

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

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**STATE OF NEW MEXICO**  
**MOUNTAINAIR PUBLIC SCHOOLS**

**ANNUAL FINANCIAL REPORT AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**STATE OF NEW MEXICO**  
**MOUNTAINAIR PUBLIC SCHOOLS**

**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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**STATE OF NEW MEXICO**  
**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, 2008**

**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

**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, the aggregate remaining fund information and the budgetary comparisons of the General Fund and the Food Service Special Revenue Fund of the State of New Mexico, Mountainair Public Schools (District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the Table of Contents. 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, 2008, as listed in the Table of Contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

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, 2008, 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, 2008, 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 November 6, 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, 2008. The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board.

My audit was made for the purpose of forming opinions on the 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.

A handwritten signature in black ink that reads "Chester W. Matthews, CPA". The signature is written in a cursive style with a large initial 'C'.

November 6, 2009



**STATE OF NEW MEXICO  
MOUNTAINAIR PUBLIC SCHOOLS**

**STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2008**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 533,147
Property taxes receivable	100,800
Due from other governmental units	528,878
Inventory	3,554
Total current assets	<u>1,166,379</u>
Noncurrent assets:	
Capital assets	10,396,944
Less: Accumulated depreciation	<u>(3,102,067)</u>
Total noncurrent assets	<u>7,294,877</u>
Other assets	
Bond issuance costs, net of accumulated amortization of \$5,608	<u>36,156</u>
<b>Total assets</b>	<u><b>8,497,412</b></u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	9,278
Deferred revenue-grants	77,834
Due to other governmental units	30,560
Current portion of long-term obligations	<u>182,698</u>
Total current liabilities	<u>300,370</u>
Long-term liabilities:	
Noncurrent portion of long-term obligations	<u>1,450,000</u>
Total long-term liabilities	<u>1,450,000</u>
<b>Total liabilities</b>	<u><b>1,750,370</b></u>
<b><u>NET ASSETS</u></b>	
Invested in capital assets, net of related debt	5,669,877
Restricted for:	
Debt service	230,400
Special projects	86,253
Capital projects	189,311
Unrestricted	<u>571,201</u>
<b>Total net assets</b>	<u><b>\$ 6,747,042</b></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, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>EXPENSES:</b>					
Governmental activities:					
Education	\$ (5,138,516)	\$ 56,334	\$ 1,234,225	\$ -0-	\$ (3,847,957)
Total governmental activities	<u>\$ (5,138,516)</u>	<u>\$ 56,334</u>	<u>\$ 1,234,225</u>	<u>\$ -0-</u>	<u>(3,847,957)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					20,752
Property taxes, levied for debt service					248,772
Property taxes, levied for capital projects					85,059
State equalization guarantee					3,459,068
Other local revenue					34,795
Interest and investment earnings					<u>25,692</u>
Subtotal, general revenues					<u>3,874,138</u>
Change in net assets					26,181
Net assets - beginning of year					<u>6,720,861</u>
Net assets - end of year					<u>\$ 6,747,042</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, 2008**

	General Fund	Food Service	Debt Service	Bond Building
<b><u>ASSETS</u></b>				
Cash and investments	\$ 533,147			
Due from other funds	528,878	\$ 20,235	\$ 223,501	
Property taxes receivable	7,200		72,000	
Due from grantor				
Inventory		3,554		
	<u>1,069,225</u>	<u>23,789</u>	<u>295,501</u>	<u>-0-</u>
Total assets	<u>\$ 1,069,225</u>	<u>\$ 23,789</u>	<u>\$ 295,501</u>	<u>\$ -0-</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Due to other funds	\$ 577,511			
Accounts payable and accrued liabilities	6,276			
Deferred revenue - grants				
Deferred revenues - property taxes	6,629		\$ 65,101	
Due to other governmental units	30,560			
	<u>620,976</u>	<u>-0-</u>	<u>65,101</u>	<u>-0-</u>
Total liabilities	<u>\$ 620,976</u>	<u>\$ -0-</u>	<u>\$ 65,101</u>	<u>\$ -0-</u>
Fund balances:				
Reserved for:				
Inventories		3,554		
Debt service			230,400	
Unreserved:				
Designated				
Undesignated, reported in:				
General Fund	448,249			
Special Revenue Funds		20,235		
Capital Projects Funds				
	<u>448,249</u>	<u>23,789</u>	<u>230,400</u>	<u>-0-</u>
Total fund balances	<u>\$ 448,249</u>	<u>\$ 23,789</u>	<u>\$ 230,400</u>	<u>\$ -0-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><b>\$ 1,069,225</b></u>	<u><b>\$ 23,789</b></u>	<u><b>\$ 295,501</b></u>	<u><b>\$ -0-</b></u>

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

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Other Governmental Funds	Total
	\$ 533,147
\$ 333,775	1,106,389
21,600	100,800
528,878	528,878
<u>          </u>	<u>3,554</u>
<u>\$ 884,253</u>	<u>\$ 2,272,768</u>

\$ 528,878	\$ 1,106,389
3,002	9,278
77,834	77,834
19,210	90,940
<u>          </u>	<u>30,560</u>
<u>628,924</u>	<u>1,315,001</u>

3,554  
230,400

	448,249
66,018	86,253
189,311	189,311
<u>          </u>	<u>          </u>
<u>255,329</u>	<u>957,767</u>
<u>\$ 884,253</u>	<u>\$ 2,272,768</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, 2008**

