

C
=W
M

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, 2008

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Official Roster	1
FINANCIAL SECTION:	
Independent Auditor's Report	2
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets (Deficit)	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet - Governmental Funds	8
Reconciliation of the Balance Sheet -	
Governmental Funds - to the Statement of Net Assets	10
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)-	
Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Governmental Funds - to the Statement of Activities	14
Statement of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis)	
and Actual (Non-GAAP Budgetary Basis):	
General	15
Cafeteria	16
Title I-IASA	17
Statement of Fiduciary Assets and Liabilities- Agency Funds-District	18
Statement of Fiduciary Assets and Liabilities- Agency Fund-Component Unit	
Espanola Military Academy	19
NOTES TO FINANCIAL STATEMENTS	20
SUPPLEMENTAL SECTION	
General Fund -	
Combining Balance Sheet - By Account	40
Combining Statement of Revenues, Expenditures, and	
Changes in Fund Balances - By Account	41

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS (continued)

	<u>Page</u>
Statements of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis) - By Individual Account:	
Operational Account	42
Transportation Account	43
Instructional Materials Account	44
Nonmajor Governmental Funds Combining Balance Sheet - By Fund Type	45
Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balance - By Fund Type	46
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	58
Statement of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis) - Nonmajor Special Revenue Funds:	
Athletics	66
Non-Instructional Support	67
IDEA-B Entitlement	68
IDEA-B Preschool	69
Enhancing Education Through Technology	70
Comprehensive School Reform	71
Title V-Part A-Innovative Ed	72
English Language Acquisition	73
Teacher/Principal Training and Recruitment	74
Title IV-Safe and Drug Free Schools and Community	75
Rural and Low Income Schools	76
Title I School Improvements	77
Reading First	78
Carl D. Perkins-Special Project	79
Carl D. Perkins Secondary	80
Impact Aid Special Education	81
Impact Aid Indian Education	82
GRADS Childcare CYFD	83
Title XIX Medicaid	84
Indian Education Formula Grant	85
Literacy Through School Libraries	86
LANL Foundation	87
Teacher Incentive Fund	88
Technology for Education	89

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS (continued)

Incentives for School Improvements Act	90
Family and Youth Resource	91
Truancy Initiative	92
Beginning Teacher Mentoring Program	93
Breakfast for Elementary Students	94
Extended School Day Program	95
Schools on the Rise	96
Summer Enrichment	97
Kindergarten Plus Three	98
Library SB301 Go Bonds	99
Center for Teaching Excellence	100
Private Direct Grants	101
School Based Health Center	102
Nonmajor Debt Service Funds:	
Combining Balance Sheet	104
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	105
Statement of Revenues and Expenditures - Budget (Non-GAAP	
Budgetary Basis) and Actual (Non-GAAP Budgetary	
Basis) – Major and Nonmajor Debt Service Funds:	
Debt Service	106
Educational Tech Debt Service	107
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	109
Combining Statement of Revenues, Expenditures and Changes	
in Fund Balances	111
Statement of Revenues and Expenditures - Budget (Non-GAAP	
Budgetary Basis) and Actual (Non-GAAP Basis) - Major and Nonmajor Capital Projects Funds:	
Bond Building	113
Public School Capital Outlay	114
Special Capital Outlay	115
Capital Improvements - SB-9	116
Educational Technology Equipment Act	117
Ed Tech Bond Series 2007	118
Public School Capital Outlay 20%	119

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS (continued)

Component Units- Carinos Charter School:

Combining Balance Sheet	122
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	123

Statement of Revenues and Expenditures –Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Basis)- Component Unit:

General Fund-Operational Account	124
General Fund-Instructional Materials Account	125
Special Revenue Fund-Non-Instructional Support	126
Capital Projects Fund-Public School Capital Outlay	127

Component Units- Espanola Military Academy:

Combining Balance Sheet	129
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	130

Statement of Revenues and Expenditures –Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Basis)- Component Unit:

General Fund-Operational Account	131
General Fund-Instructional Materials Account	132
Special Revenue Fund-Charter School-Federal	133
Capital Projects Fund-Public School Capital Outlay	134

ADDITIONAL INFORMATION - SUPPORTING SCHEDULES:

Schedule of Cash Reconciliations- District	136
Schedule of Cash Reconciliations- Component Unit-Carinos Charter School	142
Schedule of Cash Reconciliations- Component Unit-Espanola Military Academy	144
Schedule of Pledged Collateral	146
Fiduciary Funds:	
Schedule of Changes in Fiduciary Assets and Liabilities – District- All Agency Funds	148
Combining Schedule of Changes in Fiduciary Assets – District- All Agency Funds	149
Combining Schedule of Changes in Fiduciary Assets – Component Unit-Agency Fund- Espanola Military Academy	150

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS (continued)

Schedule of Joint Powers Agreement	151
SUPPLEMENTARY INFORMATION:	
Schedule of Expenditures of Federal Awards	153
OTHER REPORTS:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	156
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	158
Schedule of Findings and Questioned Costs	160
Summary Schedule of Prior Audit Findings	170
Exit Conference	171

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT
OFFICIAL ROSTER
As Of
June 30, 2008

BOARD OF EDUCATION

<u>NAME</u>	<u>TITLE</u>
Mr. Andrew J. Chavez	President
Mr. Leonard J. Valerio	Vice-President
Ms. Joann V. Salazar	Secretary
Mr. Floyd E. Archuleta	Member
Mr. Joe Romero	Member

SCHOOL OFFICIALS

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

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

P.O. Box 25941
Albuquerque, New Mexico 87125
(505) 299-5233

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 Title-I-IASA Special Revenue Fund of the State of New Mexico, Espanola Public School District (District) as of and for the year ended June 30, 2008, 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 presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, 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, 2008 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 for the audit year ended June 30, 2006. I was unable to perform sufficient procedures to determine the correct composition of fund balances of the Espanola Military Academy at June 30, 2007 and 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, 2008, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, the Cafeteria Special Revenue Fund, and the Title-I-IASA 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 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, 2008, 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 10, 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, 2008. 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 Unit- Carinos Charter School, Schedule of Cash Reconciliations- Component Unit- Espanola Military Academy 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 Agreement 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. Matthews, CPA

December 10, 2009

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

STATEMENT OF NET ASSETS (DEFICIT)
AS OF JUNE 30, 2008

	Governmental Activities	Component Units	
		Carinos Charter School	Espanola Military Academy
ASSETS			
Current assets:			
Cash and investments	\$ 10,711,729		\$ 257,067
Property taxes receivable	2,103,481		
Due from grantor	3,105,198		
Inventory	94,897		
Total current assets	16,015,305	\$ -0-	257,067
Noncurrent assets:			
Capital assets	77,708,565		
Less: Accumulated depreciation	(24,356,717)		
Total noncurrent assets	53,351,848		
Other assets			
Bond issuance costs, net of accumulated amortization of \$7,813	39,066		
Bond discount costs, net of accumulated amortization of \$1,350	6,750		
Total assets	69,412,969	-0-	257,067
LIABILITIES			
Current liabilities:			
Outstanding checks		12,141	
Accounts payable	530,656		
Deferred revenue-grants	1,104,331		
Current portion of long-term obligations	2,864,548		
Total current liabilities	4,499,535	12,141	-0-
Long-term liabilities:			
Noncurrent portion of long-term obligations	15,965,000		
Total long-term liabilities	15,965,000		
Total liabilities	20,464,535	12,141	-0-
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt	34,792,790		
Restricted for:			
Debt service	3,680,472		
Special projects	643,640		
Capital projects	5,319,420		46,298
Unrestricted (deficit)	4,512,112	(12,141)	210,769
Total net assets	\$ 48,948,434	\$ (12,141)	\$ 257,067

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, 2008**

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	\$ (50,180,783)	\$ 197,827	\$ 11,126,722	\$ -0-	\$ (38,856,234)
Total governmental activities	\$ (50,180,783)	\$ 197,827	\$ 11,126,722	\$ -0-	(38,856,234)
Component Units:					
Carinos Charter School	\$ (1,003,007)	\$ -0-	\$ 14,565	\$ 41,650	
Espanola Military Academy	\$ (2,044,334)	\$ -0-	\$ 34,194	\$ 46,298	
General revenues:					
Taxes:					
Property taxes, levied for general purposes					73,811
Property taxes, levied for debt service					2,478,485
Property taxes, levied for capital projects					123,100
State equalization guarantee					32,466,328
Other local revenue					1,258,206
Interest and investment earnings					649,216
Subtotal, general revenues					37,049,146
Change in net assets					(1,807,088)
Net assets- Beginning of the year					50,755,522
Net assets (deficit)- end of year					\$ 48,948,434

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

Component Units

<u>Carinos Charter School</u>	<u>Espanola Military Academy</u>
\$ (946,792)	
\$ (946,792)	\$ (1,963,842)
803,538	2,062,242
97,685	
901,223	2,062,242
(45,569)	98,400
33,428	158,667
\$ (12,141)	\$ 257,067

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

**BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2008**

	<u>General Fund</u>	<u>Cafeteria</u>	<u>Title I- IASA</u>	<u>Debt Service</u>
<u>ASSETS</u>				
Cash and investments	\$ -0-			\$ 2,754,266
Due from other funds	2,867,599			73,358
Property taxes receivable	43,563			1,559,058
Due from grantor		\$ 26,313	\$ 667,108	
Inventory	78,539	16,358		
	<u>2,989,701</u>	<u>42,671</u>	<u>667,108</u>	<u>4,386,682</u>
Total assets	<u>\$ 2,989,701</u>	<u>\$ 42,671</u>	<u>\$ 667,108</u>	<u>\$ 4,386,682</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ -0-	\$ 21,664	\$ 666,910	
Outstanding checks				
Accounts payable and accrued liabilities	242,178	4,649	198	
Deferred revenue - grants				
Deferred revenues - property taxes	41,368			\$ 1,482,351
	<u>283,546</u>	<u>26,313</u>	<u>667,108</u>	<u>1,482,351</u>
Total liabilities	<u>283,546</u>	<u>26,313</u>	<u>667,108</u>	<u>1,482,351</u>
Fund balances (deficit)				
Reserved for:				
Inventories	78,539	16,358		
Debt service				2,904,331
Unreserved:				
(Deficit)				
Undesignated, reported in:				
General Fund	2,627,616			
Special Revenue Funds		-0-		
Capital Projects Funds				
	<u>2,706,155</u>	<u>16,358</u>	<u>-0-</u>	<u>2,904,331</u>
Total fund balances	<u>2,706,155</u>	<u>16,358</u>	<u>-0-</u>	<u>2,904,331</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,989,701</u>	<u>\$ 42,671</u>	<u>\$ 667,108</u>	<u>\$ 4,386,682</u>

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

Bond Building	Other Governmental Funds	Component Units		
		Total	Carinos Charter School General Fund	Espanola Military Academy General Fund
\$ 3,049,985	\$ 4,907,478	\$ 10,711,729		\$ 257,067
	-0-	2,940,957	\$ 8,515	
	500,860	2,103,481		
	2,411,777	3,105,198		
		94,897		
<u>\$ 3,049,985</u>	<u>\$ 7,820,115</u>	<u>\$ 18,956,262</u>	<u>\$ 8,515</u>	<u>\$ 257,067</u>
	\$ 2,252,383	\$ 2,940,957	\$ 8,515	
	-0-	-0-	12,141	
	283,631	530,656		
	1,104,331	1,104,331		
	490,554	2,014,273		
<u>\$ -0-</u>	<u>4,130,899</u>	<u>6,590,217</u>	<u>20,656</u>	<u>\$ -0-</u>
		94,897		
	776,141	3,680,472		
			(12,141)	
		2,627,616		210,769
	643,640	643,640		
<u>3,049,985</u>	<u>2,269,435</u>	<u>5,319,420</u>		<u>46,298</u>
<u>3,049,985</u>	<u>3,689,216</u>	<u>12,366,045</u>	<u>(12,141)</u>	<u>257,067</u>
<u>\$ 3,049,985</u>	<u>\$ 7,820,115</u>	<u>\$ 18,956,262</u>	<u>\$ 8,515</u>	<u>\$ 257,067</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, 2008**

Total fund balances - governmental funds \$ 12,366,045

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:	\$ 77,708,565	
Accumulated depreciation is:	<u>(24,356,717)</u>	53,351,848

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.	2,014,273
---	-----------

Bond issuance costs are expensed for fund financial statements but amortized for government-wide financial statements. Bond issuance costs net of accumulated amortization were:	39,066
--	--------

Bond discount costs are expensed for fund financial statements but amortized for government-wide financial statements. Bond discounts costs net of accumulated amortization were:	6,750
---	-------

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	\$ (18,495,000)	
Compensated absences payable	(270,490)	
Capitol lease payable	<u>(64,058)</u>	<u>(18,829,548)</u>

Total net assets-governmental activities \$ 48,948,434

Note-there was no need for a reconciliation for the two component units because there were no differences.

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

This page intentionally left blank

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(DEFICIT) -GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Cafeteria	Title I- IASA	Debt Service
REVENUES:				
Local taxes	\$ 74,945			\$ 2,510,308
State sources	34,386,783			
Federal sources	475,913	\$ 1,973,027	\$ 1,349,604	
Charges for services	44,640	27,756		
Other local revenue	466,213	60		
Interest	305,739			82,893
Total Revenues	35,754,233	2,000,843	1,349,604	2,593,201
EXPENDITURES:				
Current:				
Instruction	18,212,673		1,029,252	
Support services-students	4,422,076			
Support services- instruction	586,555			
Support services-general administration	1,024,950		62,304	25,111
Support services -school administration	2,270,068		251,620	
Central services	977,493			
Operation and maintenance of plant	6,569,281		6,428	
Student transportation	1,610,911			
Food services operations	-0-	2,065,728		
Community service operations				
Debt service- principal and interest				2,511,085
Debt service- bond issuance costs				
Capital outlay	108,806			
Total Expenditures	35,782,813	2,065,728	1,349,604	2,536,196
Excess (deficiency) of revenues over expenditures	(28,580)	(64,885)	-0-	57,005
Other financing sources (uses):				
Bond Discount				
Issuance of general obligation bonds				
Operating transfers in (out)				
Total other financing sources (uses)				
Net changes in fund balances	(28,580)	(64,885)	-0-	57,005
Fund balances - beginning of year	2,734,735	81,243	-0-	2,847,326
Fund balances (deficit) - End of year	<u>\$ 2,706,155</u>	<u>\$ 16,358</u>	<u>\$ -0-</u>	<u>\$ 2,904,331</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 General Fund	Espanola Military Academy General Fund
	\$ 124,991	\$ 2,710,244		
	1,434,657	35,821,440	\$ 859,753	\$ 2,142,734
	4,345,141	8,143,685		
	125,431	197,827		
	419,858	886,131	97,685	
\$ 124,058	136,526	649,216		
<u>124,058</u>	<u>6,586,604</u>	<u>48,408,543</u>	<u>957,438</u>	<u>2,142,734</u>
	3,746,086	22,988,011	428,859	860,538
	795,260	5,217,336	72,505	143,743
	492,549	1,079,104	28,456	305,197
	176,761	1,289,126	2,455	85,551
	-0-	2,521,688	105,063	102,614
	231,950	1,209,443	140,717	223,963
	21,058	6,596,767	131,450	305,968
	5,220	1,616,131	2,637	
	86,604	2,152,332	32,114	16,760
	-0-	-0-		
	26,858	2,537,943		
	46,879	46,879		
983,407	2,358,481	3,450,694	58,751	
<u>983,407</u>	<u>7,987,706</u>	<u>50,705,454</u>	<u>1,003,007</u>	<u>2,044,334</u>
(859,349)	(1,401,102)	(2,296,911)	(45,569)	98,400
	(8,100)	(8,100)		
	2,100,000	2,100,000		
	-0-	-0-		
	2,091,900	2,091,900	-0-	-0-
(859,349)	690,798	(205,011)	(45,569)	98,400
<u>3,909,334</u>	<u>2,998,418</u>	<u>12,571,056</u>	<u>33,428</u>	<u>158,667</u>
\$ 3,049,985	\$ 3,689,216	\$ 12,366,045	\$ (12,141)	\$ 257,067

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, 2008**

Total net change in fund balances - governmental funds. \$ (205,011)

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	(2,505,880)	
Capital outlays during the year which were capitalized	1,159,172	
(Deficiency) Excess of capital outlay over depreciation expense		(1,346,708)

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	(1,336)
------------------------------	---------

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.

1,835,000

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:

(34,849)

Issuance of general obligation bonds is an other financing source in the governmental funds, but is a liability in the government-wide financial statements

(2,100,000)

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	46,879
-Current year amortization	(7,813)

Bond discount costs are treated the same as bond issuance costs:

- Bond discount costs incurred in current fiscal year	8,100
- Current year amortization	(1,350)

Change in net assets of governmental activities	\$ (1,807,088)
---	----------------

Note- there was no need for a reconciliation for the two component units because there were no differences.

