account for state funds restricted for special school improvements projects. Authority is Section 22-26-1, NMSA 1978.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

COMBINING BALANCE SHEET – COMPONENT UNIT-ESPANOLA MILITARY ACADEMY
AS OF JUNE 30, 2007

	<u>General Fund</u>		<u>Special Revenue Funds</u>		<u>Capital</u> <u>Projects Fund</u>
	<u>Operational</u>	<u>Institutional</u> <u>Materials</u>	<u>Charter</u> <u>School</u> <u>-Federal</u>	<u>Legislative</u> <u>Appropriation</u> <u>-Operational</u>	<u>Public</u> <u>School</u> <u>Capital</u> <u>Outlay</u>
<u>ASSETS</u>					
Cash	\$ 97,840	\$ 5,788	\$ 27,597		
Due from grantor					\$ 43,496
Due from other funds	43,496				
Total assets	<u>\$ 141,336</u>	<u>\$ 5,788</u>	<u>\$ 27,597</u>	<u>\$ -0-</u>	<u>\$ 43,496</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Due to other funds					\$ 43,496
Accounts payable	\$ 16,054		\$ -0-	\$ -0-	
Total liabilities	<u>16,054</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>-0-</u>	<u>43,496</u>
Fund equity:					
Fund balances:					
Restricted-Special Revenue Funds	-0-	-0-	27,597	-0-	-0-
Unreserved:					
Designated for subsequent year's expenditures			-0-	-0-	-0-
Undesignated	125,282	5,788	-0-	-0-	-0-
Total fund balances	<u>125,282</u>	<u>5,788</u>	<u>27,597</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and fund equity	<u>\$ 141,336</u>	<u>\$ 5,788</u>	<u>\$ 27,597</u>	<u>\$ -0-</u>	<u>\$ 43,496</u>

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

**Capital
Projects Fund**

Special Capital Outlay	Total
	\$ 131,225
	43,496
	<u>43,496</u>
<u>\$ -0-</u>	<u>\$ 218,217</u>
	\$ 43,496
	<u>16,054</u>
<u>\$ -0-</u>	<u>59,550</u>
-0-	27,597
	<u>131,070</u>
<u>-0-</u>	<u>158,667</u>
<u>\$ -0-</u>	<u>\$ 218,217</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – COMPONENT UNIT-ESPANOLA MILITARY ACADEMY
 FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General Fund</u>		<u>Special Revenue Fund</u>		<u>Capital Projects Fund</u>
	<u>Operational</u>	<u>Instructional Materials</u>	<u>Charter School -Federal</u>	<u>Legislative Appropriation -Operational</u>	<u>Public School Capital Outlay</u>
REVENUES					
State sources	\$ 1,927,414	\$ 63,566			\$ 88,107
Federal sources					
Other local revenue					
Total revenues	<u>1,927,414</u>	<u>63,566</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>88,107</u>
EXPENDITURES					
Current:					
Instruction	891,580	52,283	135,335		
Support services-students	470,761	1,846			
Support services- instruction					
Support services- general administration	147,440				
Support services- school administration					
Central services	81,856			31,841	
Operation and maintenance of plant	272,957				
Food services operation	5,795				
Facilities acquisition and construction					88,107
Total expenditures	<u>1,870,389</u>	<u>54,129</u>	<u>135,335</u>	<u>31,841</u>	<u>88,107</u>
Net changes in fund balances	<u>57,025</u>	<u>9,437</u>	<u>(135,335)</u>	<u>(31,841)</u>	<u>-0-</u>
Fund balances, beginning of year as originally reported	68,257	(3,649)	162,932	31,841	-0-
Restatements	-0-	-0-	-0-	-0-	-0-
Fund balances, beginning of year as restated	<u>68,257</u>	<u>(3,649)</u>	<u>162,932</u>	<u>31,841</u>	<u>-0-</u>
Fund balances, end of year	<u>\$ 125,282</u>	<u>\$ 5,788</u>	<u>\$ 27,597</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

Capital Projects Fund	
Special Capital Outlay	Total
\$ 307,920	\$ 2,387,007
<u>307,920</u>	<u>2,387,007</u>
	1,079,198
	472,607
	147,440
	113,697
	272,957
	5,795
<u>307,920</u>	<u>396,027</u>
<u>307,920</u>	<u>2,487,721</u>
<u>-0-</u>	<u>(100,714)</u>
-0-	259,381
<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>259,381</u>
<u>\$ -0-</u>	<u>\$ 158,667</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) – COMPONENT UNIT- ESPANOLA MILITARY ACADEMY-GENERAL FUND- OPERATIONAL ACCOUNT FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes				
State sources	\$ 2,511,917	\$ 2,511,917	\$ 1,927,414	\$ (584,503)
Federal sources				
Charges for services				
Other local revenue				
Investment				
Total revenues	<u>2,511,917</u>	<u>2,511,917</u>	<u>1,927,414</u>	<u>(584,503)</u>
EXPENDITURES:				
Current:				
Instruction	909,471	936,329	875,526	60,803
Support services-students	353,935	421,431	470,761	(49,330)
Support services- instruction				
Support services-general administration	136,936	136,936	147,440	(10,504)
Support services -school administration				
Central services	123,577	54,270	81,856	(27,586)
Operation and maintenance of plant	693,291	668,243	272,957	395,286
Student transportation				
Food services	38,815	38,815	5,795	33,020
Facilities acquisition and construction	-0-	-0-	-0-	-0-
Total expenditures	<u>2,256,025</u>	<u>2,256,024</u>	<u>1,854,335</u>	<u>401,689</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 255,892</u>	<u>\$ 255,893</u>	<u>\$ 73,079</u>	<u>\$ (182,814)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 73,079
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- Change in accounts payable between years				(16,054)
Change in fund balances (GAAP)				<u>\$ 57,025</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) – COMPONENT UNIT- ESPANOLA MILITARY ACADEMY-GENERAL FUND- INSTRUCTIONAL MATERIALS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources	\$ 21,358	\$ 21,358	\$ 63,566	\$ 42,208
Federal sources				
Charges for services				
Other local revenue				
Investment				
Total revenues	<u>21,358</u>	<u>21,358</u>	<u>63,566</u>	<u>42,208</u>
EXPENDITURES:				
Current:				
Instruction	53,745	53,745	52,283	1,462
Support services-students	6,108	6,108	1,846	4,262
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services				
Facilities acquisition and construction				
Total expenditures	<u>59,853</u>	<u>59,853</u>	<u>54,129</u>	<u>5,724</u>
Excess (deficiency) of revenues over expenditures	(38,495)	(38,495)	<u>\$ 9,437</u>	<u>\$ 47,932</u>
Prior year cash required to balance budget	<u>\$ 38,495</u>	<u>\$ 38,495</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 9,437
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ 9,437</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) – COMPONENT UNIT-ESPANOLA MILITARY ACADEMY-SPECIAL REVENUE FUND- CHARTER SCHOOL-FEDERAL FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes				
State sources				
Federal sources	\$ 148,535	\$ 148,535	\$ -0-	\$ (148,535)
Charges for services				
Other local revenue				
Investment				
Total revenues	148,535	148,535	-0-	(148,535)
EXPENDITURES:				
Current:				
Instruction	-0-	145,535	135,335	10,200
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services				
Facilities acquisition and construction				
Total expenditures	-0-	145,535	135,335	10,200
Excess (deficiency) of revenues over expenditures	\$ 148,535	\$ 3,000	\$ (135,335)	\$ (138,335)
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (135,335)
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				\$ (135,335)

