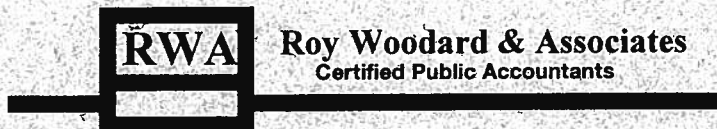


**STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS**

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

JUNE 30, 2008

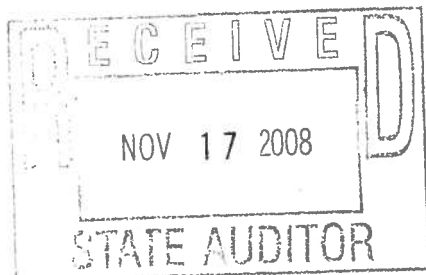


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STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

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STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

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STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

JUNE 30, 2008

OFFICIAL ROSTER

BOARD OF EDUCATION

Lacy Daniel	President
Randol Riley	Vice President
Jerry Sanchez, Jr.	Secretary
Jesse Sedillo	Member
Kenneth Lujan	Member

SCHOOL OFFICIALS

Carolyn Allen-Renteria	Superintendent
Carol Gonzales	Business Manager

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
The Board of Education
Estancia Municipal Schools
Estancia, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Estancia Municipal Schools (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. We also have audited the financial statements of each of Estancia Municipal School's non-major governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of Estancia Municipal School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Estancia Municipal Schools, as of June 30, 2008, and the respective changes in financial position where applicable, thereof and the respective budgetary comparison statements for the General and Title I, funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund and the fiduciary funds of Estancia Municipal Schools, as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparison statements for the Ed Tech Equipment Act, Debt Service Funds and each non-major governmental fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2008 on our consideration of Estancia Municipal School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Estancia Municipal Schools have not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was performed for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons of Estancia Municipal Schools. The accompanying Statement of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Estancia Municipal Schools. This information, the schedule of change in assets and liabilities agency funds and the Statement of Expenditures of Federal Awards are not required parts of the basic financial statements of Estancia Municipal Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements.

Roy Woodward & Associates

November 5, 2008

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT A

STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,633,746
Property taxes receivable	16,327
Interest receivable	1,077
Due from other governments	365,244
Food Inventory	1,394
Non-current:	
Bond issuance costs, net	28,984
Capital assets, net	<u>11,208,367</u>
Total assets	<u>13,255,139</u>
<u>LIABILITIES</u>	
Accounts payable	3,237
Deferred revenue	46,582
Accrued interest payable	21,780
Accrued compensated absences	11,412
Noncurrent liabilities:	
Due within one year	415,000
Due in more than one year	<u>1,000,000</u>
Total liabilities	<u>1,498,011</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	9,793,367
Restricted:	
Debt Service	236,262
Capital Projects	331,141
Unrestricted	<u>1,396,358</u>
Total net assets	<u>\$ 11,757,128</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Assets
					Primary Governmental Activities
Primary government:					
Governmental activities:					
Instruction	\$ 5,250,852	\$ 21,801	\$ 571,370	\$ -	\$ (4,657,681)
Support Services	-	-	-	-	-
Support Services Students	993,277	-	107,268	-	(886,009)
Support Services Instruction	301,513	-	27,634	-	(273,879)
Support Services General Administration	267,445	-	-	1,496	(265,949)
Support Services School Administration	509,500	-	-	-	(509,500)
Central Services	312,643	-	-	-	(312,643)
Operation and Maintenance of Plant	1,178,500	-	-	-	(1,178,500)
Student Transportation	495,543	-	590,640	-	95,097
Other Support Services	-	-	-	-	-
Food Services Operations	407,944	24,766	343,904	-	(39,274)
Bond interest paid	60,693	-	-	-	(60,693)
Amortization-unallocated	4,140	-	-	-	(4,140)
Depreciation-unallocated	678,117	19,166	-	97,354	(561,597)
Total governmental activities	\$ 10,460,167	\$ 65,733	\$ 1,640,816	\$ 98,850	(8,654,768)

General revenues:

Property Taxes:

General purpose	37,505
Debt service	412,767
Capital projects	150,014
Grant & contributions not restricted	8,331,272
Grants & contributions restricted	-
Unrestricted investment earnings	70,070
Miscellaneous income	19,660

Total general revenues 9,021,288

Change in net assets 366,520

Net assets - beginning 11,390,962

Restatements (354)

Beginning net assets as restated 11,390,608

Net assets - ending \$ 11,757,128

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

JUNE 30, 2008

	<u>GENERAL</u>	<u>TITLE I</u>
ASSETS		
Cash on Deposit	\$ 486,302	\$ -
Investments	243,432	-
Property Taxes Receivable	952	-
Interest Receivable	482	-
Due from Other Governments	1,100	232,017
Inventories	-	-
Due from Other Funds	364,144	-
TOTAL ASSETS	<u>\$ 1,096,412</u>	<u>\$ 232,017</u>
LIABILITIES		
Accounts Payable	-	-
Deferred Revenue	-	-
Accrued Interest Payable	-	-
Due to Other Funds	-	232,017
TOTAL LIABILITIES	<u>-</u>	<u>232,017</u>
FUND BALANCE		
Fund Balance		-
Reserved for Text Books	61,570	-
Reserved for Debt Service	-	-
Reserved for Inventory	-	-
Unreserved, reported in:		
General Funds	1,034,842	-
Special Revenue Funds	-	-
Capital Projects Funds	-	-
TOTAL FUND BALANCE	<u>1,096,412</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,096,412</u>	<u>\$ 232,017</u>

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

EXHIBIT C

<u>ED TECH EQUIPMENT ACT</u>	<u>DEBT SERVICE</u>	<u>NON MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ 29,768	\$ 246,327	\$ 327,139	\$ 1,089,536
300,778	-	-	544,210
-	6,400	8,975	16,327
595	-	-	1,077
-	-	132,127	365,244
-	-	1,394	1,394
-	-	-	364,144
<u>\$ 331,141</u>	<u>\$ 252,727</u>	<u>\$ 469,635</u>	<u>\$ 2,381,932</u>
-	-	3,237	3,237
-	-	46,582	46,582
-	5,725	16,055	21,780
-	-	132,127	364,144
-	5,725	198,001	435,743
-	-	-	61,570
-	-	-	236,262
-	247,002	(10,740)	1,394
-	-	1,394	1,394
-	-	-	1,034,842
-	-	280,980	280,980
331,141	-	-	331,141
<u>331,141</u>	<u>247,002</u>	<u>271,634</u>	<u>1,946,189</u>
<u>\$ 331,141</u>	<u>\$ 252,727</u>	<u>\$ 469,635</u>	<u>\$ 2,381,932</u>

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT D

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

June 30, 2008

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

Fund Balances - total governmental funds	\$	1,946,189
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		11,208,367
Compensated absences are not reported in the funds.		(11,412)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		(1,415,000)
Bond issuance costs are not due and payable in the current period and therefore are not reported in the funds		<u>28,984</u>
Net assets of governmental activities	\$	<u><u>11,757,128</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE-- GOVERNMENTAL FUNDS

Year Ended June 30, 2008

	<u>GENERAL</u>	<u>TITLE I</u>
REVENUE		
Federal Programs	\$ 24,986	\$ 260,770
State Programs	9,065,595	-
Local Programs	32,618	-
State Equalization	-	-
Property Taxes	37,505	-
Service Revenues	-	-
Interest	65,124	-
Other revenue sources	4,521	-
TOTAL REVENUES	<u>9,230,349</u>	<u>260,770</u>
EXPENDITURES		
Current		
Instruction	4,716,900	194,180
Support Services	-	-
Support Services Students	886,009	66,590
Support Services Instruction	282,014	-
Support Services General Administration	261,807	-
Support Services School Administration	509,500	-
Central Services	312,643	-
Operation and Maintenance of Plant	1,178,500	-
Student Transportation	495,543	-
Other Support Services	-	-
Food Services Operations	20,000	-
Capital Outlay	-	-
Debt Service		
Principal	-	-
Interest and Fiscal Charge	-	-
TOTAL EXPENDITURES	<u>8,662,916</u>	<u>260,770</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	567,433	-
Other Financing Sources	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	567,433	-
FUND BALANCE		
June 30, 2007	<u>528,979</u>	-
FUND BALANCE		
June 30, 2008	<u>\$ 1,096,412</u>	<u>\$ -</u>

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

EXHIBIT E

ED TECH EQUIPMENT ACT	DEBT SERVICE	NON MAJOR GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 654,726	\$ 940,482
-	-	48,538	9,114,133
-	-	64,577	97,195
-	-	-	-
-	140,703	422,078	600,286
-	-	-	-
4,946	-	-	70,070
-	-	-	4,521
<u>4,946</u>	<u>140,703</u>	<u>1,189,919</u>	<u>10,826,687</u>
-	-	232,614	5,143,694
-	-	-	-
-	-	40,678	993,277
-	-	19,499	301,513
-	1,433	4,205	267,445
-	-	-	509,500
-	-	-	312,643
-	-	-	1,178,500
-	-	-	495,543
-	-	-	-
-	-	387,944	407,944
186,570	-	259,997	446,567
-	270,000	230,000	500,000
-	24,558	36,135	60,693
<u>186,570</u>	<u>295,991</u>	<u>1,211,072</u>	<u>10,617,319</u>
(181,624)	(155,288)	(21,153)	209,368
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(181,624)	(155,288)	(21,153)	209,368
<u>512,765</u>	<u>402,290</u>	<u>292,787</u>	<u>1,736,821</u>
\$ <u><u>331,141</u></u>	\$ <u><u>247,002</u></u>	\$ <u><u>271,634</u></u>	\$ <u><u>1,946,189</u></u>