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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 70,892	\$ 70,892	\$ 75,300	\$ 4,408
State sources	33,547,396	34,088,255	33,947,332	(140,923)
Federal sources	320,895	451,777	475,913	24,136
Charges for services	1,000	1,000	44,640	43,640
Other local revenue	441,418	833,382	905,664	72,282
Investment	200,000	254,637	305,739	51,102
Total revenues	34,581,601	35,699,943	35,754,588	54,645
EXPENDITURES:				
Current:				
Instruction	19,389,480	19,399,164	18,107,880	1,291,284
Support services-students	4,271,859	4,828,109	4,393,399	434,710
Support services- instruction	641,114	729,684	586,555	143,129
Support services-general administration	987,978	1,022,128	1,022,078	50
Support services -school administration	2,376,163	2,454,963	2,269,564	185,399
Central services	1,003,811	1,036,911	996,906	40,005
Operation and maintenance of plant	6,307,244	7,159,526	6,513,053	646,473
Student transportation	1,708,454	1,635,905	1,616,028	19,877
Other support services	8,767	8,767	-0-	8,767
Facilities acquisition and construction	-0-	108,806	108,806	-0-
Total expenditures	36,694,870	38,383,963	35,614,269	2,769,694
Excess (deficiency) of revenues over expenditures	(2,113,269)	(2,684,020)	<u>\$ 140,319</u>	<u>\$ 2,824,339</u>
Prior year cash required to balance budget	<u>\$ 2,113,269</u>	<u>\$ 2,684,020</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) – SPECIAL REVENUE FUND – CAFETERIA
 FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 1,861,281	\$ 1,922,558	\$ 1,847,836	\$ (74,722)
Federal sources				
Charges for services				
Other local revenue				
Interest				
	<u>1,861,281</u>	<u>1,922,558</u>	<u>1,847,836</u>	<u>(74,722)</u>
Total revenues				
EXPENDITURES:				
Current:				
Instruction				
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>1,871,686</u>	<u>1,932,963</u>	<u>1,917,057</u>	<u>15,906</u>
	<u>1,871,686</u>	<u>1,932,963</u>	<u>1,917,057</u>	<u>15,906</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(10,405)	(10,405)	<u>\$ (69,221)</u>	<u>\$ (58,816)</u>
Prior year cash balance required to balance budget	<u>\$ 10,405</u>	<u>\$ 10,405</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 1,714,377	\$ 2,022,899	\$ 1,070,404	\$ (952,495)
Charges for services				
Other local revenue				
Interest				
	<u>1,714,377</u>	<u>2,022,899</u>	<u>1,070,404</u>	<u>(952,495)</u>
Total revenues	<u>1,714,377</u>	<u>2,022,899</u>	<u>1,070,404</u>	<u>(952,495)</u>
EXPENDITURES:				
Current:				
Instruction	1,385,044	1,618,071	1,061,386	556,685
Support services-students				
Support services-instruction				
Support services-general administration	80,641	80,709	62,304	18,405
Support services				
-school administration	226,570	281,070	251,620	29,450
Central service				
Operation and maintenance of plant	-0-	20,927	6,428	14,499
Student transportation	22,122	22,122	-0-	22,122
Other support services				
Food service operations				
Facilities acquisition and construction				
	<u>1,714,377</u>	<u>2,022,899</u>	<u>1,381,738</u>	<u>641,161</u>
Total expenditures	<u>1,714,377</u>	<u>2,022,899</u>	<u>1,381,738</u>	<u>641,161</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (311,334)</u>	<u>\$ (311,334)</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
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 544,797
Total assets	<u>\$ 544,797</u>
LIABILITIES	
Deposits held for others	\$ 544,797
Total liabilities	<u>\$ 544,797</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
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Agency Fund- Espanola Military Academy</u>
ASSETS	
Cash	\$ 15,263
Total assets	<u>\$ 15,263</u>
LIABILITIES	
Deposits held for others	\$ 15,263
Total liabilities	<u>\$ 15,263</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, 2008

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, 2008.

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, 2008 have been eliminated. These consist of amounts titled "Due from other funds" and "Due to other funds" in the fund financial statements. There was a "due to" and "due from" between funds of Carinos Charter School of \$8,515. They were 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), and 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.

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

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, 2008.

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 entries, 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 there was no activity in them during the fiscal year ended June 30, 2008.
 1. Title III Incentive
 2. Immigrant Funding Title III
 3. Johnson O'Malley
 4. PNM Foundation
 5. State School Imp Program
 6. Reading Improvements Incentives
 7. AP New Mexico Incentive Funding
 8. McCune Charitable Foundation
 9. Resources for School Health

In addition, no budget was prepared for the Energy Efficiency Act Capitol Projects Fund because it had no activity in the fiscal year ended June 30, 2008. In addition, no budget was prepared for the Deferred Sick Leave Debt Service Fund because it had no activity during the fiscal year ended June 30, 2008.

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's Operational Account overspent its budget by \$134,739 and also overspent various functions by various amounts. Its Special Revenue Fund, Non-instructional Support was overspent in total by \$8,515, and it was overspent in its Instruction function by \$8,515. Espanola Military Academy overspent four functions by various amounts. In addition, its Special Revenue Fund overspent its budget by \$27,597 in its Operational Account and overspent two functions in its Institutional Materials Account. A finding has been included in this report for these budget violations.
10. Carinos Charter School also needed beginning cash to balance its budget in its Operational Account of its General Fund but did not have sufficient cash to do so. It was short \$27,390. 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 receivable are shown net an allowance for uncollectibles. The allowance is equal to 4% of outstanding property taxes at June 30, 2008.

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, 2008.

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, 2008. New Mexico statute 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 deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2008, \$741,946 of the District’s and Charter Schools’ bank balances of \$11,231,900 was exposed to custodial credit risk because it was uninsured and uncollateralized. At June 30, 2008, the carrying amount of these deposits was \$7,629,171, which included the \$5,000,000 described in investments.

B. Investments

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less than 1 Year</u>
Money Market at Valley National Bank, Espanola, NM	\$5,000,000	\$5,000,000
State Investment Pool	<u>3,887,544</u>	<u>3,887,544</u>
Total	<u>\$8,887,544</u>	<u>\$8,887,544</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, 2008 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 its 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, 2008. 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. The following is the uninsured and uncollateralized portions of the bank deposits of the District.

D. Summary of Cash and Investments

The District pools the cash from many funds into several bank accounts. For financial reporting purposes, Individual fund cash balances are reported as either “Cash and Investments” 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 and the Debt Service Debt Service 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	\$ 11,144,385	\$ 1,442	\$ 273,432
Less: Outstanding checks and warrants	<u>(3,572,781)</u>	<u>(13,583)</u>	<u>(16,365)</u>
 Total cash (outstanding checks)	 7,571,604	 <u>\$ (12,141)</u>	 <u>\$ 257,067</u>
Add :Investment in State and Local Government Investment Pool	3,887,544		
Less: 1. Cash-agency funds	(544,797)		
2. Cash-component unit- Espanola Military Academy	<u>(202,622)</u>		
Per financial statements:			
Cash and investments	<u>\$ 10,711,729</u>	<u>\$ (12,141)</u>	<u>\$ 257,067</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, 2008, consisted of the following:

Special Revenue Fund:

Cafeteria	\$ 16,358
-----------	-----------

Total	<u>\$ 16,358</u>
-------	------------------

General Fund:

Operational account (maintenance supplies)	\$ 78,539
--	-----------

Total	<u>\$ 78,539</u>
-------	------------------

4. RECEIVABLES

Receivables at June 30, 2008, consisted of the following:

	<u>General</u>	<u>Cafeteria</u>	<u>Title I- IASA</u>	<u>Debt Service</u>	<u>Bond Building</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Prop. taxes receivable	\$ 43,563			\$ 1,559,058	\$ -0-	\$ 500,860	\$ 2,103,481
Due from grantor	<u> </u>	\$ 26,313	\$ 667,108	<u> </u>	<u> </u>	2,411,777	3,105,198
 Total	 <u>\$ 43,563</u>	 <u>\$ 26,313</u>	 <u>\$ 667,108</u>	 <u>\$ 1,559,058</u>	 <u>\$ -0-</u>	 <u>\$ 2,912,637</u>	 <u>\$ 5,208,679</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 and the Debt Service Debt Service 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)	\$ 2,611,490	
General (Transportation)	-0-	
General (Instructional Materials)	256,109	
Total-General Fund	<u>2,867,599</u>	
Debt Service	73,358	
Cafeteria		\$ 21,664
Title I- IASA		666,910
Total major funds	<u>2,940,957</u>	<u>688,574</u>
Non major:		
Other governmental funds:		
Special Revenue Funds:		
IDEA-B Entitlement		525,290
Title II Enhancing Ed Through Technology		13,593
Title III Incentive		3,333
English Language Acquisition		73,287
Teacher/Principal Training and Recruitment		431,583
Safe and Drug Free Schools		18,428
Rural and Low Income Schools		2,289
Title I School Improvements		72,333
Reading First		151,052
Carl D. Perkins Special Project		18,128
Carl D. Perkins Secondary		17,719
Indian Ed Formula Grant		16,820
Family and Youth Resource		64,839
Truancy Initiative		21,000
State School Improvement		9,896
Extended School Program		81,801
Schools on the Rise		13,863
Summer Enrichment		29,929
Library SB301 G.O. Bond		45,585
Center for Teaching Excellence		1,797
School Based Health Center		123,266
Total Special Revenue Funds-Nonmajor		<u>1,735,831</u>
Capital Projects Funds:		
Public School Capital Outlay		47,093
Special Capital Outlay-State		469,459
Total Capital Projects Funds-Nonmajor		<u>516,552</u>
Total other governmental funds		<u>2,252,383</u>
Total major and non-major governmental funds	<u>\$ 2,940,957</u>	<u>\$ 2,940,957</u>

6. CAPITAL ASSETS

The District's capital assets were as follows for the year ended June 30, 2008:

	Balance June 30, 2007	Additions	Deletions	Transfers	Balance June 30, 2008
Assets not being depreciated:					
Land and improvements	\$ 4,852,702	\$ -0-	\$ -0-	\$ -0-	\$ 4,852,702
Construction in progress	313,846	100,493	-0-	(313,846)	100,493
Total assets not being depreciated	5,166,548	100,493	-0-	(313,846)	4,953,195
Assets being depreciated:					
Buildings and improvements	65,660,688	942,557	-0-	313,846	66,917,091
Machinery and equipment	5,722,157	116,122	-0-	-0-	5,838,279
Total assets being depreciated	71,382,845	1,058,679	-0-	313,846	72,755,370
Total assets	76,549,393	1,159,172	-0-	-0-	77,708,565
Less Accumulated depreciation for:					
Buildings and improvements	(19,531,167)	(2,294,142)	-0-	-0-	(21,825,309)
Machinery and equipment	(2,319,670)	(211,738)	-0-	-0-	(2,531,408)
Total accumulated depreciation	(21,850,837)	(2,505,880)	-0-	-0-	(24,356,717)
Total capital assets, less accumulated depreciation	\$ 54,698,556	\$ (1,346,708)	\$ -0-	\$ -0-	\$ 53,351,848

For the year ended June 30, 2008 depreciation expense of \$2,505,880 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 is also not charged with depreciation until placed in service.

7. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

During the year ended June 30, 2008, the following changes occurred in the liabilities reported in the government-wide Statement of Net Assets:

	Balance at June 30, 2007	Additions	Deletions	Balance June 30, 2008	Due Within One Year	Amounts considered Long-Term
Bonds payable	\$18,230,000	\$ 2,100,000	\$ (1,835,000)	\$ 18,495,000	\$ 2,530,000	\$ 15,965,000
Compensated absences payable	269,154	308,709	(307,373)	270,490	270,490	-0-
Capital lease payable	181,324	-0-	(117,266)	64,058	64,058	-0-
Total	\$18,680,478	\$ 2,408,709	\$ (2,259,639)	\$ 18,829,548	\$ 2,864,548	\$ 15,965,000

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, 2008.

Series	Amount of Original Issue	Final Mat. Year Ending June 30	Range of Interest Rates	Balance July 1, 2007	Addition (Retired)	Balance June 30, 2008
June 15, 1998	\$ 5,000,000	2010	4.25 – 6.25%	\$ 1,575,000	\$ (510,000)	\$ 1,065,000
Feb 15, 1999	3,500,000	2012	4.0 – 5.9%	2,350,000	(375,000)	1,975,000
May 1, 2000	1,500,000	2012	4.8 – 6.8%	700,000	(100,000)	600,000
June 1, 2002	5,200,000	2018	3.15 – 4.65%	4,255,000	(315,000)	3,940,000
June 1, 2003	5,000,000	2016	1.35 – 3.74%	4,525,000	(385,000)	4,140,000
June 1, 2004	5,000,000	2017	3.00 – 4.50%	4,825,000	(150,000)	4,675,000
Sept. 1, 2007	2,100,000	2013	3.70 to 3.95%	-0-	2,100,000	2,100,000
Total				<u>\$ 18,230,000</u>	<u>\$ 265,000</u>	<u>\$ 18,495,000</u>

The annual debt service requirements to maturity for general obligation bonds at June 30, 2008 are as follows:

Year ending June 30	Principal	Interest	Total
2009	\$ 2,530,000	\$ 674,417	\$ 3,204,417
2010	2,335,000	580,364	2,915,364
2011	2,200,000	486,647	2,686,647
2012	2,405,000	398,207	2,803,207
2013	1,895,000	316,149	2,211,149
Subtotal	11,365,000	2,455,784	13,820,784
2014-2018	7,130,000	643,079	7,773,079
Total	<u>\$ 18,495,000</u>	<u>\$ 3,098,863</u>	<u>\$ 21,593,863</u>

C. Capital Lease Payable

The District entered into a capital lease payable in the fiscal year ended June 30, 2006. 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.

Year ending June 30	Lease Payments
2009	\$ 67,971
Total payments	67,971
Less interest	(3,913)
Total principal payments	<u>\$ 64,058</u>

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
2009	\$ 2,594,058	\$ 678,330	\$ 3,272,388
2010	2,335,000	580,364	2,915,364
2011	2,200,000	486,647	2,686,647
2012	2,405,000	398,207	2,803,207
2013	1,895,000	316,149	2,211,149
Subtotal	11,429,058	2,459,697	13,888,755
2014-2018	7,130,000	643,079	7,773,079
Total	\$ 18,559,058	\$ 3,102,776	\$ 21,661,834

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	Title I- IASA	Debt Service	Bond Building
Revenues per modified accrual basis	\$35,754,233	\$ 2,000,843	\$ 1,349,604	2,593,201	\$ 124,058
Differences attributable to accruals at Beginning and ending of year:					
Taxes receivable	355			21,117	
Intergovernmental receivables		(26,313)	(279,200)		
Deferred revenue					
Issuance of G.O. bonds					
Commodities received		(126,694)			
Revenues per budgetary basis	<u>\$35,754,588</u>	<u>\$ 1,847,836</u>	<u>\$ 1,070,404</u>	<u>2,614,318</u>	<u>\$ 124,058</u>
Expenditures per modified accrual basis	\$35,782,813	\$ 2,065,728	\$ 1,349,604	2,536,196	\$ 983,407
Differences attributable to accruals at Beginning and ending of year:					
Accounts payable	(129,678)	(535)	32,134		18,315
Changes in inventories	(38,866)	(21,442)			
Commodities used		(126,694)			
Bond issuance costs					
Expenditures per budgetary basis	<u>\$35,614,269</u>	<u>\$ 1,917,057</u>	<u>\$ 1,381,738</u>	<u>2,536,196</u>	<u>\$ 1,001,722</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 7.825% of their gross salary. The District is required to contribute 10.9% 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, 2008, 2007, and 2006 (employer portion only) were \$2,607,402, \$2,309,453 and \$2,113,054, 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, 2008, 2007 and 2006 were \$310,889, \$295,365, and \$292,648 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 operating lease payments for the year ended June 30, 2008 were \$110,850. Future lease payment commitments under operating which were cancelable under conditions permitted by current statutes are as follows:

Year Ending	Lease
<u>June 30</u>	<u>Payments</u>
2009	\$110,850
2010	110,850
2011	<u>28,603</u>
Total	<u>\$250,303</u>

14. DEFICIT FUND BALANCES AND DEFICIT NET ASSETS

The Carinos Charter School had a deficit fund balance at June 30, 2008 of \$3,626 in its Operational Account of its General Fund and of \$8,515 in its Special Revenue Fund, Non-Instructional Support, for a total of \$12,141 and it had deficit net assets of \$12,141 at June 30, 2008. The Carinos Charter School will try to reduce expenditures and raise revenues in the future to eliminate the deficit fund balances and deficit net assets .

15. SUBSEQUENT EVENTS

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.

Subsequent to June 30, 2009, \$92,822 of the District's investment in the State Treasurer's Local Government Investment Pool was frozen because the Reserve Fund (a money market mutual fund) had defaulted on part of its obligations to investors. The potential loss to the District was estimated at approximately \$15,000 at that time.

