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Chester W. Mattocks
Certified Public Accountant

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

**ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2007**

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

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**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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MOUNTAINAIR PUBLIC SCHOOLS

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STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

OFFICIAL ROSTER

As Of
June 30, 2007

BOARD OF EDUCATION

<u>NAME</u>	<u>TITLE</u>
P.J. Lovato	President
Ray Zamora	Vice-President
Gabe Chavez	Secretary
Eric Anaya	Member
Darrell Roberts	Member

SCHOOL OFFICIALS

<u>NAME</u>	<u>POSITION</u>
Jay Mortensen	Superintendent
Tammy Zamora	Business Manager

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M Chester W. Mattocks
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

The Board of Education
State of New Mexico - Mountainair Public Schools
Mountainair, New Mexico

and

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

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the State of New Mexico, Mountainair Public Schools (District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the Table of Contents. Also, I have audited the financial statements of each of the District's nonmajor governmental funds and 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, 2007, as listed in the Table of Contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my 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 the District as of June 30, 2007, and the respective changes in financial position and the respective budgetary comparisons for the General and Food Service Funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2007, and the respective changes in financial position and the respective budgetary comparisons for the nonmajor governmental funds, the Debt Service Fund, and the Bond Building Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated February 5, 2009, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

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

My audit was made for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements and on the combining and individual fund financial statements and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements and the combining and individual fund financial statements of the District. The accompanying financial information listed as Additional Information - Supporting Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements and the combining and individual fund financial statements of the District. Such schedule and such information have been subjected to the auditing procedures applied in the audit of the basic financial statements and the combining and individual fund financial statements and, in my opinion, are fairly stated in all material respects, in relation to the basic financial statements and the financial statements of each of the respective individual funds taken as a whole.

Chester W. Matthews, CPA

February 5, 2009

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 1,281,415
Property taxes receivable	100,800
Due from other governmental units	542,430
Inventory	4,151
Total current assets	<u>1,928,796</u>
Noncurrent assets:	
Capital assets	9,474,558
Less: Accumulated depreciation	<u>(2,847,241)</u>
Total noncurrent assets	<u>6,627,317</u>
Other assets	
Bond issuance costs, net of accumulated amortization of \$387	<u>41,377</u>
Total assets	<u>8,597,490</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	24,182
Deferred revenue-grants	40,154
Due to other governmental units	31,166
Current portion of long-term obligations	156,127
Total current liabilities	<u>251,629</u>
Long-term liabilities:	
Noncurrent portion of long-term obligations	<u>1,625,000</u>
Total long-term liabilities	<u>1,625,000</u>
Total liabilities	<u>1,876,629</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	4,852,317
Restricted for:	
Debt service	199,127
Special projects	60,156
Capital projects	899,225
Unrestricted	<u>710,036</u>
Total net assets	<u>\$ 6,720,861</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
EXPENSES:					
Governmental activities:					
Education	\$ (4,934,337)	\$ 38,395	\$ 1,244,027	\$ 98,945	\$ (3,552,970)
Total governmental activities	<u>\$ (4,934,337)</u>	<u>\$ 38,395</u>	<u>\$ 1,244,027</u>	<u>\$ 98,945</u>	<u>(3,552,970)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					18,499
Property taxes, levied for debt service					183,870
Property taxes, levied for capital projects					75,923
State equalization guarantee					3,441,231
Other local revenue					16,383
Interest and investment earnings					<u>8,773</u>
Subtotal, general revenues					<u>3,744,679</u>
Change in net assets					191,709
Net assets - beginning of year					<u>6,529,152</u>
Net assets - end of year					<u>\$ 6,720,861</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007

	<u>General Fund</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Bond Building</u>
<u>ASSETS</u>				
Cash and investments	\$ 1,281,415			
Due from other funds	542,430	\$ 19,145	\$ 193,572	\$ 712,181
Property taxes receivable	7,200		72,000	
Due from grantor				
Inventory		4,151		
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,831,045</u>	<u>\$ 23,296</u>	<u>\$ 265,572</u>	<u>\$ 712,181</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ 1,191,391			
Accounts payable and accrued liabilities	23,624	\$ 3		
Deferred revenue - grants				
Deferred revenues - property taxes	6,658		\$ 66,445	
Due to other governmental units	31,166			
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,252,839</u>	<u>3</u>	<u>66,445</u>	<u>\$ -0-</u>
Fund balances:				
Reserved for:				
Inventories		4,151		
Debt service			199,127	
Unreserved:				
Designated				
Undesignated, reported in:				
General Fund	578,206			
Special Revenue Funds		19,142		
Capital Projects Funds				712,181
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>578,206</u>	<u>23,293</u>	<u>199,127</u>	<u>712,181</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,831,045</u>	<u>\$ 23,296</u>	<u>\$ 265,572</u>	<u>\$ 712,181</u>

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

Other Governmental Funds	Total
	\$ 1,281,415
\$ 266,493	1,733,821
21,600	100,800
542,430	542,430
<u> </u>	<u>4,151</u>
<u>\$ 830,523</u>	<u>\$ 3,662,617</u>

\$ 542,430	\$ 1,733,821
555	24,182
40,154	40,154
19,326	92,429
<u> </u>	<u>31,166</u>
<u>602,465</u>	<u>1,921,752</u>

4,151
199,127

	578,206
41,014	60,156
187,044	899,225
<u> </u>	<u> </u>
<u>228,058</u>	<u>1,740,865</u>
<u>\$ 830,523</u>	<u>\$ 3,662,617</u>

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

Total fund balances - governmental funds		\$ 1,740,865
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>		
The cost of capital assets is:	\$ 9,474,558	
Accumulated depreciation is:	<u>(2,847,241)</u>	6,627,317
<p>Delinquent property taxes not collected within sixty days after year end are not considered available revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities.</p>		
		92,429
<p>Bond issuance costs are expensed for fund financial statements but amortized for government-wide financial statements. Bond issuance costs net of accumulated amortization were:</p>		
		41,377
<p>Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:</p>		
Bonds payable	\$ (1,775,000)	
Compensated absences payable	<u>(6,127)</u>	<u>(1,781,127)</u>
Total net assets-governmental activities		<u>\$ 6,720,861</u>

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

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STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	General Fund	Food Service	Debt Service	Bond Building
REVENUES:				
Local taxes	\$ 18,588		\$ 184,962	
State sources	3,740,121			
Federal sources	923	\$ 132,083		
Charges for services	-0-	10,297		
Other local revenue	11,157			\$ 3,340
Interest	245	168	11	41
Total Revenues	<u>3,771,034</u>	<u>142,548</u>	<u>184,973</u>	<u>3,381</u>
EXPENDITURES:				
Current:				
Instruction	1,940,448			
Support services-students	457,466			
Support services- instruction	105,840			
Support services-general administration	198,496			
Support services -school administration	152,143			
Central services	61,577		1,838	
Operation and maintenance of plant	479,179			
Student transportation	268,051			
Food services operations	17,471	159,712		
Community service operations				
Debt service- principal and interest			168,159	
Debt service- bond issuance costs				41,764
Capital outlay	57,257			
Total Expenditures	<u>3,737,928</u>	<u>159,712</u>	<u>169,997</u>	<u>41,764</u>
Excess (deficiency) of revenues over expenditures	<u>33,106</u>	<u>(17,164)</u>	<u>14,976</u>	<u>(38,383)</u>
Other financing sources (uses):				
Issuance of general obligation bonds				750,000
Operating transfers in (out)				
Total other financing sources (uses)				<u>750,000</u>
Net changes in fund balances	33,106	(17,164)	14,976	711,617
Fund balances - beginning of year	545,100	40,457	184,151	564
Fund balances - End of year	<u>\$ 578,206</u>	<u>\$ 23,293</u>	<u>\$ 199,127</u>	<u>\$ 712,181</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 76,245	\$ 279,795
357,912	4,098,033
553,164	686,170
28,098	38,395
1,886	16,383
<u>8,308</u>	<u>8,773</u>
 1,025,613	 5,127,549
 559,725	 2,500,173
99,715	557,181
	105,840
4,000	202,496
 2,500	 154,643
33,032	96,447
3,000	482,179
	268,051
	177,183
328	328
	168,159
	41,764
<u>221,063</u>	<u>278,320</u>
 923,363	 5,032,764
 102,250	 94,785
	750,000
<u>-0-</u>	<u>-0-</u>
 -0-	 750,000
102,250	844,785
<u>125,808</u>	<u>896,080</u>
 <u>\$ 228,058</u>	 <u>\$ 1,740,865</u>

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

Total net change in fund balances - governmental funds. \$ 844,785

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

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

Depreciation expense	(320,577)	
Capital outlays during the year which were capitalized	264,872	
(Deficiency) Excess of capital outlay over depreciation expense		(55,705)

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

Compensated absences payable	(2,245)
------------------------------	---------

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.	115,000
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Because some property taxes will not be collected for several months after the fiscal year end, they are not considered available revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities. The change in the liability for the year was:	(1,503)
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Issuance of general obligation bonds is an other financing source in the governmental funds, but is a liability in the government-wide financial statements	(750,000)
---	-----------

Bond issuance costs are an expenditure in the governmental funds but are amortized in the government-wide financial statements	
-Bond issuance costs incurred in current fiscal year	41,764
-Current year amortization	(387)

Change in net assets of governmental activities	\$ <u>191,709</u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 15,543	\$ 15,543	\$ 18,499	\$ 2,956
State sources	3,744,435	3,741,410	3,740,121	(1,289)
Federal sources	938	938	923	(15)
Charges for services	-0-	-0-	-0-	-0-
Other local revenue	250	250	11,157	10,907
Interest	100	100	245	145
Total revenues	<u>3,761,266</u>	<u>3,758,241</u>	<u>3,770,945</u>	<u>12,704</u>
EXPENDITURES:				
Current:				
Instruction	2,109,638	2,109,638	1,937,535	172,103
Support services	4,004	-0-	-0-	-0-
Support services-students	456,175	460,179	457,466	2,713
Support services- instruction	158,105	158,105	137,913	20,192
Support services-general administration	228,277	223,390	207,502	15,888
Support services -school administration	147,721	152,608	152,143	465
Central services	64,191	64,191	61,577	2,614
Operation and maintenance of plant	547,132	549,227	489,459	59,768
Student transportation	287,366	282,246	267,876	14,370
Food services operations	17,565	17,565	17,471	94
Total expenditures	<u>4,020,174</u>	<u>4,017,149</u>	<u>3,728,942</u>	<u>288,207</u>
Excess (deficiency) of revenues over expenditures	(258,908)	(258,908)	\$ <u>42,003</u>	\$ <u>300,911</u>
Prior year cash required to balance budget	\$ <u>258,908</u>	\$ <u>258,908</u>		