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT F

RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE -
 ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

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

Net change in fund balance - total governmental funds	\$ 209,368
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>	
Capital Outlay	339,044
Depreciation	(678,117)
Disposal of capital assets (net)	(281)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds</p>	
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items</p>	
	-
<p>Expenses in Statement of Activities which do not require use of current financial resources i.e. Compensated Absences</p>	
	646
Amortization of bond issuance costs	(4,140)
Bond Principal	<u>500,000</u>
Change in Net Assets	<u>\$ 366,520</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT G

COMBINED STATEMENT OF REVENUE, EXPENDITURES--BUDGET
(NON-GAAP) AND ACTUAL--GENERAL FUND

Year Ended June 30, 2008

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 32,499	\$ 32,499	\$ 23,550	\$ (8,949)
State Revenue	8,623,954	8,892,480	9,067,031	174,551
Local Revenue	78,878	78,878	139,175	60,297
TOTAL REVENUE	8,735,331	9,003,857	9,229,756	225,899
BUDGETED CASH BALANCE	720,929	646,913		
TOTAL REVENUE & CASH	9,456,260	9,650,770		
EXPENDITURES				
Current				
Instruction	\$ 5,122,766	\$ 5,245,182	\$ 4,735,787	\$ 509,395
Support Services	-	-	-	-
Support Services Students	943,706	894,023	886,009	8,014
Support Services Instruction	309,224	300,373	282,014	18,359
Support Services General Administration	342,307	322,307	261,807	60,500
Support Services School Administration	540,564	534,082	509,500	24,582
Central Services	288,400	355,050	312,643	42,407
Operation and Maintenance of Plant	1,297,352	1,354,391	1,178,500	175,891
Student Transportation	482,558	495,979	495,543	436
Other Support Services	129,383	129,383	-	129,383
Food Services Operations	-	20,000	20,000	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	9,456,260	9,650,770	8,681,803	968,967

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT H

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--TITLE I

Year Ended June 30, 2008

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 265,050	\$ 304,344	\$ 183,665	\$ (120,679)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>265,050</u>	<u>\$ 304,344</u>	<u>\$ 183,665</u>	<u>\$ (120,679)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 265,050</u>	<u>\$ 304,344</u>		
EXPENDITURES				
Current				
Instruction	\$ 191,971	\$ 228,971	\$ 194,180	\$ 34,791
Support Services	-	-	-	-
Support Services Students	67,869	70,163	66,590	3,573
Support Services Instruction	-	-	-	-
Support Services General Administration	5,210	5,210	-	5,210
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 265,050</u>	<u>\$ 304,344</u>	<u>\$ 260,770</u>	<u>\$ 43,574</u>

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT I

STATEMENT OF FIDUCIARY ASSETS & LIABILITIES -- AGENCY FUNDS

June 30, 2008

	<u>AGENCY FUNDS</u>
ASSETS	
Cash on Deposit	\$ 97,590
Due from Fresh Fruit and Vegetable Fund	-
TOTAL ASSETS	<u>\$ 97,590</u>
LIABILITIES	
Due To Student Groups	\$ 97,590
TOTAL LIABILITIES	<u>\$ 97,590</u>

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Implementation of New Accounting Policies

For the fiscal year 2008 the Estancia Municipal Schools has implemented GASB Statements No. 33 (GASB 33), Accounting and Financial Reporting for Non-exchange Transactions, GASB Statement No. 34 (GASB 34), Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments, GASB Statement No. 37 (GASB 37), Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus and GASB Statement No. 38 (GASB 38), Certain Financial Statements Disclosure. At July 1, 2001, there was no effect on fund balance as a result of implementing GASB 33, GASB 34, GASB 37 and GASB 38.

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the School District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10 following the levy and become delinquent after thirty (30) days.

GASB – 34 creates new basic financial statements for reporting on the School District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

B. Reporting Entity

Estancia Municipal School District is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the Town of Estancia and surrounding area. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

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

The District does not have any component units required to be disclosed.

C. Government-wide and fund financial statements

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

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement focus, basis of accounting, and financial statement presentation

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

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

Agency funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Property taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Grant revenues and deferrals are recognized in accordance with GASB33.

The government reports the following major governmental funds:

General Funds - The general fund is the government's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Title I Special Revenue Fund - The Title I project provides remedial instruction in language arts for educationally deprived students in low-income areas. The project is funded by the Federal Government through the New Mexico State Department of Education under the Elementary and Secondary Education Act of 1965, Title I, Chapter I, part A, 20 U.S.C. 2701 efseq.

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

Ed Tech Equipment Act – To ensure that American children have skills they need to succeed in the information-intensive 21st century, the Federal Government is committed to working with the private sector to promote four major developments in American education: making modern computer technology an integral part of every classroom; providing teachers with the professional development they need to use new technologies effectively; connecting classrooms to the National Information Infrastructure; and encouraging the creation of excellent educational software. The authority for the creation of this fund is the Federal Property and Administrative Services Act of 1996, Public Law 104-106.

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

Similar to private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

E. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

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

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the school district. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, liabilities, and net assets or equity (continued)

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

Investments for the District are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." This interfund activity is eliminated in the government-wide financial statements.

The School District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. The assessed valuation for the 2008 fiscal year was \$ 85,533,052. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB - 9 Capital Improvements Fund and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

3. Inventories

The food inventories are valued at cost using the first-in/first-out (FIFO) method. USDA Commodities are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The District is capitalizing qualifying software, library books, and assets constructed by district personnel as required. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are to be capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	50
Land Improvements	50
Equipment	10

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, liabilities, and net assets or equity (continued)

5. Compensated absences

It is the policy of Estancia Municipal Schools to permit certain employees to accumulate a limited amount of earned but unused sick pay, which will be paid to employees upon separation from the school districts' service. In governmental funds, the cost of sick pay is recognized when payments are made to employees. The accumulated compensated absences balance at June 30, 2008 was \$11,412.

6. Long-term obligations

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

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

7. Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; 2) imposed by law through constitutional provisions or enabling legislation. Total restricted net assets of \$567,403 are comprised of Capital Projects \$331,141 and Debt Service \$236,262.

8. Comparative data/reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

9. Indirect Costs

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

10. Salaries and Wages

The School District pays all salaries and wages due teachers on or before June 30th of each year.

11. Estimates

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, liabilities, and net assets or equity (continued)

12. Revenues

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$8,306,286 in state equalization guarantee distributions during the year ended June 30, 2008.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$590,640 in transportation distributions during the year ended June 30, 2008.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund *balance total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of the \$1,415,000 difference is as follows:

Bonds Payable	\$ 570,000
Ed Tech Equipment Notes	<u>845,000</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 1,415,000</u>

Another element of the reconciliation is the amounts provided for compensated absences. The details of the \$11,412 difference is as follows:

Compensated Absences	\$ <u>11,412</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 11,412</u>

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of the \$339,354 difference is as follows:

Capital Outlay	\$ 339,044
Depreciation expense	678,117
Disposal of Capital Assets	<u>(281)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	<u><u>\$ (339,354)</u></u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of the \$500,000 difference is as follows:

Principal repayments:	
General obligation debt	\$ 270,000
Ed Tech Notes	<u>230,000</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 500,000</u></u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance. Actual expenditures may not exceed the budget on a line item basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series', this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, (continued)

A. Budgetary information, continued

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

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

- In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
- In May or June, the budget is approved by the Board of Education
- The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
- Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.
- The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2008 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 9,456,260	\$ 9,650,770
Special Revenue Fund	1,302,210	1,580,231
Debt Service Fund	758,677	758,684
Capital Projects Fund	467,238	467,469
	<u>\$ 11,984,385</u>	<u>\$ 12,457,154</u>

B. Deficit fund equity

At June 30,2008 deficit fund balances consisted of: Ed Tech Debt Service \$ (10,410)

The District is evaluating the need to transfer cash from the operational fund to eliminate the deficit balances.

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and temporary investments

At June 30, 2008, the carrying amount of the District's deposits was \$1,187,128 and the bank balance was \$1,845,460. Of this balance \$200,000 was covered by federal depository insurance and \$1,871,059 was covered by collateral held in joint safekeeping by a third party in the entities name.

Collateral requirements are as follows:

Wells Fargo Bank	Total Deposits	\$ 1,845,460
	Less: FDIC coverage	<u>200,000</u>
	Uninsured Public Funds	1,645,460
	Pledged collateral held by pledging bank's agent in the District's name	<u>1,871,059</u>
	Uninsured and un-collateralized	<u><u>-0-</u></u>

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The collateral pledged is listed on page 80 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

Investments held by the New Mexico State Treasurer are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool (LGIP) 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 fund in securities that are issued by the direct obligations of the United States government or by its departments or agencies and are either direct obligations of the United States or are 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 investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. Obligations of the United States Government or obligations explicitly guaranteed by the United States Government are not considered to have credit risk. The pool does not have unit shares. Per Section 6-10-10.1 F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the local government investment pool is voluntary. The credit risk rating for the LGIP is disclosed on Schedule 1 at page 83 of this report. The State Treasurer issues a separate, publicly available audited financial report that includes disclosure of the collateral pledged to secure State Treasurer cash and investments.