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, 2008**

	Operational Account	Transportation Account	Instructional Materials Account	Total
<u>ASSETS</u>				
Cash and investments	\$ -0-			\$ -0-
Due from other funds	2,611,490		\$ 256,109	2,867,599
Taxes receivable	43,563			43,563
Inventory	78,539			78,539
Total assets	\$ 2,733,592	\$ -0-	\$ 256,109	\$ 2,989,701
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Due to other funds	\$ -0-			\$ -0-
Accounts payable	134,290		\$ 107,888	242,178
Deferred revenue - property taxes	41,368			41,368
Total liabilities	175,658	\$ -0-	107,888	283,546
Fund Equity:				
Fund balances:				
Reserved for inventory	78,539			78,539
Unreserved:				
Designated for subsequent year's expenditures				
Undesignated	2,479,395	-0-	148,221	2,627,616
Total fund balances	2,557,934	-0-	148,221	2,706,155
Total liabilities and fund equity	\$ 2,733,592	\$ -0-	\$ 256,109	\$ 2,989,701

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, 2008**

	<u>Operational Account</u>	<u>Transportation Account</u>	<u>Instructional Materials Account</u>	<u>Total</u>
<u>REVENUES</u>				
Local taxes	\$ 74,945			\$ 74,945
State sources	32,366,328	\$ 1,543,977	\$ 476,478	34,386,783
Federal sources	475,913			475,913
Charges for services	44,640			44,640
Other local revenue	466,213			466,213
Interest	305,739			305,739
	<u>33,733,778</u>	<u>1,543,977</u>	<u>476,478</u>	<u>35,754,233</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	17,741,459		471,214	18,212,673
Support services-students	4,422,076			4,422,076
Support services- instruction	562,985		23,570	586,555
Support services-general administration	1,024,950			1,024,950
Support services -school administration	2,270,068			2,270,068
Central services	977,493			977,493
Operation and maintenance of plant	6,569,281			6,569,281
Student transportation	55,745	1,555,166		1,610,911
Food service operations	-0-			-0-
Facilities acquisition and construction	108,806			108,806
	<u>33,732,863</u>	<u>1,555,166</u>	<u>494,784</u>	<u>35,782,813</u>
Excess (deficiency) of revenues over expenditures	915	(11,189)	(18,306)	(28,580)
Other financing uses:				
Operating transfers in (out)				
Net changes in fund balances	915	(11,189)	(18,306)	(28,580)
Fund balances, beginning of year,	<u>2,557,019</u>	<u>11,189</u>	<u>166,527</u>	<u>2,734,735</u>
Fund balances, end of year	<u>\$ 2,557,934</u>	<u>\$ -0-</u>	<u>\$ 148,221</u>	<u>\$ 2,706,155</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) – OPERATIONAL FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 70,892	\$ 70,892	\$ 75,300	\$ 4,408
State sources	31,845,367	32,488,126	32,366,328	(121,798)
Federal sources	320,895	451,777	475,913	24,136
Charges for services	1,000	1,000	44,640	43,640
Other local revenue	60,313	452,277	466,213	13,936
Interest	200,000	254,637	305,739	51,102
Total revenues	32,498,467	33,718,709	33,734,133	15,424
EXPENDITURES:				
Current:				
Instruction	18,895,316	18,905,000	17,744,554	1,160,446
Support services-students	4,271,859	4,828,109	4,393,399	434,710
Support services- instruction	607,539	694,139	562,985	131,154
Support services-general administration	987,978	1,022,128	1,022,078	50
Support services -school administration	2,376,163	2,454,963	2,269,564	185,399
Central services	1,003,811	1,036,911	996,906	40,005
Operation and maintenance of plant	6,307,244	7,159,526	6,513,053	646,473
Student transportation	40,000	71,321	60,862	10,459
Other support services	8,767	8,767	-0-	8,767
Food services operations	-0-	-0-	-0-	-0-
Facilities acquisition and construction	-0-	108,806	108,806	-0-
Total expenditures	34,498,677	36,289,670	33,672,207	2,617,463
Excess (deficiency) of revenues over expenditures	(2,000,210)	(2,570,961)	\$ 61,926	\$ 2,632,887
Prior year cash required to balance budget	\$ 2,000,210	\$ 2,570,961		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 61,926
Adjustments: Revenue- Change in taxes receivable between years				(355)
Adjustments: Expenditures- Change in inventory between years				(38,866)
Change in accounts payable between years				(21,790)
Change in fund balances (GAAP)				\$ 915

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) – TRANSPORTATION FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources	\$ 1,668,454	\$ 1,564,584	\$ 1,542,552	\$ (22,032)
Federal sources				
Charges for services				
Other local revenue	-0-	-0-	1,425	1,425
Interest				
Total revenues	<u>1,668,454</u>	<u>1,564,584</u>	<u>1,543,977</u>	<u>(20,607)</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	1,668,454	1,564,584	1,555,166	9,418
Other support services				
Food services operations				
Facilities acquisition and construction				
Total expenditures	<u>1,668,454</u>	<u>1,564,584</u>	<u>1,555,166</u>	<u>9,418</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (11,189)</u>	<u>\$ (11,189)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (11,189)
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ (11,189)</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) – INSTRUCTIONAL MATERIALS FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources	\$ 33,575	\$ 35,545	\$ 38,452	\$ 2,907
Federal sources				
Charges for services				
Other local revenue	381,105	381,105	438,026	56,921
Interest				
Total revenues	<u>414,680</u>	<u>416,650</u>	<u>476,478</u>	<u>59,828</u>
EXPENDITURES:				
Current:				
Instruction	494,164	494,164	363,326	130,838
Support services-students				
Support services- instruction	33,575	35,545	23,570	11,975
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Other support services				
Food services operations				
Facilities acquisition and construction				
Total expenditures	<u>527,739</u>	<u>529,709</u>	<u>386,896</u>	<u>142,813</u>
Excess (deficiency) of revenues over expenditures	(113,059)	(113,059)	<u>\$ 89,582</u>	<u>\$ 202,641</u>
Prior year cash required to balance budget	<u>\$ 113,059</u>	<u>\$ 113,059</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 89,582
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- Change in accounts payable between years				(107,888)
Change in fund balances (GAAP)				<u>\$ (18,306)</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, 2008**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	\$ 1,761,890	\$ 775,866	\$ 2,369,722	\$ 4,907,478
Due from grantor	1,885,910		525,867	2,411,777
Taxes receivable		2,734	498,126	500,860
 Total assets	 <u>\$ 3,647,800</u>	 <u>\$ 778,600</u>	 <u>\$ 3,393,715</u>	 <u>\$ 7,820,115</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Due to other funds	\$ 1,735,831		\$ 516,552	\$ 2,252,383
Accounts payable	163,998		119,633	283,631
Deferred revenue - grants	1,104,331			1,104,331
Deferred revenue - property taxes		\$ 2,459	488,095	490,554
 Total liabilities	 <u>3,004,160</u>	 <u>2,459</u>	 <u>1,124,280</u>	 <u>4,130,899</u>
Fund Equity:				
Fund balances:				
Unreserved:				
Designated for subsequent year's expenditures				
Undesignated	<u>643,640</u>	<u>776,141</u>	<u>2,269,435</u>	<u>3,689,216</u>
 Total fund balances	 <u>643,640</u>	 <u>776,141</u>	 <u>2,269,435</u>	 <u>3,689,216</u>
 Total liabilities and fund equity	 <u>\$ 3,647,800</u>	 <u>\$ 778,600</u>	 <u>\$ 3,393,715</u>	 <u>\$ 7,820,115</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, 2008

	Special Revenue	Debt Service	Capital Projects	Total
<u>REVENUES</u>				
Local taxes		\$ 2,853	\$ 122,138	\$ 124,991
State sources	\$ 928,528		506,129	1,434,657
Federal sources	4,345,141			4,345,141
Charges for services	125,431			125,431
Other local revenue	414,858		5,000	419,858
Interest	5,727	5,646	125,153	136,526
Total revenues	<u>5,819,685</u>	<u>8,499</u>	<u>758,420</u>	<u>6,586,604</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	3,746,086			3,746,086
Support services-students	795,260			795,260
Support services- instruction	492,549			492,549
Support services-general administration	176,729	32		176,761
Support services -school administration	-0-			-0-
Central services	231,950			231,950
Operation and maintenance of plant	21,058			21,058
Student transportation	5,220			5,220
Food services operations	86,604			86,604
Facilities acquisition and construction	200,625		2,157,856	2,358,481
Debt Service	-0-	26,858		26,858
Debt service-bond issuance costs			46,879	46,879
Total expenditures	<u>5,756,081</u>	<u>26,890</u>	<u>2,204,735</u>	<u>7,987,706</u>
Excess (deficiency) of revenues over expenditures	<u>63,604</u>	<u>(18,391)</u>	<u>(1,446,315)</u>	<u>(1,401,102)</u>
Other financing sources (uses) :				
Operating transfers in (out)	-0-	601,615	(601,615)	-0-
Bond Discount			(8,100)	(8,100)
Issuance of general obligation bonds			2,100,000	2,100,000
Total	<u>-0-</u>	<u>601,615</u>	<u>1,490,285</u>	<u>2,091,900</u>
Net changes in fund balances	63,604	583,224	43,970	690,798
Fund balances, beginning of year	<u>580,036</u>	<u>192,917</u>	<u>2,225,465</u>	<u>2,998,418</u>
Fund balances, end of year	<u>\$ 643,640</u>	<u>\$ 776,141</u>	<u>\$ 2,269,435</u>	<u>\$ 3,689,216</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.

Title I- IASA-Major Fund- 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). 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).

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 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).

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

Carl D. Perkins Special Project- To account for funds to finance special projects under the Carl D. Perkins Career and Technical Education Act of 2006, Title I.

Carl D. Perkins Secondary- To account for funds distributed through the Carl D. Perkins Technical Education of 2006, Title I.

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.

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).

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).

Teacher Incentive Fund- To account for a U.S. Department of Education pass-through grant passed through the State of New Mexico Northern New Mexico Network for Rural Education. Authorization is the Elementary and Secondary Education Act, as amended, Executive Order Title V, Part D, Subpart 1, as amended by Department of Education Appropriation Acts for Fiscal Years 2006-2009.

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

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).

Truancy Initiative- To account for funds to be used to deal with truancy issues. (NMPED/ School Health Unit-Laws of 2004)

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

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.

Beginning Teacher Mentoring Program – To account for funds for a program to mentor new teachers from NM Public Education Department.

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.

Summer Enrichment- To account for funds to be used for summer programs from NM Public Education Department.

Kindergarten Plus Three- To account for funds for a kindergarten program (HB 198, Laws of 2007).

Libraries SB 301 GO – To account for proceeds of state general obligation bonds sent to Districts by State of New Mexico for use in libraries (Laws of 2006).

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.

Center for Teaching Excellence- To account for a grant related to improving teachers (ENMU Action Research Grant).

AP 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 Charitable 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.

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

**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
AS OF JUNE 30, 2008**

<u>ASSETS</u>	<u>Athletics</u>	<u>Non- Instructional Support</u>	<u>IDEA - B Entitlement</u>	<u>IDEA - B Preschool</u>
Cash and investments	\$ 127,719	\$ 515,921		
Due from grantor			\$ 534,080	
Total assets	<u>\$ 127,719</u>	<u>\$ 515,921</u>	<u>\$ 534,080</u>	<u>\$ -0-</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Due to other funds			\$ 525,290	
Accounts payable			8,790	
Deferred revenue - grants				
Total liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>534,080</u>	<u>\$ -0-</u>
 Fund balances:				
Unreserved:				
Designated for subsequent year's expenditures				
Undesignated	127,719	515,921		
Total fund balances	<u>127,719</u>	<u>515,921</u>		
Total liabilities and fund equity	<u>\$ 127,719</u>	<u>\$ 515,921</u>	<u>\$ 534,080</u>	<u>\$ -0-</u>

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

<u>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>	<u>Teacher/Principal Training and Recruitment</u>	<u>Safe & Drug Free Schools</u>
\$ 13,593		\$ 3,333		\$ 73,607	\$ 431,583	\$ 18,428
<u>\$ 13,593</u>	<u>\$ -0-</u>	<u>\$ 3,333</u>	<u>\$ -0-</u>	<u>\$ 73,607</u>	<u>\$ 431,583</u>	<u>\$ 18,428</u>
\$ 13,593		\$ 3,333		\$ 73,287 320	\$ 431,583	\$ 18,428
<u>13,593</u>	<u>\$ -0-</u>	<u>3,333</u>	<u>-0-</u>	<u>73,607</u>	<u>431,583</u>	<u>18,428</u>
<u>\$ 13,593</u>	<u>\$ -0-</u>	<u>\$ 3,333</u>	<u>\$ -0-</u>	<u>\$ 73,607</u>	<u>\$ 431,583</u>	<u>\$ 18,428</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS (continued)
AS OF JUNE 30, 2008

	<u>Rural & Low Income Schools</u>	<u>Title I School Improvements</u>	<u>Immigrant Funding Title III</u>	<u>Reading First</u>	<u>Carl D. Perkins Special Project</u>
<u>ASSETS</u>					
Cash and investments			\$ 10,907		
Due from grantor	\$ 2,289	\$ 72,333		\$ 151,623	\$ 18,128
Total assets	<u>\$ 2,289</u>	<u>\$ 72,333</u>	<u>\$ 10,907</u>	<u>\$ 151,623</u>	<u>\$ 18,128</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Due to other funds	\$ 2,289	\$ 72,333		\$ 151,052	\$ 18,128
Accounts payable				571	
Deferred revenue – grants			\$ 10,907		
Total liabilities	<u>2,289</u>	<u>72,333</u>	<u>10,907</u>	<u>151,623</u>	<u>18,128</u>
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures					
Undesignated					
Total fund balances					
Total liabilities and fund equity	<u>\$ 2,289</u>	<u>\$ 72,333</u>	<u>\$ 10,907</u>	<u>\$ 151,623</u>	<u>\$ 18,128</u>

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

<u>Carl D. Perkins Secondary</u>	<u>Johnson O'Malley</u>	<u>Impact Aid Special Education</u>	<u>Impact Aid Indian Education</u>	<u>GRADS Childcare</u>	<u>Title XIX Medicaid</u>
\$ 17,950	\$ 1,924	\$ 43,795	\$ 59,541	\$ 1,500	\$ 378,942
<u>\$ 17,950</u>	<u>\$ 1,924</u>	<u>\$ 43,795</u>	<u>\$ 59,541</u>	<u>\$ 1,500</u>	<u>\$ 378,942</u>
\$ 17,719 231	\$ 1,924	\$ 43,795	\$ 59,541	\$ 1,500	\$ 3,886
<u>17,950</u>	<u>1,924</u>	<u>43,795</u>	<u>59,541</u>	<u>1,500</u>	<u>375,056</u>
<u>\$ 17,950</u>	<u>\$ 1,924</u>	<u>\$ 43,795</u>	<u>\$ 59,541</u>	<u>\$ 1,500</u>	<u>\$ 378,942</u>

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

**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS (continued)
 AS OF JUNE 30, 2008**

	<u>Indian Ed Formula Grant</u>	<u>Literacy through School Libraries</u>	<u>LANL Foundation</u>	<u>Teacher Incentive Fund</u>	<u>PNM Foundation</u>
<u>ASSETS</u>					
Cash and investments			\$ 115,417		\$ 2,710
Due from grantor	\$ 16,820				
Total assets	<u>\$ 16,820</u>	<u>\$ -0-</u>	<u>\$ 115,417</u>	<u>\$ -0-</u>	<u>\$ 2,710</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Due to other funds	\$ 16,820				
Accounts payable			\$ 7,392		
Deferred revenue – grants			108,025		\$ 2,710
Total liabilities	<u>16,820</u>	<u>\$ -0-</u>	<u>115,417</u>	<u>\$ -0-</u>	<u>2,710</u>
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures					
Undesignated					
Total fund balances					
Total liabilities and fund equity	<u>\$ 16,820</u>	<u>\$ -0-</u>	<u>\$ 115,417</u>	<u>\$ -0-</u>	<u>\$ 2,710</u>

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

Technology for Education	Incentives for School Improvement Act	Family & Youth Resource	Truancy Initiative	State School Imp. Program	Reading Improvement Initiatives	Beginning Teacher Mentoring Program
\$ 241,579	\$ 134,678	\$ 64,839	\$ 21,000	\$ 9,896	\$ 12,527	\$ 2,188
<u>\$ 241,579</u>	<u>\$ 134,678</u>	<u>\$ 64,839</u>	<u>\$ 21,000</u>	<u>\$ 9,896</u>	<u>\$ 12,527</u>	<u>\$ 2,188</u>
		\$ 64,839	\$ 21,000	\$ 9,896		
\$ 241,579	\$ 2,039 132,639				\$ 12,527	\$ 2,188
<u>241,579</u>	<u>134,678</u>	<u>64,839</u>	<u>21,000</u>	<u>9,896</u>	<u>12,527</u>	<u>2,188</u>
<u>\$ 241,579</u>	<u>\$ 134,678</u>	<u>\$ 64,839</u>	<u>\$ 21,000</u>	<u>\$ 9,896</u>	<u>\$ 12,527</u>	<u>\$ 2,188</u>

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

**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
AS OF JUNE 30, 2008**

	Breakfast for Elementary Students	Extended School Day	Schools on the Rise	Summer Enrichment	Kindergarten Plus Three
<u>ASSETS</u>					
Cash and investments					\$ 15,095
Due from grantor		\$ 81,801	\$ 13,863	\$ 170,096	
Total assets	<u>\$ -0-</u>	<u>\$ 81,801</u>	<u>\$ 13,863</u>	<u>\$ 170,096</u>	<u>\$ 15,095</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Due to other funds		\$ 81,801	\$ 13,863	\$ 29,929	
Accounts payable				140,167	\$ 602
Deferred revenue – grants					<u>14,493</u>
Total liabilities	<u>\$ -0-</u>	<u>81,801</u>	<u>13,863</u>	<u>170,096</u>	<u>15,095</u>
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures					
Undesignated					
Total fund balances					
Total liabilities and fund equity	<u>\$ -0-</u>	<u>\$ 81,801</u>	<u>\$ 13,863</u>	<u>\$ 170,096</u>	<u>\$ 15,095</u>