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

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ 128,000	\$ 128,000	\$ 121,817	\$ (6,183)
Charges for services	17,100	17,100	10,296	(6,804)
Other local revenue				
Interest			169	169
	<u>145,100</u>	<u>145,100</u>	<u>132,282</u>	<u>(12,818)</u>
Total revenues				
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations	<u>183,837</u>	<u>183,837</u>	<u>151,683</u>	<u>32,154</u>
	<u>183,837</u>	<u>183,837</u>	<u>151,683</u>	<u>32,154</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(38,737)	(38,737)	<u>\$ (19,401)</u>	<u>\$ 19,336</u>
Prior year cash required to balance budget	<u>\$ 38,737</u>	<u>\$ 38,737</u>		

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Agency Funds</u>
ASSETS	
Due from other governmental units	\$ 31,166
Total assets	<u>\$ 31,166</u>
LIABILITIES	
Deposits held for others	\$ 31,166
Total liabilities	<u>\$ 31,166</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *Reporting Entity*

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

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

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

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

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

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

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

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

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

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

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

Internal activity between the various funds is eliminated in the government-wide financial statements. Interfund receivables and payables at June 30, 2007 have been eliminated. These consist of amounts titled "Due from other funds" and "Due to other funds."

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

C. Basis of Presentation

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

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

Governmental Funds

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

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

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

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

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

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

Food Services Fund - This fund is used to account for the cost of operating a student breakfast, lunch, snack bar and summer lunch program and is financed with federal grants and fees paid by program users.

Debt Service Fund - This fund is used to account for the accumulation of resources and for payment of General Long-Term Debt principal and interest.

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

Fiduciary Funds

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

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

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

D. Basis of Accounting

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

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

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

Property taxes are recognized when levied. Derived tax revenues are recognized when the exchange transaction takes place. Property tax and interest revenue are susceptible to accrual. Gross receipt taxes collected and held by the state at year end on behalf of the governmental are also recognized as revenue. These are generally received within 60 days of year end. Other receipts and taxes become measurable and available when cash is received by the County and are recognized as revenue at that time.

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

E. Budgets and Budgetary Accounting

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

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with accounting principles generally accepted in the United States of America (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on this non-GAAP budgetary basis. No budgets were adopted for the Special Capital Outlay and Bond Building Capital Projects Funds, since no expenditures were planned or made.

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of the Public Education Department) the local school board submits to the School Budget Planning Unit (SBPU) of the New Mexico Public Education Department an estimated budget for the school district for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the Public Education Department by the school district shall contain headings and details as prescribed by law.

2. Prior to June 20, of each year, the proposed operating budget will be reviewed and approved by the SBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The operating budget will be used by the District until it has been notified that the budget has been approved by the SBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBPU.
5. No school board or officer or employee of a school district shall make any expenditures or incur any obligation for the expenditure of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division, but this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and any amendments.

F. Encumbrances

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

G. Assets, Liabilities and Fund Equity

1. Cash

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

2. Investments

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

- (a) Bonds or negotiable securities of the United States, the state or any county, municipality or

school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within the last five years preceding; or

- (b) Securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) In contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor.
- (d) The District may invest its money with the New Mexico State Treasurer's short-term investment pool. Such money will not be invested in the State Treasurer's short-term investment pool for a period greater than 181 days.
- (e) The District may invest funds in the New Mexico State Treasurer's Local Government Investment Pool (Pool). The Pool's investments are U.S. term overnight repurchase agreements. Interest rates fluctuate depending upon the investments in the Pool.

3. Accounts Receivable

Accounts receivable are recorded in the various governmental funds. They consist of amounts receivable from local governments relating to various grant agreements and property taxes receivable. Property taxes receivable are shown net an allowance for uncollectibles. The allowance is equal to 10% of outstanding property taxes at June 30, 2007.

4. Inventories

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

5. Capital Assets

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

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

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

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

6. Deferred Revenues

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

7. Compensated Absences

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

8. Long-term Liabilities

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

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

9. Fund Balances of Fund Financial Statements

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

10. Restricted Net Assets

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

11. Interfund Transactions

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

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

12. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

13. Bond Issuance Costs

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

2. CASH AND INVESTMENTS

A. Pledged Collateral Requirement

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

B. Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned. The District's policy is to comply with Section 6-10-17, NMSA 1978. As of June 30, 2007, \$772,684 of the District's bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 772,684</u>
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C. Investments

Investments are cash deposited into savings accounts. These amounts are considered equivalent to cash.

D. Summary of Cash and Investments

The District pools the cash from many funds into several bank accounts. For financial reporting purposes, the Operational Account of the General Fund reports the net cash balance, and individual fund cash balances are reported as either "Due From Other Funds" or "Due To Other Funds" (in the case of a fund overdraft). These Due From/Due To balances have been eliminated in the government-wide financial statements. Agency Fund cash is reported as "Due to Other Governmental Units," and is not eliminated in the government-wide financial statements.

A reconciliation of cash and investments follows:

Total cash and investments on deposit, all financial institutions	\$ 1,795,433
Less: Outstanding checks and warrants	<u>(514,018)</u>
Total cash	<u>\$ 1,281,415</u>
Per financial statements:	
Cash and investments	<u>\$ 1,281,415</u>

Total cash and investments which belong to the Operational Account of the General Fund only are calculated as follows:

Total cash and investments	\$ 1,281,415
Due from other funds	542,430
Due to other funds	(1,191,391)
Due to other governmental units	<u>(31,166)</u>
Cash and investments, Operational Account, General Fund	<u>\$ 601,288</u>

3. INVENTORY

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

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

Special Revenue Fund:	
Food Service	<u>\$ 4,151</u>
Total	<u>\$ 4,151</u>

4. RECEIVABLES

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

	<u>General</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Bond Building</u>	<u>Other Governmental Funds</u>
Prop. taxes receivable	\$ 7,200	\$ -0-	\$ 72,000	\$ -0-	\$ 21,600
Due from grantor					<u>542,430</u>
Total	<u>\$ 7,200</u>	<u>\$ -0-</u>	<u>\$ 72,000</u>	<u>\$ -0-</u>	<u>\$ 564,030</u>

Property taxes receivable are shown net of an allowance for uncollectible taxes of 10% of outstanding property taxes at year end. All other amounts are considered to be fully collectible. Property taxes not received within 60 days of the fiscal year end are shown as deferred property taxes in the fund financial statements.

5. INTERFUND RECEIVABLES PAYABLES

The District operates a pooled cash account. As disclosed in Note 2D, the Operation Account of the General Fund reports the net cash balance of the District, and all other funds report as follows: Positive cash balances are reported as "Due from other funds," while negative cash balances are reported as "Due to other funds." These amounts are eliminated in the government-wide financial statements.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major:		
General	\$ 542,430	\$ 1,191,391
Food Service	19,145	
Debt Service	193,572	
Bond Building	712,181	
Non major:		
Other governmental funds	<u>266,493</u>	<u>542,430</u>
Total	<u>\$ 1,733,821</u>	<u>\$ 1,733,821</u>

6. CAPITAL ASSETS

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

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Assets not being depreciated:				
Land	\$ 57,583	\$ -0-	\$ -0-	\$ 57,583
Assets being depreciated:				
Land improvements	407,043	70,830	-0-	477,873
Buildings and improvements	7,617,612	136,785	-0-	7,754,397
Machinery and equipment	830,968	25,184	-0-	856,152
Library books	296,480	32,073	-0-	328,553
Total assets being depreciated	9,152,103	264,872	-0-	9,416,975
Total assets	9,209,686	264,872	-0-	9,474,558
Less Accumulated depreciation for:				
Land improvements	(38,600)	(22,704)	-0-	(61,304)
Buildings and improvements	(1,696,558)	(195,046)	-0-	(1,891,604)
Machinery and equipment	(602,818)	(71,575)	-0-	(674,393)
Library books	(188,688)	(31,252)	-0-	(219,940)
Total accumulated depreciation	(2,526,664)	(320,577)	-0-	(2,847,241)
Total accumulated depreciation	\$ 6,683,022	\$ (55,705)	\$ -0-	\$ 6,627,317

For the year ended June 30, 2007, depreciation expense of \$320,577 was charged to the Governmental Activities-Education of the District. Land assets, totaling \$57,583, were not charged with depreciation in accordance with accounting principles generally accepted in the United States of America.

7. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

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

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year	Amounts considered Long-Term
Bonds payable	\$ 1,140,000	\$ 750,000	\$ (115,000)	\$ 1,775,000	\$ 150,000	\$ 1,625,000
Compensated absences payable	3,882	6,127	(3,882)	6,127	6,127	
Total	\$ 1,143,882	\$ 756,127	\$ (118,882)	\$ 1,781,127	\$ 156,127	\$ 1,625,000

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

In prior years, the General Fund has been used to pay accrued compensated absences and will likely continue to do so.