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Total fund balances - governmental funds \$ 957,767

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

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

The cost of capital assets is:	\$ 10,396,944	
Accumulated depreciation is:	(3,102,067)	7,294,877

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.	90,940
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Bond issuance costs are expensed for fund financial statements but amortized for government-wide financial statements. Bond issuance costs net of accumulated amortization were:	36,156
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Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Bonds payable	\$ (1,625,000)	
Compensated absences payable	(7,698)	(1,632,698)

Total net assets-governmental activities	\$ 6,747,042
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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, 2008**

	General Fund	Food Service	Debt Service	Bond Building
<b>REVENUES:</b>				
Local taxes	\$ 20,781		\$ 250,116	
State sources	3,815,878			
Federal sources	925	\$ 136,132		
Charges for services	-0-	24,756		
Other local revenue	31,253	2,181		
Interest	67	90	9	
<b>Total Revenues</b>	<b>3,868,904</b>	<b>163,159</b>	<b>250,125</b>	<b>\$ -0-</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction	2,034,070			
Support services-students	414,976			
Support services- instruction	93,733			
Support services-general administration	193,803			
Support services -school administration	183,775			
Central services	59,261		2,487	
Operation and maintenance of plant	619,176			
Student transportation	324,622			
Food services operations	18,114	162,663		
Community service operations				
Debt service- principal and interest			216,365	
Debt service- bond issuance costs				
Capital outlay	57,331			712,181
<b>Total Expenditures</b>	<b>3,998,861</b>	<b>162,663</b>	<b>218,852</b>	<b>712,181</b>
Excess (deficiency) of revenues over expenditures	(129,957)	496	31,273	(712,181)
Other financing sources (uses):				
Issuance of general obligation bonds				
Operating transfers in (out)				
<b>Total other financing sources (uses)</b>				
Net changes in fund balances	(129,957)	496	31,273	(712,181)
Fund balances - beginning of year	578,206	23,293	199,127	712,181
Fund balances - End of year	<b>\$ 448,249</b>	<b>\$ 23,789</b>	<b>\$ 230,400</b>	<b>\$ -0-</b>

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

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Other Governmental Funds	Total Governmental Funds
\$ 85,175	\$ 356,072
295,325	4,111,203
445,033	582,090
31,578	56,334
1,361	34,795
<u>25,526</u>	<u>25,692</u>
<u>883,998</u>	<u>5,166,186</u>
551,875	2,585,945
91,281	506,257
8,168	101,901
	193,803
2,645	186,420
33,295	95,043
	619,176
	324,622
	180,777
	-0-
	216,365
	-0-
<u>169,463</u>	<u>938,975</u>
<u>856,727</u>	<u>5,949,284</u>
<u>27,271</u>	<u>(783,098)</u>
	-0-
<u>-0-</u>	<u>-0-</u>
	-0-
<u>-0-</u>	<u>-0-</u>
27,271	(783,098)
<u>228,058</u>	<u>1,740,865</u>
<u>\$ 255,329</u>	<u>\$ 957,767</u>

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**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, 2008**

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Total net change in fund balances - governmental funds. \$ (783,098)

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	(254,826)	
Capital outlays during the year which were capitalized	922,386	
(Deficiency)Excess of capital outlay over depreciation expense		667,560

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

Compensated absences payable	(1,571)
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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.	150,000
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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:	(1,489)
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Issuance of general obligation bonds is an other financing source in the governmental funds, but is a liability in the government-wide financial statements	-0-
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Bond issuance costs are an expenditure in the governmental funds but are amortized in the government-wide financial statements	
-Bond issuance costs incurred in current fiscal year	-0-
-Current year amortization	(5,221)

Change in net assets of governmental activities	\$ 26,181
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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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Property taxes	\$ 18,824	\$ 18,824	\$ 20,810	\$ 1,986
State sources	3,704,622	3,814,334	3,815,898	1,564
Federal sources	923	923	925	2
Charges for services	-0-	-0-	-0-	-0-
Other local revenue	9,977	9,977	31,233	21,256
Interest	300	300	67	(233)
<b>Total revenues</b>	<b>3,734,646</b>	<b>3,844,358</b>	<b>3,868,933</b>	<b>24,575</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction	2,259,800	2,295,674	2,034,070	261,604
Support services-students	336,966	366,749	446,122	(79,373)
Support services- instruction	89,532	89,532	93,733	(4,201)
Support services-general administration	239,009	239,009	193,803	45,206
Support services -school administration	180,040	180,040	183,775	(3,735)
Central services	72,066	72,066	59,261	12,805
Operation and maintenance of plant	738,130	738,130	662,709	75,421
Student transportation	280,944	325,034	324,622	412
Other support services	100,000	100,000	-0-	100,000
Food services operations	20,107	20,107	18,114	1,993
Facilities acquisition and construction	30,000	30,000	-0-	30,000
<b>Total expenditures</b>	<b>4,346,594</b>	<b>4,456,341</b>	<b>4,016,209</b>	<b>440,132</b>
Excess (deficiency) of revenues over expenditures	(611,948)	(611,983)	<u>\$ (147,276)</u>	<u>\$ 464,707</u>
Prior year cash required to balance budget	<u>\$ 611,948</u>	<u>\$ 611,983</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources				
Federal sources	\$ 131,000	\$ 131,000	\$ 126,693	\$ (4,307)
Charges for services	9,850	9,850	24,756	14,906
Other local revenue	-0-	-0-	2,181	2,181
Interest	160	160	90	(70)
<b>Total revenues</b>	<b>141,010</b>	<b>141,010</b>	<b>153,720</b>	<b>12,710</b>
<b>EXPENDITURES:</b>				
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	179,553	179,553	152,630	26,923
<b>Total expenditures</b>	<b>179,553</b>	<b>179,553</b>	<b>152,630</b>	<b>26,923</b>
Excess (deficiency) of revenues over expenditures	(38,543)	(38,543)	\$ 1,090	\$ 39,633
Prior year cash required to balance budget	\$ 38,543	\$ 38,543		