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

<u>Library SB 301 GO Bonds</u>	<u>Resources for School Health</u>	<u>Center for Teaching Excellence</u>	<u>AP New Mexico Incentive Funding</u>	<u>Private Direct Grants</u>	<u>McCune Charitable Foundation</u>	<u>School Based Health Center</u>	<u>Total</u>
\$ 45,585	\$ 6,435	\$ 1,797	\$ 805	\$ 78,311	\$ 11,896	\$ 123,266	\$ 1,761,890
<u>\$ 45,585</u>	<u>\$ 6,435</u>	<u>\$ 1,797</u>	<u>\$ 805</u>	<u>\$ 78,311</u>	<u>\$ 11,896</u>	<u>\$ 123,266</u>	<u>\$ 1,885,910</u>
<u>\$ 45,585</u>	<u>\$ 6,435</u>	<u>\$ 1,797</u>	<u>\$ 805</u>	<u>\$ 78,311</u>	<u>\$ 11,896</u>	<u>\$ 123,266</u>	<u>\$ 3,647,800</u>
\$ 45,585		\$ 1,797				\$ 123,266	\$ 1,735,831
	\$ 6,435		\$ 805	\$ 78,311	\$ 11,896		163,998
<u>45,585</u>	<u>6,435</u>	<u>1,797</u>	<u>805</u>	<u>78,311</u>	<u>11,896</u>	<u>123,266</u>	<u>1,104,331</u>
							643,640
							643,640
<u>\$ 45,585</u>	<u>\$ 6,435</u>	<u>\$ 1,797</u>	<u>\$ 805</u>	<u>\$ 78,311</u>	<u>\$ 11,896</u>	<u>\$ 123,266</u>	<u>\$ 3,647,800</u>

**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, 2008**

	<u>Athletics</u>	<u>Non- Instructional Support</u>	<u>IDEA - B Entitlement</u>	<u>IDEA - B Preschool</u>
REVENUES:				
State sources				
Federal sources			\$ 1,434,946	\$ 42,631
Charges for services	\$ 69,497	\$ 55,934		
Other local revenue				
Interest	<u>5,727</u>			
Total revenues	<u>75,224</u>	<u>55,934</u>	<u>1,434,946</u>	<u>42,631</u>
EXPENDITURES:				
Current:				
Instruction	43,293	24,261	762,387	41,291
Support services-students			591,899	
Support services- instruction				
Support services-general administration			54,382	1,340
Support services -school administration				
Central services				
Operation and maintenance of plant			21,058	
Student transportation			5,220	
Community services operations				
Capital outlay				
Total expenditures	<u>43,293</u>	<u>24,261</u>	<u>1,434,946</u>	<u>42,631</u>
Excess (deficiency) of revenues over expenditures	31,931	31,673		
Other financing sources (uses):				
Operating transfers in (out)				
Net changes in fund balances	31,931	31,673		
Fund balances, beginning of year	<u>95,788</u>	<u>484,248</u>		
Fund balances, end of year	<u>\$ 127,719</u>	<u>\$ 515,921</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

<u>Enhancing Education 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>	<u>Teacher/ Principal Training & Recruitment</u>	<u>Safe & Drug Free Schools</u>
\$ 13,593			\$ 7,247	\$ 93,305	\$ 452,431	\$ 39,592
<u>13,593</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>7,247</u>	<u>93,305</u>	<u>452,431</u>	<u>39,592</u>
13,593			7,247	93,305	436,589	24,043
					15,842	15,549
<u>13,593</u>	<u>-0-</u>	<u>-0-</u>	<u>7,247</u>	<u>93,305</u>	<u>452,431</u>	<u>39,592</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, 2008**

	Rural & Low Income Schools	Title I School Improvements	Immigrant Funding Title III	Reading First	Carl D. Perkins Special Project
REVENUES:					
State sources					
Federal sources	\$ 100,925	\$ 9,864		\$ 1,394,129	\$ 70,466
Charges for services					
Other local revenue					
Interest					
Total revenues	100,925	9,864	\$ -0-	1,394,129	70,466
EXPENDITURES:					
Current:					
Instruction				1,247,291	27,180
Support services-students	98,472	9,864			
Support services- instruction				81,212	40,142
Support services-general administration	2,453			65,626	3,144
Support services -school administration					
Central services					
Operation and maintenance of plant					
Student transportation					
Community services operations					
Capital outlay					
Total expenditures	100,925	9,864	-0-	1,394,129	70,466
Excess (deficiency) of revenues over expenditures					
Other financing sources (uses): Operating transfers in (out)					
Net changes in fund balances					
Fund balances, beginning of year					
Fund balances, end of year	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

<u>Carl D. Perkins Secondary</u>	<u>Johnson O'Malley</u>	<u>Impact Aid Special Education</u>	<u>Impact Aid Indian Education</u>	<u>GRADS Childcare</u>	<u>Title XIX Medicaid</u>	<u>PNM Foundation</u>
\$ 17,719		\$ 20,036			\$ 145,996	
<u>17,719</u>	<u>\$ -0-</u>	<u>20,036</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>145,996</u>	<u>\$ -0-</u>
17,719		20,036			76,670	
					69,326	
<u>17,719</u>	<u>-0-</u>	<u>20,036</u>	<u>-0-</u>	<u>-0-</u>	<u>145,996</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
FOR THE YEAR ENDED JUNE 30, 2008**

	Indian Ed. Formula Grant	Literacy Through School Libraries	LANL Foundation	Teacher Incentive Fund	Technology for Education
REVENUES:					
State sources					
Federal sources	\$ 75,162	\$ 55,024		\$ 372,075	
Charges for services					
Other local revenue			\$ 411,264		
Interest					
Total revenues	75,162	55,024	411,264	372,075	\$ -0-
EXPENDITURES:					
Current:					
Instruction	38,931		52,905	349,480	
Support services-students		6,691			
Support services- instruction	36,231	47,430	90,741		
Support services-general administration		903		22,595	
Support services -school administration					
Central services			162,624		
Operation and maintenance of plant					
Student transportation					
Food services operations					
Capital outlay			104,994		
Total expenditures	75,162	55,024	411,264	372,075	-0-
Excess (deficiency) of revenues over expenditures					
Other financing sources (uses): Operating transfers in (out)					
Net changes in fund balances					
Fund balances, beginning of year					
Fund balances, end of year	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

Incentives for School Imp. Act	Family & Youth Resource	Truancy Initiative	State School Imp. Program	Reading Improvements Initiative	Beginning Teacher Mentoring Program	Breakfast for Elementary Students
\$ 9,782	\$ 90,000	\$ 30,000			\$ 599	\$ 86,604
<u>9,782</u>	<u>90,000</u>	<u>30,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>599</u>	<u>86,604</u>
9,782	90,000	30,000			599	
						86,604
<u>9,782</u>	<u>90,000</u>	<u>30,000</u>	<u>-0-</u>	<u>-0-</u>	<u>599</u>	<u>86,604</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
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Extended School Day</u>	<u>Schools on the Rise</u>	<u>Summer Enrichment</u>	<u>Kindergarten Plus Three</u>	<u>Library SB 301 GO Bonds</u>
REVENUES:					
State sources	\$ 81,801	\$ 70,628	\$ 236,924	\$ 43,518	\$ 45,585
Federal sources					
Charges for services					
Other local revenue					
Interest					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>81,801</u>	<u>70,628</u>	<u>236,924</u>	<u>43,518</u>	<u>45,585</u>
EXPENDITURES:					
Current:					
Instruction	81,801	69,452	227,656	43,518	
Support services-students					
Support services- instruction					45,585
Support services-general administration		1,176	9,268		
Support services					
-school administration					
Central services					
Operation and maintenance of plant					
Student transportation					
Food services operations					
Capital outlay					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>81,801</u>	<u>70,628</u>	<u>236,924</u>	<u>43,518</u>	<u>45,585</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					
Fund balances, beginning of year					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
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>Resources for School Health</u>	<u>Center for Teaching Excellence</u>	<u>AP New Mexico Incentive Funding</u>	<u>Private Direct Grants</u>	<u>McCune Charitable Foundation</u>	<u>School Based Health Center</u>	<u>Total</u>
	\$ 1,797				\$ 231,290	\$ 928,528
			\$ 3,594			4,345,141
						125,431
						414,858
						5,727
<u>\$ -0-</u>	<u>1,797</u>	<u>\$ -0-</u>	<u>3,594</u>	<u>\$ -0-</u>	<u>231,290</u>	<u>5,819,685</u>
	1,797		3,594			3,746,086
						795,260
					135,659	492,549
						176,729
						-0-
						231,950
						21,058
						5,220
						86,604
					95,631	200,625
<u>-0-</u>	<u>1,797</u>	<u>-0-</u>	<u>3,594</u>	<u>-0-</u>	<u>231,290</u>	<u>5,756,081</u>
						63,604
						63,604
						580,036
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 643,640</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) - SPECIAL REVENUE FUND - ATHLETICS
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services	\$ 50,000	\$ 50,000	\$ 69,498	\$ 19,498
Other local revenue				
Interest	-0-	-0-	5,726	5,726
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>75,224</u>	<u>25,224</u>
EXPENDITURES:				
Current:				
Instruction	76,862	116,862	43,293	73,569
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>76,862</u>	<u>116,862</u>	<u>43,293</u>	<u>73,569</u>
Excess (deficiency) of revenues over expenditures	(26,862)	(66,862)	<u>\$ 31,931</u>	<u>\$ 98,793</u>
Prior year cash balance required to balance budget	<u>\$ 26,862</u>	<u>\$ 66,862</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 31,931
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ 31,931</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, 2008**

	<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	\$ -0-	\$ -0-	\$ 55,934	\$ 55,934
Interest	13,000	13,000	-0-	(13,000)
	<u>13,000</u>	<u>13,000</u>	<u>55,934</u>	<u>42,934</u>
Total revenues	<u>13,000</u>	<u>13,000</u>	<u>55,934</u>	<u>42,934</u>
EXPENDITURES:				
Current:				
Instruction	448,000	308,000	24,261	283,739
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation	-0-	140,000	-0-	140,000
Other support services				
Food services operations				
Facilities acquisition and construction				
	<u>448,000</u>	<u>448,000</u>	<u>24,261</u>	<u>423,739</u>
Total expenditures	<u>448,000</u>	<u>448,000</u>	<u>24,261</u>	<u>423,739</u>
Excess (deficiency) of revenues over expenditures	(435,000)	(435,000)	<u>\$ 31,673</u>	<u>\$ 466,673</u>
Prior year cash required to balance budget	<u>\$ 435,000</u>	<u>\$ 435,000</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 31,673
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ 31,673</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ 1,010,728	\$ 1,438,854	\$ 1,150,754	\$ (288,100)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>1,010,728</u>	<u>1,438,854</u>	<u>1,150,754</u>	<u>(288,100)</u>
EXPENDITURES:				
Current:				
Instruction	318,058	756,684	756,550	134
Support services-students	568,635	601,404	601,395	9
Support services-instruction				
Support services-general administration	543,382	54,382	54,382	-0-
Support services -school administration				
Central services				
Operation and maintenance of plant	17,584	21,060	21,057	3
Student transportation	-0-	5,324	5,220	104
Food service operations				
Total expenditures	<u>1,447,659</u>	<u>1,438,854</u>	<u>1,438,604</u>	<u>250</u>
Excess (deficiency) of revenues over expenditures	(436,931)	<u>\$ -0-</u>	<u>\$ (287,580)</u>	<u>\$ (287,850)</u>
Prior year cash required to balance budget	<u>\$ 436,931</u>			
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (287,850)
Adjustments: Revenue- Change in due from grantor between years.				284,191
Adjustments: Expenditures- Change in accounts payable between years				3,659
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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ 25,065	\$ 42,633	\$ 47,440	\$ 4,807
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>25,065</u>	<u>42,633</u>	<u>47,440</u>	<u>4,807</u>
EXPENDITURES:				
Current:				
Instruction	23,725	41,293	41,291	2
Support services				
Support services-students				
Support services- instruction				
Support services-general administration	1,340	1,340	1,340	-0-
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>25,065</u>	<u>42,633</u>	<u>42,631</u>	<u>2</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,809</u>	<u>\$ 4,809</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 4,809
Adjustments: Revenue- Change in due from grantor between years.				(4,809)
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 - ENHANCING EDUCATION THROUGH TECHNOLOGY FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 18,146	\$ 10,112	\$ (8,034)
Charges for services				
Other local revenue				
Interest				
	<u>-0-</u>	<u>18,146</u>	<u>10,112</u>	<u>(8,034)</u>
Total revenues	<u>-0-</u>	<u>18,146</u>	<u>10,112</u>	<u>(8,034)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	18,146	13,593	4,553
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>-0-</u>	<u>18,146</u>	<u>13,593</u>	<u>4,553</u>
Total expenditures	<u>-0-</u>	<u>18,146</u>	<u>13,593</u>	<u>4,553</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (3,481)</u>	<u>\$ (3,481)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (3,481)
Adjustments: Revenue- Change in due from grantor between years.				3,481
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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ -0-	\$ 12,340	\$ 12,340
Charges for services				
Other local revenue				
Interest				
Total revenues	-0-	-0-	12,340	12,340
EXPENDITURES:				
Current:				
Instruction				
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	-0-	-0-	-0-	-0-
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ 12,340	\$ 12,340
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 12,340
Adjustments: Revenue- Change in due from grantor between years.				(12,340)
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
TITLE V- PART A- INNOVATIVE ED.
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources				
Federal sources	\$ 6,780	\$ 7,247	\$ 11,383	\$ 4,136
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>6,780</u>	<u>7,247</u>	<u>11,383</u>	<u>4,136</u>
EXPENDITURES:				
Current:				
Instruction	1,780	7,247	7,247	-0-
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				
Food services operations				
Facilities acquisition and construction				
Total expenditures	<u>1,780</u>	<u>7,247</u>	<u>7,247</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 5,000</u>	<u>\$ -0-</u>	<u>\$ 4,136</u>	<u>\$ 4,136</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 4,136
Adjustments: Revenue- Change in due from grantor between years.				(4,136)
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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources				
Federal sources	\$ 139,916	\$ 100,838	\$ 140,553	\$ 39,715
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>139,916</u>	<u>100,838</u>	<u>140,553</u>	<u>39,715</u>
EXPENDITURES:				
Current:				
Instruction	123,000	83,922	80,550	3,372
Support services-students	12,916	12,916	8,434	4,482
Support services- instruction				
Support services-general administration	4,000	4,000	4,000	-0-
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Other support services				
Food services operations				
Facilities acquisition and construction				
Total expenditures	<u>139,916</u>	<u>100,838</u>	<u>92,984</u>	<u>7,854</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 47,569</u>	<u>\$ 47,569</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 47,569
Adjustments: Revenue-Change in due from grantor between years.				(47,249)
Adjustments: Expenditures-Change in accounts payable between years.				(320)
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, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 448,528	\$ 900,507	\$ 62,692	\$ (837,818)
Charges for services				
Other local revenue				
Interest				
	<u>448,528</u>	<u>900,507</u>	<u>62,692</u>	<u>(837,815)</u>
Total revenues				
EXPENDITURES:				
Current:				
Instruction	448,528	875,026	436,589	438,437
Support services				
Support services-students				
Support services- instruction				
Support services-general administration	-0-	25,481	15,842	9,639
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
	<u>448,528</u>	<u>900,507</u>	<u>452,431</u>	<u>448,076</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (389,739)</u>	<u>\$ (389,739)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (389,739)
Adjustments: Revenue-Change in due from grantor between years				389,739
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 IV- SAFE AND DRUG FREE SCHOOLS AND COMMUNITY
 FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 32,070	\$ 47,619	\$ 40,806	\$ (6,813)
Charges for services				
Other local revenue				
Interest				
	<u>32,070</u>	<u>47,619</u>	<u>40,806</u>	<u>(6,813)</u>
Total revenues				
	<u>32,070</u>	<u>47,619</u>	<u>40,806</u>	<u>(6,813)</u>
EXPENDITURES:				
Current:				
Instruction	32,070	32,070	24,043	8,027
Support services				
Support services-students				
Support services- instruction	-0-	15,549	15,549	-0-
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
	<u>32,070</u>	<u>47,619</u>	<u>39,592</u>	<u>8,027</u>
Total expenditures				
	<u>32,070</u>	<u>47,619</u>	<u>39,592</u>	<u>8,027</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,214</u>	<u>\$ 1,214</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 1,214
Adjustments: Revenue- Change in due from grantor between years.				(1,214)
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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources				
Federal sources	\$ 129,783	\$ 251,003	\$ 71,741	\$ (179,262)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>129,783</u>	<u>251,003</u>	<u>71,741</u>	<u>(179,262)</u>
EXPENDITURES:				
Current:				
Instruction	122,842	244,062	98,472	145,590
Support services-students				
Support services- instruction				
Support services-general administration	6,941	6,941	2,453	4,488
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Other support services				
Food services operations				
Facilities acquisition and construction				
Total expenditures	<u>129,783</u>	<u>251,003</u>	<u>100,925</u>	<u>150,078</u>
Excess (deficiency) of revenues over Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (29,184)</u>	<u>\$ (29,184)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (29,184)
Adjustments: Revenue –Change in due from grantor between years.				2,289
Change in deferred revenue between years				26,895
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 SCHOOL IMPROVEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources				
Federal sources	\$ -0-	\$ 9,864	\$ -0-	\$ (9,864)
Charges for services				
Other local revenue				
Interest				
Total revenues	-0-	9,864	-0-	(9,864)
EXPENDITURES:				
Current:				
Instruction	-0-	9,864	9,864	-0-
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				
Food services operations				
Facilities acquisition and construction				
Total expenditures	-0-	9,864	9,864	-0-
Excess (deficiency) of revenues over Expenditures	\$ -0-	\$ -0-	\$ (9,864)	\$ (9,864)
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (9,864)
Adjustments: Revenue- Change in due from grantor between years.				9,864
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
READING FIRST
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 1,454,196	\$ 1,454,196	\$ 1,894,169	\$ 439,973
Charges for services				
Other local revenue				
Interest				
	<u>1,454,196</u>	<u>1,454,196</u>	<u>1,894,169</u>	<u>439,973</u>
Total revenues	<u>1,454,196</u>	<u>1,454,196</u>	<u>1,894,169</u>	<u>439,973</u>
EXPENDITURES:				
Current:				
Instruction	1,264,491	1,303,903	1,294,486	9,417
Support services				
Support services-students				
Support services- instruction	84,667	84,667	81,340	3,327
Support services-general administration	65,626	65,626	65,626	-0-
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
	<u>1,414,784</u>	<u>1,454,196</u>	<u>1,441,452</u>	<u>12,744</u>
Total expenditures	<u>1,414,784</u>	<u>1,454,196</u>	<u>1,441,452</u>	<u>12,744</u>
Excess (deficiency) of revenues over Expenditures	<u>\$ 39,412</u>	<u>\$ -0-</u>	<u>\$ 452,717</u>	<u>\$ 452,717</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 452,717
Adjustments: Revenue- Change in due from grantor between years.				(500,040)
Adjustments: Expenditures- Change in accounts payable between years.				47,323
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 - CARL D. PERKINS – SPECIAL PROJECT
 FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 77,294	\$ 52,338	\$ (24,956)
Charges for services				
Other local revenue				
Interest				
Total revenues	-0-	77,294	52,338	(24,956)
EXPENDITURES:				
Current:				
Instruction	-0-	27,187	27,180	7
Support services				
Support services-students				
Support services- instruction	-0-	45,815	40,142	5,673
Support services-general administration	-0-	4,059	3,144	915
Support services -school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	-0-	77,061	70,466	6,595
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ 233</u>	<u>\$ (18,128)</u>	<u>\$ (18,361)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (18,128)
Adjustments: Revenue- Change in due from grantor between years.				18,128
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- CARL D. PERKINS SECONDARY
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 36,640	\$ -0-	\$ (36,640)
Charges for services				
Other local revenue				
Interest				
	<u>-0-</u>	<u>36,640</u>	<u>-0-</u>	<u>(36,640)</u>
Total revenues				
EXPENDITURES:				
Current:				
Instruction	-0-	36,640	17,719	18,921
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>-0-</u>	<u>36,640</u>	<u>17,719</u>	<u>18,921</u>
Total expenditures				
Excess (deficiency) of revenues over Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (17,719)</u>	<u>\$ (17,719)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (17,719)
Adjustments: Revenue- Change in due from grantor between years				17,950
Adjustments: Expenditures- Change in accounts payable between years				(231)
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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ -0-	\$ 16,474	\$ 16,474
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>16,474</u>	<u>16,474</u>
EXPENDITURES:				
Current:				
Instruction	27,747	27,747	20,036	7,711
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>27,747</u>	<u>27,747</u>	<u>20,036</u>	<u>7,711</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (27,747)</u>	<u>\$ (27,747)</u>	<u>\$ (3,562)</u>	<u>\$ 24,185</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (3,562)
Adjustments: Revenue- Change in deferred revenue between years				3,562
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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ -0-	\$ 25,434	\$ 25,434
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>25,434</u>	<u>25,434</u>
EXPENDITURES:				
Current:				
Instruction				
Support services				
Support services-students	16,565	16,565	-0-	16,565
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>16,565</u>	<u>16,565</u>	<u>-0-</u>	<u>16,565</u>
Excess (deficiency) of revenues over expenditures	(16,565)	(16,565)	<u>\$ 25,434</u>	<u>\$ 41,999</u>
Prior year cash required to balance budget	<u>\$ 16,565</u>	<u>\$ 16,565</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 25,434
Adjustments: Revenue- None.				(25,434)
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 - GRADS CHILDCARE CYFD
 FOR THE YEAR ENDED JUNE 30, 2008**