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) – COMPONENT UNIT-ESPANOLA MILITARY ACADEMY-SPECIAL REVENUE FUND-LEGISLATURE APPROPRIATION -- OPERATIONAL FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes				
State sources				
Federal sources				
Charges for services				
Other local revenue				
Investment				
Total revenues	\$ -0-	\$ -0-	\$ -0-	\$ -0-
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services	-0-	-0-	31,841	(31,841)
Operation and maintenance of plant				
Student transportation				
Food services				
Facilities acquisition and construction				
Total expenditures	-0-	-0-	31,841	(31,841)
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ (31,841)	\$ (31,841)
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (31,841)
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ (31,841)</u>

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) – COMPONENT UNIT-ESPANOLA MILITARY ACADEMY-CAPITAL PROJECTS FUND- PUBLIC SCHOOL CAPITAL OUTLAY FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes				
State sources	\$ -0-	\$ -0-	\$ 44,611	\$ 44,611
Federal sources				
Charges for services				
Other local revenue				
Investment				
Total revenues	-0-	-0-	44,611	44,611
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services				
Facilities acquisition and construction	-0-	-0-	88,107	(88,107)
Total expenditures	-0-	-0-	88,107	(88,107)
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ (43,496)	\$ (43,496)
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (43,496)
Adjustments: Revenue- Change in due from grantor between years.				43,496
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				\$ -0-

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) – COMPONENT UNIT-ESPANOLA MILITARY ACADEMY-CAPITAL PROJECTS FUND-SPECIAL CAPITAL OUTLAY FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes				
State sources	\$ 380,000	\$ 380,000	\$ 307,920	\$ (72,080)
Federal sources				
Charges for services				
Other local revenue				
Investment				
Total revenues	<u>380,000</u>	<u>380,000</u>	<u>307,920</u>	<u>(72,080)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services				
Facilities acquisition and construction	<u>380,000</u>	<u>380,000</u>	<u>307,920</u>	<u>72,080</u>
Total expenditures	<u>380,000</u>	<u>380,000</u>	<u>307,920</u>	<u>72,080</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ -0-
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ -0-</u>

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

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ADDITIONAL INFORMATION -
SUPPORTING SCHEDULES

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF CASH RECONCILIATIONS-DISTRICT
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Operational Account 11000</u>	<u>Transportation Account 13000</u>	<u>Instructional Materials 14000</u>	<u>Cafeteria Account 21000</u>	<u>Athletics Account 22000</u>
Audited net cash and Investments, 6/30/06 held by District for	\$ 1,979,092	\$ 289	\$ 113,059	\$ 167	\$ 45,091
Current year revenue	31,482,967	2,192,755	392,985	1,883,203	55,770
Cash transfers in Loans from other funds Prior-year warrants voided					
Current year expenditures	(30,887,080)	(2,181,855)	(339,517)	(1,835,813)	(5,073)
Loans to other funds	(2,312,870)				
Cash transfers out	(4,018)				
Total cash and investments 6/30/07 held by District for	<u>\$ 258,091</u>	<u>\$ 11,189</u>	<u>\$ 166,527</u>	<u>\$ 47,557</u>	<u>\$ 95,788</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF CASH RECONCILIATIONS-DISTRICT (continued)
FOR THE YEAR ENDED JUNE 30, 2007

	Non-Instruct. Fund 23000	Federal Flowthrough Fund 24000	Federal Direct Fund 25000	Local Grants Fund 26000	State Flowthrough Fund 27000	State Direct Fund 28000
Audited net cash and Investments, 6/30/06 held by District for	\$ 434,923	\$ (758,068)	\$ (13,594)	\$ (76,751)	\$ (117,543)	\$ 36,504
Current year revenue	49,975	4,827,974	644,043	174,406	443,883	68,322
Cash transfers in			27,936		78,607	
Loans from other funds		1,497,724	154,265	13,497	244,391	
Prior Year Warrants Voided						
Current year expenditures	(650)	(5,529,828)	(397,549)	(108,442)	(577,729)	(22,996)
Loans to other funds						
Cash transfers out						(74,590)
Total cash and investments 6/30/07 held by District for	<u>\$ 484,248</u>	<u>\$ 37,802</u>	<u>\$ 415,101</u>	<u>\$ 2,710</u>	<u>\$ 71,609</u>	<u>\$ 7,240</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF CASH RECONCILIATIONS- DISTRICT (continued)
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Local/State Fund 29000</u>	<u>Bond Building 31100</u>	<u>Pub. School Cap. Outlay 31200</u>
Audited net cash and Investments, 6/30/06 held by District for	\$ 115,370	\$ 5,351,362	\$ (1,974,871)
Current year revenue	117,858	153,799	2,608,740
Cash transfers in			
Loans from other funds	50,818		47,715
Prior year warrants voided			
Current year expenditures	(162,572)	(1,577,512)	(681,584)
Loans to other funds			
Cash transfers out	(27,935)		
Total cash and investments 6/30/07 held by District for	<u>\$ 93,539</u>	<u>\$ 3,927,649</u>	<u>\$ -0-</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF CASH RECONCILIATIONS- DISTRICT (continued)
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Spec. Cap. Outlay - State 31400</u>	<u>Cap. Improv. SB-9 31700</u>	<u>Energy Efficiency 31800</u>
Audited net cash and Investments, 6/30/06 held by District for	\$ (29,546)	\$ 1,284,696	\$ 47,020
Current year revenue	11,686	800,867	
Cash transfers in Loans from other funds Prior year warrants voided	304,460		
Current year expenditures	(286,600)	(1,100,464)	(47,020)
Loans to other funds			
Cash transfers out			
Total cash and investments 6/30/07 held by District for	<u>\$ -0-</u>	<u>\$ 985,099</u>	<u>\$ -0-</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF CASH RECONCILIATIONS- DISTRICT (continued)
FOR THE YEAR ENDED JUNE 30, 2007