B. 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. As of June 20, 2008, none of the government's bank balance and temporary investments of \$1,845,460 was exposed to custodial credit risk as follows:

Uninsured and un-collateralized	<u>\$ -0-</u>
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STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

C. Receivables

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

	General	TITLE I	Ed. Tech. Equip. Act	Debt Service	Other Governmental	TOTAL
Taxes:						
Property	\$ 952	\$ -	\$ -	\$ 6,400	\$ 8,975	\$ 16,327
Intergovernmental						
Grants:						
Federal	1,100	232,017	-	-	112,628	345,745
State	-	-	-	-	19,499	19,499
Other: Interest Receivable	482	-	595	-	-	1,077
	<u>\$ 2,534</u>	<u>\$ 232,017</u>	<u>\$ 595</u>	<u>\$ 6,400</u>	<u>\$ 141,102</u>	<u>\$ 382,648</u>

Receivables are considered fully collectible.

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

	Unavailable
Grant draw downs prior to meeting all eligibility requirements	\$ 46,582
Total deferred/unearned revenue for government funds	<u>\$ 46,582</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Beginning Balance 7/1/2007	Prior Year Decreases	Adjusted Beginning Balance	Increases	Decreases	Ending Balance 6/30/2008
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 1,602,822	\$ 354	\$ 1,602,468	\$ -	\$ -	\$ 1,602,468
Construction in Progress	-	-	-	46,761	-	46,761
Total Capital assets, not being depreciated	<u>1,602,822</u>	<u>354</u>	<u>1,602,468</u>	<u>46,761</u>	<u>-</u>	<u>1,649,229</u>
Capital assets, being depreciated:						
Equipment	\$ 1,242,681	-	1,242,681	231,392	2,000	1,472,073
Building & Improvements	21,610,774	-	21,610,774	60,891	-	21,671,665
Total Capital assets being depreciated	<u>22,853,455</u>	<u>-</u>	<u>22,853,455</u>	<u>292,283</u>	<u>2,000</u>	<u>23,143,738</u>
Less accumulated depreciation for:						
Equipment	735,665	-	735,665	122,423	1,719	856,369
Building & Improvements	12,172,537	-	12,172,537	555,694	-	12,728,231
Total accumulated depreciation	<u>12,908,202</u>	<u>-</u>	<u>12,908,202</u>	<u>678,117</u>	<u>1,719</u>	<u>13,584,600</u>
Total Capital assets, being depreciated, net	<u>9,945,253</u>	<u>-</u>	<u>9,945,253</u>	<u>(385,834)</u>	<u>281</u>	<u>9,559,138</u>
Governmental activities capital assets, net	<u>\$ 11,548,075</u>	<u>354</u>	<u>11,547,721</u>	<u>\$ (339,073)</u>	<u>\$ 281</u>	<u>\$ 11,208,367</u>

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets (continued)

The Schedule of Capital Assets by Function and Activity, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

Depreciation expense was not charged to function/programs of the School District because the detail information was not available.

Bond issuance costs are capitalized and amortized on straight line. Amortization activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Bond issuance costs	\$ 41,404	\$ -	\$ -	\$ 41,404
Less accumulated amortization	<u>4,140</u>	<u>4,140</u>	<u>-</u>	<u>8,280</u>
Bond issuance costs, net	<u>\$ 37,264</u>	<u>\$ (4,140)</u>	<u>\$ -</u>	<u>\$ 33,124</u>

E. Long-Term Debt

Governmental Activities
Bonds Payable

A summary in changes in long-term obligations follows:

	<u>Balance 7-1-2007</u>	<u>Bonds Issued</u>	<u>Bonds Redeemed</u>	<u>Balance 6-30-2008</u>	<u>Amounts due within One Year</u>
\$1,500,000 1999 GO Building Bonds due in annual installments of \$150,000 to \$200,000 through October 2010, interest at 3.85% to 5.75%	\$ 740,000	\$ -	\$ 170,000	\$ 570,000	\$ 180,000
\$500,000 2000 GO Building Bonds due in annual installments of \$100,000 through July 2007, interest at 5.25% to 5.4%	100,000	-	100,000	-	-
\$1,200,000 2006 Educational Technology Notes due in \$125,000 to \$370,000 through January 2011, interest at 3.1% to 3.8%	1,075,000	-	230,000	845,000	235,000
Total	<u>\$ 1,915,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 1,415,000</u>	<u>\$ 415,000</u>

STATE OF NEW MEXICO
 ESTANCIA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

	<u>Governmental Activities</u>	
	<u>G.O. Bonds and Ed Tech Notes</u>	
	<u>Principal</u>	<u>Interest</u>
6/30/2009	\$ 415,000	\$ 51,410
6/30/2010	430,000	35,080
6/30/2011	570,000	18,110
6/30/2012	-	-
6/30/2013	-	-
TOTAL	<u>\$ 1,415,000</u>	<u>\$ 104,600</u>

V. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2008.

B. Contingent liabilities

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

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

V. OTHER INFORMATION (continued)

C. Employee retirement plan

Plan Description - Substantially all of Estancia Municipal School District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (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. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502-6129.

Funding Policy - Plan members are required to contribute 7.825% of their gross salary. Estancia Municipal School District is required to contribute 10.9% of the gross covered salary. The contribution requirements of plan members and the Estancia Municipal School District are established in Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. The Estancia Municipal School District's contributions to the ERA for the years ended June 30, 2008, 2007 and 2006 were: \$564,908, \$488,613 and \$434,861 respectively, equal to the amount of the required contribution for the year.

D. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description. Estancia Municipal Schools 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 includes financial statements and required supplementary information for the post employment 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.

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 .

V. OTHER INFORMATION (continued)

D. Post-retirement health care benefits (continued)

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.

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

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

The Estancia Municipal School's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$70,802, \$65,300 and \$66,887, respectively, which equal the required contributions for each year.

E. Restatement of Beginning Net Assets for Governmental Funds

	<u>Governmental Activities</u>
Net Assets at June 30, 2007	\$ 11,390,962
Prior Period Adjustments	
Correction to Land Cost	<u>(354)</u>
Net Assets at July 1, 2007	<u>\$ 11,757,128</u>

F. Transfers

Permanent transfers between funds consisted of:

Transfers are used to move revenue from the fund that statute or budget requires them to be collected in, to the fund that statute or budget requires them to be expend in. These transfers are not routine in nature and are not consistent with the activities of the fund making transfer. There were no permanent transfers for the year ending June 30, 2008.

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2008

V. OTHER INFORMATION (continued)

Note G – Restatements

There were no restatements to the Districts prior year fund balances.

Note H – Inter-fund Receivables

Cash overdrafts are inter-fund receivables and considered to be short-term borrowings from general funds to cover current year operating expenditures and will be paid back within the next year. At June 30, 2008, they consisted of the following:

Due to Operational	<u>\$ 364,144</u>
Due From	
Title I	\$ 232,017
IDEA-B Entitlement	40,372
IDEA-B Preschool	3,016
USDA Fres Fruit and Vegetables	2,220
Teacher Principal Training	61,011
Enhancing Ed through tech - F	1,552
TITLE V Innovative Ed	2,996
Safe an Drug Free Schools	1,461
Libraries - SB 301 Go Bonds	19,499
	<u>\$ 364,144</u>

Note I – Compensated Absences

It is the policy of Estancia Municipal Schools to permit certain employees to accumulate a certain amount of earned but unused sick pay, which will be paid to employees, as a bonus, upon separation from the school districts' service. In governmental funds, the cost of sick pay is recognized when payments are made to employees. The accumulated compensated absences balance at June 30, 2008 was \$ 11,412. Compensated absences are expended in the fund in which the liability is incurred. The general fund has been used to liquidate compensated absences in prior years. The summary in changes in compensated absences is as follows:

	<u>6/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/08</u>	<u>Amounts due in One Year</u>
Total Compensated Absences	\$ <u>12,058</u>	\$ <u>16,567</u>	\$ <u>(17,213)</u>	\$ <u>11,412</u>	\$ <u>11,412</u>

<u>Cafeteria</u>	<u>Athletics</u>	<u>Title I</u>	<u>Entitlement</u>	<u>Preschool</u>	<u>USDA Fresh Fruit & Vegetables</u>
\$ 368,715	\$ 23,443	\$ 183,665	\$ 100,432	\$ 9,915	\$ 10,110
-	-	232,017	40,372	3,015	2,220
<u>-</u>	<u>-</u>	<u>154,912</u>	<u>24,359</u>	<u>1,022</u>	<u>12,330</u>
<u>\$ 368,715</u>	<u>\$ 23,443</u>	<u>\$ 260,770</u>	<u>\$ 116,445</u>	<u>\$ 11,908</u>	<u>\$ -</u>
\$ 387,824	\$ 15,958	\$ 260,770	\$ 116,445	\$ 11,908	\$ -
1,514	-	-	-	-	-
<u>1,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 387,944</u>	<u>\$ 15,958</u>	<u>\$ 260,770</u>	<u>\$ 116,445</u>	<u>\$ 11,908</u>	<u>\$ -</u>

	<u>Teacher/ Principal Training</u>	<u>Safe & Drug Free Communities</u>	<u>Title III Immigrant Funding</u>	<u>Medicaid Title XIX</u>	<u>Tech for Ed</u>	<u>Incentives for School Improvement</u>
\$	64,794	\$ 7,021	\$ 17,260	\$ 36,917	\$ 41,604	\$ 43,069
	61,011	1,461	-	-	-	-
	<u>58,899</u>	<u>3,370</u>	<u>17,260</u>	<u>14,380</u>	<u>25,376</u>	<u>35,744</u>
\$	<u>66,906</u>	\$ <u>5,112</u>	\$ <u>-</u>	\$ <u>22,537</u>	\$ <u>16,228</u>	\$ <u>7,325</u>
\$	66,906	\$ 5,112	-	\$ 22,537	\$ 16,228	\$ 7,325
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>66,906</u>	\$ <u>5,112</u>	\$ <u>-</u>	\$ <u>22,537</u>	\$ <u>16,228</u>	\$ <u>7,325</u>