	<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				
Interest				
Total revenues	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
EXPENDITURES:				
Current:				
Instruction				
Support services				
Support services-students	1,500	1,500	-0-	1,500
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>1,500</u>	<u>1,500</u>	<u>-0-</u>	<u>1,500</u>
Excess (deficiency) of revenues over expenditures	(1,500)	(1,500)	<u>\$ -0-</u>	<u>\$ 1,500</u>
Prior year cash required to balance budget	<u>\$ 1,500</u>	<u>\$ 1,500</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ -0-
Adjustments: Revenue-				-0-
Adjustments: Expenditures-				-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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ 200,000	\$ 200,000	\$ 194,825	\$ (5,175)
Charges for services				
Other local revenue				
Interest				
	<u>200,000</u>	<u>200,000</u>	<u>194,825</u>	<u>(5,175)</u>
Total revenues				
	<u>200,000</u>	<u>200,000</u>	<u>194,825</u>	<u>(5,175)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services				
Support services-students	215,000	215,000	76,770	138,230
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services	135,003	135,003	69,326	65,677
Operation and maintenance of plant				
Student transportation				
Food services operations				
	<u>350,003</u>	<u>350,003</u>	<u>146,096</u>	<u>203,907</u>
Total expenditures				
	<u>350,003</u>	<u>350,003</u>	<u>146,096</u>	<u>203,907</u>
Excess (deficiency) of revenues over expenditures	(150,003)	(150,003)	<u>\$ 48,729</u>	<u>\$ 198,732</u>
Prior year cash required to balance budget	<u>\$ 150,003</u>	<u>\$ 150,003</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 48,729
Adjustments: Revenue-Change in deferred revenue between years				(48,829)
Adjustments: Expenditures- Change in accounts payable between years				100
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 ED. FORMULA GRANT
 FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ 32,814	\$ 84,035	\$ 71,371	\$ (12,664)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>32,814</u>	<u>84,035</u>	<u>71,371</u>	<u>(12,664)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	45,500	38,931	6,569
Support services				
Support services-students				
Support services- instruction	32,814	38,535	36,231	2,304
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>32,814</u>	<u>84,035</u>	<u>75,162</u>	<u>8,873</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0</u>	<u>\$ -0</u>	<u>\$ (3,791)</u>	<u>\$ (3,791)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (3,791)
Adjustments: Revenue- Change in due from grantor between years				3,791
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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 57,560	\$ 196,261	\$ 138,701
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>57,560</u>	<u>196,261</u>	<u>138,701</u>
EXPENDITURES:				
Current:				
Instruction				
Support services				
Support services-students	-0-	6,691	6,691	-0-
Support services- instruction	-0-	47,430	47,430	-0-
Support services-general administration	-0-	3,439	903	2,536
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>-0-</u>	<u>57,560</u>	<u>55,024</u>	<u>2,536</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 141,237</u>	<u>\$ 141,237</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 141,237
Adjustments: Revenue- Change in due from grantor between years				(141,237)
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 – LANL FOUNDATION FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ 184,312	\$ 479,824	\$ 533,804	\$ 53,980
Interest				
Total revenues	<u>184,312</u>	<u>479,824</u>	<u>533,804</u>	<u>53,980</u>
EXPENDITURES:				
Current:				
Instruction	-0-	60,000	45,513	14,487
Support services				
Support services-students				
Support services- instruction	-0-	90,750	90,741	9
Support services-general administration				
Support services				
-school administration				
Central services	184,312	179,074	163,646	15,428
Operation and maintenance of plant				
Student transportation				
Facilities acquisition and construction	<u>-0-</u>	<u>150,000</u>	<u>104,994</u>	<u>45,006</u>
Total expenditures	<u>184,312</u>	<u>479,824</u>	<u>404,894</u>	<u>74,930</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 128,910</u>	<u>\$ 128,910</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 128,910
Adjustments: Revenue- Change in due from grantor between years				(13,493)
Change in deferred revenue between years				(108,025)
Adjustments: Expenditures- Change in accounts payable between years				(7,392)
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 INCENTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources			\$ 372,075	\$ 372,075
Charges for services				
Other local revenue	\$ -0-	\$ 781,331	-0-	(781,331)
Interest				
Total revenues	-0-	781,331	372,075	(409,256)
EXPENDITURES:				
Current:				
Instruction	-0-	728,027	349,480	378,547
Support services				
Support services-students				
Support services- instruction				
Support services-general administration	-0-	53,304	22,595	30,709
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	-0-	781,331	372,075	409,256
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)				\$ -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 – TECHNOLOGY FOR EDUCATION
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 84,008	\$ 318,929	\$ 234,921
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>84,008</u>	<u>318,929</u>	<u>234,921</u>
EXPENDITURES:				
Current:				
Instruction	-0-	40,000	-0-	40,000
Support services				
Support services-students				
Support services- instruction	-0-	36,136	-0-	36,136
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>76,136</u>	<u>-0-</u>	<u>76,136</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ 7,872</u>	<u>\$ 318,929</u>	<u>\$ 311,057</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 318,929
Adjustments: Revenue- Change in due from grantor between years.				(77,350)
Change in deferred revenue between years				(241,579)
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)
 INCENTIVES FOR SCHOOL IMPROVEMENTS ACT
 FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 33,635	\$ 91,718	\$ 58,083
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>33,635</u>	<u>91,718</u>	<u>58,083</u>
EXPENDITURES:				
Current:				
Instruction	-0-	33,635	16,122	17,513
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				
Food services operations				
Facilities acquisition and construction				
Total expenditures	<u>-0-</u>	<u>33,635</u>	<u>16,122</u>	<u>17,513</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 75,596</u>	<u>\$ 75,596</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 75,596
Adjustments: Revenue- Change in due from grantor between years.				(81,936)
Adjustments: Expenditures- Change in accounts payable between years				6,340
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 AND YOUTH RESOURCE FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 90,000	\$ 60,307	\$ (29,693)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>90,000</u>	<u>60,307</u>	<u>(29,693)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services				
Support services-students	-0-	90,000	90,000	-0-
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>90,000</u>	<u>90,000</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (29,693)</u>	<u>\$ (29,693)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (29,693)
Adjustments: Revenue- Change in due from grantor between years				29,693
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 – TRUANCY INITIATIVE
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ -0-	\$ 30,000	\$ 9,000	\$ (21,000)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	-0-	30,000	9,000	(21,000)
EXPENDITURES:				
Current:				
Instruction				
Support services				
Support services-students	-0-	30,000	30,000	-0-
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	-0-	30,000	30,000	-0-
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ (21,000)	\$ (21,000)
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (21,000)
Adjustments: Revenue- Change in due from grantor between years				21,000
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 – BEGINNING TEACHER MENTORING PROGRAM FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 2,787	\$ 2,787	\$ -0-
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>2,787</u>	<u>2,787</u>	<u>-0-</u>
EXPENDITURES:				
Current:				
Instruction	-0-	2,787	599	2,188
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>2,787</u>	<u>599</u>	<u>2,188</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,188</u>	<u>\$ 2,188</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 2,188
Adjustments: Revenue- Change in deferred revenue between years				(2,188)
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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ 84,604	\$ 86,604	\$ 86,604	\$ -0-
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>84,604</u>	<u>86,604</u>	<u>86,604</u>	<u>-0-</u>
EXPENDITURES:				
Current:				
Instruction				
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>86,604</u>	<u>86,604</u>	<u>86,604</u>	<u>-0-</u>
Total expenditures	<u>86,604</u>	<u>86,604</u>	<u>86,604</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 191,977	\$ 120,741	\$ (71,236)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>191,977</u>	<u>120,741</u>	<u>(71,236)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	191,977	81,801	110,176
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>191,977</u>	<u>81,801</u>	<u>110,176</u>
Excess (deficiency) of revenues over Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 38,940</u>	<u>\$ 38,940</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 38,940
Adjustments: Revenue- Change in due from grantor between years				(38,940)
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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 97,051	\$ 58,024	\$ (39,027)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>97,051</u>	<u>58,024</u>	<u>(39,027)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	95,875	69,452	26,423
Support services				
Support services-students				
Support services- instruction				
Support services-general administration	-0-	1,176	1,176	-0-
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>-0-</u>	<u>97,051</u>	<u>70,628</u>	<u>26,423</u>
Excess (deficiency) of revenues over Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (12,604)</u>	<u>\$ (12,604)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (12,604)
Adjustments: Revenue- Change in due from grantor between years.				12,604
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 – SUMMER ENRICHMENT FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 285,000	\$ 66,828	\$ (218,172)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>285,008</u>	<u>66,828</u>	<u>(218,172)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	274,524	87,489	187,035
Support services				
Support services-students				
Support services- instruction				
Support services-general administration	-0-	10,476	9,268	1,208
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>-0-</u>	<u>285,000</u>	<u>96,757</u>	<u>188,243</u>
Excess (deficiency) of revenues over Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (29,929)</u>	<u>\$ (29,929)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (29,929)
Adjustments: Revenue- Change in due from grantor between years.				170,096
Adjustments: Expenditures- Change in accounts payable between years.				(140,167)
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 – KINDERGARTEN PLUS THREE
 FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 58,011	\$ 58,011	\$ -0-
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>58,011</u>	<u>58,011</u>	<u>-0-</u>
EXPENDITURES:				
Current:				
Instruction	-0-	48,423	42,916	5,507
Support services				
Support services-students	-0-	9,588	-0-	9,588
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>58,011</u>	<u>42,916</u>	<u>15,095</u>
Excess (deficiency) of revenues over Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 15,095</u>	<u>\$ 15,095</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 15,095
Adjustments: Revenue- Change in deferred revenue between years.				(14,493)
Adjustments: Expenditures- Change in accounts payable between years				(602)
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 SB301 GO BONDS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ -0-	\$ 51,767	\$ -0-	\$ (51,767)
Federal sources				
Charges for services				
Other local revenue				
Interest				
	<u>-0-</u>	<u>51,767</u>	<u>-0-</u>	<u>(51,767)</u>
Total revenues	<u>-0-</u>	<u>51,767</u>	<u>-0-</u>	<u>(51,767)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services				
Support services-students				
Support services- instruction	-0-	51,767	45,585	6,182
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
	<u>-0-</u>	<u>51,767</u>	<u>45,585</u>	<u>6,182</u>
Total expenditures	<u>-0-</u>	<u>51,767</u>	<u>45,585</u>	<u>6,182</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (45,585)</u>	<u>\$ (45,585)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (45,585)
Adjustments: Revenue- Change in due from grantor between years				45,585
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 – CENTER FOR TEACHING EXCELLENCE
 FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ -0-	\$ 1,797	\$ -0-	\$ (1,797)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	-0-	1,797	-0-	(1,797)
EXPENDITURES:				
Current:				
Instruction	-0-	1,797	1,797	-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	-0-	1,797	1,797	-0-
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ (1,797)	\$ (1,797)
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (1,797)
Adjustments: Revenue- Change in due from grantor between years.				1,797
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 - PRIVATE DIRECT GRANTS
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ -0-	\$ -0-	\$ 262	\$ 262
Interest				
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>262</u>	<u>262</u>
EXPENDITURES:				
Current:				
Instruction	53,574	53,574	3,594	49,980
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				
Community services operations				
Total expenditures	<u>53,574</u>	<u>53,574</u>	<u>3,594</u>	<u>49,980</u>
Excess (deficiency) of revenues over Expenditures	(53,574)	(53,574)	<u>\$ (3,332)</u>	<u>\$ 50,242</u>
Prior year cash required to balance budget	<u>\$ 53,574</u>	<u>\$ 53,574</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (3,332)
Adjustments: Revenue – Change in deferred revenue between years.				3,332
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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ 225,000	\$ 410,000	\$ 158,842	\$ (251,158)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	225,000	410,000	158,842	(251,158)
EXPENDITURES:				
Current:				
Instruction	129,368	129,368	-0-	129,368
Support services				
Support services-students				
Support services- instruction	-0-	185,000	135,659	49,341
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Facilities acquisition and construction	95,632	95,632	95,631	1
Total expenditures	225,000	410,000	231,290	178,710
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ (72,448)	\$ (72,448)
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (72,448)
Adjustments: Revenue –Change in due from grantor between years.				72,448
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				\$ -0-

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, 2008**

	Deferred Sick Leave	Educational Technology Equipment	Total
<u>ASSETS</u>			
Cash and investments	\$ 67,910	\$ 707,956	\$ 775,866
Taxes receivable		2,734	2,734
Total assets	<u>\$ 67,910</u>	<u>\$ 710,690</u>	<u>\$ 778,600</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Due to other funds			
Accounts payable			
Deferred revenue - property taxes		\$ 2,459	\$ 2,459
Total liabilities	<u>\$ -0-</u>	<u>2,459</u>	<u>2,459</u>
Fund Equity:			
Fund balances:			
Unreserved:			
Designated for subsequent year's expenditures			
Undesignated	67,910	708,231	776,141
Total fund balances	<u>67,910</u>	<u>708,231</u>	<u>776,141</u>
Total liabilities and fund equity	<u>\$ 67,910</u>	<u>\$ 710,690</u>	<u>\$ 778,600</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, 2008**