	Ed Tech Equip Act 31900	PSLOC 20% Fund 32100	Debt Service Fund 41000	Deferred Sick Leave 42000	Ed Tech Debt Service Fund 43000	Grand Total
Audited net cash and Investments, 6/30/06 held by District for	\$ 1,192,205	\$ 168,373	\$ 3,031,500	\$ 67,910	\$ 115,530	\$ 11,012,718
Current year revenue	33,647	6,596	2,496,351		8,886	48,454,713
Cash transfers in						106,543
Loans from other funds						2,312,870
Prior-year warrants voided						
Current year expenditures	(116,793)		(2,778,349)		(42)	(48,637,468)
Loans to other funds						(2,312,870)
Cash transfers out						(106,543)
Total cash and investments 6/30/07 held by District for	\$ 1,109,059	\$ 174,969	\$2,749,502	\$ 67,910	\$ 124,374	\$ 10,829,963

District Accounts	Account Name	Type of Account	Bank Balance, June 30, 2007	Reconciled Balance, June 30, 2007
Valley National Bank, Espanola, NM	General Operating	Checking	\$ 3,132,913	\$ 2,560,541
	Federal Projects	Checking	520,119	-0-
Bank of America, Espanola, NM	Payroll	Checking	1,877,053	5,445
State of New Mexico Office of the State Treasurer	Local Government Investment Pool	Investment	8,887,544	8,887,544
<u>Less: -Agency funds-District-cash</u>				(526,323)
<u>-Charter School- Espanola Military Academy-cash</u>				(97,244)
Totals			\$ 14,417,629	\$ 10,829,963

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF CASH RECONCILIATIONS- COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Carinos Charter School</u>	<u>Espanola Military Academy</u>
Audited net cash and Investments, 6/30/06	\$ 177,336	\$ 259,381
Current year revenue	743,546	2,343,510
Cash transfers in		
Prior year warrants voided		
Current year expenditures	(887,454)	(2,471,666)
Cash transfers out		
Total cash and investments 6/30/07	<u>\$ 33,428</u>	<u>\$ 131,225</u>

<u>Component Units</u>	<u>Account Name</u>	<u>Type of Account</u>	<u>Bank Balance, June 30, 2007</u>	<u>Reconciled Balance, June 30, 2007</u>
Component Unit-Carinos Charter School:	Operating	Checking	\$ 49,424	\$ 33,428
Valley National Bank, Espanola, NM		Total	<u>\$ 49,424</u>	<u>33,428</u>
Component Unit – Espanola Military Academy:	Operating	Checking	\$ 5,984	\$ 6,384
Century Bank, Espanola, NM	Federal Charter Activity	Checking	31,545	27,597
		Checking	8,323	5,863
		Total	<u>\$ 45,852</u>	<u>39,844</u>
Less- Agency fund cash				(5,863)
Add- Cash in District account				97,244
	Cash per financial statements			<u>\$ 131,225</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF PLEDGED COLLATERAL
AS OF JUNE 30, 2007

New Mexico statutes provide that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited after deducting the amount of Federal Deposit Insurance Corporation insurance coverage for each financial institution.

Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivisions are accepted as security at par value; all other securities are accepted as security at market value.

The following is a description of cash on deposit by financial institutions and the related pledged collateral at June 30, 2007:

Valley National Bank, Espanola, New Mexico:

Total bank deposits, including Carinos Charter School	\$ 3,702,456
Amount insured by FDIC	(100,000)
Uninsured public funds	<u>\$ 3,602,456</u>
50% Collateral requirement	<u>\$ 1,801,228</u>

Amount collateralized with the following securities held by The Independent Banker's Bank, Dallas, TX:

NOTE:	CUSIP#	MATURITY DATE	PAR	MARKET	PLEDGED VALUE
GALLUP ETC SD NO	364010LS5	8/1/11	\$ 175,000	\$ 179,333	175,000
SAN JUAN COUNTY NMGR	79835HBQ9	2/15/15	615,000	620,738	615,000
SAN JUAN COUNTY NM REV	79835HCB1	3/15/16	250,000	262,233	250,000
LAS CRUCES NM GAS TAX REV	51748PAP9	6/1/16	250,000	258,908	250,000
FHLMC POOL # P10028	31284BA56	2/1/13	1,009,145	938,465	938,465
TORRANCE COUNTY NM	891398AX7	8/1/13	300,000	303,960	300,000
RIO ARriba COUNTY NM GROSS	766899AN8	5/1/16	500,000	503,450	500,000
FNMA POOL #665403	31391FGL6	9/1/17	1,090,935	1,077,745	1,077,745
Total Pledged					<u>4,106,210</u>
Amount over (under) requirement at June 30, 2007.					<u>\$ 2,304,982</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF PLEDGED COLLATERAL - CONTINUED
AS OF JUNE 30, 2007

New Mexico statutes provide that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited after deducting the amount of Federal Deposit Insurance Corporation insurance coverage for each financial institution.

Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivisions are accepted as security at par value; all other securities are accepted as security at market value.

The following is a description of cash on deposit by financial institutions and the related pledged collateral at June 30, 2007:

Bank of America, Espanola, New Mexico:

Total bank deposits	\$ 1,877,053
Amount insured by FDIC	<u>(100,000)</u>
Uninsured public funds	<u>\$ 1,777,053</u>
50% Collateral requirement	<u>\$ 888,527</u>

Amount collateralized with the following securities held by The Bank of New York, New York, NY:

NOTE:	CUSIP#	MATURITY DATE	PAR	MARKET	PLEDGED VALUE
FNMA 555424	31385XAZ0	5/1/33	\$ 1,073,729	\$ 1,045,052	<u>\$ 1,045,052</u>
Total pledged					<u>1,045,052</u>
Amount over (under) requirement at June 30, 2007.					<u>\$ 156,525</u>

Century Bank, Espanola, New Mexico:

Total bank deposits (Espanola Military Academy)	\$ 45,852
Amount insured by FDIC	<u>(45,852)</u>
Uninsured public funds	<u>\$ -0-</u>