	Libraries SB 301 GO Bonds	SB-9	Bond Building	SCO State	Ed Tech Equipment Act
\$	-	\$ 248,416	\$ -	\$ -	\$ 5,119
	19,499	3,812	-	-	595
	-	3,364	-	-	768
\$	<u>19,499</u>	<u>\$ 248,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,946</u>
\$	19,499	\$ 256,927	\$ 990	\$ 109	\$ 186,570
	-	3,237	-	-	-
	-	-	-	-	-
\$	<u>19,499</u>	<u>\$ 260,164</u>	<u>\$ 990</u>	<u>\$ 109</u>	<u>\$ 186,570</u>

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

V. OTHER INFORMATION (continued)

Note J - Reconciliation of Budgetary and GAAP Basis Amounts (Continued)

	Public School Capital Outlay 20%		Debt Service		Ed Tech Debt Service
REVENUES					
Budgetary Basis	\$ -	\$	143,329	\$	270,899
Add:					
Current Year Receivables & Other Credits	-		6,400		5,163
Deduct:					
Prior Year Receivables & Other Debits	-		9,026		3,998
REVENUE --GAAP BASIS	<u>\$ -</u>	<u>\$</u>	<u>140,703</u>	<u>\$</u>	<u>272,064</u>
EXPENDITURES					
Budgetary Basis	\$ 230	\$	300,348	\$	272,869
Add:					
Current Year Payables & Other Debits	-		5,725		16,055
Deduct:					
Prior Year Payables & Other Credits	-		10,082		20,080
EXPENDITURES --GAAP BASIS	<u>\$ 230</u>	<u>\$</u>	<u>295,991</u>	<u>\$</u>	<u>268,844</u>

GENERAL FUND

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT A-1

COMBINING BALANCE SHEET -- GENERAL FUND

June 30, 2008

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TOTALS
ASSETS				
Cash on Deposit	\$ 399,143	\$ 25,589	\$ 61,570	\$ 486,302
Investments	243,432	-	-	243,432
Property Taxes Receivable	952	-	-	952
Interest Receivable	482	-	-	482
Due from Other Governments	1,100	-	-	1,100
Inventories	-	-	-	-
Due from Other Funds	364,144	-	-	364,144
TOTAL ASSETS	\$ 1,009,253	\$ 25,589	\$ 61,570	\$ 1,096,412
LIABILITIES AND OTHER CREDITS				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Credits	-	-	-	-
Accrued Interest Payable	-	-	-	-
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCE				
Fund Balance				
Reserved for Text Books	-	-	61,570	61,570
Reserved for Debt Service	-	-	-	-
Reserved for Inventory	-	-	-	-
Undesignated, reported in:				
General Funds	1,009,253	25,589	-	1,034,842
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
TOTAL FUND BALANCE	1,009,253	25,589	61,570	1,096,412
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,009,253	\$ 25,589	\$ 61,570	\$ 1,096,412

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT A-2

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE -- GENERAL FUND

Year Ended June 30, 2008

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TOTALS
REVENUE				
Federal Programs	\$ 24,986	\$ -	\$ -	\$ 24,986
State Programs	8,306,286	590,640	168,669	9,065,595
Local Programs	32,618	-	-	32,618
State Equalization	-	-	-	-
Property Taxes	37,505	-	-	37,505
Service Revenues	-	-	-	-
Interest	65,124	-	-	65,124
Other revenue sources	4,521	-	-	4,521
TOTAL REVENUES	8,471,040	590,640	168,669	9,230,349
EXPENDITURES				
Current				
Instruction	4,611,038	-	105,862	4,716,900
Support Services	-	-	-	-
Support Services Students	886,009	-	-	886,009
Support Services Instruction	273,879	-	8,135	282,014
Support Services General Administration	261,807	-	-	261,807
Support Services School Administration	509,500	-	-	509,500
Central Services	312,643	-	-	312,643
Operation and Maintenance of Plant	1,178,500	-	-	1,178,500
Student Transportation	893	494,650	-	495,543
Other Support Services	-	-	-	-
Food Services Operations	20,000	-	-	20,000
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	8,054,269	494,650	113,997	8,662,916
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	416,771	95,990	54,672	567,433
Other Financial Sources (Uses)				
Transfer In/Transfers (Out)	-	-	-	-
Total Other Financial Sources	-	-	-	-
NET CHANGE IN FUND BALANCE	416,771	95,990	54,672	567,433
FUND BALANCE				
June 30, 2007	592,482	(70,401)	6,898	528,979
Prior Period Adjustment	-	-	-	-
June 30, 2007 as restated	592,482	(70,401)	6,898	528,979
FUND BALANCE June 30, 2008	\$ 1,009,253	\$ 25,589	\$ 61,570	\$ 1,096,412

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--OPERATIONAL

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 35,878	\$ 35,878	\$ 37,393	\$ 1,515
Fees - Summer School	4,000	4,000	10,400	6,400
Fees - Activities	-	-	100	100
Fees - Educational	9,000	9,000	8,665	(335)
Rent and Leases	-	-	50	50
Fees-Users	-	-	-	-
Interest Income	30,000	30,000	64,643	34,643
Refunds	-	-	13,403	13,403
State Equalization	8,050,881	8,307,297	8,306,286	(1,011)
Emergency utility costs	-	-	-	-
Sale of Personal Property	-	-	-	-
Insurance Recoveries	-	-	4,521	4,521
Donations	-	-	-	-
Fees-Govt Agencies	-	-	1,436	1,436
Forrest Reserve	2,499	2,499	2,667	168
Access Board (E-Rate)	30,000	30,000	20,883	(9,117)
Indirect Cost - (Flow Through Grants)	-	-	-	-
TOTAL REVENUE	<u>8,162,258</u>	<u>8,418,674</u>	<u>8,470,447</u>	<u>51,773</u>
BUDGETED CASH BALANCE	<u>688,929</u>	<u>614,913</u>		
TOTAL REVENUE & CASH	<u>\$ 8,851,187</u>	<u>\$ 9,033,587</u>		
EXPENDITURES				
Current				
Instruction	\$ 5,008,430	\$ 5,130,846	\$ 4,629,925	\$ 500,921
Support Services	-	-	-	-
Support Services Students	943,706	894,023	886,009	8,014
Support Services Instruction	301,045	292,194	273,879	18,315
Support Services General Administration	342,307	322,307	261,807	60,500
Support Services School Administration	540,564	534,082	509,500	24,582
Central Services	288,400	355,050	312,643	42,407
Operation and Maintenance of Plant	1,297,352	1,354,391	1,178,500	175,891
Student Transportation	-	1,311	893	418
Other Support Services	129,383	129,383	-	129,383
Food Services Operations	-	20,000	20,000	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 8,851,187</u>	<u>\$ 9,033,587</u>	<u>\$ 8,073,156</u>	<u>\$ 960,431</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--GENERAL FUND--TRANSPORTATION

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	482,558	494,668	590,640	95,972
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>482,558</u>	<u>494,668</u>	<u>\$ 590,640</u>	<u>\$ 95,972</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 482,558</u>	<u>\$ 494,668</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	482,558	494,668	494,650	18
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 482,558</u>	<u>\$ 494,668</u>	<u>\$ 494,650</u>	<u>\$ 18</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--GENERAL FUND--INSTRUCTIONAL MATERIALS

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	90,515	90,515	168,669	78,154
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>90,515</u>	<u>90,515</u>	<u>\$ 168,669</u>	<u>\$ 78,154</u>
BUDGETED CASH BALANCE	<u>32,000</u>	<u>32,000</u>		
TOTAL REVENUE & CASH	<u>\$ 122,515</u>	<u>\$ 122,515</u>		
EXPENDITURES				
Current				
Instruction	\$ 114,336	\$ 114,336	\$ 105,862	\$ 8,474
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	8,179	8,179	8,135	44
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 122,515</u>	<u>\$ 122,515</u>	<u>\$ 113,997</u>	<u>\$ 8,518</u>

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

SPECIAL REVENUE FUNDS

CAFETERIA - to account for financing for school hot lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, New Mexico Statutes Annotated, State Law 22-13-13.

ATHLETICS - to account for revenues received from non-instructional activities for use in the district's athletic and other non-instructional programs. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund. Authority for this fund is the New Mexico Administrative Code 6.20.2.

IDEA-B ENTITLEMENT - P.L. 94-142, Individuals with Disabilities Education Act--to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

IDEA-B COMPETITIVE- P.L. 94-142, Individuals with Disabilities Education Act -- to account for a federal grant restricted to operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public laws 91-230, 93-142, 98-199, 99-457, 100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

IDEA-B PRESCHOOL- P.L. 94-142, Individuals with Disabilities Education Act--to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Law 105-17.

USDA FRUIT & VEGETABLE -- to account for the expenditures and revenue for a Fresh Fruit and Vegetable Program as authorized by Public Law 109-97 and Section 120 of the Child Nutrition and WIC Reauthorization Act 2004. The FFVP provides all children in participating schools with a variety of free fresh fruits and vegetables throughout the school day as a means of introducing fresh fruits and vegetables as healthy snack alternatives. CFDA #10.582.

ENHANCING EDUCATION THRU EDUCATION-E2T2-F--to provide grants to State Education Agencies on a formula basis to improve student academic achievement through the use of technology in schools, assist all students in becoming technologically literate by the end of the eighth grade and encourage the effective integration of technology with teacher training and curriculum development to establish successful research-based instructional methods. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965, Title II, Part D, Subparts 1 and 2, as amended.