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, 2008**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Due from other governmental units	\$ 30,560
Total assets	<u>\$ 30,560</u>
<b>LIABILITIES</b>	
Deposits held for others	\$ 30,560
Total liabilities	<u>\$ 30,560</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, 2008**

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**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, 2008.

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

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

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

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

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

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

The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the 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, 2008 have been eliminated. These consist of amounts titled "Due from other funds" and "Due to other funds" in the fund financial statements.

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

### ***C. Basis of Presentation***

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

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

### **Governmental Funds**

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

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

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

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

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

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

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, 2008.

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

School activity 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.

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, 2008.

### **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, 2008.

## **6. Deferred Revenues**

The District reports deferred revenues on its Statement of Net Assets and fund balance sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. 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, 2008. New Mexico statute Section 6-10-17, 1978, provides that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited after deducting the amount of Federal Deposit Insurance Corporation insurance coverage for each financial institution. A schedule detailing the collateral pledged to the District's deposits is located in the back of this report.

### **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, 2008, \$265,345 of the District's bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>265,345</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	\$ 1,461,315
Less: Outstanding checks and warrants	<u>(928,168)</u>
Total cash	<u>\$ 533,147</u>
Per financial statements:	
Cash and investments	<u>\$ 533,147</u>

3. INVENTORY

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

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

Special Revenue Fund:	
Food Service	\$ <u>3,554</u>
Total	<u>\$ 3,554</u>

**4. RECEIVABLES**

Receivables at June 30, 2008, 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>528,878</u>
<b>Total</b>	<u>\$ 7,200</u>	<u>\$ -0-</u>	<u>\$ 72,000</u>	<u>\$ -0-</u>	<u>\$ 550,478</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	\$ 528,878	\$ 577,511
Food Service	20,235	
Debt Service	223,501	
Bond Building	-0-	
Non major:		
Other governmental funds	<u>333,775</u>	<u>528,878</u>
Total	<u>\$ 1,106,389</u>	<u>\$ 1,106,389</u>

**6. CAPITAL ASSETS**

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

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Assets not being depreciated:				
Land	\$ 57,583	\$ -0-	\$ -0-	\$ 57,583
Construction-in progress	-0-	746,023	-0-	746,023
<b>Total assets not being depreciated</b>	<b>57,583</b>	<b>746,023</b>	<b>-0-</b>	<b>803,606</b>
Assets being depreciated:				
Land improvements	477,873	37,919	-0-	515,792
Buildings and improvements	7,754,397	109,038	-0-	7,863,435
Machinery and equipment	856,152	-0-	-0-	856,152
Library books	328,553	29,406	-0-	357,959
<b>Total assets being depreciated</b>	<b>9,416,975</b>	<b>176,363</b>	<b>-0-</b>	<b>9,593,338</b>
<b>Total assets</b>	<b>9,474,558</b>	<b>922,386</b>	<b>-0-</b>	<b>10,396,944</b>
Less Accumulated depreciation for:				
Land improvements	(61,304)	(24,812)	-0-	(86,116)
Buildings and improvements	(1,891,604)	(172,116)	-0-	(2,063,720)
Machinery and equipment	(674,393)	(23,573)	-0-	(697,966)
Library books	(219,940)	(34,325)	-0-	(254,265)
<b>Total accumulated depreciation</b>	<b>(2,847,241)</b>	<b>(254,826)</b>	<b>-0-</b>	<b>(3,102,067)</b>
<b>Total capital assets less accumulated depreciation</b>	<b>\$ 6,627,317</b>	<b>\$ 667,560</b>	<b>\$ -0-</b>	<b>\$ 7,294,877</b>

For the year ended June 30, 2008, depreciation expense of \$254,826 was charged to the Governmental Activities-Education of the District. Land assets, totaling \$57,583, and construction-in progress, totaling \$746,023, 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, 2008, the following changes occurred in the liabilities reported in the government-wide Statement of Net Assets:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Due Within One Year	Amounts considered Long-Term
Bonds payable	\$ 1,775,000	\$ -0-	\$ (150,000)	\$ 1,625,000	\$ 175,000	\$ 1,450,000
Compensated absences payable	6,127	4,988	(3,417)	7,698	7,698	
<b>Total</b>	<b>\$ 1,781,127</b>	<b>\$ 4,988</b>	<b>\$ (153,417)</b>	<b>\$ 1,632,698</b>	<b>\$ 182,698</b>	<b>\$ 1,450,000</b>

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, 2008.