B. General Obligation Bonds

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

Series	Amount of Original Issue	Final Mat. Year Ending June 30	Range of Interest Rates	Balance July 1, 2006	Addition (Retired)	Balance June 30, 2007
July 1, 1998	\$ 580,000	2010	4.85 - 5.30%	\$ 480,000	\$ (50,000)	\$ 430,000
Mar 15, 1999	95,000	2008	4.4%	95,000	-0-	95,000
Oct 1, 2000	425,000	2014	4.90 - 5.10%	425,000	-0-	425,000
April 1, 1991	787,000	2007	6.85 - 7.25%	65,000	(65,000)	-0-
Oct 1, 2002	75,000	2013	4.35 - 4.60%	75,000	-0-	75,000
May 11, 2007	750,000	2016	2.72 - 2.82%	-0-	750,000	750,000
	Total			\$ 1,140,000	\$ 635,000	\$ 1,775,000

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

Year ending June 30	Principal	Interest	Total
2008	\$ 150,000	\$ 66,365	\$ 216,365
2009	175,000	59,332	234,332
2010	215,000	50,282	265,282
2011	230,000	40,572	270,572
2012	195,000	31,227	226,227
Subtotal	965,000	247,778	1,212,778
2013-2016	810,000	45,042	855,042
Total	\$ 1,775,000	\$ 292,820	\$ 2,067,820

8. CONTINGENT LIABILITIES

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

9. INSURANCE COVERAGE

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

10. BUDGET TO GAAP RECONCILIATION

The Statements of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis) present budget comparisons using cash basis revenues and expenditures, while the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds utilizes the modified accrual basis of accounting. The following is a reconciliation of revenues and expenditures between the statements:

	<u>General</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Bond Building</u>	<u>Other Governmental Funds</u>
Revenues per modified accrual basis	\$ 3,771,034	\$ 142,548	\$ 184,973	\$ 3,381	\$ 1,025,613
Differences attributable to accruals at beginning and ending of year:					
Taxes receivable	(89)		(1,092)		(322)
Intergovernmental receivables					(279,751)
Deferred revenue					(148,439)
Commodities received		(10,266)			
Revenues per budgetary basis	<u>\$ 3,770,945</u>	<u>\$ 132,282</u>	<u>\$ 183,881</u>	<u>\$ 3,381</u>	<u>\$ 597,101</u>
Expenditures per modified accrual basis	\$ 3,737,928	\$ 159,712	\$ 169,997	\$ 41,764	\$ 923,363
Differences attributable to accruals at beginning and ending of year:					
Accounts payable	(8,986)				(555)
Changes in inventories		2,237			
Commodities used		(10,266)			
Expenditures per budgetary basis	<u>\$ 3,728,942</u>	<u>\$ 151,683</u>	<u>\$ 169,997</u>	<u>\$ 41,764</u>	<u>\$ 922,808</u>

11. ERA PENSION PLAN

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

Funding Policy. Plan members are required to contribute 7.675% of their gross salary. The District is required to contribute 9.40% of the gross covered salary. The contribution requirements of plan members and the District are established in Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the years ended June 30, 2007, 2006, and 2005 (employee portion only) were \$226,179, \$190,191 and \$165,280, respectively, equal to the amount of the required contributions of each.

12. POST-EMPLOYMENT BENEFITS

Plan description. The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

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

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

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

The District's contributions to the RHCA for the years ended June 30, 2007, 2006 and 2005 were \$28,731, \$22,849, and \$26,275 respectively, which equal the required contributions for each year.

13. JOINT VENTURE

Mountainair Public Schools is a member of Central Region Educational Cooperative, which was established by the New Mexico State Board of Education. This REC operates as an agency for school districts and provides cooperative services as its primary service. The REC administers several federal award programs for municipal schools. Central Region Educational Cooperative issues a separate, publicly available audited financial report that includes expenditures of federal awards and supplementary information. That report may be obtained by writing Central Region Educational Cooperative, P.O. Box 37440, Albuquerque, NM 87176.

14. SUBSEQUENT EVENT

The District issued general obligation bonds of \$500,000 in May 2008.

SUPPLEMENTAL SECTION

GENERAL FUND

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

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

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

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

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	Operational Account	Transportation Account	Instructional Materials Account	Total
<u>ASSETS</u>				
Cash and investments	\$ 1,281,415			\$ 1,281,415
Due from other funds	533,504	\$ 5,220	\$ 3,706	542,430
Taxes receivable	7,200			7,200
	<u>1,822,119</u>	<u>5,220</u>	<u>3,706</u>	<u>1,831,045</u>
Total assets	<u>\$ 1,822,119</u>	<u>\$ 5,220</u>	<u>\$ 3,706</u>	<u>\$ 1,831,045</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Due to other funds	\$ 1,191,391			\$ 1,191,391
Accounts payable	23,624			23,624
Deferred revenue - property taxes	6,658			6,658
Due to other governmental units	31,166			31,166
	<u>1,252,839</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>1,252,839</u>
Total liabilities	<u>1,252,839</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>1,252,839</u>
Fund Equity:				
Fund balances:				
Unreserved:				
Designated for subsequent year's expenditures				
Undesignated	569,280	5,220	3,706	578,206
	<u>569,280</u>	<u>5,220</u>	<u>3,706</u>	<u>578,206</u>
Total fund balances	<u>569,280</u>	<u>5,220</u>	<u>3,706</u>	<u>578,206</u>
Total liabilities and fund equity	<u>\$ 1,822,119</u>	<u>\$ 5,220</u>	<u>\$ 3,706</u>	<u>\$ 1,831,045</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	<u>Operational Account</u>	<u>Transportation Account</u>	<u>Instructional Materials Account</u>	<u>Total</u>
<u>REVENUES</u>				
Local taxes	\$ 18,588			\$ 18,588
State sources	3,441,231	\$ 265,746	\$ 33,144	3,740,121
Federal sources	923			923
Charges for services	-0-			-0-
Other local revenue	11,157			11,157
Interest	245			245
	<u>3,472,144</u>	<u>265,746</u>	<u>33,144</u>	<u>3,771,034</u>
Total revenues				
<u>EXPENDITURES</u>				
Current:				
Instruction	1,940,448			1,940,448
Support services-students	457,466			457,466
Support services- instruction	105,840			105,840
Support services-general administration	198,496			198,496
Support services -school administration	152,143			152,143
Central services	61,577			61,577
Operation and maintenance of plant	479,179			479,179
Student transportation	4,834	263,217		268,051
Food service operations	17,471			17,471
Capital Outlay	25,184		32,073	57,257
	<u>3,442,638</u>	<u>263,217</u>	<u>32,073</u>	<u>3,737,928</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	29,506	2,529	1,071	33,106
Other financing uses:				
Operating transfers in (out)				
Net changes in fund balances	29,506	2,529	1,071	33,106
Fund balances, beginning of year,	<u>539,774</u>	<u>2,691</u>	<u>2,635</u>	<u>545,100</u>
Fund balances, end of year	<u>\$ 569,280</u>	<u>\$ 5,220</u>	<u>\$ 3,706</u>	<u>\$ 578,206</u>

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

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 15,543	\$ 15,543	\$ 18,499	\$ 2,956
State sources	3,440,425	3,442,520	3,441,231	(1,289)
Federal sources	938	938	923	(15)
Charges for services	-0-	-0-	-0-	-0-
Other local revenue	250	250	11,157	10,907
Interest	100	100	245	145
Total revenues	<u>3,457,256</u>	<u>3,459,351</u>	<u>3,472,055</u>	<u>12,704</u>
EXPENDITURES:				
Current:				
Instruction	2,109,638	2,109,638	1,937,535	172,103
Support services	4,004	-0-	-0-	-0-
Support services-students	456,175	460,179	457,466	2,713
Support services- instruction	122,930	122,930	105,840	17,090
Support services-general administration	228,277	223,390	207,502	15,888
Support services -school administration	147,721	152,608	152,143	465
Central services	64,191	64,191	61,577	2,614
Operation and maintenance of plant	547,132	549,227	489,459	59,768
Student transportation	16,500	16,500	4,659	11,841
Food services operations	17,565	17,565	17,471	94
Total expenditures	<u>3,714,133</u>	<u>3,716,228</u>	<u>3,433,652</u>	<u>282,576</u>
Excess (deficiency) of revenues over expenditures	(256,877)	(256,877)	<u>\$ 38,403</u>	<u>\$ 295,280</u>
Prior year cash required to balance budget	<u>\$ 256,877</u>	<u>\$ 256,877</u>		

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

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ 270,866	\$ 265,746	\$ 265,746	\$ -0-
Federal sources				
Charges for services				
Other local revenue				
Interest				
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	270,866	265,746	265,746	-0-
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation	270,866	265,746	263,217	2,529
Food services operations				
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	270,866	265,746	263,217	2,529
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ 2,529	\$ 2,529

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

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ 33,144	\$ 33,144	\$ 33,144	\$ -0-
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>33,144</u>	<u>33,144</u>	<u>33,144</u>	<u>-0-</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services- instruction	35,175	35,175	32,073	3,102
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>35,175</u>	<u>35,175</u>	<u>32,073</u>	<u>3,102</u>
Excess (deficiency) of revenues over expenditures	(2,031)	(2,031)	<u>\$ 1,071</u>	<u>\$ 3,102</u>
Prior year cash required to balance budget	<u>\$ 2,031</u>	<u>\$ 2,031</u>		

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Special Revenue	Capital Projects	Total
<u>ASSETS</u>			
Due from other funds	\$ 81,168	\$ 185,325	\$ 266,493
Due from grantor	502,477	39,953	542,430
Taxes receivable		21,600	21,600
	<u>583,645</u>	<u>246,878</u>	<u>830,523</u>
Total revenues	<u>\$ 583,645</u>	<u>\$ 246,878</u>	<u>\$ 830,523</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Due to other funds	\$ 502,477	\$ 39,953	\$ 542,430
Accounts payable		555	555
Deferred revenue - grants	40,154		40,154
Deferred revenue - property taxes		19,326	19,326
	<u>542,631</u>	<u>59,834</u>	<u>602,465</u>
Total liabilities	<u>542,631</u>	<u>59,834</u>	<u>602,465</u>
Fund Equity:			
Fund balances:			
Unreserved:			
Designated for subsequent year's expenditures			
Undesignated	41,014	187,044	228,058
	<u>41,014</u>	<u>187,044</u>	<u>228,058</u>
Total fund balances	<u>41,014</u>	<u>187,044</u>	<u>228,058</u>
Total liabilities and fund equity	<u>\$ 583,645</u>	<u>\$ 246,878</u>	<u>\$ 830,523</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Special Revenue	Capital Projects	Total
<u>REVENUES</u>			
Local taxes		\$ 76,245	\$ 76,245
State sources	\$ 258,967	98,945	357,912
Federal sources	553,164		553,164
Charges for services	28,098		28,098
Other local revenue	1,886		1,886
Interest	8,308		8,308
Total revenues	850,423	175,190	1,025,613
 <u>EXPENDITURES</u>			
Current:			
Instruction	559,725		559,725
Support services-students	99,715		99,715
Support services- instruction			
Support services-general administration	4,000		4,000
Support services			
-school administration	2,500		2,500
Central services	33,032		33,032
Operation and maintenance of plant	3,000		3,000
Community services operations	328		328
Capital outlay	136,785	84,278	221,063
Total expenditures	839,085	84,278	923,363
Excess (deficiency) of revenues over expenditures	11,338	90,912	102,250
Other financing sources			
Operating transfers in	-0-	-0-	-0-
Net changes in fund balances	11,338	90,912	102,250
Fund balances, beginning of year	29,676	96,132	125,808
Fund balances, end of year	\$ 41,014	\$ 187,044	\$ 228,058

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

NONMAJOR SPECIAL REVENUE FUNDS

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

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

Board Activity - To account for resources designated by the Board of Education. Authority is Board of Education Resolution.