COMPREHENSIVE SCHOOL REFORM -- The focus of the Comprehensive School Reform Program is school wide change, particularly in the Title I schools, where there is the greatest need to substantially improve student achievement. To foster coherent school wide improvement that cover virtually all aspects of a school's operations. Authorized as Title I, Part F of the Elementary and Secondary Education Act.

TITLE V -- to assist State and local educational agencies in the reform of elementary and secondary education. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965, Title VI, as amended, 20U.S.C. 7301-7373.

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

SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES — to offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco and drugs, involve parents, and coordinated with related Federal, State and community efforts and resources. The authority for the creation of this fund is the Elementary and Secondary Education Act, Title IV, Part A, Subpart 1, as amended. 20 U.S.C. 7111-7118.

TITLE III IMMIGRANT FUNDING – To ensure that limited English Proficient children and youth, including immigrant children and youth, attain English proficiency and meet the same challenging state academic achievement standards as all children and youth are expected to meet. The authority for creation of this fund is the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

MEDICAID – The fund is used for reimbursement of health-related services of Medicaid eligible students receiving related services, for administrative time study, and for a statement of service costs study. Authorized by the Social Security Act.

TECHNOLOGY FOR EDUCATION – to account for distributions received from the Educational Technology fund for the expansion and improvement of technology in education. These funds are restricted to expenditure by New Mexico Statutes and the schools approved long-term technology plan. Authority for the creation of this fund is NMSA 22-15A-1 to 22-15A-10.

INCENTIVES FOR SCHOOL IMPROVEMENT – to account for monies received to be used as determined by the school principal and teachers in cooperation with other school employees and the community. It shall not be used for salaries, salary increases or bonuses. Financing and authority is provided by NMSA 22-13A-5.

LIBRARY GO BONDS – to account for the revenue and expenditures to acquire supplementary library books, equipment and library resources for public school and juvenile detention libraries statewide.

BEGINNING TEACHER MENTORING – to assist school districts in the design, implementation, and evaluation of beginning teacher mentoring programs. Funding is provided through the 2000 legislative session, with appropriated funds from the General Appropriations Act.

SCHOOL IMPROVEMENT FRAME WORK – to account for monies provided by the state to be used to support the District's strategic plan to improve student achievement, focusing on reading and math. Authority for the creation of this fund is provided by the grantor and the Estancia School Board.

LIBRARIES SB301 G.O. BONDS – to account for funds received to update and to expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by election of SB301.

SB-9 - To account for 2.0 mill levy restricted by board resolution for erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, improving school grounds and maintenance of school buildings and grounds, exclusive of salary expense of employees. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10.

EXHIBIT B-1

IDEA-B COMPETITIVE	IDEA-B PRESCHOOL	USDA FRESH FRUIT & VEGETABLES	ENHANCING ED THRU TECH E2T2 - F	COMPREHENSIVE SCHOOL REFORM	TITLE V INNOVATIVE ED PROGRAM
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	3,016	2,220	1,552	-	2,996
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 3,016</u>	<u>\$ 2,220</u>	<u>\$ 1,552</u>	<u>\$ -</u>	<u>\$ 2,996</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	3,016	2,220	1,552	-	2,996
-	-	-	-	-	-
<u>-</u>	<u>3,016</u>	<u>2,220</u>	<u>1,552</u>	<u>-</u>	<u>2,996</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>3,016</u>	<u>2,220</u>	<u>1,552</u>	<u>-</u>	<u>2,996</u>

EXHIBIT B-1
CONTINUED

INCENTIVES FOR SCHOOL IMPR. ACT	LIBRARY GO BOND LAWS 2004	BEGINNING TEACHER MENTORING	IMPROVEMENT FRAMEWORK	LIBRARIES-SB 301 GO BONDS	SB-9	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ 35,744	\$ -	\$ 1,016	\$ -	\$ -	\$ 206,908	\$ 326,987
-	-	-	-	-	-	-
-	-	-	-	-	3,812	3,812
-	-	-	-	19,499	-	132,127
-	-	-	-	-	-	1,394
-	-	-	-	-	-	-
<u>\$ 35,744</u>	<u>\$ -</u>	<u>\$ 1,016</u>	<u>\$ -</u>	<u>\$ 19,499</u>	<u>\$ 210,720</u>	<u>\$ 464,320</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,237	\$ 3,237
35,744	-	1,016	-	-	-	46,582
-	-	-	-	-	-	-
-	-	-	-	19,499	-	132,127
-	-	-	-	-	-	-
<u>35,744</u>	<u>-</u>	<u>1,016</u>	<u>-</u>	<u>19,499</u>	<u>3,237</u>	<u>181,946</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,394
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	207,483	280,980
-	-	-	-	-	-	-
-	-	-	-	-	<u>207,483</u>	<u>282,374</u>
<u>\$ 35,744</u>	<u>\$ -</u>	<u>\$ 1,016</u>	<u>\$ -</u>	<u>\$ 19,499</u>	<u>\$ 210,720</u>	<u>\$ 464,320</u>

EXHIBIT B-2
CONTINUED

INCENTIVES FOR SCHOOL IMPR. ACT	LIBRARY GO BOND LAWS 2004	BEGINNING TEACHER MENTORING	IMPROVEMENT FRAMEWORK	LIBRARIES-SB 301 GO BONDS	SB-9	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,850	\$ 654,726
7,325	-	5,486	-	19,499	-	48,538
-	-	-	-	-	-	64,577
-	-	-	-	-	-	-
-	-	-	-	-	150,014	150,014
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>7,325</u>	<u>-</u>	<u>5,486</u>	<u>-</u>	<u>19,499</u>	<u>248,864</u>	<u>917,855</u>
7,325	-	5,486	-	-	-	232,614
-	-	-	-	-	-	-
-	-	-	-	-	-	40,678
-	-	-	-	19,499	-	19,499
-	-	-	-	-	1,496	1,496
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	387,944
-	-	-	-	-	258,668	258,668
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>7,325</u>	<u>-</u>	<u>5,486</u>	<u>-</u>	<u>19,499</u>	<u>260,164</u>	<u>940,899</u>
-	-	-	-	-	(11,300)	(23,044)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(11,300)	(23,044)
-	-	-	-	-	218,783	305,418
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,483</u>	<u>\$ 282,374</u>

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-3

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--CAFETERIA

Year Ended June 30, 2008

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 310,000	\$ 310,000	\$ 327,581	\$ 17,581
State Revenue	-	-	-	-
Local Revenue	18,500	18,500	41,135	22,635
TOTAL REVENUE	<u>328,500</u>	<u>\$ 328,500</u>	<u>\$ 368,716</u>	<u>\$ 40,216</u>
BUDGETED CASH BALANCE	<u>13,081</u>	<u>78,417</u>		
TOTAL REVENUE & CASH	<u>\$ 341,581</u>	<u>\$ 406,917</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	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	341,581	406,917	387,824	19,093
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 341,581</u>	<u>\$ 406,917</u>	<u>\$ 387,824</u>	<u>\$ 19,093</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-4

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--ATHLETICS

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	-	-	-
Local Revenue	29,606	29,606	23,443	(6,163)
TOTAL REVENUE	<u>29,606</u>	<u>29,606</u>	<u>\$ 23,443</u>	<u>\$ (6,163)</u>
BUDGETED CASH BALANCE	<u>6,527</u>	<u>6,527</u>		
TOTAL REVENUE & CASH	<u>\$ 36,133</u>	<u>\$ 36,133</u>		
EXPENDITURES				
Current				
Instruction	\$ 36,133	\$ 36,133	\$ 15,958	\$ 20,175
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	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 36,133</u>	<u>\$ 36,133</u>	<u>\$ 15,958</u>	<u>\$ 20,175</u>

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-5

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B ENTITLEMENT

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 161,348	\$ 146,215	\$ 100,432	\$ (45,783)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>161,348</u>	<u>146,215</u>	<u>100,432</u>	<u>(45,783)</u>
BUDGETED CASH BALANCE	<u>6,069</u>	<u>6,069</u>		
TOTAL REVENUE & CASH	<u>\$ 167,417</u>	<u>\$ 152,284</u>		
EXPENDITURES				
Current				
Instruction	\$ 135,225	\$ 120,092	\$ 84,280	\$ 35,812
Support Services	-	-	-	-
Support Services Students	32,192	32,192	32,165	27
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	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 167,417</u>	<u>\$ 152,284</u>	<u>\$ 116,445</u>	<u>\$ 35,839</u>

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-6

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B COMPETITIVE

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 7,506	\$ 7,506
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 7,506</u>	<u>\$ 7,506</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</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	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-7

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B PRESCHOOL

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 13,450	\$ 11,968	\$ 9,915	\$ (2,053)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>13,450</u>	<u>11,968</u>	<u>\$ 9,915</u>	<u>\$ (2,053)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 13,450</u>	<u>\$ 11,968</u>		
EXPENDITURES				
Current				
Instruction	\$ 13,450	\$ 11,968	\$ 11,908	\$ 60
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	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 13,450</u>	<u>\$ 11,968</u>	<u>\$ 11,908</u>	<u>\$ 60</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--USDA FRUIT & VEGETABLE PROGRAM

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 10,110	\$ 10,110
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 10,110</u>	<u>\$ 10,110</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</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	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-9

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP) AND ACTUAL
--SPECIAL REVENUE FUND--ENHANCING ED THRU TECHNOLOGY - E2T2-F

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 2,848	\$ 2,848	\$ -
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>2,848</u>	<u>\$ 2,848</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 2,848</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 2,848	\$ -	\$ 2,848
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	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 2,848</u>	<u>\$ -</u>	<u>\$ 2,848</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--COMPREHENSIVE SCHOOL REFORM