Series	Amount of Original Issue	Final Mat. Year Ending June 30	Range of Interest Rates	Balance July 1, 2007	Addition (Retired)	Balance June 30, 2008
July 1, 1998	\$ 580,000	2010	4.85 - 5.30%	\$ 430,000	\$ (55,000)	\$ 375,000
Mar 15, 1999	95,000	2008	4.4%	95,000	(95,000)	-0-
Oct 1, 2000	425,000	2014	4.90 - 5.10%	425,000	-0-	425,000
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%	750,000	-0-	750,000
Total				<u>\$ 1,775,000</u>	<u>\$ (150,000)</u>	<u>\$ 1,625,000</u>

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

Year ending June 30	Principal	Interest	Total
2009	\$ 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
2013	325,000	22,610	347,610
Subtotal	1,140,000	204,023	1,344,023
2014-2016	485,000	22,432	507,432
Total	<u>\$ 1,625,000</u>	<u>\$ 226,455</u>	<u>\$ 1,851,455</u>

**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	\$ 3,868,904	\$ 163,159	\$ 250,125	\$ -0-	\$ 883,998
Differences attributable to accruals at beginning and ending of year:					
Taxes receivable	29		(1,344)		(116)
Intergovernmental receivables					12,257
Deferred revenue					37,680
Commodities received		<u>(9,439)</u>			
Revenues per budgetary basis	<u>\$ 3,868,933</u>	<u>\$ 153,720</u>	<u>\$ 248,781</u>	<u>\$ -0-</u>	<u>\$ 933,819</u>
Expenditures per modified accrual basis	\$ 3,998,861	\$ 162,663	\$ 218,852	\$ 712,181	\$ 856,727
Differences attributable to accruals at beginning and ending of year:					
Accounts payable	17,348	3			(2,447)
Changes in inventories		(597)			
Commodities used		<u>(9,439)</u>			
Expenditures per budgetary basis	<u>\$ 4,016,209</u>	<u>\$ 152,630</u>	<u>\$ 218,852</u>	<u>\$ 712,181</u>	<u>\$ 854,280</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](http://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,

2008, 2007, and 2006 (employer portion only) were \$251,573, \$226,179 and \$190,191, 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](http://www.nmrhca.state.nm.us).

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

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

The District's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$30,025, \$28,731, and \$22,849 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 \$550,000 in October 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, 2008**

	<b>Operational Account</b>	<b>Transportation Account</b>	<b>Instructional Materials Account</b>	<b>Total</b>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 533,147			\$ 533,147
Due from other funds	514,302	\$ 5,220	\$ 9,356	528,878
Taxes receivable	7,200			7,200
<b>Total assets</b>	<b>\$ 1,054,649</b>	<b>\$ 5,220</b>	<b>\$ 9,356</b>	<b>\$ 1,069,225</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
<b>Liabilities:</b>				
Due to other funds	\$ 577,511			\$ 577,511
Accounts payable	6,276			6,276
Deferred revenue - property taxes	6,629			6,629
Due to other governmental units	30,560			30,560
<b>Total liabilities</b>	<b>620,976</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>620,976</b>
<b>Fund Equity:</b>				
<b>Fund balances:</b>				
<b>Unreserved:</b>				
Designated for subsequent year's expenditures				
Undesignated	433,673	5,220	9,356	448,249
<b>Total fund balances</b>	<b>433,673</b>	<b>5,220</b>	<b>9,356</b>	<b>448,249</b>
<b>Total liabilities and fund equity</b>	<b>\$ 1,054,649</b>	<b>\$ 5,220</b>	<b>\$ 9,356</b>	<b>\$ 1,069,225</b>

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, 2008**

	<b>Operational Account</b>	<b>Transportation Account</b>	<b>Instructional Materials Account</b>	<b>Total</b>
<b><u>REVENUES</u></b>				
Local taxes	\$ 20,781			\$ 20,781
State sources	3,459,068	\$ 320,034	\$ 36,776	3,815,878
Federal sources	925			925
Charges for services	-0-			-0-
Other local revenue	31,233		20	31,253
Interest	67			67
	<u>3,512,074</u>	<u>320,034</u>	<u>36,796</u>	<u>3,868,904</u>
Total revenues				
<b><u>EXPENDITURES</u></b>				
Current:				
Instruction	2,034,070			2,034,070
Support services-students	414,976			414,976
Support services- instruction	93,733			93,733
Support services-general administration	193,803			193,803
Support services -school administration	183,775			183,775
Central services	59,261			59,261
Operation and maintenance of plant	619,176			619,176
Student transportation	4,588	320,034		324,622
Food service operations	18,114			18,114
Capital Outlay	26,185		31,146	57,331
	<u>3,647,681</u>	<u>320,034</u>	<u>31,146</u>	<u>3,998,861</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(135,607)	-0-	5,650	(129,957)
Other financing uses:				
Operating transfers in (out)				
Net changes in fund balances	(135,607)	-0-	5,650	(129,957)
Fund balances, beginning of year,	<u>569,280</u>	<u>5,220</u>	<u>3,706</u>	<u>578,206</u>
Fund balances, end of year	<u>\$ 433,673</u>	<u>\$ 5,220</u>	<u>\$ 9,356</u>	<u>\$ 448,249</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Property taxes	\$ 18,824	\$ 18,824	\$ 20,810	\$ 1,986
State sources	3,395,203	3,460,860	3,459,068	(1,792)
Federal sources	923	923	925	2
Charges for services	-0-	-0-	-0-	-0-
Other local revenue	9,977	9,977	31,233	21,256
Interest	300	300	67	(233)
	<u>3,425,227</u>	<u>3,490,884</u>	<u>3,512,103</u>	<u>21,219</u>
<b>Total revenues</b>				
<b>EXPENDITURES:</b>				
Current:				
Instruction	2,259,800	2,295,674	2,034,070	261,604
Support services-students	303,526	333,309	414,976	(81,667)
Support services- instruction	89,532	89,532	93,733	(4,201)
Support services-general administration	239,009	239,009	193,803	45,206
Support services -school administration	180,040	180,040	183,775	(3,735)
Central services	72,066	72,066	59,261	12,805
Operation and maintenance of plant	738,130	738,130	662,709	75,421
Student transportation	5,000	5,000	4,588	412
Other support services	100,000	100,000	-0-	100,000
Food services operations	20,107	20,107	18,114	1,993
Facilities acquisition and construction	30,000	30,000	-0-	30,000
	<u>4,037,210</u>	<u>4,102,867</u>	<u>3,665,029</u>	<u>437,838</u>
<b>Total expenditures</b>				
Excess (deficiency) of revenues over expenditures	(611,983)	(611,983)	<u>\$ (152,926)</u>	<u>\$ 459,057</u>
Prior year cash required to balance budget	<u>\$ 611,983</u>	<u>\$ 611,983</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources	\$ 275,979	\$ 320,034	\$ 320,034	\$ -0-
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	275,979	320,034	320,034	-0-
<b>EXPENDITURES:</b>				
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	275,944	320,034	320,034	-0-
Food services operations				
Total expenditures	275,944	320,034	320,034	-0-
Excess (deficiency) of revenues over expenditures	\$ 35	\$ -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) - GENERAL FUND - INSTRUCTIONAL MATERIALS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources	\$ 33,440	\$ 33,440	\$ 36,796	\$ 3,356
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	33,440	33,440	36,796	3,356
<b>EXPENDITURES:</b>				
Current:				
Instruction				
Support services-students				
Support services- instruction	33,440	33,440	31,146	2,294
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	33,440	33,440	31,146	2,294
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ 5,650	\$ 5,650