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

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

IDEA-B Discretionary - To account for discretionary funds provided under the Individuals with Disabilities Act. Funding authority is the U.S. Department of Education (P.L. 94-142).

CADRE - Special Education - To account for resources provided for the training of Special Education teachers. Funding authority is the U.S. Department of Education (P.L. 94-142).

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

EETT (Enhancing Education Through Technology) - To account for resources provided to facilitate the greater use of computers in the classroom. Funding authority is the U.S. Department of Education (P. L. 94-142).

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

Teacher/Principal Training and Recruitment- To account for grant funds to be used for training and recruiting teachers and principals. (P.L. 100-297).

Title IV - A - To account for operations to promote drug use prevention education, intervention and rehabilitation referral in public schools. Funding authority is the U.S. Department of Education (P.L. 100-297).

21st Century – To account for resources provided to establish or expand community learning centers that provide academic enrichment opportunities to students and their families. Funding authority is the U. S. Department of Education (No Child Left Behind Act, 2001).

Comprehensive School Reform - To account for resources provided to assist with comprehensive school reform. Funding authority is U.S. Department of Education (P.L. 94-142).

IDEA Technology/Renovations - To account for resources provided to facilitate the use of computers and to provide for the renovation of classrooms for Special Education. Funding authority is the U.S. Department of Education (P.L. 94-142).

Medicaid - To provide resources for the provision of medical services to children of low-income families. Funding authority is the U.S. Government.

Underage Drinking - To account for funds obtained to educate students about underage drinking problems. (Title IV, Part A, ESEA, 1965).

NMYCC - To account for funds used by students to beautify and landscape parks and school grounds. (New Mexico Youth Conservation Corps, established by state statute.) Funding authority is New Mexico Energy, Minerals, and Natural Resources Department.

Technology For Education - To account for resources to enable school districts to utilize computers for education. (22-15A-1, NMSA, 1978 Comp).

Incentives - To account for resources provided in accordance with the Incentives for School Improvement Act (Section 22-26-9, NMSA, 1978) to improve various school districts.

Physical Education Classes- To account for grant funds to be used for wellness and physical education in the schools. Authority is the State of New Mexico, Public Education Department.

GO Bond - To account for resources provided by voter approval of a state general obligation (GO) bond issue for public school libraries. Authority is laws of 2004, Chapter 117.

CATCH Program - To account for funds provided to educate students about physical fitness and healthy lifestyles. (Coordinated Approach To Child Health). Authority is the State of New Mexico, Public Education Department.

Mentorship Program - To account for a state grant used to provide new teachers with experienced mentors. Funding provided through the State Department of Education. Authority is state statute.

School-Based Health Center - To account for resources provided by the State of New Mexico Department of Health to implement a school-based health center. Authority is laws of 2005.

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	<u>Athletics</u>	<u>Board Activity</u>	<u>Title I - Basic</u>	<u>IDEA - B Entitlement</u>	<u>IDEA - B Discretionary</u>
<u>ASSETS</u>					
Due from other funds	\$ 2,126	\$ 7,080			\$ 370
Due from grantor			\$ 144,719	\$ 43,227	
Total assets	<u>\$ 2,126</u>	<u>\$ 7,080</u>	<u>\$ 144,719</u>	<u>\$ 43,227</u>	<u>\$ 370</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Due to other funds			\$ 144,719	\$ 43,227	
Accounts payable					
Deferred revenue - grants					\$ 370
Total liabilities	<u>\$</u>	<u>\$ -0-</u>	<u>144,719</u>	<u>43,227</u>	<u>370</u>
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures					
Undesignated	2,126	7,080			
Total fund balances	<u>2,126</u>	<u>7,080</u>			
Total liabilities and fund equity	<u>\$ 2,126</u>	<u>\$ 7,080</u>	<u>\$ 144,719</u>	<u>\$ 43,227</u>	<u>\$ 370</u>

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

<u>CADRE - Special Education</u>	<u>IDEA-B Preschool</u>	<u>EETT</u>	<u>Comprehensive School Reform</u>	<u>Title V-A</u>	<u>Teacher/ Principal Training and Recruitment</u>	<u>Title IV-A</u>	<u>21st Century</u>
\$ 7,879	\$ 5,493	\$ 288	\$ 67,331	\$ 281	\$ 36,760	\$ 1,332	\$ 169,291
<u>\$ 7,879</u>	<u>\$ 5,493</u>	<u>\$ 288</u>	<u>\$ 67,331</u>	<u>\$ 281</u>	<u>\$ 36,760</u>	<u>\$ 1,332</u>	<u>\$ 169,291</u>
	\$ 5,493		\$ 67,331	\$ 281	\$ 36,760	\$ 1,332	\$ 169,291
\$ 7,879		\$ 288					
<u>7,879</u>	<u>5,493</u>	<u>288</u>	<u>67,331</u>	<u>281</u>	<u>36,760</u>	<u>1,332</u>	<u>169,291</u>
<u>\$ 7,879</u>	<u>\$ 5,493</u>	<u>\$ 288</u>	<u>\$ 67,331</u>	<u>\$ 281</u>	<u>\$ 36,760</u>	<u>\$ 1,332</u>	<u>\$ 169,291</u>

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	<u>IDEA Technology/ Renovation</u>	<u>Medicaid</u>	<u>Underage Drinking</u>	<u>NMYCC</u>	<u>Technology For Education</u>
<u>ASSETS</u>					
Due from other funds	\$ 216	\$ 31,808	\$ 21		
Due from grantor				\$ 16,074	\$ 9,835
Total assets	<u>\$ 216</u>	<u>\$ 31,808</u>	<u>\$ 21</u>	<u>\$ 16,074</u>	<u>\$ 9,835</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Due to other funds				\$ 16,074	\$ 9,835
Accounts payable					
Deferred revenue - grants	\$ 216		\$ 21		
Total liabilities	<u>216</u>	<u>\$ -0-</u>	<u>21</u>	<u>16,074</u>	<u>9,835</u>
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures		31,808			
Undesignated					
Total fund balances		<u>31,808</u>			
Total liabilities and fund equity	<u>\$ 216</u>	<u>\$ 31,808</u>	<u>\$ 21</u>	<u>\$ 16,074</u>	<u>\$ 9,835</u>

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

<u>Physical Education Classes</u>	<u>Incentives</u>	<u>GO Bond</u>	<u>CATCH Program</u>	<u>Mentorship Program</u>	<u>School - Based Health Center</u>	<u>Total</u>
\$ 4,997	\$ 12,061	\$ 1,506	\$ 4,468	\$ 1,631	\$ 14,851	\$ 81,168
<u>\$ 4,997</u>	<u>\$ 12,061</u>	<u>\$ 1,506</u>	<u>\$ 4,468</u>	<u>\$ 1,631</u>	<u>\$ 14,851</u>	<u>\$ 502,477</u>
<u>\$ 4,997</u>	<u>\$ 12,061</u>	<u>\$ 1,506</u>	<u>\$ 4,468</u>	<u>\$ 1,631</u>	<u>\$ 14,851</u>	<u>\$ 583,645</u>
\$ 4,997		\$ 1,506		\$ 1,631		\$ 502,477
	\$ 12,061		\$ 4,468		\$ 14,851	40,154
<u>4,997</u>	<u>12,061</u>	<u>1,506</u>	<u>4,468</u>	<u>1,631</u>	<u>14,851</u>	<u>542,631</u>
						41,014
						41,014
<u>\$ 4,997</u>	<u>\$ 12,061</u>	<u>\$ 1,506</u>	<u>\$ 4,468</u>	<u>\$ 1,631</u>	<u>\$ 14,851</u>	<u>\$ 583,645</u>

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	<u>Athletics</u>	<u>Board Activity</u>	<u>Title 1 - Basic</u>	<u>IDEA - B Entitlement</u>	<u>IDEA - B Discretionary</u>
REVENUES:					
State sources					
Federal sources			\$ 192,629	\$ 74,250	
Charges for services	\$ 28,098				
Other local revenue		\$ 1,886			
Interest		8,308			
Total revenues	28,098	10,194	192,629	74,250	\$ -0-
EXPENDITURES:					
Current:					
Instruction	27,067	4,699	183,129	56,535	
Support services-students				17,715	
Support services- instruction					
Support services-general administration			4,000		
Support services					
-school administration			2,500		
Central services					
Operation and maintenance of plant			3,000		
Student transportation					
Community services operations					
Capital outlay					
Total expenditures	27,067	4,699	192,629	74,250	
Excess (deficiency) of revenues over expenditures	1,031	5,495			
Other financing sources (uses):					
Operating transfers in (out)					
Net changes in fund balances	1,031	5,495			
Fund balances, beginning of year	1,095	1,585			
Fund balances, end of year	\$ 2,126	\$ 7,080	\$ -0-	\$ -0-	\$ -0-