	<u>Deferred Sick Leave</u>	<u>Educational Technology Equipment</u>	<u>Total</u>
<u>REVENUES</u>			
Local taxes		\$ 2,853	\$ 2,853
State sources			
Federal sources			
Charges for services			
Other local revenue			
Interest		5,646	5,646
Total revenues	<u>\$ -0-</u>	<u>8,499</u>	<u>8,499</u>
<u>EXPENDITURES</u>			
Current:			
Instruction			
Support services-students			
Support services- instruction			
Support services-general administration		32	32
Support services -school administration			
Central services			
Operation and maintenance of plant			
Student transportation			
Community services operations			
Debt service		26,858	26,858
Total expenditures	<u>-0-</u>	<u>26,890</u>	<u>26,890</u>
Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>(18,391)</u>	<u>(18,391)</u>
Other financing sources			
Operating transfers in	<u>-0-</u>	<u>601,615</u>	<u>601,615</u>
Net changes in fund balances	-0-	583,224	583,224
Fund balances, beginning of year	<u>67,910</u>	<u>125,007</u>	<u>192,917</u>
Fund balances, end of year	<u>\$ 67,910</u>	<u>\$ 708,231</u>	<u>\$ 776,141</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-
 DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources	\$ 2,511,085	\$ 2,511,085	\$ 2,531,425	\$ 20,340
State sources				
Federal sources				
Charges for services				
Other local revenue				
Interest	<u>55,000</u>	<u>55,000</u>	<u>82,893</u>	<u>27,893</u>
Total revenues	<u>2,566,085</u>	<u>2,566,085</u>	<u>2,614,318</u>	<u>48,233</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration	25,111	25,111	25,111	-0-
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Debt service	<u>4,902,209</u>	<u>4,902,209</u>	<u>2,511,085</u>	<u>2,391,124</u>
Total expenditures	<u>4,927,320</u>	<u>4,927,320</u>	<u>2,536,196</u>	<u>2,391,124</u>
Excess (deficiency) of revenues over expenditures	(2,361,235)	(2,361,235)	<u>\$ 78,122</u>	<u>\$ 2,439,357</u>
Prior year cash balance required to balance budget	<u>\$ 2,361,235</u>	<u>\$ 2,361,235</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 FUNDED. TECH. DEBT SERVICE
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources	\$ 4,070	\$ 4,070	\$ 3,212	\$ (858)
State sources				
Federal sources				
Charges for services				
Other local revenue	-0-	601,615	601,615	-0-
Interest	<u>2,958</u>	<u>2,958</u>	<u>5,646</u>	<u>2,688</u>
Total revenues	<u>7,028</u>	<u>608,643</u>	<u>610,473</u>	<u>1,830</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration	40	40	32	8
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Debt service	<u>129,510</u>	<u>731,125</u>	<u>26,858</u>	<u>704,267</u>
Total expenditures	<u>129,550</u>	<u>731,165</u>	<u>26,890</u>	<u>704,275</u>
Excess (deficiency) of revenues over expenditures	(122,522)	(122,522)	<u>\$ 583,583</u>	<u>\$ 706,105</u>
Prior year cash balance required to balance budget	<u>\$ 122,522</u>	<u>\$ 122,522</u>		
Change in fund balances (Non-GAAP Budgetary Basis)			\$ 583,583	
Adjustments: Revenue- Change in taxes receivable between years			(359)	
Adjustments: Expenditures			-0-	
Change in fund balances (GAAP)			<u>\$ 583,224</u>	

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

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.

Educational Tech Equipment Act- To account for capital assets purchased through the Act and Educational Tech Bond- Series Sept. 2007 (Section 16-15A-1, NMSA 1978).

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.

This page intentionally left blank

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
AS OF JUNE 30, 2008

	<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			\$ 791,577	
Due from grantor	\$ 47,093	\$ 478,774		
Taxes receivable			498,126	
Total assets	<u>\$ 47,093</u>	<u>\$ 478,774</u>	<u>\$ 1,289,703</u>	<u>\$ -0-</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Due to other funds	\$ 47,093	\$ 469,459		
Accounts payable		9,315	\$ 9,825	
Deferred revenue - prop. Taxes			488,095	
Total liabilities	<u>47,093</u>	<u>478,774</u>	<u>497,920</u>	<u>\$ -0-</u>
Fund equity:				
Fund balances:				
Unreserved:				
Designated for subsequent year's expenditures				
Undesignated	<u>-0-</u>	<u>-0-</u>	<u>791,783</u>	<u>-0-</u>
Total fund balances	<u>-0-</u>	<u>-0-</u>	<u>791,783</u>	<u>-0-</u>
Total liabilities and fund equity	<u>\$ 47,093</u>	<u>\$ 478,774</u>	<u>\$ 1,289,703</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, 2008**

	<u>Educational Tech Equip. Act</u>	<u>Educational Tech Bond Series Sept. 2007</u>	<u>Public School Capital Outlay 20%</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	\$ 701,011	\$ 869,824	\$ 7,310	\$ 2,369,722
Due from grantor				523,867
Taxes receivable				498,126
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 701,011</u>	<u>\$ 869,824</u>	<u>\$ 7,310</u>	<u>\$ 3,393,715</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Due to other funds				\$ 516,552
Accounts payable	\$ 100,493			119,633
Deferred revenue - prop. Taxes				488,095
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>100,493</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>1,124,280</u>
Fund equity:				
Fund balances:				
Unreserved:				
Designated for subsequent year's expenditures				
Undesignated	<u>600,518</u>	<u>869,824</u>	<u>7,310</u>	<u>2,269,435</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>600,518</u>	<u>869,824</u>	<u>7,310</u>	<u>2,269,435</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ 701,011</u>	<u>\$ 869,824</u>	<u>\$ 7,310</u>	<u>\$ 3,393,715</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, 2008**

	Public School Capital Outlay	Special Capital Outlay - State	Capital Improvements SB-9	Energy Efficiency Act
REVENUES				
Local taxes			\$ 122,138	
State sources	\$ 16,815	\$ 489,314		
Federal sources				
Other local revenue		5,000		
Interest			36,496	
	<u>16,815</u>	<u>494,314</u>	<u>158,634</u>	<u>\$ -0-</u>
EXPENDITURES				
Debt service-bond issuance costs				
Capital outlay	<u>16,815</u>	<u>494,314</u>	<u>379,658</u>	<u>-0-</u>
	<u>16,815</u>	<u>494,314</u>	<u>379,658</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>-0-</u>	<u>(221,024)</u>	<u>-0-</u>
Other financing sources (uses):				
Bond discount				
Issuance of general obligation bonds				
Transfers in (out)				
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net changes in fund balances		-0-	(221,024)	-0-
Fund balances, beginning of year	<u>-0-</u>		<u>1,012,807</u>	
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 791,783</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, 2008**

	Educational Tech Equip. Act	Educational Tech Bond Series Sept. 2007	Public School Capital Outlay 20%	Total
REVENUES				
Local taxes				\$ 122,138
State sources				506,129
Federal sources				
Other local revenue				5,000
Interest	\$ 29,302	\$ 54,459	\$ 4,896	125,153
Total revenues	<u>29,302</u>	<u>54,459</u>	<u>4,896</u>	<u>758,420</u>
EXPENDITURES				
Debt service-bond issuance costs		46,879		46,879
Capital outlay	466,473	628,041	172,555	2,157,856
Total expenditures	<u>466,473</u>	<u>674,920</u>	<u>172,555</u>	<u>2,204,735</u>
Excess (deficiency) of revenues over expenditures	<u>(437,171)</u>	<u>(620,461)</u>	<u>(167,659)</u>	<u>(1,446,315)</u>
Other financing sources (uses):				
Bond discount		(8,100)		(8,100)
Issuance of general obligation bonds		2,100,000		2,100,000
Transfers in (out)		(601,615)		(601,615)
Total	<u>-0-</u>	<u>1,490,285</u>	<u>-0-</u>	<u>1,490,285</u>
Net changes in fund balances	<u>(437,171)</u>	<u>869,824</u>	<u>(167,659)</u>	<u>43,970</u>
Fund balances, beginning of year	<u>1,037,689</u>	<u>-0-</u>	<u>174,969</u>	<u>2,225,465</u>
Fund balances, end of year	<u>\$ 600,518</u>	<u>\$ 869,824</u>	<u>\$ 7,310</u>	<u>\$ 2,269,435</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue				
Interest	\$ -0-	\$ -0-	\$ 124,058	\$ 124,058
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>124,058</u>	<u>124,058</u>
EXPENDITURES:				
Current:				
Instruction				
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				
Facilities acquisition and construction	<u>3,966,217</u>	<u>3,966,217</u>	<u>1,001,722</u>	<u>2,964,495</u>
Total expenditures	<u>3,966,217</u>	<u>3,966,217</u>	<u>1,001,722</u>	<u>2,964,495</u>
Excess (deficiency) of revenues over expenditures	(3,966,217)	(3,966,217)	<u>\$ (877,664)</u>	<u>\$ 3,088,553</u>
Prior year cash required to balance budget	<u>\$ 3,966,217</u>	<u>\$ 3,966,217</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources				
Federal sources	\$ -0-	\$ 13,047	\$ 17,437	\$ 4,390
Charges for services				
Other local revenue	-0-	4,390	-0-	(4,390)
Interest				
Total revenues	-0-	17,437	17,437	-0-
EXPENDITURES:				
Current:				
Instruction				
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				
Facilities acquisition and construction	-0-	17,437	16,815	622
Total expenditures	-0-	17,437	16,815	622
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ 622	\$ 622
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 622
Adjustments: Revenue- Change in due from grantor between years				(622)
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) – CAPITAL PROJECTS –FUND-SPECIAL CAPITAL OUTLAY
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 310,000	\$ 485,000	\$ 315,000	\$ (170,000)
Charges for services				
Other local revenue	-0-	-0-	5,000	5,000
Interest				
	<u>310,000</u>	<u>485,000</u>	<u>320,000</u>	<u>(165,000)</u>
Total revenues	<u>310,000</u>	<u>485,000</u>	<u>320,000</u>	<u>(165,000)</u>
EXPENDITURES:				
Current:				
Instruction				
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				
Facilities acquisition and construction	<u>265,000</u>	<u>485,000</u>	<u>484,999</u>	<u>1</u>
	<u>265,000</u>	<u>485,000</u>	<u>484,999</u>	<u>1</u>
Total expenditures	<u>265,000</u>	<u>485,000</u>	<u>484,999</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 45,000</u>	<u>-0-</u>	<u>\$ (164,999)</u>	<u>\$ (164,999)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (164,999)
Adjustments: Revenue- Change in due from grantor between years				174,314
Adjustments: Expenditures- Change in accounts payable between years				(9,315)
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) –CAPITAL PROJECTS –FUND-CAPITAL IMPROVEMENTS SB-9
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 812,061	\$ 812,061	\$ 140,401	\$ (671,660)
State sources	400,976	400,976	-0-	(400,976)
Federal sources				
Charges for services				
Other local revenue				
Interest	18,607	18,607	36,496	17,889
Total revenues	<u>1,231,644</u>	<u>1,231,644</u>	<u>176,897</u>	<u>(1,054,747)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services				
Support services-students				
Support services- instruction				
Support services-general administration	8,261	8,261	1,404	6,857
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Facilities acquisitions and construction	2,023,383	2,023,383	369,014	1,654,369
Total expenditures	<u>2,031,644</u>	<u>2,031,644</u>	<u>370,418</u>	<u>1,661,226</u>
Excess (deficiency) of revenues over expenditures	(800,000)	(800,000)	<u>\$ (193,521)</u>	<u>\$ 606,479</u>
Prior year cash required to balance budget	<u>\$ 800,000</u>	<u>\$ 800,000</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (193,521)
Adjustments: Revenue- Change in taxes receivable between years				(18,263)
Adjustments: Expenditures- Change in accounts payable between years				(9,240)
Change in fund balances (GAAP)				<u>\$ (221,024)</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 FUNDED. TECHNOLOGY EQUIPMENT ACT
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue				
Interest	\$ -0-	\$ -0-	\$ 29,302	\$ 29,302
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>29,302</u>	<u>29,302</u>
EXPENDITURES:				
Current:				
Instruction				
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				
Facilities acquisition and construction	500,000	755,268	437,350	317,918
Total expenditures	<u>500,000</u>	<u>755,268</u>	<u>437,350</u>	<u>317,918</u>
Excess (deficiency) of revenues over Expenditures	(500,000)	(755,268)	<u>\$ (408,048)</u>	<u>\$ 347,220</u>
Prior year cash required to balance budget	<u>\$ 500,000</u>	<u>\$ 755,268</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (408,048)
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- Change in accounts payable between years				(29,123)
Change in fund balances (GAAP)				<u>\$ (437,171)</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 FUNDED. TECH. BOND SERIES 2007
 FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ -0-	\$ 1,445,644	\$ 1,498,385	\$ 52,741
Interest	-0-	-0-	54,459	54,459
	<u>-0-</u>	<u>1,445,644</u>	<u>1,552,844</u>	<u>107,200</u>
Total revenues				
EXPENDITURES:				
Current:				
Instruction				
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				
Facilities acquisition and construction	-0-	1,445,644	683,020	762,624
	<u>-0-</u>	<u>1,445,644</u>	<u>683,020</u>	<u>762,624</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ 869,824	\$ 869,824
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 869,824
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ 869,824</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue				
Interest	\$ -0-	\$ -0-	\$ 4,896	\$ 4,896
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>4,896</u>	<u>4,896</u>
EXPENDITURES:				
Current:				
Instruction				
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				
Facilities acquisition and construction	<u>72,555</u>	<u>172,555</u>	<u>172,555</u>	<u>-0-</u>
Total expenditures	<u>72,555</u>	<u>172,555</u>	<u>172,555</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	(72,555)	(172,555)	<u>\$ (167,659)</u>	<u>\$ 4,896</u>
Prior year cash required to balance budget	<u>\$ 72,555</u>	<u>\$ 172,555</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (167,659)
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				<u>\$ (167,659)</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.

Operational Account- Accounts for the general operations of the Charter School.

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

Special Revenue Fund

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

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, 2008**

	<u>General Fund</u>		<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
	<u>Operational</u>	<u>Instructional Materials</u>	<u>Non-Instructional Support</u>	<u>Public School Capital Outlay</u>	
<u>ASSETS</u>					
Cash	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Due from other funds	8,515		-0-		8,515
Total assets	<u>\$ 8,515</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,515</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts payable		\$ -0-	\$ -0-	\$ -0-	\$ -0-
Outstanding Checks	\$ 12,141				12,141
Due to other funds	-0-		8,515		8,515
Total liabilities	<u>12,141</u>	<u>-0-</u>	<u>8,515</u>	<u>-0-</u>	<u>20,656</u>
Fund equity:					
Fund balances:					
Restricted-Special Revenue Funds	-0-	-0-	-0-	-0-	-0-
Unreserved (deficit):					
Designated for subsequent year's expenditures	-0-	-0-	-0-	-0-	-0-
Undesignated (deficit)	(3,626)	-0-	(8,515)	-0-	(12,141)
Total fund balances	<u>(3,626)</u>	<u>-0-</u>	<u>(8,515)</u>	<u>-0-</u>	<u>(12,141)</u>
Total liabilities and fund equity	<u>\$ 8,515</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>8,515</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, 2008**

	<u>General</u>		<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
	<u>Operational</u>	<u>Instructional Materials</u>	<u>Non- Instructional Support</u>	<u>Public School Capital Outlay</u>	
REVENUES					
State sources	\$ 803,538	\$ 14,565		\$ 41,650	\$ 859,753
Federal sources					
Other local revenue	97,685				97,685
Total revenues	901,223	14,565	\$ -0-	41,650	957,438
EXPENDITURES					
Current:					
Instruction	420,344		8,515		428,859
Support services-students	72,505				72,505
Support services- instruction	13,891	14,565			28,456
Support services- general administration	2,455				2,455
Support services- school administration	105,063				105,063
Central services	140,717				140,717
Operation and maintenance of plant	131,450				131,450
Student transportation	2,637				2,637
Food services operations	32,114				32,114
Facilities acquisition and construction	17,101			41,650	58,751
Total expenditures	938,277	14,565	8,515	41,650	1,003,007
Net changes in fund balances	(37,054)	-0-	(8,515)	-0-	(45,569)
Fund balances, beginning of year	33,428	-0-	-0-	-0-	33,428
Fund balances, end of year	\$ (3,626)	\$ -0-	\$ (8,515)	\$ -0-	\$ (12,141)

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-OPERATIONAL ACCOUNT FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources	\$ 817,040	\$ 817,040	\$ 803,538	\$ (13,502)
Federal sources				
Charges for services				
Other local revenue				
Investment				
Total revenues	<u>817,040</u>	<u>817,040</u>	<u>803,538</u>	<u>(13,502)</u>
EXPENDITURES:				
Current:				
Instruction	492,102	492,102	420,344	71,758
Support services-students	45,510	45,510	72,505	(26,995)
Support services- instruction	10,900	10,900	13,891	(2,991)
Support services-general administration	22,000	22,000	2,455	19,545
Support services				
-school administration	87,738	87,738	105,063	(17,325)
Central services	118,994	118,994	140,717	(21,723)
Operation and maintenance of plant	100,614	100,614	131,450	(30,836)
Student transportation	-0-	-0-	2,637	(2,637)
Food Services operations	-0-	-0-	32,114	(32,114)
Facilities acquisition and construction	-0-	-0-	17,101	(17,101)
Total expenditures	<u>877,858</u>	<u>877,858</u>	<u>938,277</u>	<u>(60,419)</u>
Excess (deficiency) of revenues over expenditures	(60,818)	(60,818)	<u>\$ (134,739)</u>	<u>\$ (73,921)</u>
Prior year cash required to balance budget (1)	<u>\$ 60,818</u>	<u>\$ 60,818</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (134,739)
Adjustments: Revenue- Other Local Revenue				97,685
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ (37,054)</u>

(1) This fund did not have \$60,818 in beginning cash- finding prepared.