No collateral is required at June 30, 2007.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES-DISTRICT-
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
<u>ASSETS</u>				
Cash	\$ 480,032	\$ 619,922	\$ (573,631)	\$ 526,323
Total assets	<u>\$ 480,032</u>	<u>\$ 619,922</u>	<u>\$ (573,631)</u>	<u>\$ 526,323</u>
<u>LIABILITIES</u>				
Deposits held for others	\$ 480,032	\$ 619,922	\$ (573,631)	\$ 526,323
Total liabilities	<u>\$ 480,032</u>	<u>\$ 619,922</u>	<u>\$ (573,631)</u>	<u>\$ 526,323</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS-DISTRICT-
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
STUDENT ACTIVITY FUNDS:				
Abiqriru Elementary	\$ 7,116	\$ 4,967	\$ (6,644)	\$ 5,439
Alrade Elementary	16,421	8,180	(10,821)	13,780
Chimayo Elementary	596	16,103	(13,575)	3,124
Dixon Elementary	880	762	(348)	1,294
Espanola Elementary	26,639	17,180	(22,106)	21,713
Fairview Elementary	19,154	55,513	(46,957)	27,710
Hernandez Elementary	7,193	20,182	(10,873)	16,502
Los Ninos Elementary	5,361	23,792	(16,762)	12,391
Mountain View Elementary	2,284	3,490	(3,543)	2,231
San Juan Elementary	21,046	95,728	(99,742)	17,032
Somorillo Elementary	1,895	5,835	(5,968)	1,762
Velarde Elementary	1,883	5,945	(4,048)	3,780
Espanola Middle School	16,403	32,135	(24,528)	24,010
Espanola Valley High School	<u>181,258</u>	<u>187,314</u>	<u>(155,135)</u>	<u>213,437</u>
Total Student Activity Funds	308,129	477,126	(421,050)	364,205
Clearing Agency Fund	<u>171,903</u>	<u>142,796</u>	<u>(152,581)</u>	<u>162,118</u>
Total	<u>\$ 480,032</u>	<u>\$ 619,922</u>	<u>\$ (573,631)</u>	<u>\$ 526,323</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES-COMPONENT UNIT
AGENCY FUND- ESPANOLA MILITARY ACADEMY
FOR THE YEAR ENDED JUNE 30, 2007

	<u>As</u> <u>Originally</u> <u>Presented</u>	<u>Restatement</u>	<u>As Restated</u> <u>Balance</u> <u>July 1,</u> <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2007</u>
<u>ASSETS</u>						
Cash	\$ -0-	\$ 4,317	\$ 4,317	\$ 17,267	\$ (15,721)	\$ 5,863
Total assets	<u>\$ -0-</u>	<u>\$ 4,317</u>	<u>\$ 4,317</u>	<u>\$ 17,267</u>	<u>\$ (15,721)</u>	<u>\$ 5,863</u>
<u>LIABILITIES</u>						
Deposits held for others	\$ -0-	\$ 4,317	\$ 4,317	\$ 17,267	\$ (15,721)	\$ 5,863
Total liabilities	<u>\$ -0-</u>	<u>\$ 4,317</u>	<u>\$ 4,317</u>	<u>\$ 17,267</u>	<u>\$ (15,721)</u>	<u>\$ 5,863</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF JOINT POWERS AGREEMENT
FOR THE YEAR ENDED JUNE 30, 2007

JOINT POWERS AGREEMENT – PSFA:

PARTIES INVOLVED: District and State of New Mexico, Public School Facilities Authority (PSFA)
RESPONSIBLE PARTY: PSFA
BEGINNING DATE: 7/1/04
ENDING DATE: 6/30/08
AMOUNT APPLICABLE: N/A
AMOUNT CONTRIBUTED: N/A
AUDIT RESPONSIBILITY: District

NOTE: This joint power agreement does not have a monetary amount within it but enables PSFA to work with the District.

JOINT POWERS AGREEMENT – NEW MEXICO SCHOOL FOR THE DEAF

PARTIES INVOLVED: District and New Mexico School For the Deaf (School)
RESPONSIBLE PARTY: District
BEGINNING DATE: 7/1/06
ENDING DATE: 6/30/07
AMOUNT APPLICABLE: \$-0-
AMOUNT CONTRIBUTED: \$-0-
AUDIT RESPONSIBILITY: District

NOTE: This joint powers agreement enables the District to utilize the services of the New Mexico School For the Deaf.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass-Through Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Espanola Public School District:			
<u>U.S. Department of Education</u>			
Passed through State of New Mexico Public Education			
Department:			
ESEA CHAPTER I BASIC	24101	84.010	\$ 1,746,397
IDEA-B ENTITLEMENT	24106	84.027A	1,049,116
IDEA-B PRESCHOOL	24109	84.173	12,332
TITLE II-D ENHANCING ED THROUGH TECHNOLOGY	24133	84.318	10,112
CSR-D-COMPREHENSIVE SCH REFORM DEMONSTRATION	24135	84.332	107,424
TITLE III INCENTIVE	24143	84.365A	3,333
TITLE V-A	24150	84.298	10,886
TITLE III NO CHILD LEFT BEHIND	24153	84.365A	269,441
TITLE II	24154	84.367A	260,002
TITLE IV-A	24157	84.186A	21,010
RURAL & LOW INCOME	24160	84.358B	162,923
SCHOOL IMPROVEMENT GRANT	24162	84.0100	102,503
TITLE III IMMIGRANT	24163	84.365A	55,635
READING FIRST	24167	84.357A	<u>1,802,842</u>
TOTAL INDIRECT			<u>5,613,956</u>
DIRECT GRANTS:			
TITLE VIII-IMPACT AID OPERATIONAL	11000	84.041	101,735
TITLE VIII-IMPACT AID, SPECIAL ED.	25145	84.041	14,059
TITLE VIII-IMPACT AID INDIAN ED.	25147	84.041	5,774
TITLE VII-INDIAN ED.	25184	84.060A	49,011
LITERACY THROUGH SCHOOL LIBRARIES	25235	84.364A	<u>300,281</u>
TOTAL U.S. DEPARTMENT OF EDUCATION-DISTRICT DIRECT GRANTS			<u>470,860</u>
TOTAL U.S. DEPARTMENT OF EDUCATION-DISTRICT			<u>6,084,816</u>
<u>US DEPARTMENT OF JUSTICE-DIRECT GRANT:</u>			
JUVENILE JUSTICE DELINQUENCY PREVENTION	25185	16.540	<u>18,170</u>
<u>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES – DIRECT GRANT</u>			
NATIONAL ENDOWMENT FOR THE ARTS	25151	45.024	<u>10,000</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through State of New Mexico Public Education Department:			

**STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2007**

NATIONAL SCHOOL LUNCH/BREAKFAST	21000	10.555	1,807,603
Passed through State of New Mexico Department of Human Services:			
U.S.D.A. COMMODITIES	21000	10.555	148,324
TOTAL INDIRECT			<u>1,955,927</u>
FOREST RESERVE	11000	10.665	145,895
TOTAL US DEPARTMENT OF AGRICULTURE			<u>2,101,822</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS-DISTRICT			<u>8,214,808</u>
COMPONENT UNITS:			
U.S. DEPARTMENT OF EDUCATION			
PASSED THROUGH STATE OF NEW MEXICO PUBLIC EDUCATION			
DEPARTMENT-INDIRECT GRANTS:			
ESPANOLA MILITARY ACADEMY-CHARTER SCHOOL GRANT	24146	84.282A	135,335
CARINOS CHARTER SCHOOL-CHARTER SCHOOL GRANT	24146	84.282A	102,538
TOTAL COMPONENT UNITS			<u>237,873</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS DISTRICT AND COMPONENT UNITS			<u>\$ 8,452,681</u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. Non-Cash Assistance

The District expended \$148,324 worth of U.S.D.A. Commodities received for the year.

3. Subrecipients

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

OTHER REPORTS

C
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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**

Members of the Board of Education
State of New Mexico - Espanola Public School District
Espanola, New Mexico

and

Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

I have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information and of the budgetary comparisons of the General Fund and the Cafeteria Special Revenue Fund of the State of New Mexico, Espanola Public School District (District) and the financial statements of each of the District's nonmajor governmental and fiduciary funds presented as supplementary information and the respective budgetary comparisons of each nonmajor governmental funds, the Bond Building Capital Projects Fund and the Debt Service Debt Service Fund, in the combining and individual fund financial statements as of and for the year ended June 30, 2007, and have issued my report thereon dated December 4, 2009, in which I disclaim an opinion on the statement of net assets and the statement of activities due to a lack of complete detailed records in support of capital assets and in which I disclaim an opinion on the discretely presented component units, Carinos Charter School, and Espanola Military Academy because the accounting records were inadequate. Except as noted in that report, I conducted my 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 my audit, I considered the District's internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

My 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, I identified certain deficiencies in internal control over financial reporting that I 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 District'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 District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. I consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: Items 04-03, 06-02, 06-03, 07-01, 07-02, 07-03, 07-04, 07-05, 07-06, 07-07, 07-08, 07-09 and 07-10.

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe that the significant deficiencies described in the accompanying Schedule of Findings and Questioned Costs are material weaknesses: Items 06-02, 07-02, 07-03, 07-09 and 07-10.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

However, I noted an instance of noncompliance that is required to be reported under Government Auditing Standards paragraphs 5.14 and 5.16 and Section 12-6-5, NMSA, 1978, and which is described in the accompanying Schedule of Findings and Questioned Costs as Item 06-04.

The District's response to the findings identified in my audit is described in the accompanying Schedule of Findings and Questioned Costs. I did not audit the District's response and, accordingly, I express no opinion on it.

This report is intended for the information and use of the Board of the District, the management of the District, the State of New Mexico Public Education Department, the State of New Mexico Department of Finance and Administration, the State of New Mexico Office of the State Auditor, the State of New Mexico Legislative Finance Committee, and the State of New Mexico Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Chester W. Mattocks, CPA

December 4, 2009

C
W
M **Chester W. Mattocks**
Certified Public Accountant

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

Members of the Board of Education
State of New Mexico - Espanola Public School District
Espanola, New Mexico

and

Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Compliance

I have audited the compliance of the State of New Mexico, Espanola Public School District (District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. My responsibility is to express an opinion on the District's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the District's compliance with those requirements.

In my opinion, Espanola Public School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express

an opinion on the effectiveness of the District's internal control over compliance. My consideration of internal control over compliance was for limited purposes 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 as defined below. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 06-03 and 07-04 to be significant deficiencies.

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 entity's internal control. I did not consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Items 06-03 and 07-04 to be material weaknesses.

The District's response to the finding identified in my audit is described in the accompanying Schedule of Findings and Questioned Costs. I did not audit the District's response and, accordingly, I do not express an opinion on it.

This report is intended solely for the information and use of the Board of Education members, the management of the District, the State of New Mexico Public Education Department, the State of New Mexico Office of the State Auditor, the State of New Mexico Legislative Finance Committee, the State of New Mexico Legislature, the 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.



December 4, 2009

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

II. Financial Statement Findings

04 -03 – LATE AUDIT REPORT

Finding: The District did not submit its audit report for the year ended June 30, 2007 on or before November 15, 2007. The report was submitted on January 4, 2010.

Criteria: The State Auditor Rule 2.2.2.9A (4) 2007 established November 15, 2007 as the due date.

Cause: There were problems with the 2006 audit report and with the Charter Schools.

Effect: The audit report was not available on a timely basis for use by legislators and regulators.

Recommendation: The District should submit its audits as timely as possible.

Management's response: Concur; the District is working with PED Office of the Inspector General to develop District-Charter school records requirements and compliance. The District is working with its' Charter School to ensure that the audits are completed in a timely manner in future periods.

06-02 CARINOS CHARTER SCHOOL— GENERAL ACCOUNTING

Statement of finding: The following items were noted at Carinos Charter School (School):

1. The School did not have an accounting system in place that was able to properly record all financial transactions and generate useable financial reports. The business manager was not properly trained in using the accounting software in use by the School.
2. Inquiry of School personnel disclosed that not all deposits or expenditures are necessarily recorded in the School's accounting system.
3. Monthly bank reconciliations did not reconcile with the general ledger of the School.
4. The School was utilizing a debit card for "point of sale" purchases. Supporting documentation was not available for review by the auditors. It was not clear if these debit card transactions are recorded in the general ledger.
5. The School was treating certain individuals as contract personnel where it appeared an Employer/Employee relation was in existence.
6. The School was not providing the Espanola School District the monthly financial information required by an agreement between the two entities.
7. Required reports with the State of New Mexico Public Education Department were not readily available for the auditors. It is unclear if these reports were filed timely. The information on these reports did not reconcile to the School's general ledger or bank statements.
8. The School was not maintaining a listing of capital expenditures and the associated annual depreciation and accumulated depreciation.
9. Contributions to the N.M. Retiree Health Care Authority for the 2006-2007 and the 2007-2008 school years were not remitted until May 27, 2009.
10. The School incurred interest and penalties for late paying and late filing of its Forms 940 for the tax periods ended December 31, 2006, 2007, and 2008. 2006 penalties and interest totaled \$679. 2007 penalties and interest totaled \$311. 2008 penalties and interest totaled \$761.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