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 24,653	\$ 24,653
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 24,653</u>	<u>\$ 24,653</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</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	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-11

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--TITLE V INNOVATION ED PROG STRATEGIES

Year Ended June 30, 2008

	ORIGINAL ACTUAL	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 6,790	\$ 8,616	\$ 7,978	\$ (638)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>6,790</u>	<u>8,616</u>	<u>\$ 7,978</u>	<u>\$ (638)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 6,790</u>	<u>\$ 8,616</u>		
EXPENDITURES				
Current				
Instruction	\$ 6,560	\$ 8,386	\$ 5,387	\$ 2,999
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	230	230	-	230
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 6,790</u>	<u>\$ 8,616</u>	<u>\$ 5,387</u>	<u>\$ 3,229</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--TEACHER/PRINCIPAL TRAINING

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 66,733	\$ 76,646	\$ 64,794	\$ (11,852)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>66,733</u>	<u>76,646</u>	<u>\$ 64,794</u>	<u>\$ (11,852)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 66,733</u>	<u>\$ 76,646</u>		
EXPENDITURES				
Current				
Instruction	\$ 64,528	\$ 74,441	\$ 66,906	\$ 7,535
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	2,205	2,205	-	2,205
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 66,733</u>	<u>\$ 76,646</u>	<u>\$ 66,906</u>	<u>\$ 9,740</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-13

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--SAFE & DRUG FREE SCHOOLS

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 5,292	\$ 7,112	\$ 7,021	\$ (91)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>5,292</u>	<u>7,112</u>	<u>\$ 7,021</u>	<u>\$ (91)</u>
BUDGETED CASH BALANCE	<u> </u>	<u> </u>		
TOTAL REVENUE & CASH	<u>\$ 5,292</u>	<u>\$ 7,112</u>		
EXPENDITURES				
Current				
Instruction	\$ 5,113	\$ 6,933	\$ 5,112	\$ 1,821
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	179	179	-	179
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 5,292</u>	<u>\$ 7,112</u>	<u>\$ 5,112</u>	<u>\$ 2,000</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--TITLE III IMMIGRANT FUNDING

Year Ended June 30, 2008

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 17,260	\$ 17,260
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 17,260</u>	<u>\$ 17,260</u>
 BUDGETED CASH BALANCE	 <u>-</u>	 <u>-</u>		
 TOTAL REVENUE & CASH	 <u>\$ -</u>	 <u>\$ -</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	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-15

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--MEDICAID TITLE XIX

Year Ended June 30, 2008

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	45,000	45,000	36,917	(8,083)
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>45,000</u>	<u>45,000</u>	<u>\$ 36,917</u>	<u>\$ (8,083)</u>
BUDGETED CASH BALANCE	<u> </u>	<u> </u>		
TOTAL REVENUE & CASH	<u>\$ 45,000</u>	<u>\$ 45,000</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 34,856	\$ 14,024	\$ 20,832
Support Services	-	-	-	-
Support Services Students	45,000	10,144	8,513	1,631
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	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 22,537</u>	<u>\$ 22,463</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-16

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--TECHNOLOGY FOR EDUCATION

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	18,923	41,604	22,681
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>18,923</u>	<u>\$ 41,604</u>	<u>\$ 22,681</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 18,923</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 18,923	\$ 16,228	\$ 2,695
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	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 18,923</u>	<u>\$ 16,228</u>	<u>\$ 2,695</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--INCENTIVES FOR SCHOOL IMPROVEMENT

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	7,334	43,069	35,735
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>7,334</u>	<u>\$ 43,069</u>	<u>\$ 35,735</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 7,334</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 7,334	\$ 7,325	\$ 9
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	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 7,334</u>	<u>\$ 7,325</u>	<u>\$ 9</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-18

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--LIBRARY GO BOND LAWS 2004

Year Ended June 30, 2008

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	-	4,102	4,102
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 4,102</u>	<u>\$ 4,102</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</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	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-19

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--BEGINNING TEACHER MENTORING

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	6,503	9,402	2,899
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>6,503</u>	<u>\$ 9,402</u>	<u>\$ 2,899</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 6,503</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 6,503	\$ 5,486	\$ 1,017
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	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 6,503</u>	<u>\$ 5,486</u>	<u>\$ 1,017</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-20

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--IMPROVEMENT FRAMEWORK

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	-	3,965	3,965
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 3,965</u>	<u>\$ 3,965</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</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	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-21

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--LIBRARIES SB 301 GO BONDS

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	19,574	-	(19,574)
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>19,574</u>	<u>\$ -</u>	<u>\$ (19,574)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 19,574</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	19,574	19,499	75
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 19,574</u>	<u>\$ 19,499</u>	<u>\$ 75</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT B-22

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--SB-9

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	63,836	187,949	98,850	(89,099)
Local Revenue	<u>143,511</u>	<u>143,511</u>	<u>149,566</u>	<u>6,055</u>
TOTAL REVENUE	<u>207,347</u>	<u>331,460</u>	<u>\$ 248,416</u>	<u>\$ (83,044)</u>
BUDGETED CASH BALANCE	<u>147,417</u>	<u>147,417</u>		
TOTAL REVENUE & CASH	<u>\$ 354,764</u>	<u>\$ 478,877</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	1,435	1,496	1,496	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	<u>353,329</u>	<u>477,381</u>	<u>255,432</u>	<u>221,949</u>
TOTAL EXPENDITURES	<u>\$ 354,764</u>	<u>\$ 478,877</u>	<u>\$ 256,928</u>	<u>\$ 221,949</u>

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

DEBT SERVICE FUND

EDUCATIONAL TECHNOLOGY DEBT SERVICE--to receive revenue for the payment of interest and principal on debt incurred in the expansion of technology in the District.

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT C-1

COMBINING BALANCE SHEET -- NON-MAJOR GOVERNMENTAL FUNDS
 DEBT SERVICE FUND

June 30, 2008

	<u>ED TECH DEBT SERVICE</u>	<u>TOTAL</u>
ASSETS		
Cash on Deposit	\$ 152	\$ 152
Investments	-	-
Accounts Receivable	-	-
Property Taxes	5,163	5,163
Interest	-	-
State	-	-
Federal	-	-
Inventories	-	-
Due from Other Funds	-	-
Prepaid expenditures	-	-
TOTAL ASSETS	\$ <u>5,315</u>	\$ <u>5,315</u>
LIABILITIES AND OTHER CREDITS		
Accounts Payable	\$ -	\$ -
Deferred Credits	-	-
Accrued Interest	16,055	16,055
Due to Other Funds	-	-
Due to Other Entities	-	-
TOTAL LIABILITIES	<u>16,055</u>	<u>16,055</u>
FUND BALANCE		
Fund Balance		
Reserved for Text Books	-	-
Reserved for Debt Service	(10,740)	(10,740)
Reserved for Inventory	-	-
Undesignated, reported in:		
General Funds	-	-
Special Revenue Funds	-	-
Capital Projects Funds	-	-
TOTAL FUND BALANCE	<u>(10,740)</u>	<u>(10,740)</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>5,315</u>	\$ <u>5,315</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT C-2

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
 IN FUND BALANCE -- NON-MAJOR GOVERNMENTAL FUNDS
 DEBT SERVICE FUND

Year Ended June 30, 2008

	ED TECH DEBT SERVICE	TOTAL
REVENUE		
Federal Programs	\$ -	\$ -
State Programs	-	-
Local Programs	-	-
State Equalization	-	-
Property Taxes	272,064	272,064
Service Revenues	-	-
Interest	-	-
Other revenue sources	-	-
TOTAL REVENUES	<u>272,064</u>	<u>272,064</u>
EXPENDITURES		
Current		
Support Services General	2,709	2,709
Debt Service		
Principal	230,000	230,000
Interest and Fiscal Charge	36,135	36,135
TOTAL EXPENDITURES	<u>268,844</u>	<u>268,844</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	3,220	3,220
Other Financial Sources (Uses)		
Transfer/Refunds	-	-
Total Other Financial Sources	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	3,220	3,220
FUND BALANCE		
June 30, 2007	<u>(13,960)</u>	<u>(13,960)</u>
FUND BALANCE		
June 30, 2008	<u>(10,740)</u>	<u>(10,740)</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT C-3

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--ED TECH DEBT SERVICE FUND

Year Ended June 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Residential/Non-Residential Taxes	\$ 272,862	\$ 272,869	\$ 270,899	\$ (1,970)
TOTAL REVENUE	<u>272,862</u>	<u>272,869</u>	<u>270,899</u>	<u>(1,970)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 272,862</u>	<u>\$ 272,869</u>		
EXPENDITURES				
Support Services General Administration	\$ 2,702	\$ 2,709	\$ 2,709	\$ -
Debt Service - Principal	230,000	230,000	230,000	-
Debt Service - Interest	40,160	40,160	40,160	-
TOTAL EXPENDITURES	<u>\$ 272,862</u>	<u>\$ 272,869</u>	<u>\$ 272,869</u>	<u>-</u>

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

CAPITAL PROJECTS FUND

BOND BUILDING--To account for the costs of capital improvements, such as erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, purchasing and improving school grounds funded by bond proceeds.

SPECIAL CAPITAL OUTLAY STATE--To account for financing and construction of school improvements funded from a special legislative appropriation from the State of New Mexico.

PUBLIC SCHOOL CAPITAL OUTLAY 20%-- To account for monies to be set aside out of Impact Aid, Forest Reserve, and Local taxes for capital improvements in public schools. Authority for the creation of this fund is Section 22-8-5 NMSA 1978.