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-INSTRUCTIONAL MATERIALS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources	\$ 5,874	\$ 5,874	\$ 14,565	\$ 8,691
Federal sources				
Charges for services				
Other local revenue				
Investment				
Total revenues	5,874	5,874	14,565	8,691
EXPENDITURES:				
Current:				
Instruction	-0-	-0-	-0-	-0-
Support services-students	5,874	5,874	14,565	(8,691)
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	5,874	5,874	14,565	(8,691)
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)				\$ -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- CARINOS CHARTER SCHOOL- SPECIAL REVENUE FUND-NON-INSTRUCTIONAL SUPPORT FOR THE YEAR ENDED JUNE 30, 2008

	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-	8,515	(8,515)
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-	8,515	(8,515)
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ (8,515)	\$ (8,515)
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (8,515)
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures-None.				-0-
Change in fund balances (GAAP)				\$ (8,515)

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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources	\$ -0-	\$ -0-	\$ 41,650	\$ 41,650
Federal sources				
Charges for services				
Other local revenue				
Investment				
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>41,650</u>	<u>41,650</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-	-0-	41,650	(41,650)
Other	-0-	-0-	-0-	-0-
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>41,650</u>	<u>(41,650)</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 Charter School.

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

Special Revenue Fund

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

Capital Project Funds

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-ESPANOLA MILITARY ACADEMY
AS OF JUNE 30, 2008**

	<u>General Fund</u>		<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
	<u>Operational</u>	<u>Institutional Materials</u>	<u>Charter School -Federal</u>	<u>Public School Capital Outlay</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 207,663	\$ 3,106	\$ -0-	\$ 46,298	\$ 257,067
Due from grantor					
Total assets	<u>\$ 207,663</u>	<u>\$ 3,106</u>	<u>\$ -0-</u>	<u>\$ 46,298</u>	<u>\$ 257,067</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-
Undesignated	207,663	3,106	-0-	46,298	257,067
Total fund balances	<u>207,663</u>	<u>3,106</u>	<u>-0-</u>	<u>46,298</u>	<u>257,067</u>
Total liabilities and fund equity	<u>\$ 207,663</u>	<u>\$ 3,106</u>	<u>\$ -0-</u>	<u>\$ 46,298</u>	<u>\$ 257,067</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-ESPANOLA MILITARY ACADEMY
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>General Fund</u>		<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
	<u>Operational</u>	<u>Instructional Materials</u>	<u>Charter School -Federal</u>	<u>Public School Capital Outlay</u>	
REVENUES					
State sources	\$ 2,062,242	\$ 34,194		\$ 46,298	\$ 2,142,734
Federal sources					
Other local revenue					
Total revenues	<u>2,062,242</u>	<u>34,194</u>	<u>\$ -0-</u>	<u>46,298</u>	<u>2,142,734</u>
EXPENDITURES					
Current:					
Instruction	800,385	32,556	27,597		860,538
Support services-students	143,743				143,743
Support services- instruction	300,877	4,320			305,197
Support services- general administration	85,551				85,551
Support services- school administration	102,614				102,614
Central services	223,963				223,963
Operation and maintenance of plant	305,968				305,968
Food services operation	16,760				16,760
Facilities acquisition and construction					
Total expenditures	<u>1,979,861</u>	<u>36,876</u>	<u>27,597</u>	<u>-0-</u>	<u>2,044,334</u>
Net changes in fund balances	<u>82,381</u>	<u>(2,682)</u>	<u>(27,597)</u>	<u>46,298</u>	<u>98,400</u>
Fund balances, beginning of year	<u>125,282</u>	<u>5,788</u>	<u>27,597</u>	<u>-0-</u>	<u>158,667</u>
Fund balances, end of year	<u>\$ 207,663</u>	<u>\$ 3,106</u>	<u>\$ -0-</u>	<u>\$ 46,298</u>	<u>\$ 257,067</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-OPERATIONAL ACCOUNT FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources	\$ 2,234,955	\$ 2,234,955	\$ 2,062,242	\$ (172,713)
Federal sources				
Charges for services				
Other local revenue				
Investment				
Total revenues	<u>2,234,955</u>	<u>2,234,955</u>	<u>2,062,242</u>	<u>(172,713)</u>
EXPENDITURES:				
Current:				
Instruction	1,092,586	899,246	816,439	82,807
Support services-students	284,107	164,107	143,743	20,364
Support services- instruction	303,997	315,242	300,877	14,365
Support services-general administration	17,500	17,500	85,551	(68,051)
Support services				
-school administration	109,216	115,456	102,614	12,842
Central services	189,690	229,565	223,963	5,602
Operation and maintenance of plant	290,472	294,302	305,968	(11,666)
Student transportation				
Food services	18,146	18,146	16,760	1,386
Facilities acquisition and construction	-0-	-0-	-0-	-0-
Total expenditures	<u>2,305,714</u>	<u>2,053,564</u>	<u>1,995,915</u>	<u>57,649</u>
Excess (deficiency) of revenues over expenditures	(70,759)	<u>\$ 181,391</u>	<u>\$ 66,327</u>	<u>\$ (115,064)</u>
Prior year cash required to balance budget	<u>\$ 70,759</u>			
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 66,327
Adjustment: Revenue- None.				-0-
Adjustment: Expenditures- Change in accounts payable between years				16,054
Change in fund balances (GAAP)				<u>\$ 82,381</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources	\$ 21,358	\$ 21,358	\$ 34,194	\$ 12,836
Federal sources				
Charges for services				
Other local revenue				
Investment				
Total revenues	<u>21,358</u>	<u>21,358</u>	<u>34,194</u>	<u>12,836</u>
EXPENDITURES:				
Current:				
Instruction	31,929	31,929	32,556	(627)
Support services-students	1,964	1,964	4,320	(2,356)
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>33,893</u>	<u>33,893</u>	<u>36,876</u>	<u>(2,983)</u>
Excess (deficiency) of revenues over expenditures	(12,535)	(12,535)	<u>\$ (2,682)</u>	<u>\$ 9,853</u>
Prior year cash required to balance budget	<u>\$ 12,535</u>	<u>\$ 12,535</u>		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (2,682)
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ (2,682)</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes				
State sources				
Federal sources	\$ 14,430	\$ 14,430	\$ -0-	\$ (14,430)
Charges for services				
Other local revenue				
Investment				
Total revenues	<u>14,430</u>	<u>14,430</u>	<u>-0-</u>	<u>(14,430)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	-0-	27,597	(27,597)
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	<u>-0-</u>	<u>-0-</u>	<u>27,597</u>	<u>(27,597)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 14,430</u>	<u>\$ 14,430</u>	<u>\$ (27,597)</u>	<u>\$ (42,027)</u>
Change in fund balances (Non-GAAP Budgetary Basis)				\$ (27,597)
Adjustments: Revenue- None.				-0-
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				<u>\$ (27,597)</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes				
State sources	\$ -0-	\$ 86,992	\$ 89,794	\$ 2,802
Federal sources				
Charges for services				
Other local revenue				
Investment				
Total revenues	-0-	86,992	89,794	2,802
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-	90,727	-0-	90,727
Total expenditures	-0-	90,727	-0-	90,727
Excess (deficiency) of revenues over expenditures	\$ -0-	(3,735)	\$ 89,794	\$ 93,529
Prior year cash required to balance budget		\$ 3,735		
Change in fund balances (Non-GAAP Budgetary Basis)				\$ 89,794
Adjustments: Revenue- Change in due from grantor between years.				(43,496)
Adjustments: Expenditures- None.				-0-
Change in fund balances (GAAP)				\$ 46,298

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

This page intentionally left blank

**ADDITIONAL INFORMATION -
SUPPORTING SCHEDULES**

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF CASH RECONCILIATIONS-DISTRICT
FOR THE YEAR ENDED JUNE 30, 2008

	Operational Account 11000	Transportation Account 13000	Instructional Materials 14000	Cafeteria Account 21000	Athletics Account 22000
Audited net cash and Investments, 6/30/07 held by District for	\$ 258,091	\$ 11,189	\$ 166,527	\$ 47,557	\$ 95,788
Adjustment for prior year Loans from/to other funds	2,312,870				
Current year revenue	33,734,134	1,543,977	476,478	1,847,836	75,224
Cash transfers in					
Loans from other funds				21,664	
Prior-year warrants voided					
Current year expenditures	(33,672,207)	(1,555,166)	(386,896)	(1,917,057)	(43,293)
Loans to other funds	(2,611,490)		(256,109)		
Cash transfers out	<u>(21,398)</u>				
Total cash and investments 6/30/08 held by District for	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 127,719</u>

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

**SCHEDULE OF CASH RECONCILIATIONS-DISTRICT (continued)
FOR THE YEAR ENDED JUNE 30, 2008**

	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, 6/30/07 held by District for	\$ 484,248	\$ 37,802	\$ 415,101	\$ 2,710	\$ 71,609	\$ 7,240
Adjustment for prior year Loans from/to other funds		(1,497,724)	(154,265)	(13,497)	(244,391)	
Current year revenue	55,934	4,564,732	504,364	905,881	872,948	
Cash transfers in		21,398				
Loans from other funds		1,993,945	16,820		266,913	1,797
Prior Year Warrants Voided						
Current year expenditures	(24,261)	(5,109,246)	(296,318)	(776,967)	(561,012)	(1,797)
Loans to other funds						
Cash transfers out						
Total cash and investments 6/30/08 held by District for	<u>\$ 515,921</u>	<u>\$ 10,907</u>	<u>\$ 485,702</u>	<u>\$ 118,127</u>	<u>\$ 406,067</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, 2008

	<u>Local/State Fund 29000</u>	<u>Bond Building 31100</u>	<u>Pub. School Cap. Outlay 31200</u>
Audited net cash and Investments, 6/30/07 held by District for	\$ 93,539	\$ 3,927,649	\$ -0-
Adjustment for prior year Loans from/to other funds	(50,818)		(47,715)
Current year revenue	159,104	124,057	17,437
Cash transfers in			
Loans from other funds	123,266		47,093
Prior year warrants voided			
Current year expenditures	(234,884)	(1,001,721)	(16,815)
Loans to other funds			
Cash transfers out			
Total cash and investments 6/30/08 held by District for	<u>\$ 90,207</u>	<u>\$ 3,049,985</u>	<u>\$ -0-</u>

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

**SCHEDULE OF CASH RECONCILIATIONS-DISTRICT (continued)
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Spec. Cap. Outlay - State 31400</u>	<u>Cap. Improv. SB-9 31700</u>	<u>Energy Efficiency 31800</u>
Audited net cash and Investments, 6/30/07 held by District for	\$ -0-	\$ 985,099	\$ -0-
Adjustment for prior year Loans from/to other funds	(304,460)		
Current year revenue	320,000	176,896	
Cash transfers in			
Loans from other funds	469,459		
Prior year warrants voided			
Current year expenditures	(484,999)	(370,418)	-0-
Loans to other funds			
Cash transfers out			
Total cash and investments 6/30/08 held by District for	<u>\$ -0-</u>	<u>\$ 791,577</u>	<u>\$ -0-</u>

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

**SCHEDULE OF CASH RECONCILIATIONS-DISTRICT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Ed. Tech Equip Act 31900</u>	<u>PSCO 20% Fund 32100</u>	<u>Debt Service Fund 41000</u>	<u>Deferred Sick Leave Fund 42000</u>	<u>Ed. Tech. Debt Service Fund 43000</u>
Audited net cash and Investments, 6/30/07 held by District for	\$ 1,109,059	\$ 174,969	\$ 2,749,502	\$ 67,910	\$ 124,374
Adjustment for prior year Loans from/to other funds					
Current year revenue	1,582,146	4,896	2,614,318		610,472
Cash transfers in					
Loans from other funds					
Prior-year warrants voided					
Current year expenditures	(1,120,370)	(172,555)	(2,536,196)		(26,890)
Loans to other funds			(73,358)		
Cash transfers out	_____	_____	_____	_____	_____
Total cash and investments 6/30/08 held by District for	<u>\$ 1,570,835</u>	<u>\$ 7,310</u>	<u>\$ 2,754,266</u>	<u>\$ 67,910</u>	<u>\$ 707,956</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF CASH RECONCILIATIONS-DISTRICT (continued)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Grand Total</u>
Audited net cash and Investments, 6/30/07 held by District for	\$ 10,829,963
Adjustment for prior year Loans from/to other funds	-0-
Current year revenue	50,190,834
Cash transfers in	21,398
Loans from other funds	2,940,957
Prior year warrants voided	-0-
Current year expenditures	(50,309,068)
Loans to other funds	(2,940,957)
Cash transfers out	(21,398)
Total cash and investments 6/30/08 held by District for	<u>\$ 10,711,729</u>

<u>District Accounts</u>	<u>Account Name</u>	<u>Type of Account</u>	<u>Bank Balance, June 30, 2008</u>	<u>Reconciled Balance, June 30, 2008</u>
Valley National Bank, Espanola, NM	General Operating Federal Projects	Checking	\$ 3,943,000	\$ 2,519,656
Valley National Bank, Espanola, NM	Federal Projects	Checking	72	-0-
Valley National Bank, Espanola, NM	Money Market	Savings	5,000,000	5,000,000
Bank of America, Espanola, NM	Payroll	Checking	2,201,313	51,948
State of New Mexico Office of the State Treasurer	Local Government Investment Pool	Investment	3,887,544	3,887,544
Totals			<u>\$ 15,031,929</u>	11,459,148
	Less: 1. Cash- agency funds-District			(544,797)
	2. Cash-component unit- Espanola Military Academy			<u>(202,622)</u>
	Total cash and investments- District			<u>\$ 10,711,729</u>

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

**SCHEDULE OF CASH RECONCILIATIONS-COMPONENT UNIT-CARINOS CHARTER
SCHOOL FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Operational Account</u>	<u>Instructional Materials Account</u>	<u>Non- Instructional Support</u>	<u>Public School Capital Outlay</u>	<u>Charter School- Federal</u>
Audited net cash and investments, 6/30/07 held by School for	\$ 33,428	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Current year revenue	901,223	14,565		41,650	
Current year expenditures	<u>(938,277)</u>	<u>(14,565)</u>	<u>(8,515)</u>	<u>(41,650)</u>	
Total cash and investments (outstanding checks) 6/30/08 held by School for	<u>\$ (3,626)</u>	<u>\$ -0-</u>	<u>\$ (8,515)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

**SCHEDULE OF CASH RECONCILIATIONS-COMPONENT UNIT-CARINOS CHARTER
SCHOOL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Charter School -State</u>	<u>Total</u>
Audited net cash and investments, 6/30/07 held by School for	\$ -0-	\$ 33,428
Current year revenue		957,438
Current year expenditures		<u>(1,003,007)</u>
Total cash and investments (outstanding checks) 6/30/08 held by School for	<u>\$ -0-</u>	<u>\$ (12,141)</u>

<u>Component Unit</u>	<u>Account Name</u>	<u>Type of Account</u>	<u>Bank Balance, June 30, 2008</u>	<u>Reconciled Balance, June 30, 2008</u>
<u>Carinos Charter School</u>				
Valley National Bank, Espanola, NM	Operating	Checking	\$ 1,442	\$ (12,141)
Total			<u>\$ 1,442</u>	<u>\$ (12,141)</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

**SCHEDULE OF CASH RECONCILIATIONS-COMPONENT UNIT-ESPANOLA MILITARY
ACADEMY FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Operational Account</u>	<u>Instructional Materials Account</u>	<u>Charter School Federal</u>	<u>Legislative Appropriations -Operational</u>	<u>Public School Capital Outlay</u>
Audited net cash and investments, 6/30/07 held by School for	\$ 97,840	\$ 5,788	\$ 27,597	\$ -0-	\$ -0-
Current year revenue	2,062,242	34,194	-0-		46,298
Current year expenditures	<u>(1,952,419)</u>	<u>(36,876)</u>	<u>(27,597)</u>		
Total cash and investments 6/30/08 held by School for	<u>\$ 207,663</u>	<u>\$ 3,106</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 46,298</u>

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

**SCHEDULE OF CASH RECONCILIATIONS-COMPONENT UNIT-ESPANOLA MILITARY
ACADEMY (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Special Capital Outlay</u>	<u>Total</u>
Audited net cash and investments, 6/30/07 held by School for	\$ -0-	\$ 131,225
Current year revenue		2,142,734
Current year expenditures		<u>(2,016,892)</u>
Total cash and investments 6/30/08 held by School for	<u>\$ -0-</u>	<u>\$ 257,067</u>

<u>Component Unit</u>	<u>Account Name</u>	<u>Type of Account</u>	<u>Bank Balance, June 30, 2008</u>	<u>Reconciled Balance, June 30, 2008</u>
<u>Espanola Military Academy</u>				
Century Bank, Espanola, NM	Activity Fund	Checking	\$ 15,263	\$ 15,263
Century Bank, Espanola, NM	Federal Charter	Checking	28	28
Century Bank, Espanola, NM	Operating	Checking	<u>70,782</u>	<u>54,417</u>
Totals			<u>\$ 86,073</u>	69,708
Less- Cash- agency fund				(15,263)
Add- Cash in District account				<u>202,622</u>
			Total	<u>\$ 257,067</u>

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2008

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, 2008:

Valley National Bank, Espanola, New Mexico:

Total bank deposits, including Carinos Charter School	\$ 8,944,514
Amount insured by FDIC	<u>(100,000)</u>
Uninsured public funds	<u>\$ 8,844,514</u>
50% Collateral requirement	<u>\$ 4,422,257</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	\$ 179,202	175,000
SAN JUAN COUNTY NM REV	79835HCB1	3/15/16	250,000	264,108	250,000
LAS CRUCES NM GAS TAX REV	51748PAP9	6/1/16	250,000	258,813	250,000
FMLMC POOL #P10028	31284BA56	2/1/13	728,586	746,567	746,567
TORRANCE COUNTY NM	891398AX7	8/1/13	300,000	303,741	300,000
RIO ARRIBA COUNTY NM GROSS	766899AN8	5/1/16	500,000	500,470	500,000
FNMA POOL #665403	31391FGL6	9/1/17	887,060	898,786	898,786
FNMA POOL#257135	3137INS42	7/1/37	2,228,253	2,181,553	2,181,553
FNMA POOL#256806	3137INGRO	3/1/38	2,443,872	2,393,416	2,393,416
FHLMC POOL #E01344	31294KPS8	4/1/18	1,091,043	1,062,039	1,062,039
ROCKET TEX SPL UTIL DBT WTR	773138FV5	7/10/26	515,000	468,526	-0-
Total pledged					<u>8,757,361</u>

Amount over (under) requirement at June 30, 2008. \$ 4,335,104

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF PLEDGED COLLATERAL-CONTINUED
JUNE 30, 2008

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, 2008:

Bank of America, Espanola, New Mexico:

Total bank deposits	\$ 2,201,313
Amount insured by FDIC	(100,000)
Uninsured public funds	<u>\$ 2,101,313</u>
50% Collateral requirement	<u>\$ 1,050,657</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	\$ 1,364,863	1,359,367	<u>1,359,367</u>
Total pledged					<u>1,359,367</u>
Amount over (under) requirement at June 30, 2008.					<u>\$ 308,710</u>

Century Bank, Espanola, New Mexico:

Total bank deposits	\$ 86,073
Amount insured by FDIC	(86,073)
Uninsured public funds	<u>\$ -0-</u>

No pledged collateral was required at June 30, 2008.