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

<u>CADRE - Special Education</u>	<u>IDEA-B Preschool</u>	<u>EETT</u>	<u>Comprehensive School Reform</u>	<u>Title V-A</u>	<u>Teacher/ Principal Training and Recreation</u>	<u>Title IV-A</u>	<u>21st Century</u>
	\$ 5,925		\$ 67,331	\$ 281	\$ 41,760	\$ 1,613	\$ 169,375
<u>\$ -0-</u>	<u>5,925</u>	<u>\$ -0-</u>	<u>\$ 67,331</u>	<u>281</u>	<u>41,760</u>	<u>1,613</u>	<u>169,375</u>
	5,925		67,331	281	41,760	1,613	169,375
<u>-0-</u>	<u>5,925</u>	<u>-0-</u>	<u>67,331</u>	<u>281</u>	<u>41,760</u>	<u>1,613</u>	<u>169,375</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	<u>IDEA Technology/ Renovation</u>	<u>Medicaid</u>	<u>Underage Drinking</u>	<u>NMYCC</u>	<u>Technology for Education</u>
REVENUES:					
State sources		\$ 14,570		\$ 33,360	
Federal sources					
Charges for services					
Other local revenue					
Interest					
Total revenues	<u>\$ -0-</u>	<u>14,570</u>	<u>\$ -0-</u>	<u>33,360</u>	<u>\$ -0-</u>
EXPENDITURES:					
Current:					
Instruction					
Support services-students		9,758			
Support services- instruction					
Support services-general administration					
Support services -school administration					
Central services				33,032	
Operation and maintenance of plant					
Student transportation					
Community services operations				328	
Capital outlay					
Total expenditures	<u>-0-</u>	<u>9,758</u>	<u>-0-</u>	<u>33,360</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures		4,812			
Other financing sources (uses):					
Operating transfers in (out)					
Net changes in fund balances		4,812			
Fund balances, beginning of year		26,996			
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ 31,808</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

<u>Physical Education Classes</u>	<u>Incentives</u>	<u>GO Bond</u>	<u>CATCH Program</u>	<u>Mentorship Program</u>	<u>School - Based Health Center</u>	<u>Total</u>
\$ 4,997	\$ 7,554	\$ 910	\$ 158	\$ 1,100	\$ 196,318	\$ 258,967
						553,164
						28,098
						1,886
						8,308
<u>4,997</u>	<u>7,554</u>	<u>910</u>	<u>158</u>	<u>1,100</u>	<u>196,318</u>	<u>850,423</u>
		910		1,100		559,725
4,997	7,554		158		59,533	99,715
						-0-
						4,000
						2,500
						33,032
						3,000
						-0-
						328
					136,785	136,785
<u>4,997</u>	<u>7,554</u>	<u>910</u>	<u>158</u>	<u>1,100</u>	<u>196,318</u>	<u>839,085</u>
						11,338
						-0-
						11,338
						29,676
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 41,014</u>

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources				
Charges for services	\$ 22,000	\$ 22,000	\$ 28,098	\$ 6,098
Other local revenue				
Interest				
	<u>22,000</u>	<u>22,000</u>	<u>28,098</u>	<u>6,098</u>
EXPENDITURES:				
Current:				
Instruction	25,404	25,404	27,067	(1,663)
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
	<u>25,404</u>	<u>25,404</u>	<u>27,067</u>	<u>(1,663)</u>
Excess (deficiency) of revenues over expenditures	(3,404)	(3,404)	<u>\$ 1,031</u>	<u>\$ 4,435</u>
Prior year cash balance required to balance budget	<u>\$ 3,404</u>	<u>\$ 3,404</u>		

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ 1,500	\$ 1,500	\$ 1,886	\$ 386
Interest	<u>450</u>	<u>450</u>	<u>8,308</u>	<u>7,858</u>
Total revenues	<u>1,950</u>	<u>1,950</u>	<u>10,194</u>	<u>8,244</u>
EXPENDITURES:				
Current:				
Instruction	3,966	3,966	4,699	(733)
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>3,966</u>	<u>3,966</u>	<u>4,699</u>	<u>(733)</u>
Excess (deficiency) of revenues over expenditures	(2,016)	(2,016)	<u>\$ 5,495</u>	<u>\$ 7,511</u>
Prior year cash balance required to balance budget	<u>\$ 2,016</u>	<u>\$ 2,016</u>		

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 247,837	\$ 307,684	\$ 140,512	\$ (167,172)
Charges for services				
Other local revenue				
Interest				
	<u>247,837</u>	<u>307,684</u>	<u>140,512</u>	<u>(167,172)</u>
Total revenues	<u>247,837</u>	<u>307,684</u>	<u>140,512</u>	<u>(167,172)</u>
EXPENDITURES:				
Current:				
Instruction	229,339	289,186	183,129	106,057
Support services-students				
Support services-instruction				
Support services-general administration	9,973	9,973	4,000	5,973
Support services				
-school administration	5,525	5,525	2,500	3,025
Central service				
Operation and maintenance of plant	3,000	3,000	3,000	-0-
Student transportation				
Food service operations				
	<u>247,837</u>	<u>307,684</u>	<u>192,629</u>	<u>115,055</u>
Total expenditures	<u>247,837</u>	<u>307,684</u>	<u>192,629</u>	<u>115,055</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (52,117)</u>	<u>\$ (52,117)</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 92,638	\$ 92,638	\$ -0-	\$ (92,638)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>92,638</u>	<u>92,638</u>	<u>-0-</u>	<u>(92,638)</u>
EXPENDITURES:				
Current:				
Instruction	61,670	56,669	56,535	134
Support services-students	30,968	35,969	17,715	18,254
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Total expenditures	<u>92,638</u>	<u>92,638</u>	<u>74,250</u>	<u>18,388</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (74,250)</u>	<u>\$ (74,250)</u>

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

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources			\$ 5,441	\$ 5,441
Charges for services				
Other local revenue				
Interest				
 Total revenues	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>5,441</u>	<u>5,441</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Instruction				
 Total expenditures		<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 5,441</u>	<u>\$ 5,441</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ 7,887	\$ 7,887	\$ -0-	\$ (7,887)
Charges for services				
Other local revenue				
Interest				
 Total revenues	<u>7,887</u>	<u>7,887</u>	<u>-0-</u>	<u>(7,887)</u>
EXPENDITURES:				
Current:				
Instruction	7,887	7,887	5,925	1,962
Support services				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
 Total expenditures	<u>7,887</u>	<u>7,887</u>	<u>5,925</u>	<u>1,962</u>
 Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (5,925)</u>	<u>\$ (5,925)</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ -0-	\$ 70,000	\$ -0-	\$ (70,000)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>70,000</u>	<u>-0-</u>	<u>(70,000)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	70,000	67,331	2,669
Support services				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>-0-</u>	<u>70,000</u>	<u>67,331</u>	<u>2,669</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (67,331)</u>	<u>\$ (67,331)</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 2,652	\$ 3,336	\$ 1,344	\$ (1,992)
Charges for services				
Other local revenue				
Interest				
	<u>2,652</u>	<u>3,336</u>	<u>1,344</u>	<u>(1,992)</u>
Total revenues	<u>2,652</u>	<u>3,336</u>	<u>1,344</u>	<u>(1,992)</u>
EXPENDITURES:				
Current:				
Instruction	2,600	3,284	281	3,003
Support services				
Support services-students				
Support services- instruction				
Support services-general administration	52	52	-0-	52
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
	<u>2,652</u>	<u>3,336</u>	<u>281</u>	<u>3,055</u>
Total expenditures	<u>2,652</u>	<u>3,336</u>	<u>281</u>	<u>3,055</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,063</u>	<u>\$ 1,063</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources	\$ 43,374	\$ 45,963	\$ 27,158	\$ (18,805)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>43,374</u>	<u>45,963</u>	<u>27,158</u>	<u>(18,805)</u>
EXPENDITURES:				
Current:				
Instruction	42,329	44,918	41,760	3,158
Support services				
Support services-students				
Support services- instruction				
Support services-general administration	1,045	1,045	-0-	1,045
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>43,374</u>	<u>45,963</u>	<u>41,760</u>	<u>4,203</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (14,602)</u>	<u>\$ (14,602)</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 3,652	\$ 4,791	\$ 1,184	\$ (3,607)
Charges for services				
Other local revenue			281	281
Interest				
Total revenues	<u>3,652</u>	<u>4,791</u>	<u>1,465</u>	<u>(3,326)</u>
EXPENDITURES:				
Current:				
Instruction	3,564	4,703	1,613	3,090
Support services				
Support services-students				
Support services- instruction				
Support services-general administration	88	88	-0-	88
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>3,652</u>	<u>4,791</u>	<u>1,613</u>	<u>3,178</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (148)</u>	<u>\$ (148)</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - 21ST CENTURY
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 160,000	\$ 187,625	\$ 116,105	\$ (71,520)
Charges for services				
Other local revenue				
Interest				
	<u>160,000</u>	<u>187,625</u>	<u>116,105</u>	<u>(71,520)</u>
Total revenues				
	<u>160,000</u>	<u>187,625</u>	<u>116,105</u>	<u>(71,520)</u>
EXPENDITURES:				
Current:				
Instruction	156,258	183,883	169,375	14,508
Support services				
Support services-students				
Support services- instruction				
Support services-general administration	3,742	3,742	-0-	3,742
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
	<u>160,000</u>	<u>187,625</u>	<u>169,375</u>	<u>18,250</u>
Total expenditures				
	<u>160,000</u>	<u>187,625</u>	<u>169,375</u>	<u>18,250</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (53,270)</u>	<u>\$ (53,270)</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ 20,000	\$ 20,000	\$ 14,570	\$ (5,430)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>14,570</u>	<u>(5,430)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services				
Support services-students	20,000	20,000	9,758	10,242
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>9,758</u>	<u>10,242</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,812</u>	<u>\$ 4,812</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 37,775	\$ 75,666	\$ 33,109	\$ (42,557)
Federal sources				
Charges for services				
Other local revenue				
Interest				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 37,775</u>	<u>75,666</u>	<u>33,109</u>	<u>(42,557)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services	35,575	-0-	-0-	-0-
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services	-0-	64,571	33,032	31,539
Operation and maintenance of plant				
Student transportation				
Food services operations				
Community services operations	<u>-0-</u>	<u>8,895</u>	<u>328</u>	<u>8,567</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>35,575</u>	<u>73,466</u>	<u>33,360</u>	<u>40,106</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 2,200</u>	<u>\$ 2,200</u>	<u>\$ (251)</u>	<u>\$ (2,451)</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources		\$ 5,829	\$ -0-	\$ (5,829)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	\$ -0-	5,829	-0-	(5,829)
EXPENDITURES:				
Current:				
Instruction		5,829	-0-	5,829
Support services				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	-0-	5,829	-0-	5,829
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 5,000	\$ -0-	\$ (5,000)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>5,000</u>	<u>-0-</u>	<u>(5,000)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services				
Support services-students	-0-	5,000	4,997	3
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>-0-</u>	<u>5,000</u>	<u>4,997</u>	<u>3</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (4,997)</u>	<u>\$ (4,997)</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 11,500	\$ 22,201	\$ 10,701
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>11,500</u>	<u>22,201</u>	<u>10,701</u>
EXPENDITURES:				
Current:				
Instruction				
Support services				
Support services-students	-0-	11,500	7,554	3,946
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>-0-</u>	<u>11,500</u>	<u>7,554</u>	<u>3,946</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 14,647</u>	<u>\$ 14,647</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 1,012	\$ -0-	\$ (1,012)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>\$ -0-</u>	<u>1,012</u>	<u>-0-</u>	<u>(1,012)</u>
EXPENDITURES:				
Current:				
Instruction	-0-	-0-	910	(910)
Support services	-0-	1,012	-0-	1,012
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>-0-</u>	<u>1,012</u>	<u>910</u>	<u>102</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (910)</u>	<u>\$ (910)</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 1,104	\$ 1,104	\$ -0-	\$ (1,014)
Federal sources				
Charges for services				
Other local revenue				
Interest				
 Total revenues	 <u>\$ 1,104</u>	 <u>1,104</u>	 <u>-0-</u>	 <u>(1,014)</u>
EXPENDITURES:				
Current:				
Instruction	1,104	1,104	1,100	4
Support services				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
 Total expenditures	 <u>1,104</u>	 <u>1,104</u>	 <u>1,100</u>	 <u>4</u>
 Excess (deficiency) of revenues over expenditures	 <u>\$ -0-</u>	 <u>\$ -0-</u>	 <u>\$ (1,100)</u>	 <u>\$ (1,100)</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources				
Federal sources	\$ 2,000	\$ 2,000	\$ 758	\$ (1,242)
Charges for services				
Other local revenue				
Interest				
	<u>2,000</u>	<u>2,000</u>	<u>758</u>	<u>(1,242)</u>
Total revenues				
	<u>2,000</u>	<u>2,000</u>	<u>758</u>	<u>(1,242)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services				
Support services-students	2,000	2,000	158	1,842
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
	<u>2,000</u>	<u>2,000</u>	<u>158</u>	<u>1,842</u>
Total expenditures				
	<u>2,000</u>	<u>2,000</u>	<u>158</u>	<u>1,842</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 600</u>	<u>\$ 600</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ 60,000	\$ 205,569	\$ 65,600	\$ (139,969)
Federal sources				
Charges for services				
Other local revenue				
Interest				
 Total revenues	<u>\$ 60,000</u>	<u>205,569</u>	<u>65,600</u>	<u>(139,969)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services				
Support services-students	60,000	97,337	59,533	37,804
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Capital outlay	<u>-0-</u>	<u>108,232</u>	<u>136,785</u>	<u>(28,553)</u>
 Total expenditures	<u>60,000</u>	<u>205,569</u>	<u>196,318</u>	<u>9,251</u>
 Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (130,718)</u>	<u>\$ (130,718)</u>