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, 2008**

	Special Revenue	Capital Projects	Total
<b><u>ASSETS</u></b>			
Due from other funds	\$ 143,852	\$ 189,923	\$ 333,775
Due from grantor	528,878		528,878
Taxes receivable		21,600	21,600
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total revenues	<u>\$ 672,730</u>	<u>\$ 211,523</u>	<u>\$ 884,253</u>
 <b><u>LIABILITIES AND FUND EQUITY</u></b>			
Liabilities:			
Due to other funds	\$ 528,878		\$ 528,878
Accounts payable		\$ 3,002	3,002
Deferred revenue - grants	77,834		77,834
Deferred revenue - property taxes		19,210	19,210
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>606,712</u>	<u>22,212</u>	<u>628,924</u>
Fund Equity:			
Fund balances:			
Unreserved:			
Designated for subsequent year's expenditures			
Undesignated	66,018	189,311	255,329
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>66,018</u>	<u>189,311</u>	<u>255,329</u>
Total liabilities and fund equity	<u>\$ 672,730</u>	<u>\$ 211,523</u>	<u>\$ 884,253</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, 2008**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<b><u>REVENUES</u></b>			
Local taxes		\$ 85,175	\$ 85,175
State sources	\$ 208,770	86,555	295,325
Federal sources	445,033		445,033
Charges for services	31,578		31,578
Other local revenue	1,361		1,361
Interest	25,526		25,526
Total revenues	<u>712,268</u>	<u>171,730</u>	<u>883,998</u>
<b><u>EXPENDITURES</u></b>			
Current:			
Instruction	551,875		551,875
Support services-students	91,281		91,281
Support services- instruction	8,168		8,168
Support services-general administration			
Support services			
-school administration	2,645		2,645
Central services	33,295		33,295
Operation and maintenance of plant			
Community services operations			
Capital outlay		169,463	169,463
Total expenditures	<u>687,264</u>	<u>169,463</u>	<u>856,727</u>
Excess (deficiency) of revenues over expenditures	<u>25,004</u>	<u>2,267</u>	<u>27,271</u>
Other financing sources			
Operating transfers in	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net changes in fund balances	25,004	2,267	27,271
Fund balances, beginning of year	<u>41,014</u>	<u>187,044</u>	<u>228,058</u>
Fund balances, end of year	<u>\$ 66,018</u>	<u>\$ 189,311</u>	<u>\$ 255,329</u>

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).

21<sup>st</sup> 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 and SB301 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.

Legislative Appropriations – To account for appropriations made by the Legislature. Authority is the Legislature.

NM Arts Grant – To account for an arts grants given by the State of New Mexico. Authority is the State of New Mexico, Public Education Department.

**STATE OF NEW MEXICO  
MOUNTAINAIR PUBLIC SCHOOLS**

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

	<u>Athletics</u>	<u>Board Activity</u>	<u>Title I - Basic</u>	<u>IDEA - B Entitlement</u>	<u>IDEA - B Discretionary</u>
<b><u>ASSETS</u></b>					
Due from other funds	\$ 1,888	\$ 25,983			\$ 370
Due from grantor			\$ 202,895	\$ 46,126	
Total assets	<u>\$ 1,888</u>	<u>\$ 25,983</u>	<u>\$ 202,895</u>	<u>\$ 46,126</u>	<u>\$ 370</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Liabilities:					
Due to other funds			\$ 202,895	\$ 46,126	
Accounts payable					
Deferred revenue - grants					\$ 370
Total liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>202,895</u>	<u>46,126</u>	<u>370</u>
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures					
Undesignated	1,888	25,983			
Total fund balances	<u>1,888</u>	<u>25,983</u>			
Total liabilities and fund equity	<u>\$ 1,888</u>	<u>\$ 25,983</u>	<u>\$ 202,895</u>	<u>\$ 46,126</u>	<u>\$ 370</u>