**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, 2008**

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
<u>ASSETS</u>				
Cash	\$ 526,323	\$ 710,961	\$ (692,487)	\$ 544,797
Total assets	<u>\$ 526,323</u>	<u>\$ 710,961</u>	<u>\$ (692,487)</u>	<u>\$ 544,797</u>
<u>LIABILITIES</u>				
Deposits held for others	\$ 526,323	\$ 710,961	\$ (692,487)	\$ 544,797
Total liabilities	<u>\$ 526,323</u>	<u>\$ 710,961</u>	<u>\$ (692,487)</u>	<u>\$ 544,797</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, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
STUDENT ACTIVITY FUNDS:				
Abiquiu Elementary	\$ 5,439	\$ 3,461	\$ (460)	\$ 8,440
Alcade Elementary	13,780	3,838	(5,438)	12,180
Chimayo Elementary	3,124	11,419	(11,934)	2,609
Dixon Elementary	1,294	322	(988)	628
Espanola Elementary	21,713	36,997	(30,586)	28,124
Fairview Elementary	27,710	73,254	(69,885)	31,079
Hernandez Elementary	16,502	21,613	(20,256)	17,859
Los Ninos Elementary	12,391	32,360	(30,161)	14,590
Mountain View Elementary	2,231	8,489	(5,666)	5,054
San Juan Elementary	17,032	109,824	(117,253)	9,603
Sombrillo Elementary	1,762	6,352	(7,897)	217
Velarde Elementary	3,780	6,182	(5,814)	4,148
Espanola Middle School	24,010	24,435	(27,689)	20,756
Espanola Valley High School	213,437	167,924	(165,975)	215,386
	<hr/>	<hr/>	<hr/>	<hr/>
Total Student Activity Funds	364,205	506,470	(500,002)	370,673
Clearing Agency Fund	162,118	204,491	(192,485)	174,124
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 526,323</u>	<u>\$ 710,961</u>	<u>\$ (692,487)</u>	<u>\$ 544,797</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, 2008

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
<u>ASSETS</u>				
Cash	\$ 5,863	\$ 58,410	\$ (49,010)	\$ 15,263
Total assets	<u>\$ 5,863</u>	<u>\$ 58,410</u>	<u>\$ (49,010)</u>	<u>\$ 15,263</u>
<u>LIABILITIES</u>				
Deposits held for others	\$ 5,863	\$ 58,410	\$ (49,010)	\$ 15,263
Total liabilities	<u>\$ 5,863</u>	<u>\$ 58,410</u>	<u>\$ (49,010)</u>	<u>\$ 15,263</u>

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

**SCHEDULE OF JOINT POWERS AGREEMENT
FOR THE YEAR ENDED JUNE 30, 2008**

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
AMOUNT RESPONSIBILITY: District

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

<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 (PED):			
ESEA CHAPTER I BASIC	24101	84.010	\$ 1,349,604
IDEA-B Entitlement	24106	84.027A	1,434,946
IDEA-B Preschool	24109	84.173	42,631
TITLE II-D ENHANCING ED THROUGH TECHNOLOGY	24133	84.318	13,593
TITLE V-A	24150	84.298	7,247
TITLE III NO CHILD LEFT BEHIND	24153	84.365A	93,305
TITLE II	24154	84.367A	452,431
TITLE IV-A	24157	84.186A	39,592
RURAL LOW INCOME	24160	84.358B	100,925
SCHOOL IMPROVEMENT GRANT	24162	84.0100	9,864
READ FIRST	24167	84.357A	1,394,129
CARL PERKINS	24174	84.048	70,466
CARL PERKINS	24176	84.048	17,719
TOTAL PASS-THROUGH PED			<u>5,026,452</u>
Passed through State of New Mexico Northern New Mexico			
Network for Rural Education:			
TEACHER INCENTIVE FUND	26182	84.374	<u>372,075</u>
TOTAL INDIRECT			<u>5,398,527</u>
DIRECT GRANTS:			
TITLE VIII-IMPACT AID, OPERATIONAL	11000	84.041	101,735
TITLE VIII-IMPACT AID, SPECIAL ED.	25145	84.041	20,036
TITLE VIII-IMPACT AID INDIAN ED.	25147	84.041	-0-
TITLE VII-INDIAN ED.	25184	84.060A	75,162
LITERACY THROUGH SCHOOL LIBRARIES	25235	84.364A	<u>55,024</u>
TOTAL U.S. DEPARTMENT OF EDUCATION-DISTRICT DIRECT GRANTS			<u>251,957</u>
TOTAL U.S. DEPARTMENT OF EDUCATION-DISTRICT			<u>5,650,484</u>
<u>U.S. Department of Agriculture</u>			
Passed through State of New Mexico Department of Education:			
National School Lunch/Breakfast	21000	10.555	1,846,333

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2008**

Passed through Statement of New Mexico			
Department of Human Services:			
U.S.D.A. Commodities	21000	10.555	126,694
TOTAL INDIRECT			<u>1,973,027</u>
DIRECT GRANTS:			
FOREST RESERVE	11000	10.665	<u>145,508</u>
Total U.S. Department of Agriculture			<u>2,118,535</u>
Total Expenditures of Federal Awards- District			<u>7,769,019</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	27,597
Carinos Charter School- Charter School Grant	24146	84.282A	<u>-0-</u>
TOTAL COMPONENT UNITS			<u>27,597</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS DISTRICT AND COMPONENT UNITS			<u>\$ 7,796,616</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 \$126,694 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.

4. Excluded from Coverage
 Teacher Incentive Fund, CFDA # 84.374 is excluded from coverage under OMB Circular A-133. It was not considered when calculating the major program threshold and accompanying requirements.

OTHER REPORTS

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

P.O. Box 25941
Albuquerque, New Mexico 87125
(505) 299-5233

**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, 2008, and have issued my report thereon dated December 10, 2009, in which I disclaim an opinion on the statement of net assets and the statement of activities due 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, 07-02, 07-03, 07-05, 07-06, 07-07, 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, 07-2, 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 instances of noncompliance that are required to be reported under Government Auditing Standards paragraphs 5.14 and 5.16 and Section 12-6-5, NMSA, 1978, and which are described in the accompanying Schedule of Findings and Questioned Costs as Items 06-04 and 08-01.

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.

Handwritten signature of Chester W. Matthews, CPA in black ink.

December 10, 2009

C
W
M Chester W. Mattocks
Certified Public Accountant

P.O. Box 25941
Albuquerque, New Mexico 87125
(505) 299-5233

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, 2008. 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, 2008.

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 the 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. However, as discussed below, I identified a significant deficiency in internal control over compliance that I consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the 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 deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Item 06-03 to be a significant deficiency.

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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as Item 06-03 to be a material weakness.

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 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 10, 2009

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Disclaimer on government-wide financial statements and disclaimers on discretely presented component units, Carinos Charter School and Espanola Military and disclaimers on Schedule of Expenditures of Federal Awards, Schedule of Cash Reconciliations- Component Unit- Carinos Charter School, Schedule of Cash Reconciliations- Component Unit- Espanola Military Academy and Schedule of Changes in Fiduciary Assets and Liabilities – Component Unit-Agency Fund- Espanola Military Academy. Other: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
10.555	National School Lunch/Breakfast
10.555	U.S.D.A Commodities
84.027A	IDEA-B Entitlement
84.367A	Title II

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee yes no

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2008

II. Financial Statement Findings

04 -03 – LATE AUDIT REPORT

Finding: The District did not submit its audit report for the year ended June 30, 2008 on or before November 15, 2008. The report was submitted on January 7, 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 Charter Schools.

Effect: The audit report was not available on a timely basis for use for 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 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 Cariños 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 SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2008

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) Seventeen expenditures totaling \$119,034 did not have adequate supporting documentation attached.
 - b) Eleven expenditures totaling \$77,087 did not have the Purchase Order available for examination.
 - c) Seven expenditures totaling \$39,611 were noted where the Purchase Order was not signed by a properly authorized representative of the School.
 - d) There were eight expenditures totaling \$58,106 where there was no indication that quotes or bids were obtained to ensure that best pricing was obtained.
 - e) There were two expenditures totaling \$13,345 where the payment was based on a monthly statement instead of the original invoice.
 - f) One expenditure totaling \$7,149 was noted where the payment was ninety or more days past the original due date.
 - 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.
 - h) A voided check in the amount of \$1,233 was observed that had been marked "void," but the check had not been mutilated in any manner that would prevent the check from being chemically washed and used by an unauthorized person.
13. The School had a negative net assets (\$12,141) at June 30, 2008, and it had a deficit fund balance of \$3,626 in its Operational Account of its General Fund and of \$8,515 in its Special Revenue Fund, Non-instructional Support.
14. Carinos Charter School budgeted beginning cash of \$60,818 when it only had cash of \$33,428. Therefore, there was a shortage of \$27,390.

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 Cariños 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.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2008

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 forms and the packages for the years ended June 30, 2007 and June 30, 2008 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.

Effect: Future funding could be affected.

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

Management's response: The 2007 and the 2008 Data Collection Forms will be submitted as soon as they are provided by the Auditor.

06 – 04 – OVEREXPENDITURE OF BUDGETS- COMPONENT UNITS

Statement of finding: The District's component units overspent their budgets in various functions. Cariños Charter School overspent its entire budget.

Cariños Charter School

Operational Account of General Fund

1. Overspent its entire budget by \$134,739.
2. Overspent its function, support services- students by \$26,995.
3. Overspent its function, support services- instruction by \$2,991.
4. Overspent its function, support services- school administration by \$17,325.
5. Overspent its function, support services- central services by \$21,723.
6. Overspent its function, operation and maintenance of plant by \$30,836.
7. Overspent its function, student transportation by \$2,637.
8. Overspent its function, food services operations by \$32,114
9. Overspent its function, facilities acquisition and construction by \$17,101

Instructional Materials Account of General Fund

1. Overspent its function, support services-student by \$8,691.

Special Revenue –Non- instructional Support

1. Overspent its entire budget and its function, instruction by \$8,515.

Capital Projects Fund-Public School Capital Outlay

1. Overspent its entire budget and its function, facilities acquisition and construction by \$41,650.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2008

Española Military Academy

Operational Account of General Fund

1. Overspent its function, support services-general administration by \$68,051.
2. Overspent its function, operation and maintenance of plant by \$11,666.

Instructional Materials Account of General Fund

1. Overspent its function, instruction by \$627.
2. Overspent its function, support services-students by \$2,356.

Special Revenue Fund- Charter School Federal

1. Overspent its entire budget and its function, instruction, by \$27,597.

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.

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

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. There are some problems also with the inventory. Purchase dates are not accorded for many items so no depreciation has been taken. Library Books have not been recorded and depreciated. A capital lease to acquire educational software in the fiscal year ended June 30, 3006 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.

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.

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

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2008

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 years ended June 30, 2008 and 2007. In addition, the records did not enable the independent auditors to test the components of the beginning fund balances for the Academy as of June 30, 2007 and June 30, 2006.

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 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.

07-05- 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 I-9.
2. Five persons did not have the signature of an employers representative on their Form I-9.
3. Two persons did not sign their Form I-9.
4. One person only had a driver's license as a form of identification.

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.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2008

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.

07 – 06 – DEPOSIT EXCEPTIONS

Statement of finding: The following exceptions were noted during the testing of sixty deposits:

1. A pre-numbered receipt form was not prepared for \$1,150 in monies received from the Espanola Valley High School Athletics Department.
2. Monies received during the period between June 18, 2007 and July 13, 2007 in the amount of \$3,475 collected from summer school students for various fees were not deposited until July 25, 2007.
3. A Medicaid payment in the amount of \$5,947.36 was received on November 30, 2007, but was not deposited until December 5, 2007.
4. Cafeteria fees in the amount of \$23.50 were collected on August 13, 2007, but were not deposited until August 17, 2007.
5. Cafeteria fees in the amount of \$6.25 were collected on November 9, 2007, but were not deposited until November 16, 2007.
6. Cafeteria fees in the amount of \$16.00 were collected on November 30, 2007, but were not deposited until December 7, 2007.
7. Cafeteria fees in the amount of \$10.00 were collected on April 25, 2008, but were not deposited until May 7, 2008.
8. Cafeteria fees in the amount of \$16.00 were collected on May 5, 2008, but were not deposited until May 12, 2008.

Criteria: Receipts should be completely supported. Deposits have to be made before the end of the next business day (Section 6-10-2 NMSA, 1978).

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.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2008

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.

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.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2008

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.

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. To prepare the financial statements, 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 \$97,685 at June 30, 2008 so other local revenue of \$97,685 was 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. The use of the debit card has been discontinued.

08 – 01 – USE OF INCORRECT PLEDGED COLLATERAL

Statement of finding: One of the banks which pledges collateral for deposits of the District pledged a municipal bond for an entity apparently located in Rocket, Texas.

Criteria: The only municipal bonds which may be used for pledging are municipal bonds of New Mexico entities.

Effect: Pledged collateral was still adequate without the Texas bond.

Cause: The bank apparently pledged the collateral inadvertently.

Recommendation: The District should monitor its pledged collateral more closely in order to avoid such situations in the future.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2008

Management's response: The District monitors its pledged collateral very closely. Valley National Bank has been notified in the past of inappropriate pledges of collateral; because the pledged amount is nearly double the required amount not including this pledge, we did not ask them to remove it. There was no negative effect of the Texas bond.

III. Federal Award Findings and Questioned Costs

06- 03 – NONSUBMISSION OF DATA COLLECTION FORMS

This finding pertains to all major programs of the District: National School Lunch/Breakfast (CFDA # 10.555), U.S.D.A. Commodities (CFDA # 10.555), IDEA- B Entitlement (CFDA # 84.027A) and Title II (CFDA \$ 84.367A).

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 forms and the packages for the years ended June 30, 2007 and June 30, 2008 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.

Questioned costs: None.

Effect: Future funding could be affected.

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

Management's response: The 2007 and the 2008 Data Collection Forms will be submitted as soon as they are provided by the Auditor.

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, 2008

- 04 -03 – LATE AUDIT REPORT** – Repeated.
06 -02 – CARINOS CHARTER SCHOOL-GENERAL ACCOUNTING– Repeated.
06 -03 – NONSUBMISSION OF DATA COLLECTION FORMS – Repeated.
06 -04 – OVEREXPENDITURE OF BUDGETS-COMPONENT UNITS – Repeated.
07 -01 – ANTI-DONATION VIOLATION– Not repeated. 2007 finding only.
07- 02 – CAPITAL ASSETS ACCOUNTING – Repeated.
07- 03 -CHARTER SCHOOL ACCOUNTING- SPLIT RECORDS –Repeated
07- 04– EXPENDITURE EXCEPTIONS-FEDERAL PROGRAMS – Not repeated. 2007 finding only.
07- 05 – PERSONNEL FILES AND PAYROLL – Repeated.
07 -06 – DEPOSIT EXCEPTIONS– Repeated.
07- 07 – DISASTER RECOVERY PLAN – Repeated.
07- 08 –PAYMENT OF LATE FEE – Not repeated. 2007 finding only.
07- 09 – CARINOS CHARTER SCHOOL –SAS 112 COMPLIANCE – Repeated.
07- 10 – FINANCIAL STATEMENTS OUT OF BALANCE-CARINOS CHARTER SCHOOL –
-- Repeated.

STATE OF NEW MEXICO
ESPANOLA PUBLIC SCHOOL DISTRICT

EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2008

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
----------------------	------------

For the Independent Auditor:

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