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

DEBT SERVICE FUND

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

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources	\$ 168,159	\$ 168,159	\$ 183,870	\$ 15,711
State sources				
Federal sources				
Charges for services				
Other local revenue			11	11
Interest				
	<u>168,159</u>	<u>168,159</u>	<u>183,881</u>	<u>15,722</u>
Total revenues				
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration	1,682	1,682	1,838	(156)
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Debt service	<u>372,645</u>	<u>372,645</u>	<u>168,159</u>	<u>204,486</u>
Total expenditures	<u>374,327</u>	<u>374,327</u>	<u>169,997</u>	<u>204,330</u>
Excess (deficiency) of revenues over expenditures	(206,168)	(206,168)	<u>\$ 13,884</u>	<u>\$ 220,052</u>
Prior year cash balance required to balance budget	<u>\$ 206,168</u>	<u>\$ 206,168</u>		

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	<u>Public School Capital Outlay</u>	<u>Special Capital Outlay - State</u>	<u>Capital Improvements SB-9</u>	<u>Public Sch. Capital Outlay 20%</u>	<u>Total</u>
<u>ASSETS</u>					
Due from other funds	\$ 12,011		\$ 172,532	\$ 782	\$ 185,325
Due from grantor		\$ 39,953			39,953
Taxes receivable			21,600		21,600
Total assets	<u>\$ 12,011</u>	<u>\$ 39,953</u>	<u>\$ 194,132</u>	<u>\$ 782</u>	<u>\$ 246,878</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Due to other funds		\$ 39,953			\$ 39,953
Accounts payable			\$ 555		555
Deferred revenue - prop. Taxes			19,326		19,326
Total liabilities	<u>\$ -0-</u>	<u>\$ 39,953</u>	<u>19,881</u>	<u>\$ -0-</u>	<u>59,834</u>
Fund equity:					
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures					
Undesignated	12,011	-0-	174,251	782	187,044
Total fund balances	<u>12,011</u>	<u>-0-</u>	<u>174,251</u>	<u>782</u>	<u>187,044</u>
Total liabilities and fund equity	<u>\$ 12,011</u>	<u>\$ 39,953</u>	<u>\$ 194,132</u>	<u>\$ 782</u>	<u>\$ 246,878</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Public School Capital Outlay	Special Capital Outlay - State	Capital Improvements SB-9	Public Sch. Capital Outlay 20%	Total
REVENUES					
Local taxes			\$ 76,245		\$ 76,245
State sources	\$ 4,369	\$ 39,953	54,623		98,945
Federal sources					
Other local revenue					
Interest					
Total revenues	<u>4,369</u>	<u>39,953</u>	<u>130,868</u>	<u>\$ -0-</u>	<u>175,190</u>
EXPENDITURES					
Capital outlay		<u>41,130</u>	<u>41,465</u>	<u>1,683</u>	<u>84,278</u>
Total expenditures		<u>41,130</u>	<u>41,465</u>	<u>1,683</u>	<u>84,278</u>
Net changes in fund balances	4,369	(1,177)	89,403	(1,683)	90,912
Fund balances, beginning of year	<u>7,642</u>	<u>1,177</u>	<u>84,848</u>	<u>2,465</u>	<u>96,132</u>
Fund balances, end of year	<u>\$ 12,011</u>	<u>\$ -0-</u>	<u>\$ 174,251</u>	<u>\$ 782</u>	<u>\$ 187,044</u>

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

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ -0-	\$ -0-	\$ 3,340	3,340
Interest			41	41
	<u>-0-</u>	<u>-0-</u>	<u>3,381</u>	<u>3,381</u>
Total revenues				
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service	-0-	-0-	41,764	(41,764)
Operation and maintenance of plant				
Student transportation				
Food service operations				
Capital Outlay				
	<u>-0-</u>	<u>-0-</u>	<u>41,764</u>	<u>(41,764)</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>-0-</u>	<u>(38,383)</u>	<u>(38,383)</u>
Other financing sources				
Issuance of general obligation bonds	<u>-0-</u>	<u>-0-</u>	<u>750,000</u>	<u>750,000</u>
Change in fund balance after other financing sources	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 711,617</u>	<u>\$ 711,617</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ -0-	\$ 41,131	\$ -0-	\$ (41,131)
Federal sources				
Charges for services				
Other local revenue				
Interest				
 Total revenues	 <u>-0-</u>	 <u>41,131</u>	 <u>-0-</u>	 <u>(41,131)</u>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Capital Outlay	<u>-0-</u>	<u>41,131</u>	<u>41,130</u>	<u>1</u>
 Total expenditures	 <u>-0-</u>	 <u>41,131</u>	 <u>41,130</u>	 <u>1</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (41,130)</u>	<u>\$ (41,130)</u>

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 64,880	\$ 64,880	\$ 75,923	\$ 11,043
State sources		613	54,623	54,010
Federal sources				
Charges for services				
Other local revenue				
Interest				
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	64,880	65,493	130,546	65,053
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service		-		
Operation and maintenance of plant				
Student transportation				
Food service operations				
Capital Outlay	64,880	100,493	40,910	59,583
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	64,880	100,493	40,910	59,583
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	-0-	(35,000)	<u>\$ 89,636</u>	<u>\$ 124,636</u>
Prior year cash balance required to balance budget	<u>\$ -0-</u>	<u>\$ 35,000</u>		

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local taxes				
State sources				
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	\$ -0-	\$ -0-	\$ -0-	\$ -0-
EXPENDITURES:				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service		-		
Operation and maintenance of plant				
Student transportation				
Food service operations				
Capital Outlay	2,465	2,465	1,683	782
Total expenditures	2,465	2,465	1,683	782
Excess (deficiency) of revenues over expenditures	(2,465)	(2,465)	\$ (1,683)	\$ (782)
Prior year cash balance required to balance budget	\$ 2,465	\$ 2,465		

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

ADDITIONAL INFORMATION -
SUPPORTING SCHEDULES

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	<u>Operational Account 11000</u>	<u>Transportation Account 13000</u>	<u>Instructional Materials 14000</u>	<u>Food Services Account 21000</u>	<u>Athletics Account 22000</u>
Audited net cash and Investments, 6/30/06	\$ 553,959	\$ 2,691	\$ 2,635	\$ 38,543	\$ 1,095
Current year revenue	3,476,632	266,767	33,144	132,282	28,098
Cash transfers in					
Prior-year warrants voided					
Current year expenditures	(3,438,257)	(264,238)	(32,073)	(151,680)	(27,067)
Cash transfers out					
Total cash and investments 6/30/07	<u>\$ 592,334</u>	<u>\$ 5,220</u>	<u>\$ 3,706</u>	<u>\$ 19,145</u>	<u>\$ 2,126</u>