11. The Internal Revenue Service on May 15, 2009 filed a tax lien in Rio Arriba County because of unpaid balances related to the Tax Form 941. The tax periods ended March 31, 2007 through June 30, 2008 were noted in this tax lien with an unpaid balance assessment of \$62,550.
12. In a sample of sixty expenditures selected for testing, the following items were noted:
 - a) Twenty-nine of the expenditures totaling \$50,381 did not have adequate supporting documentation attached.
 - b) Six expenditures totaling \$41,725 were paid after the vendor's due date, including one vendor who issued a "Notice of Disconnection."
 - c) Four expenditures totaling \$14,206 were noted where the Purchase Order was not signed by a properly authorized representative of the School.
 - d) Two expenditures totaling \$10,379 were noted where the Purchase Order was dated after the vendor's invoice date.
 - e) One expenditure was noted where there was no evidence available that bids had been sought for janitorial and maintenance services. The individual expenditure amount was \$942 while the total purchase order amount was \$12,000.
 - f) One expenditure totaling \$3,002 was noted where the contract between the School and the vendor was unsigned.
 - g) The copy of the lease between the School and San Juan Parish was not signed by a representative of the Archdiocese of Santa Fe. The lease amount was \$48,000 for twelve months.

Criteria: Accounting records should be complete and sufficiently adequate to be audited.

Cause: Personnel appear to have been not adequately trained. Records may have been misplaced or lost.

Effect: There is no way to determine if more serious problems were present.

Recommendation: The District and Carinos Charter School should have the accounting records reconstructed if possible. They should consult with the Office of the State Auditor on this matter.

Management's response: The school has contracted with the New Mexico Coalition of Charter Schools to provide business management services. The licensed school business manager to be assigned will be Michael J. Vigil. Mr. Vigil is a certified public accountant licensed in the State of New Mexico. Mr. Vigil has over nineteen years experience in public school finance. The business manager is well versed in the accounting software, state and federal regulations and accounting practices.

A review of existing policies and procedures is underway. This will include completion of reconciliations and required reports. Actions have been undertaken to ensure accounting records and reports are correct, complete, timely and documented. The use of the debit card has been discontinued.

06 -03 – NONSUBMISSION OF DATA COLLECTION FORMS

Statement of finding: The District submitted the data collection forms and the reporting packages for the fiscal years ended June 30, 2005 and June 30, 2006 late. The form and the package for the year ended June 30, 2007 have also not been submitted.

Criteria: The forms and reporting packages are required to be submitted to the Federal Clearing House no later than nine months after the end of the fiscal year.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

Cause: Audits were late. Prior auditor has left the public accounting field.

Effect: Future Federal funding could be affected.

Recommendation: Forms and packages should be submitted as soon as possible.

Management's response: The 2007 Data Collection Form will be submitted as soon as it is provided by the Auditor.

06 – 04 – OVEREXPENDITURE OF BUDGETS

Statement of finding: The District's component units overspent their budgets in various functions.

Carinos Charter School

General Fund (Operational)

1. Overspent its function, support services- instruction by \$14,085.
2. Overspent its function, support services- general administration by \$38,683.
3. Overspent its function, support services- school administration by \$3,566.
4. Overspent its function, support services- central services by \$69,332.
5. Overspent its function, operation and maintenance of plant by \$12,054.
6. Overspent its function, other by \$188,536.

Special Revenue Fund- Charter School- State –Overspent its budget in total and its function, instruction, by \$74,798.

Espanola Military Academy

Operational Account

1. Overspent its function, support services-instruction by \$49,330.
2. Overspent its function, support services-general administration by \$10,504.
3. Overspent its function, central service by \$27,586.

Special Revenue Fund- Legislative Appropriation-Operational overspent its budget by \$31,841 and its function, Central Services by \$31,841.

Capital Projects Fund- Public School Capital Outlay overspent its budget by \$88,107 and its function, Facilities Acquisition and Construction by \$88,107.

Criteria: The District and its component units are required to stay within their expenditures budget by function for each fund.

Effect: Overspending indicates that budget monitoring was ineffective.

Cause: Budget Adjustment Requests (BARs) were not utilized. Neither charter school overspent its budget in total.

Recommendation: The budget should be carefully monitored. BARs should be prepared timely.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

Management's response: Charter school budgets will be more closely monitored. BARs will be prepared timely.

07 -01 - ANTI-DONATION VIOLATION

Statement of finding: The District had a project which resulted in some excess dirt. An employee took the dirt home and used it on private land.

Criteria: The anti-donation clause of the New Mexico Constitution does not permit the District to give anything away to an individual without receiving a benefit in return such as compensation. The dirt was an asset of the District. If it was being disposed of, there should have been bids taken on it.

Cause: Personnel were apparently unaware of the anti-donation clause.

Effect: An employee received a benefit without the District being compensated.

Recommendation: The employee was disciplined. However, the District should educate its staff more on the anti-donation clause so as to prevent future recurrences. If there are any doubts about it in any situation, the District should consult its attorney.

Management's response: The District will ensure the New Mexico Constitution anti-donation clause will be followed and will consult legal counsel if questions arise. Part of the employee discipline included restitution; the dirt had no economic value and there would have been a cost of \$14 per ton to dispose of the dirt. The dirt had debris that included: tires, pipe, fencing, carpet, concrete and other miscellaneous debris which made it unusable for fill.

07 -02 – CAPITAL ASSETS ACCOUNTING

Statement of finding: The District has not been able to reconcile completely its June 30, 2007 capital assets inventory to the prior audit in a timely manner. There are some problems also with the inventory. Purchase dates are not recorded for many items so no depreciation has been taken. Library books have not been recorded and depreciated. A capital lease entered into to acquire educational software in the fiscal year ended June 30, 2006 was not properly recorded, and the software was not recorded as a capital asset as of June 30, 2006. The District has tried to reconcile but is still working on the reconciliation. Items under the required capitalization levels still appear to be on the inventory listing. Deletions have not always been properly recorded apparently. There were no capital assets records available for the two Charter schools.