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

<b>CADRE - Special Education</b>	<b>IDEA-B Preschool</b>	<b>EETT</b>	<b>Comprehensive School Reform</b>	<b>Title V-A</b>	<b>Teacher/ Principal Training and Recruitment</b>	<b>Title IV-A</b>	<b>21<sup>st</sup> Century</b>
\$ 7,879	\$ 5,617	\$ 2,257		\$ 5,898	\$ 34,310	\$ 2,103	\$ 104,105
<u>\$ 7,879</u>	<u>\$ 5,617</u>	<u>2,257</u>	<u>\$ -0-</u>	<u>\$ 5,898</u>	<u>\$ 34,310</u>	<u>\$ 2,103</u>	<u>\$ 104,105</u>
	\$ 5,617	\$ 2,257		\$ 5,898	\$ 34,310	\$ 2,103	\$ 104,105
<u>\$ 7,879</u>							
<u>7,879</u>	<u>5,617</u>	<u>2,257</u>	<u>\$ -0-</u>	<u>5,898</u>	<u>34,310</u>	<u>2,103</u>	<u>104,105</u>
<u>\$ 7,879</u>	<u>\$ 5,617</u>	<u>\$ 2,257</u>	<u>\$ -0-</u>	<u>\$ 5,898</u>	<u>\$ 34,310</u>	<u>\$ 2,103</u>	<u>\$ 104,105</u>



**STATE OF NEW MEXICO  
MOUNTAINAIR PUBLIC SCHOOLS**

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

	<u>IDEA Technology/ Renovation</u>	<u>Medicaid</u>	<u>Underage Drinking</u>	<u>NMYCC</u>	<u>Technology For Education</u>
<b><u>ASSETS</u></b>					
Due from other funds	\$ 216	\$ 38,147	\$ 21		\$ 6,953
Due from grantor				\$ 13,931	
Total assets	<u>\$ 216</u>	<u>\$ 38,147</u>	<u>\$ 21</u>	<u>\$ 13,931</u>	<u>\$ 6,953</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Liabilities:					
Due to other funds				\$ 13,931	
Accounts payable					
Deferred revenue – grants	\$ 216		\$ 21		\$ 6,953
Total liabilities	<u>216</u>	<u>\$ -0-</u>	<u>21</u>	<u>13,931</u>	<u>6,953</u>
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures					
Undesignated		38,147			
Total fund balances		<u>38,147</u>			
Total liabilities and fund equity	<u>\$ 216</u>	<u>\$ 38,147</u>	<u>\$ 21</u>	<u>\$ 13,931</u>	<u>\$ 6,953</u>

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

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<u>Legislative Appropriation</u>	<u>SB301 GO Bonds</u>	<u>Physical Education Classes</u>	<u>Incentives</u>	<u>GO Bond</u>	<u>CATCH Program</u>
\$ 94,234	\$ 8,168		\$ 31,818	\$ 1,506	\$ 4,587
<u>\$ 94,234</u>	<u>\$ 8,168</u>	<u>\$ -0-</u>	<u>\$ 31,818</u>	<u>\$ 1,506</u>	<u>\$ 4,587</u>
\$ 94,234	\$ 8,168			\$ 1,506	
			\$ 31,818		\$ 4,587
<u>94,234</u>	<u>8,168</u>	<u>\$ -0-</u>	<u>31,818</u>	<u>1,506</u>	<u>4,587</u>
<u>\$ 94,234</u>	<u>\$ 8,168</u>	<u>\$ -0-</u>	<u>\$ 31,818</u>	<u>\$ 1,506</u>	<u>\$ 4,587</u>

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**STATE OF NEW MEXICO  
MOUNTAINAIR PUBLIC SCHOOLS**

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

	<b>Mentorship Program</b>	<b>School - Based Health Center</b>	<b>New Mexico Arts Grant</b>	<b>Total</b>
<b><u>ASSETS</u></b>				
Due from other funds	\$ 1,155	\$ 24,835		\$ 143,852
Due from grantor			\$ 7,728	528,878
Total assets	<u>\$ 1,155</u>	<u>\$ 24,835</u>	<u>\$ 7,728</u>	<u>\$ 672,730</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
Liabilities:				
Due to other funds			\$ 7,728	\$ 528,878
Accounts payable				
Deferred revenue – grants	\$ 1,155	\$ 24,835		77,834
Total liabilities	<u>1,155</u>	<u>24,835</u>	<u>7,728</u>	<u>606,712</u>
Fund balances:				
Unreserved:				
Designated for subsequent year's expenditures				
Undesignated				66,018
Total fund balances				<u>66,018</u>
Total liabilities and fund equity	<u>\$ 1,155</u>	<u>\$ 24,835</u>	<u>\$ 7,728</u>	<u>\$ 672,730</u>

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**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, 2008**