EXHIBIT D-1

CAPITAL OULAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 326,987	\$ 152	\$ 327,139
-	-	-	-	-
-	-	3,812	5,163	8,975
-	-	132,127	-	132,127
-	-	1,394	-	1,394
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 464,320</u>	<u>\$ 5,315</u>	<u>\$ 469,635</u>
\$ -	\$ -	\$ 3,237	\$ -	\$ 3,237
-	-	46,582	-	46,582
-	-	-	16,055	16,055
-	-	132,127	-	132,127
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>181,946</u>	<u>16,055</u>	<u>198,001</u>
-	-	-	-	-
-	-	-	(10,740)	(10,740)
-	-	1,394	-	1,394
-	-	-	-	-
-	-	280,980	-	280,980
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>282,374</u>	<u>(10,740)</u>	<u>271,634</u>
\$ -	\$ -	\$ 464,320	\$ 5,315	\$ 469,635

EXHIBIT D-2

CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 654,726	\$ -	\$ 654,726
-	-	48,538	-	48,538
-	-	64,577	-	64,577
-	-	-	-	-
-	-	150,014	272,064	422,078
-	-	-	-	-
-	-	-	-	-
-	-	917,855	272,064	1,189,919
-	-	232,614	-	232,614
-	-	-	-	-
-	-	40,678	-	40,678
-	-	19,499	-	19,499
-	-	1,496	2,709	4,205
-	-	-	-	-
-	-	387,944	-	387,944
230	1,329	258,668	-	259,997
-	-	-	230,000	230,000
-	-	-	36,135	36,135
230	1,329	940,899	268,844	1,211,072
(230)	(1,329)	(23,044)	3,220	(21,153)
-	-	-	-	-
-	-	-	-	-
(230)	(1,329)	(23,044)	3,220	(21,153)
230	1,329	305,418	(13,960)	292,787
\$ -	\$ -	\$ 282,374	\$ (10,740)	\$ 271,634

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--BOND BUILDING--CAPITAL PROJECTS FUND

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Bond Proceeds	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Earnings from Investments	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>2,986</u>	<u>2,986</u>		
TOTAL REVENUES & CASH	<u>\$ 2,986</u>	<u>\$ 2,986</u>		
EXPENDITURES				
Capital Outlay	\$ <u>2,986</u>	\$ <u>2,986</u>	\$ <u>990</u>	\$ <u>1,996</u>
TOTAL EXPENDITURES	<u>\$ 2,986</u>	<u>\$ 2,986</u>	<u>\$ 990</u>	<u>\$ 1,996</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT D-4

STATEMENT OF REVENUE & EXPENDITURES--
 BUDGET (NON-GAAP) AND ACTUAL--
 SPECIAL CAPITAL OUTLAY STATE
 CAPITAL PROJECTS FUND

Year Ended June 30, 2008

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
State Sources	\$ -	\$ -	\$ -	\$ -
Earnings from Investments	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>109</u>	<u>109</u>		
TOTAL CASH & REVENUE	<u>\$ 109</u>	<u>\$ 109</u>		
EXPENDITURES				
Capital Outlay	\$ 109	\$ 109	\$ 109	\$ -
TOTAL EXPENDITURES	<u>\$ 109</u>	<u>\$ 109</u>	<u>\$ 109</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT D-5

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--PUBLIC SCHOOL CAPITAL OUTLAY 20%--CAPITAL PROJECTS FUND

Year Ended June 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Local Taxes	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>231</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 231</u>		
EXPENDITURES				
Capital Outlay	\$ -	\$ 231	\$ 230	\$ 1
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 231</u>	<u>\$ 230</u>	<u>\$ 1</u>

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

OTHER MAJOR FUND INFORMATION

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT E-1

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL-- ED TECH EQUIPMENT ACT--CAPITAL PROJECTS FUND

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Sources	\$ -	\$ -	\$ 5,119	\$ 5,119
State Sources	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 5,119</u>	<u>\$ 5,119</u>
BUDGETED CASH BALANCE	<u>464,143</u>	<u>464,143</u>		
TOTAL REVENUE & CASH	<u>\$ 464,143</u>	<u>\$ 464,143</u>		
EXPENDITURES				
Capital Outlay	\$ 464,143	\$ 464,143	\$ 186,570	\$ 277,573
TOTAL EXPENDITURES	<u>\$ 464,143</u>	<u>\$ 464,143</u>	<u>\$ 186,570</u>	<u>\$ 277,573</u>

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

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT E-2

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--DEBT SERVICE FUND

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Residential/Non-Residential Taxes	\$ 298,915	\$ 298,915	\$ 143,329	\$ (155,586)
TOTAL REVENUE	<u>298,915</u>	<u>\$ 298,915</u>	<u>\$ 143,329</u>	<u>\$ (155,586)</u>
BUDGETED CASH BALANCE	<u>186,900</u>	<u>186,900</u>		
TOTAL REVENUE & CASH	<u>\$ 485,815</u>	<u>\$ 485,815</u>		
EXPENDITURES				
Support Services General Administration	\$ 2,990	\$ 2,990	\$ 1,433	\$ 1,557
Debt Service - Principal	453,910	453,910	270,000	183,910
Debt Service - Interest	28,915	28,915	28,915	-
TOTAL EXPENDITURES	<u>\$ 485,815</u>	<u>\$ 485,815</u>	<u>\$ 300,348</u>	<u>\$ 185,467</u>

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

AGENCY FUNDS

AGENCY FUND--To account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

EXHIBIT F-1

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -- AGENCY FUNDS

Year Ended June 30, 2008

	Balance 6/30/2007	ADDITIONS	DEDUCTIONS	Balance 6/30/2008
Assets				
Cash				
District Board Scholarship	\$ 1,082	\$ 501	\$ 1	\$ 1,582
District Savings/Interest Account	1,399	-	69	1,330
District Public Relations Fund	250	-	250	-
Dist-Library Funds	2,525	213	2,738	-
Dist-Exceptional Programs	1,223	354	1,093	484
EVLC-Book Deposits	4,477	4,150	4,612	4,015
EVLC-Grants	1,200	-	208	992
Estancia High School	68,986	158,771	167,433	60,324
Estancia Middle School	12,094	42,298	38,574	15,818
Estancia Elementary School	13,929	50,398	51,282	13,045
Due from Fresh Fruit & Vegetable Fund	(5,918)	5,918	-	-
Total Cash	<u>101,247</u>	<u>262,603</u>	<u>266,260</u>	<u>97,590</u>
Due from other funds				
Due from Fresh Fruit & Vegetable Fund	5,918	-	5,918	-
Total Due from other funds	<u>5,918</u>	<u>-</u>	<u>5,918</u>	<u>-</u>
Total Assets	<u>\$ 107,165</u>	<u>\$ 262,603</u>	<u>\$ 272,178</u>	<u>\$ 97,590</u>
Liabilities				
Due to Student groups	\$ 107,165	\$ 256,685	\$ 266,260	\$ 97,590
Total Liabilities	<u>\$ 107,165</u>	<u>\$ 256,685</u>	<u>\$ 266,260</u>	<u>\$ 97,590</u>

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

SCHEDULE 1

BANK SUMMARY

JUNE 30, 2008

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING (CHECKS) DEPOSITS	NET CASH BALANCE
Wells Fargo Bank	Checking	Multi Fund	1,201,779	(126,429)	1,075,350
	Checking	Athletics	15,162	(974)	14,188
	Checking	Activity	99,495	(1,905)	97,590
	Checking	Payroll Clearing	529,024	(529,024)	-
Total Wells Fargo Bank			<u>1,845,460</u>	<u>(658,332)</u>	<u>1,187,128</u>
New Mexico State Treasurer	LGIP	Operational	243,432	-	243,432
New Mexico State Treasurer	LGIP	Ed Tech. Equip. Act	300,778	-	300,778
			<u>544,210</u>	<u>-</u>	<u>544,210</u>
Total All Accounts			<u>\$ 2,389,670</u>	<u>\$ (658,332)</u>	<u>\$ 1,731,338</u>

* Interest Bearing

The credit rating of the investment pool at the New Mexico State Treasurer is as follows:

New MexiGrow LGIP	AAAm rated	<u>\$ 544,210</u>	24-day WAM
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STATE OF NEW MEXICO
 ESTANCIA MUNICIPAL SCHOOLS

SCHEDULE 2

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2008

	<u>Total Deposits</u>	<u>FDIC Insurance</u>	<u>Uninsured Deposits</u>	<u>Collateral Required</u>	<u>Collateral Pledged</u>	<u>Uninsured & Uncollateralized Deposits</u>
Wells Fargo Bank	\$ 1,845,460	\$ 200,000	\$ 1,645,460	\$ 822,730	\$ 1,871,059	\$ (225,599)

Collateral	CUSIP #.	FMV	MATURES
Federal Note CL865810	31409A3T4	\$ 651,278	03/01/36
	31413UYZ6	7,658	11/01/37
Federal Note CL867437	31412LYY0	1,212,123	09/01/37
		<u>\$ 1,871,059</u>	

COLLATERAL IS HELD AT WELLS FARGO BANK, MLPS. CALIFORNIA IN THE NAME OF THE DISTRICT



SCHEDULE 3

FEDERAL PROJECTS	LOCAL/STATE ACCOUNT	SB-9	BOND BUILDING	DEBT SERVICE	ACTIVITIES
\$ (322,760)	\$ (26,520)	\$ 215,419	\$ 990	\$ 403,346	\$ 101,247
-	-	-	-	-	-
(322,760)	(26,520)	215,419	990	403,346	101,247
-	-	-	-	-	-
473,099	102,141	248,416	-	143,329	256,685
344,644	19,499	-	-	-	5,918
494,983	95,120	463,835	990	546,675	363,850
489,065	48,538	256,927	990	300,348	266,260
5,918	-	-	-	-	-
494,983	48,538	256,927	990	300,348	266,260
-	46,582	206,908	-	246,327	97,590
-	-	-	-	-	-
\$ -	\$ 46,582	\$ 206,908	\$ -	\$ 246,327	\$ 97,590