Criteria: The District should reconcile completely, and a decision should be made as to the validity of the prior audit's balances. All assets including software and library books should be recorded. All capital assets that are required to be depreciated should be depreciated.

Effect: Control over capital assets is not as effective as possible if the listing is not complete and accurate. There is a higher potential for losses.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

Cause: The District has not been able to complete the reconciliation and resolve the problems with capital assets in a timely manner.

Recommendation: The District has made a good start in resolving the reconciliation problems. However, there are other problems as noted above that should also be addressed as part of the resolution of the problems with capital assets.

Management's response: The District has engaged an independent CPA to reconcile that data base and adjustments to depreciation, capitalization, and disposition are forthcoming. The District expects this project to be completed before the end of this fiscal year. The District has conducted physical inventory counts each year; they are certified by Principals/Directors at each site.

07 -03 – CHARTER SCHOOL ACCOUNTING – SPLIT RECORDS

Statement of finding: Espanola Military Academy's activity mainly went through the District's accounting system. However, the Espanola Military Academy (Academy) had its own bank accounts which were not under the oversight of the District. Records for the activity that did not go through the District's records consist mainly of spreadsheets which are hard to follow and for which the supporting documentation is not adequate for reporting by individual funds and does not always appear to be complete. There are no trial balances which incorporated all of the Academy's activity during the fiscal year ended June 30, 2007. In addition, the records did not enable the independent auditors to test the components of the beginning fund balances for the Academy.

Criteria: The District has oversight responsibility. It should oversee all activity.

Effect: The activity not overseen by the District has a higher likelihood for potential problems and losses. A disclaimer of opinion on the Academy's financial statements was necessary.

Cause: When the Academy was set up on the District's system, not all of its activity was made to go through the system.

Recommendation: The Academy is gone, but the District should review carefully any new Charter Schools to ensure that it is providing complete oversight as needed.

Management's response: The District is working with PED Office of the Inspector General to develop District-Charter school records requirements and compliance.

07 -04–EXPENDITURE EXCEPTIONS – FEDERAL PROGRAMS

Statement of finding: During the test of forty-five cash disbursements, the following exceptions were noted:

Fund 24153 Check #36029 – An invoice for \$519 to a phone company was charged to this fund in error. It should have been charged to the Operational Account.

Fund 24167 Check #40682 – An invoice for \$7,024 for learning materials clearly states that the vendor had agreed to waive freight charges of \$916. However, the \$916 was paid.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

One payment was charged to the wrong fund while the other one was an apparent overpayment.

Criteria: Payments should only be made for the correct amounts, and charges to federal programs should be related to the program.

Effect: Federal funds were overcharged.

Cause: Apparently, processing errors did occur.

Recommendation: The Federal program should be reimbursed for the wrongly posted charge. The other payment should be reviewed to determine if it is possible to get a refund from the vendor.

Management's response: Concur; the District has implemented an internal audit of all accounts payable vouchers prior to processing. This internal audit is identifying issues before they become problems. The freight charges paid in error are being credited by Lakeshore Learning Materials and will offset purchases made in 2009-2010. A journal entry is crediting the phone payment in December 2009.

07-05- PERSONNEL FILES AND PAYROLL

Statement of finding: The following exceptions were noted during a review of sixty personnel files:

1. One person did not have a Form W-4.
2. Two persons did not have the signature of an employer's representative on their Form I-9.
3. Two persons did not sign their Form I-9.

The following exceptions during our testing of payroll:

1. Contracts totaling \$1,990 for two persons could not be located.
2. One contract employee, who was to be limited to twenty hours per week, twice worked over twenty hours in a week.

Criteria: Employees should have a Form W-4 on file. Form I-9s are required for all personnel hired since November 1986. Contracts should be easily located. Employees' hours should conform to their contracts.

Effect: Withholding could be incorrect. The District could be subject to a penalty if Form I-9s are not complete. People on contract could be overpaid or underpaid if the contract cannot be located for verification.

Cause: Incorrect filing appears to be a cause.

Recommendation: All contracts should be located and filed correctly. Correct Form I-9s and W-4s should be obtained. Persons should be limited to the hours in their contract.

Management's response: Concur; the District has implemented a file audit of records and will ensure that any missing or incomplete documents will be collected and/or updated.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

07 – 06 – DEPOSIT EXCEPTIONS

Statement of finding: There were several exceptions noted during testing of sixty deposits:

1. There was no receipt attached for a receipt of \$6.
2. A receipt for \$10 was missing the two required signatures from the receipt form.
3. Nine deposits were not made timely.

Criteria: Receipts should be completely supported. Deposits have to be made before the end of the next business day.

Cause: The District is spread out which sometimes makes daily depositing on a timely basis difficult.

Effect: Receipts may be incomplete. Funds may get lost if not timely deposited.

Recommendation: Receipts should be reviewed for completeness. The District should continue to emphasize timely depositing.

Management's response: Concur; the District has implemented an internal audit of all deposits and a mail/deposit pick up to every site every day. A bank deposit pick-up log and a receipt log is kept for each site.

07 –07 – DISASTER RECOVERY SYSTEM

Statement of finding: The District does not have a formal complete written disaster recovery plan which has been approved by its Board for all of the District. This plan should address issues such as back-up procedures, security issues, changing of passwords and other issues in all functions of the District. This plan should be updated periodically and tested periodically.

Criteria: If a disaster does occur, a good plan should minimize its impact.

Effect: A disaster could have a major impact on the District if the District is not prepared. The District could have difficulties functioning effectively.

Cause: Most areas of the District do not completely address the issues. Backup procedures apparently are not consistently performed.

Recommendation: A formal written disaster plan should be developed for all of the District and its component units.

Management's response: Concur; the District has a Disaster Recovery System that will be presented to the Board for approval. The current plan is in place, however is not Board approved.

STATE OF NEW MEXICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

07 – 08 – PAYMENT OF LATE FEE

Statement of finding: The District paid a late fee of \$3,399 in regards to the June 1, 2007 payment on its capital lease payable for software because it was not paid timely.

Criteria: Payments should be made timely to avoid late fees.

Effect: A late fee had to be paid.

Cause: The payment date was not monitored closely.

Recommendation: The District should monitor more closely its payments on the capital lease payable.

Management's response: The District was assessed a late fee because budget authority for the payment was not in place at the time it was due. This particular payment is funded though the LANL grant and the District did not have budget authority. This situation arose because LANL and the District have different fiscal years. The District will monitor any future capital leases to ensure that payments are made timely.