	<u>Athletics</u>	<u>Board Activity</u>	<u>Title 1 - Basic</u>	<u>IDEA - B Entitlement</u>	<u>IDEA - B Discretionary</u>
<b>REVENUES:</b>					
State sources					
Federal sources					
Charges for services	\$ 31,578		\$ 202,895	\$ 78,920	
Other local revenue		\$ 1,361			
Interest		25,526			
Total revenues	<u>31,578</u>	<u>26,887</u>	<u>202,895</u>	<u>78,920</u>	<u>\$ -0-</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction	31,816	7,984	194,466	52,429	
Support services-students			5,784	26,491	
Support services- instruction					
Support services-general administration					
Support services					
-school administration			2,645		
Central services					
Operation and maintenance of plant					
Student transportation					
Community services operations					
Capital outlay					
Total expenditures	<u>31,816</u>	<u>7,984</u>	<u>202,895</u>	<u>78,920</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	(238)	18,903			
Other financing sources (uses):					
Operating transfers in (out)					
Net changes in fund balances	(238)	18,903			
Fund balances, beginning of year	<u>2,126</u>	<u>7,080</u>			
Fund balances, end of year	<u>\$ 1,888</u>	<u>\$ 25,983</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</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>21<sup>st</sup> Century</u>
	\$ 6,230	\$ 2,545		\$ 5,898	\$ 39,309	\$ 2,862	\$ 106,374
<u>\$ -0-</u>	<u>6,230</u>	<u>2,545</u>	<u>\$ -0-</u>	<u>5,898</u>	<u>39,309</u>	<u>2,862</u>	<u>106,374</u>
	6,230	2,545		5,898	39,309	2,862	106,374
<u>-0-</u>	<u>6,230</u>	<u>2,545</u>	<u>-0-</u>	<u>5,898</u>	<u>39,309</u>	<u>2,862</u>	<u>106,374</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, 2008**

	<u>IDEA Technology/ Renovation</u>	<u>Medicaid</u>	<u>Underage Drinking</u>	<u>NMYCC</u>	<u>Technology for Education</u>
<b>REVENUES:</b>					
State sources		\$ 16,778		\$ 33,295	
Federal sources					
Charges for services					
Other local revenue					
Interest					
Total revenues	<u>\$ -0-</u>	<u>16,778</u>	<u>\$ -0-</u>	<u>33,295</u>	<u>\$ -0-</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction					
Support services-students		10,439			
Support services- instruction					
Support services-general administration					
Support services					
-school administration					
Central services				33,295	
Operation and maintenance of plant					
Student transportation					
Community services operations					
Capital outlay					
Total expenditures	<u>-0-</u>	<u>10,439</u>	<u>-0-</u>	<u>33,295</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures		6,339			
Other financing sources (uses):					
Operating transfers in (out)					
Net changes in fund balances		6,339			
Fund balances, beginning of year		31,808			
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ 38,147</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

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<u>Legislature Appropriations</u>	<u>SB301 GO Bonds</u>	<u>Physical Education Classes</u>	<u>Incentives</u>	<u>GO Bond</u>	<u>CATCH Program</u>
\$ 94,234	\$ 8,168				\$ 981
<u>94,234</u>	<u>8,168</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>981</u>
94,234	8,168				981
<u>94,234</u>	<u>8,168</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>981</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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**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, 2008**

	<u>Mentorship Program</u>	<u>School - Based Health Center</u>	<u>New Mexico Arts Grant</u>	<u>Total</u>
<b>REVENUES:</b>				
State sources		\$ 47,586	\$ 7,728	\$ 208,770
Federal sources				445,033
Charges for services				31,578
Other local revenue				1,361
Interest				25,526
Total revenues	\$ -0-	47,586	7,728	712,268
<b>EXPENDITURES:</b>				
Current:				
Instruction			7,728	551,875
Support services-students		47,586		91,281
Support services- instruction				8,168
Support services-general administration				-0-
Support services -school administration				
Central services				2,645
Operation and maintenance of plant				33,295
Student transportation				-0-
Community services operations				-0-
Capital outlay				-0-
Total expenditures	-0-	47,586	7,728	687,264
Excess (deficiency) of revenues over expenditures				25,004
Other financing sources (uses): Operating transfers in (out)				-0-
Net changes in fund balances				25,004
Fund balances, beginning of year				41,014
Fund balances, end of year	\$ -0-	\$ -0-	\$ -0-	\$ 66,018

**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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources				
Federal sources				
Charges for services	\$ 25,000	\$ 25,000	\$ 31,578	\$ 6,578
Other local revenue				
Interest				
Total revenues	25,000	25,000	31,578	6,578
<b>EXPENDITURES:</b>				
Current:				
Instruction	26,095	26,095	31,816	(5,721)
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	26,095	26,095	31,816	(5,721)
Excess (deficiency) of revenues over expenditures	(1,095)	(1,095)	\$ (238)	\$ 857
Prior year cash balance required to balance budget	\$ 1,095	\$ 1,095		

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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ 860	\$ 860	\$ 1,361	\$ 501
Interest	5,000	5,000	25,527	20,527
<b>Total revenues</b>	<b>5,860</b>	<b>5,860</b>	<b>26,888</b>	<b>21,028</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction	7,445	7,445	7,984	(539)
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				
<b>Total expenditures</b>	<b>7,445</b>	<b>7,445</b>	<b>7,984</b>	<b>(539)</b>
Excess (deficiency) of revenues over expenditures	(1,585)	(1,585)	\$ 18,904	\$ 20,489
Prior year cash balance required to balance budget	\$ 1,585	\$ 1,585		