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Non-Instruct. Fund 23000	Federal Flowthrough Fund 24000	Federal Direct Fund 25000	State Flowthrough Fund 27000	State Direct Fund 28000
Audited net cash and Investments, 6/30/06	\$ 1,585	\$ (198,542)	\$ 27,017	\$ (13,547)	\$ (11,956)
Current year revenue	10,194	292,023	14,570	22,201	33,895
Cash transfers in					
Prior Year Warrants Voided		27			
Current year expenditures	(4,699)	(553,188)	(9,758)	(14,562)	(33,518)
Cash transfers out					
Total cash and investments 6/30/07	<u>\$ 7,080</u>	<u>\$ (459,680)</u>	<u>\$ 31,829</u>	<u>\$ (5,908)</u>	<u>\$ (11,579)</u>

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	<u>Local/State Fund 29000</u>	<u>Bond Building 31100</u>	<u>Pub. School Cap. Outlay 31200</u>
Audited net cash and Investments, 6/30/06	\$ 145,568	\$ 565	\$ 7,642
Current year revenue	65,600	711,616	4,369
Cash transfers in			
Prior year warrants voided			
Current year expenditures	(196,317)		
Cash transfers out			
Total cash and investments 6/30/07	<u>\$ 14,851</u>	<u>\$ 712,181</u>	<u>\$ 12,011</u>

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	<u>Spec. Cap. Outlay - State 31400</u>	<u>Cap. Improv. SB-9 31700</u>	<u>P.S.O.C. 20% 32100</u>
Audited net cash and Investments, 6/30/06	\$ 1,177	\$ 82,896	\$ 2,465
Current year revenue		130,546	
Cash transfers in			
Prior year warrants voided			
Current year expenditures	(41,130)	(40,910)	(1,683)
Cash transfers out			
Total cash and investments 6/30/07	<u>\$ (39,953)</u>	<u>\$ 172,532</u>	<u>\$ 782</u>

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	Debt Service Fund 41000	Agency Funds	Grand Total All Funds
Audited net cash and Investments, 6/30/06	\$ 179,689	\$ 27,376	\$ 850,858
Current year revenue	183,880	95,526	5,501,343
Cash transfers in			-0-
Prior year warrants voided			27
Current year expenditures	(169,997)	(91,736)	(5,070,813)
Cash transfers out			-0-
Total cash and investments 6/30/07	<u>\$ 193,572</u>	<u>\$ 31,166</u>	<u>\$ 1,281,415</u>

	Account Name	Type of Account	Bank Balance, June 30, 2007	Reconciled Balance, June 30, 2007
Wells Fargo Bank, Albuquerque, NM	General Operating	Checking	\$ 22,432	\$ 22,432
	Food Service	Checking	7,592	-0-
	Payroll Clearing	Checking	85,992	-0-
	Mountainair Schools Investment	Savings	74,702	74,702
	Mountainair Schools Investment	Savings	10,499	10,499
My Bank, Belen, NM	General Operating	Checking	521,094	409,164
	School Lunch	Checking	30,565	19,145
	Payroll Clearing	Checking	292,472	-0-
	Bond Proceeds	Savings	716,439	712,181
	High School Activities	Checking	23,305	22,963
	Elementary Activities	Checking	10,341	10,329
			<u>\$ 1,795,433</u>	<u>\$ 1,281,415</u>

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2007

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

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

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

Wells Fargo Bank, Albuquerque, New Mexico:

Total bank deposits	\$ 201,217
Amount insured by FDIC	(185,201)
Uninsured public funds	<u>\$ 16,016</u>
50% Collateral requirement	<u>\$ 8,008</u>

Amount collateralized with the following securities, held in safekeeping by Wells Fargo Bank, San Francisco, California.

	CUSIP#	MATURITY DATE	PAR	MARKET	PLEDGED VALUE
FNCL Pool #895631, 6.00%	31410SA80	5/1/36	\$ 265,000	\$ 238,278	\$ 238,278
GNSF Pool #781263, 6.00%	36225BML9	3/15/31	150,000	22,798	22,798
Total pledged					<u>261,076</u>
Amount over requirement at June 30, 2007					<u>\$ 253,068</u>

My Bank, Belen, New Mexico:

Total bank deposits	\$ 1,594,216
Amount insured by FDIC	(200,000)
Uninsured public funds	<u>\$ 1,394,216</u>
50% Collateral requirement	<u>\$ 697,108</u>

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

NOTE:	CUSIP#	MATURITY DATE	PAR	MARKET	PLEDGED VALUE
FHLB	3133XOE88	8/15/07	\$ 50,000	\$ 49,840	\$ 49,840
FHLB	3133X96S4	10/26/07	150,000	148,935	148,935
FHLB	3133XOE88	8/15/07	100,000	99,678	99,678
FHLB	3133XOE88	8/15/07	100,000	99,678	99,678
FHLB	3133X96S4	10/26/07	50,000	49,645	49,645
FHLB	3133X96S4	10/26/07	25,000	24,821	24,821

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL (CONTINUED)
JUNE 30, 2007

FHLB	3133X96S4	10/26/07	150,000	148,935	<u>148,935</u>
Total pledged					<u>621,532</u>
Amount (under) requirement at June 30, 2007					<u>\$ (75,576)</u>

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
<u>ASSETS</u>				
Cash	\$ 27,376	\$ 95,526	\$ (91,736)	\$ 31,166
Total assets	<u>\$ 27,376</u>	<u>\$ 95,526</u>	<u>\$ (91,736)</u>	<u>\$ 31,166</u>
<u>LIABILITIES</u>				
Deposits held for others	\$ 27,376	\$ 95,526	\$ (91,736)	\$ 31,166
Total liabilities	<u>\$ 27,376</u>	<u>\$ 95,526</u>	<u>\$ (91,736)</u>	<u>\$ 31,166</u>

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
STUDENT ACTIVITY FUNDS:				
High School	\$ 15,352	\$ 68,816	\$ (63,331)	\$ 20,837
Elementary School	<u>12,024</u>	<u>26,710</u>	<u>(28,405)</u>	<u>10,329</u>
Total Student Activity Funds	<u>\$ 27,376</u>	<u>\$ 95,526</u>	<u>\$ (91,736)</u>	<u>\$ 31,166</u>

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

PARTIES INVOLVED: District and State of New Mexico, Public School Facilities Authority (PSFA)
RESPONSIBLE PARTY: PSFA
BEGINNING DATE: 12/6/06
ENDING DATE: 6/30/10
AMOUNT APPLICABLE: N/A
AMOUNT CONTRIBUTED: N/A
AMOUNT RESPONSIBILITY: District

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass-Through Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>			
Passed through State of New Mexico Public Education			
Department:			
Title I – Basic	05-01	84.010	\$ 192,629
IDEA-B Entitlement/Special Ed.	05-02	84.027	74,250
IDEA-B Preschool	05-04	84.173	5,925
Comprehensive School Reform	05-05	84.332	67,331
Teacher Training and Recruiting	05-06	84.367	41,760
Safe and Drug Free Schools	05-07	84.186	1,613
21 st Century	05-08	84.287	169,375
Title V-A	05-09	84.000	281
Total U.S. Department of Education			<u>553,164</u>
<u>U.S. Department of Agriculture</u>			
Passed through State of New Mexico Department of Education:			
National School Lunch/Breakfast	N/A	10.155	121,817
Passed through Statement of New Mexico			
Department of Human Services:			
U.S.D.A. Commodities	N/A	10.550	10,266
Total indirect-U.S. Department of Agriculture			<u>132,083</u>
Direct:			
Forest Reserve	N/A	10.665	923
Total U.S. Department of Agriculture			<u>133,006</u>
Total Expenditures of Federal Awards			<u>\$ 686,170</u>
Reconciliation of Schedule of Expenditures of Federal Awards			
to Financial Statements:			
Statement of Revenues, Expenditures, and Changes			
in Fund Balances - Governmental Funds			
Federal sources			<u>\$ 686,170</u>

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

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

2. Non-Cash Assistance

The District expended \$10,266 worth of U.S.D.A. Commodities received for the year.

3. Subrecipients

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

OTHER REPORTS

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

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

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

The Board of Education
State of New Mexico - Mountainair Public Schools
Mountainair, New Mexico

and

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

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of New Mexico, Mountainair Public Schools (District) and the financial statements of each of the District's nonmajor governmental and fiduciary funds presented as supplementary information in the combining and individual fund financial statements as of and for the year ended June 30, 2007, and have issued my report thereon dated February 5, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. I consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: Items 04-01, 04-10, 04-11, 04-12, 06-1, 07-1, and 07-5.

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe that the significant deficiencies Items 04-1, 04-10, 04-11, and 06-1 are material weaknesses.

Compliance and Other Matters

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

However, I noted instances of noncompliance that are required to be reported under Government Auditing Standards paragraphs 5.14 and 5.16 and Section 12-6-5, NMSA, 1978, and which are described in the accompanying Schedule of Findings and Questioned Costs as Items 07-2, 07-3 and 07-4.

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

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

 Rester W. Matlock, CPA

February 5, 2009

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

The Board of Education
State of New Mexico - Mountainair Public Schools
Mountainair, New Mexico

and

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

Compliance

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

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

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

Internal Control Over Compliance

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

expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 07-5 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. However, I do not consider the significant deficiency described above to be a material weakness.

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

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

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

February 5, 2009

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.010	Title I
84.287	21st Century

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

Auditee qualified as low-risk auditee yes no

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

II. Financial Statement Findings

04 -1 – BANK ACCOUNTS NOT RECONCILED

Statement of finding: The Payroll Clearing Account and the Food Service Account were not reconciled during the fiscal year or at June 30, 2007. The General Account also was not completely reconciled at June 30, 2007.

Criteria: Per good internal control practices, all bank accounts should be reconciled to the balances per books each month. The clearing account should be reconciled to zero.

Effect: Internal control is weakened.

Cause: This area did not receive proper attention.

Recommendation: Bank accounts should be reconciled to the balance per books each month. All bank accounts should be reconciled each month, and the payroll clearing account should be reconciled to zero. A supervisor should review and initial the reconciliations, indicating review oversight.