07-09- CARINOS CHARTER SCHOOL-- SAS 112 COMPLIANCE

Statement of Finding: The business manager responsible for the accounting and reporting function for Carinos Charter School lacked the skills and knowledge to apply generally accepted accounting principles in preparing the school's financial statements. The business manager had not obtained the training to adequately apply generally accepted accounting principles, which include GASB 34 and subsequent pronouncements.

Criteria: Statement on Auditing Standards (SAS) 112, Communication of Internal Control Related Matters Identified in an Audit, requires that management clearly accept responsibility for preparing all financial information and the company's financial statements.

Cause: The business manager had not received the necessary training to prepare government financial statements in accordance with GASB (Governmental Accounting Standards Board) No. 34 and subsequent pronouncements.

Effect: Without the assistance of its auditors, the School was unable to accurately prepare financial statements in accordance with governmental accounting standards or with accounting principles generally accepted in the United States of America.

Recommendation: The Charter School should assist its business manager in obtaining the training necessary to accurately prepare financial statements in accordance with governmental accounting standards or with accounting principles generally accepted in the United States of America.

Management's response: The school has contracted with the New Mexico Coalition of Charter Schools to provide business management services. The licensed school business manager to be assigned will be Michael J. Vigil. Mr. Vigil is a certified public accountant licensed in the State of New Mexico. Mr. Vigil has over

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

nineteen years experience in public school finance. The business manager is well versed in the accounting software, state and federal regulations and accounting practices.

07-10- FINANCIAL STATEMENTS OUT OF BALANCE- CARINOS CHARTER SCHOOL

Statement of Finding: Due to the inadequacy of the accounting records and supporting documentation, accurate trial balances were not provided. A combination of budget reports and cash reports to the State of New Mexico Public Education Department were used to prepare the financial statements. The financial statements were out of balance by \$188,536 at June 30, 2007 so other expenditures of \$188,536 were included to balance the financial statements.

Criteria: Financial statements should be in balance.

Cause: Poor recordkeeping appears to be the major cause.

Effect: A disclaimer on all of the financial statements of Carinos Charter School was one result.

Recommendation: The out of balance situation should be investigated and resolved.

Management's response: The school has contracted with the New Mexico Coalition of Charter Schools to provide business management services. The licensed school business manager to be assigned will be Michael J. Vigil. Mr. Vigil is a certified public accountant licensed in the State of New Mexico. Mr. Vigil has over nineteen years experience in public school finance. The business manager is well versed in the accounting software, state and federal regulations and accounting practices.

A review of existing policies and procedures is underway. This will include completion of reconciliations and required reports. Actions have been undertaken to ensure accounting records and reports are correct, complete, timely and documented.

III. Federal Award Findings and Questioned Costs

06 -03 – NONSUBMISSION OF DATA COLLECTION FORMS

This finding pertains to all of the major programs of the District: Literacy Through School Libraries (CFDA #84.364A), Reading First (CFDA # 84.357A), Title III (CFDA #84.365A), National School Lunch/Breakfast, (CFDA # 10.555) and U.S.D.A Commodities (CFDA #10.555).

Statement of finding: The District submitted the data collection forms and the reporting packages for the fiscal years ended June 30, 2005 and June 30, 2006 late. The form and the package for the year ended June 30, 2007 have also not been submitted.

Criteria: The forms and reporting packages are required to be submitted to the Federal Clearing House no later than nine months after the end of the fiscal year.

Cause: Audits were late. Prior auditor has left the public accounting field.

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ESPANOLA PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

Questioned costs: None.

Effect: Future Federal funding could be affected.

Recommendation: Forms and packages should be submitted as soon as possible.

Management's response: The 2007 Data Collection Form will be submitted as soon as it is provided by the Auditor.

07 – 04 – EXPENDITURE EXCEPTIONS – FEDERAL PROGRAMS

This finding pertains to the major programs Read First (CFDA #84.357A) and Title III (CFDA #84.365A).

Statement of finding: During the test of forty-five cash disbursements, the following exceptions were noted:

Fund 24153 Check #36029 – An invoice for \$519 to a phone company was charged to this fund in error. It should have been charged to the Operational Account.

Fund 24167 Check #40682 – An invoice for \$7,024 for learning materials clearly states that the vendor had agreed to waive freight charges of \$916. However, the \$916 was paid.

One payment was charged to the wrong fund while the other one was a apparent overpayment.

Criteria: Payments should only be made for the correct amounts, and charges to federal programs should be related to the program.

Effect: Federal funds were overcharged.

Cause: Apparently, processing errors did occur.

Questioned costs: None.

Recommendation: The Federal program should be reimbursed for the wrongly posted charge. The other payment should be reviewed to determine if is possible to get a refund from the vendor.

Management's response: Concur; the District has implemented an internal audit of all accounts payable vouchers prior to processing. This internal audit is identifying issues before they become problems. The freight charges paid in error are being credited by Lakeshore Learning Materials and will offset purchases made in 2009-2010. A journal entry is crediting the phone payment in December 2009.

Note: The financial statements presented in this report were substantially prepared by the independent auditor, Chester W. Mattocks, CPA.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

04 -3 - AUDIT REPORT - Repeated.

06 - 2 - CARINOS CHARTER SCHOOL ACCOUNTING PROCESSES AND RECORDS -Repeated.

06 - 3 - NONSUBMISSION OF DATA COLLECTION FORM- Repeated.

06 -4 - BUDGET OVERRUNS - Repeated.

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EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2007

An exit conference was held on December 16, 2009 to discuss the audit report.

Notice of this meeting was disclosed pursuant to the Open Meetings Act (10-15-1, NMSA 1978.) Because the audit report was not yet released by the Office of the State Auditor, the meeting was a closed session. Attending were the following persons:

For the District:

Ms. Joann V. Salazar	President
Mr. Floyd E. Archuleta	Vice-President
Mr. Andrew J. Chavez	Secretary
Mr. Jose I. "Coco" Archuleta	Member
Mr. Leonard J. Valerio	Member
Ms. Janette Archuleta	Superintendent
Ms. Charlene Sanchez	Business Manager
Mr. Carl Stevens	Accounting Systems Manager

For Cariños Charter School:

Mr. Vernon Jaramillo	Chancellor
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For the Independent Auditor:

Mr. Chester W. Mattocks, CPA
Mr. David Baca, Audit Senior