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

SCHEDULE 3
CONTINUED

BANK RECONCILIATION

JUNE 30, 2008

	INSTRUCTIONAL MATERIALS	PSCO 20%	CAP/OUT STATE	ED TECH EQUIP ACT	ED TECH EQUIP ACT	PAYROLL CLEARING
Audited Net Cash						
JUNE 30, 2007	\$ 6,898	\$ 230	\$ 109	\$ 511,998	\$ 2,122	\$ -
Investments on hand/Loans	-	-	-	-	-	-
TOTAL CASH BALANCE						
JUNE 30, 2007	6,898	230	109	511,998	2,122	-
Add: Prior year void checks	-	-	-	-	-	-
2007-2008 Revenue	168,669	-	-	5,119	270,899	-
Transfers in & Due From	-	-	-	-	-	-
TOTAL AVAILABLE CASH	175,567	230	109	517,117	273,021	-
Net Change						
2007-2008 Expenditures	113,996	230	109	186,570	272,869	-
Transfers Out & Due To	-	-	-	-	-	-
	113,996	230	109	186,570	272,869	-
NET CASH, JUNE 30, 2008	61,571	-	-	330,547	152	-
Cash On hand						
TOTAL CASH, JUNE 30, 2008	\$ 61,571	\$ -	\$ -	\$ 330,547	\$ 152	\$ -

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

Hector H. Balderas
New Mexico State Auditor
The Board of Education
Estancia Municipal Schools
Estancia, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the general fund and major special revenue fund budgetary comparisons, the aggregate remaining fund information of Estancia Municipal Schools District, as of and for the year ended June 30, 2008, which collectively comprise the Estancia Municipal Schools District's basic financial statements as listed in the table of contents and have issued our report thereon dated November 5, 2008. We also have audited the financial statements of each of the non major governmental funds and all the budgetary comparisons 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Estancia Municipal Schools District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Estancia Municipal Schools District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Estancia Municipal Schools District's internal control over financial reporting.

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 Estancia Municipal Schools 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 Estancia Municipal Schools District's financial statements is more than inconsequential will not be prevented or detected by the Estancia Municipal Schools District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Estancia Municipal Schools District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported under *Government Auditing Standards* paragraph 5.14 and 5.16, and Section 12-6-5 NMSA 1978, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2006-4, 2008-1 and 2008-2.

The Estancia Municipal Schools District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Estancia Municipal Schools District's responses and, accordingly, we express no opinion on them.

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

Roy Woodard & Associates

November 5, 2008

Roy Woodard & Associates

Certified Public Accountants

116 East Grand, P.O. Box 1874, Clovis, New Mexico 88102 Office (575) 762-3811 Fax (575) 762-3866

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

Mr. Hector H. Balderas, State Auditor
The Board of Education
Estancia Municipal Schools
Estancia, New Mexico

Compliance

We have audited the compliance of Estancia Municipal Schools 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 its major federal programs for the year ended June 30, 2008. Estancia Municipal Schools major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Estancia Municipal Schools management. Our responsibility is to express an opinion on Estancia Municipal Schools compliance based on our audit.

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

In our opinion Estancia Municipal Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs, for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2008-3.

Internal Control over Compliance

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

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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

The Estancia Municipal Schools District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Estancia Municipal Schools District's responses and, accordingly, we express no opinion on them.

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

Ray Woodard & Associates

November 5, 2008

SINGLE AUDIT SECTION

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unqualified
Significant Deficiencies on GAGAS	None
Other matters required to be reported	2006-4, 2008-1, and 2008-2
Material weakness involving Significant Deficiencies	None
Material Noncompliance	None
Questioned Cost	None
Type A & Type B dollar threshold	\$300,000
Entity Risk	Low Risk
Major Federal Programs	National School Lunch Program CFDA 10.555
Significant Deficiencies on Internal Control over Major Programs	None
Report on Compliance with Major Programs	Unqualified
Findings reportable under 510(a) of Circular A-133	None

II. FINANCIAL STATEMENT FINDINGS

Compliance

2006-4 ACTIVITY DEPOSITS

Condition:	One of twenty-three activity deposits during the month of April, totaling \$2,254 was not made on timely basis.
Criteria:	All school district deposits shall be made in accordance with Chapter 22-8-40 NMSA. 1978.
Effect:	Violation of state statute could result in reduced funding from state sources and deposits not made timely can weaken internal control leaving assets susceptible to misappropriation.
Cause:	Funds received were secured in an locking bag and put in the night drop at the local bank, however, the bank nor the school secretary notified the business office that the bag was at the bank and needed to be picked up and a deposit prepared and made to the bank account.
Recommendation:	The District should establish procedures to ensure that the business office is notified that funds were secured in the overnight drop at the bank so that in the future the deposit can be prepared and made into the bank account within the 24 hour time requirement.
Response:	The District has already changed procedures for reporting to the business office when funds were put in the night drop at the bank for overnight security, and the bank has agreed to implement policies to notify the business office when a locked District bag has been recovered from their night drop.

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

JUNE 30, 2008

Control

2008 - 1 Capital Assets

- Condition: Capital asset records did not have all the additions included at the time of fieldwork and one asset was deleted erroneously. Corrections were subsequently made.
- Criteria: Good accounting procedures, as well as GASB standards require that Capital assets and depreciation be maintained regularly.
- Cause: There was new personal put in charge of their reconciliation process who had not received all of the training which is needed to keep the records reconciled timely. The records also, were not up to date when they were transferred to the new person responsible.
- Effect: Incomplete or inaccurate records could result in a qualified audit opinion, which possibly would affect federal funding or bond ratings.
- Recommendation: The District should evaluate the need for additional training for staff who handle reconciliation of capital assets in the Visions program. There should also be a review of the records at least on a quarterly basis.
- Response: The District is making arrangements for additional training on the Visions program for capital assets and has already implemented a procedure for the business manager to review the capital asset records quarterly.

2008 - 2 Program verifications for National School Lunch program passed through the NM department of Education for 2007-08 CFDA 10.555

- Condition: There was no 3% verification made on free and reduced lunch applications at the middle school.
- Criteria: Per 7 CFR section 245.6a(b) (42 USC 1758(b)(3)(D)) - By November 15th of each school year, the local education agency (LEA) must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals, unless the LEA is otherwise exempt from the verification requirement. The verification sample size is based on the total number of approved applications on file on October 1st .
- Cause: The grade school exempt from the verification process as it has met the requirements for 100% free meals. As a result, the cafeteria personnel failed to verify the applications in the middle school, not realizing that it had to still meet the requirements.
- Effect: Failure to comply with grant requirements could result in the loss of future funding or possibly having to repay funding received during the period the District was out of compliance.
- Recommendation: The District should go back and complete the verification process for the period in question to ensure that there were no instances of ineligibility. The District should also put new controls in place to ensure that someone is responsible for making sure the verification is being made correctly and timely.
- Response: The District has completed the verification process since the auditors first notified them of the non compliance and is evaluating additional procedures to ensure that the non 100% qualifying schools meet the verification requirements.

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

JUNE 30, 2008

III. FEDERAL PROGRAM FINDINGS

None

IV. PRIOR YEAR AUDIT FINDINGS

2006-01	Overspent Budget	Resolved
2006-04	Activity Deposits	Revised and Repeated
2007-3	Late Audit Report	Resolved

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008

	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROGRAM EXPENDITURES</u>
<u>US DEPARTMENT OF EDUCATION</u>			
Passed through the State Department of Education			
Title I	84.010	24101	\$ 260,770
IDEA-B	84.0270	24106, 24109	128,353
Medicaid Title XIX	93.7780	25153	22,537
Title V	84.298A	24150	5,387
Teacher/Principal Training	84.367A	24154	66,906
Safe & Drug Free Schools	84.186	24157	5,112
TOTAL PASSTHROUGH GRANTS			<u>489,065</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 489,065</u>
<u>US DEPARTMENT OF AGRICULTURE</u>			
Passed Through State Department of Education			
<1>National School Lunch Program	10.555	21000-8602	\$ 327,581
Forrest Reserve	10.664	11000-8604	2,667
			<u>330,248</u>
Passed Through New Mexico State Department of Human Services			
Non-Monetary Assistance	10.565	21000-8904	16,323
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 346,571</u>
<u>FEDERAL COMMUNICATIONS COMMISSION</u>			
Universal Service Program for Schools and Libraries -- E-Rate		11000	\$ 20,883
TOTAL FEDERAL COMMUNICATIONS COMMISSION			<u>\$ 20,883</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 856,519</u>

<1> Major Program

Note 1 This schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2 Non-Monetary assistance is reported in the schedule at the fair market value of the commodities received.

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOLS

OTHER DISCLOSURES

Year Ended June 30, 2008

OTHER DISCLOSURES

PREPARATION OF FINANCIAL STATEMENTS

We prepared the draft financial statements based on management's chart of accounts and trial balances and any adjusting, correcting, and closing entries have been approved by management. We also have prepared the draft footnotes based on the information determined and approved by management. These services are allowable under SAS 112.

EXIT CONFERENCE

An Exit Conference was held on November 5, 2008. Present were Randol Riley, Vice President, Carolyn Allen-Renteria, Superintendent, Carol Gonzales, Business Manager, and D. Brent Woodard, CPA.

SUMMARY OF PASSED ADJUSTMENTS

Re: Estancia Municipal Schools

None