Management's response: With the new accounting system in place we will reconcile the payroll account beginning with July 1, 2007. The new accounting system is a much friendlier system for reconciling and has options that were not available in the old accounting package.

04 -10 – SEGREGATION OF DUTIES

Statement of finding: The Business Manager posts all transactions and reconciles accounts.

Criteria: Good internal control dictates that these duties should be performed by different individuals.

Effect: Internal control is weakened.

Cause: The District is a small one, and naturally does not have a large staff.

Recommendation: An oversight review should be made of all reconciliations.

Management's response: The secretary is doing all deposits, Business Manager records receipts and secretary does reconciling. Business Manager does the reporting to Santa Fe.

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

04 -11 – PERSONNEL FILES

Statement of finding: The following exceptions were noted during the testing of twenty-five personnel files:

- a. Two Forms I-9 were not signed by Employer Representative.
- b. One Form I-9 only had one form of identification as support.
- c. One personnel file could not be located.
- d. Allocations of a person's time between the grants and operations that they were charged to could not be determined from the person's contract or personnel files.

Criteria: All personnel hired since November 1986 should have a Form I-9 on file. Allocations of a person's payroll to grants should be supported in a person's personnel file and/or by detail timesheets.

Effect: Personnel files are incomplete and do not completely support the payroll. Required Form I-9's are not on file which could result in a penalty.

Cause: Information was not placed in the appropriate personnel files.

Recommendation: All personnel files should be reviewed to ensure that they are complete and that they support the payroll paid and the allocations of payroll to grants.

Management's response: A checklist will be created and the superintendent's secretary will review all personnel files for completion and accuracy.

04 -12 – CASH DISBURSEMENTS

Statement of finding: During the testing of one hundred and twenty-five cash disbursements, the following exceptions were noted:

- a. Seventeen purchase orders were apparently issued after the fact; that is, dated after an order was placed. Total: \$45,399.
- b. Fifteen instances were noted where an individual did not sign to indicate that either goods or services were actually received. Total: \$44,009
- c. Six disbursements had no support for the expenditure. Total: \$942.
- d. One disbursement only had a hand-written summary attached. There were no original invoices. Total: \$269.
- e. Eleven disbursements did not have all supporting documentation cancelled. Total: \$40,114.

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

- f. Voided checks were marked "voided" but not all were defaced.
- g. One disbursement was paid from a statement, not invoices. Total: \$392.
- h. One disbursement had sales tax of \$98 paid for goods.
- i. Two disbursements for a total of \$4,308 were not signed by the superintendent as required.
- j. Two disbursements for a total of \$127 were not properly approved.

Criteria: Purchase orders should be issued before purchases are made. Receiving reports should always be signed by an individual to indicate that goods or services were actually received. All disbursement documentation should include an invoice or other support.

Effect: Purchases were made before being formally approved. Whether or not goods or services were received cannot be completely verified from the receiving reports.

Cause: Sometimes purchases had to be apparently made quickly, and the approval process was not followed. Receiving reports were often marked only with "Received" with no individual's name being noted as the actual receiver.

Recommendation: Purchase orders should be issued before purchases. Receiving reports should always be utilized where applicable and signed by the individual who actually received the goods or services. All disbursements should have documentation attached.

Management's response: We have been working very hard with district level staff to address this issue. However, a memo will be sent to principals for school site staff to classify purchasing procedures. Additionally we will clarify distribution and receiving procedures. Finally all requisitions will be thoroughly reviewed for completion, accuracy, and appropriate signatures.

06 -1 – SUPPORTING DOCUMENTATION FOR RECEIPTS – AGENCY FUNDS

Statement of finding: Documentation for the support of the receipts of the activity funds was not always retained. Fifteen out of twenty-five activity fund cash receipts tested at the high school only had a receipt in the receipt book as supporting documentation, and there was no other supporting documentation.

Fifteen out of fifteen activity fund cash receipts tested at the elementary school only had a receipt in the receipt book as supporting documentation, and there was no other supporting documentation.

Criteria: Supporting documentation for all transactions should be obtained and retained for an appropriate period of time.

Effect: Records cannot be later reviewed.

Cause: Receipt book was considered adequate.

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

Recommendation: All supporting documentation for the support of the receipts of the activity funds should be obtained and retained in accordance with the Schools' retention policy.

Management's response: Concur. Supporting documentation will be retained in accordance with policy. This is a building level problem. Procedures will be developed to improve the process. If necessary, training will be provided to school site staff to make sure deposits match receipts.

07 -1 – LATE AUDIT REPORT

Statement of finding: The audit report for the fiscal year ended June 30, 2007 was not filed timely by November 15, 2007 as required. The audit report was received by the Office of the State Auditor on March 2, 2009.

Criteria: The due date of December 15, 2007 is established in Section 2.2.2.9 NMAC of the 2007 State Auditor Rule.

Effect: The report was not made available on a timely basis for use by the Legislature, the administration, or by other users.

Cause: The District had some difficulties with a new software program.

Recommendation: Future audit reports should be filed timely as possible.

Management's response: The district will soon move toward the completion of the FY 07 and 08 audits and get back on track.

07 -2 – FILING OF DATA COLLECTION FORM

Statement of finding: The District did not file its Data Collection Form on a timely basis with the Federal Clearinghouse for the year ended June 30, 2007.

Criteria: The Data Collection Form and the related reporting package have to be filed within nine months of the District's fiscal year-end per the Single Audit Act.

Effect: The report was not made available on a timely basis for use by Federal grantors.

Cause: The District had some difficulties with a new software program.

Recommendation: The Data Collection Form and the related report package should be filed timely in the future.

Management's response: The business manager will file the Data Collection Form in a timely manner. This will require timely submission of audits.

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

07 -3 – INADEQUATE PLEDGED COLLATERAL

Statement of finding: The My Bank financial institution was underpledged on collateral at June 30, 2007 by \$75,576 on the District's bank accounts.

Criteria: Section 6-10-13, 1978 of the New Mexico Statutes requires financial institutions to provide pledged collateral in an aggregate value equal to one-half of the public monies deposited after deducting FDIC insurance.

Effect: The District was more exposed to potential losses on its deposits.

Cause: The financial institution apparently did not closely monitor deposits and was likely underpledged to the deposit of bond proceeds.

Recommendation: The problem was corrected on July 5, 2007. However, the District should implement procedures to ensure that it does not occur again.

Management's response: The business manager will contact My Bank to discuss the problem and to determine preventative measures for the future.

07 -4– OVEREXPENDITURE OF BUDGET

Statement of finding: The District overspent its budget by \$1,663 in the Athletics Special Revenue Fund, by \$733 in the Board Activity Special Revenue Fund and by \$41,764 in the Bond Building Capital Projects Fund.

Criteria: The District is required to stay within its expenditures budget for each fund.

Effect: Overspending indicates that budget monitoring was ineffective.

Cause: The budget was overspent due to some unanticipated items.

Recommendation: The budget should be carefully monitored. Budget adjustment requests should be prepared timely.

Management's response: Deposits to these accounts fluctuate greatly. These funds will be more closely monitored and BAR's prepared if necessary.

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

07 -5- CASH DISBURSEMENTS- 21ST CENTURY MAJOR PROGRAM

Statement of finding: During the testing of forty cash disbursements, the following were noted.

- a. Five disbursements did not have sufficient support attached. Total: \$126.
- b. Six instances were noted where an individual did not sign to indicate that either goods or services were actually received. Total: \$5,126.

Criteria: Receiving reports should always be signed by an individual to indicate that goods or services were actually received. All disbursement documentation should include an invoice or other support.

Effect: Whether or not goods or services were received cannot be completely verified from the receiving reports.

Cause: Receiving reports were often marked only with "Received" with no individual's name being noted as the actual receiver.

Recommendation: Receiving reports should always be utilized where applicable and signed by the individual who actually received the goods or services. All disbursements should have documentation attached.

Management's response: We have been working very hard to address this issue. However, a memo will be sent to all school site staff to clarify purchasing procedures. Additionally we will clarify distribution and receiving procedures. Finally all requisitions will be thoroughly reviewed for completion, accuracy, and appropriate signatures.

**STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS**

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

III. Federal Award Findings and Questioned Costs

The following finding relates to the major program, 21st Century, CFDA # 84.287.

07-5- CASH DISBURSEMENTS- 21ST CENTURY MAJOR PROGRAM

Statement of finding: During the testing of forty cash disbursements, the following were noted

- a. Five disbursements did not have sufficient support attached. Total: \$126.
- b. Six instances were noted where an individual did not sign to indicate that either goods or services were actually received. Total: \$5,126.

Criteria: Receiving reports should always be signed by an individual to indicate that goods or services were actually received. All disbursement documentation should include an invoice or other support.

Effect: Whether or not goods or services were received cannot be completely verified from the receiving reports.

Cause: Receiving reports were often marked only with "Received" with no individual's name being noted as the actual receiver.

Questioned Costs: None

Recommendation: Receiving reports should always be utilized where applicable and signed by the individual who actually received the goods or services. All disbursements should have documentation attached.

Management's response: We have been working very hard to address this issue. However, a memo will be sent to all school site staff to clarify purchasing procedures. Additionally we will clarify distribution and receiving procedures. Finally all requisitions will be thoroughly reviewed for completion, accuracy, and appropriate signatures.

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

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

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

- 04 -1 – BANK ACCOUNTS NOT RECONCILED** – Expanded and repeated.
- 04 -10 – SEGREGATION OF DUTIES** – Repeated.
- 04 -11 – PERSONNEL FILES** – Repeated.
- 04 -12 – CASH DISBURSEMENTS** – Repeated.
- 06 -1 – SUPPORTING DOCUMENTATION FOR RECEIPTS- AGENCY FUNDS** – Repeated.

STATE OF NEW MEXICO
MOUNTAINAIR PUBLIC SCHOOLS

EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2007

An exit conference was held on February 27, 2009 to discuss the audit report. Attending were the following:

For the District:

Darrell Roberts
Jay Mortensen
Tammy Zamora

Member of the Board of Education
Superintendent
Business Manager

For the Independent Auditor:

Chester W. Mattocks, CPA