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, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
State sources				
Federal sources	\$ 235,209	\$ 290,476	\$ 144,719	\$ (145,757)
Charges for services				
Other local revenue				
Interest				
	<u>235,209</u>	<u>290,476</u>	<u>144,719</u>	<u>(145,757)</u>
Total revenues				
	<u>235,209</u>	<u>290,476</u>	<u>144,719</u>	<u>(145,757)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	225,172	280,439	194,466	85,973
Support services-students	-0-	-0-	5,784	(5,784)
Support services-instruction				
Support services-general administration	7,637	7,637	-0-	7,637
Support services				
-school administration	2,400	2,400	2,645	(245)
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
	<u>235,209</u>	<u>290,476</u>	<u>202,895</u>	<u>87,581</u>
Total expenditures				
	<u>235,209</u>	<u>290,476</u>	<u>202,895</u>	<u>87,581</u>
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ (58,176)	\$ (58,176)

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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources				
Federal sources	\$ 92,638	\$ 92,638	\$ 76,021	\$ (16,617)
Charges for services				
Other local revenue				
Interest				
<b>Total revenues</b>	<u>92,638</u>	<u>92,638</u>	<u>76,021</u>	<u>(16,617)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	55,158	55,158	52,429	2,729
Support services-students	37,480	37,480	26,491	10,989
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
<b>Total expenditures</b>	<u>92,638</u>	<u>92,638</u>	<u>78,920</u>	<u>13,718</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (2,899)</u>	<u>\$ (2,899)</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources				
Federal sources	\$ 7,887	\$ 7,887	\$ 6,106	\$ (1,781)
Charges for services				
Other local revenue				
Interest				
	<u>7,887</u>	<u>7,887</u>	<u>6,106</u>	<u>(1,781)</u>
Total revenues				
<b>EXPENDITURES:</b>				
Current:				
Instruction	2,887	7,887	6,230	1,657
Support services				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
	<u>2,887</u>	<u>7,887</u>	<u>6,230</u>	<u>1,657</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>\$ 5,000</u>	<u>\$ -0-</u>	<u>\$ (124)</u>	<u>\$ (124)</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 - ENHANCING EDUCATION THROUGH TECHNOLOGY FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources				
Federal sources	\$ -0-	\$ 2,545	\$ -0-	\$ (2,545)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>2,545</u>	<u>-0-</u>	<u>(2,545)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	-0-	2,545	2,545	-0-
Support services				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>-0-</u>	<u>2,545</u>	<u>2,545</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (2,545)</u>	<u>\$ (2,545)</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, 2008**

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

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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources				
Federal sources	\$ 2,811	\$ 5,898	\$ 281	\$ (5,617)
Charges for services				
Other local revenue				
Interest				
<b>Total revenues</b>	<u>2,811</u>	<u>5,898</u>	<u>281</u>	<u>(5,617)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	1,761	5,898	5,898	-0-
Support services				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
<b>Total expenditures</b>	<u>1,761</u>	<u>5,898</u>	<u>5,898</u>	<u>-0-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ 1,050</u>	<u>\$ -0-</u>	<u>\$ (5,617)</u>	<u>\$ (5,617)</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) - SPECIAL REVENUE FUND - TEACHER/PRINCIPAL TRAINING AND RECRUITMENT  
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources				
Federal sources	\$ 42,331	\$ 49,202	\$ 41,759	\$ (7,443)
Charges for services				
Other local revenue				
Interest				
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	42,331	49,202	41,759	(7,443)
<b>EXPENDITURES:</b>				
Current:				
Instruction	41,431	48,302	39,309	8,993
Support services				
Support services-students				
Support services- instruction				
Support services-general administration	900	900	-0-	900
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	42,331	49,202	39,309	9,893
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ 2,450	\$ 2,450

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, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
State sources				
Federal sources	\$ 3,655	\$ 3,655	\$ 2,090	\$ (1,565)
Charges for services				
Other local revenue				
Interest				
	<u>3,655</u>	<u>3,655</u>	<u>2,090</u>	<u>(1,565)</u>
Total revenues				
<b>EXPENDITURES:</b>				
Current:				
Instruction	3,567	3,567	2,862	705
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				
	<u>3,655</u>	<u>3,655</u>	<u>2,862</u>	<u>793</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (772)</u>	<u>\$ (772)</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 - 21<sup>ST</sup> CENTURY**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources				
Federal sources	\$ 140,000	\$ 146,497	\$ 171,390	\$ 24,893
Charges for services				
Other local revenue				
Interest				
	<u>140,000</u>	<u>146,497</u>	<u>171,390</u>	<u>24,893</u>
Total revenues	<u>140,000</u>	<u>146,497</u>	<u>171,390</u>	<u>24,893</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	130,540	129,150	101,374	27,776
Support services				
Support services-students				
Support services- instruction	7,800	7,800	5,000	2,800
Support services-general administration	1,660	1,660	-0-	1,660
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
	<u>140,000</u>	<u>138,610</u>	<u>106,374</u>	<u>32,236</u>
Total expenditures	<u>140,000</u>	<u>138,610</u>	<u>106,374</u>	<u>32,236</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ 7,887</u>	<u>\$ 65,016</u>	<u>\$ 57,129</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources	\$ 20,000	\$ 20,000	\$ 16,778	\$ (3,222)
Federal sources				
Charges for services				
Other local revenue				
Interest				
<b>Total revenues</b>	<u>20,000</u>	<u>20,000</u>	<u>16,778</u>	<u>(3,222)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction				
Support services				
Support services-students	20,000	20,000	10,439	9,561
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
<b>Total expenditures</b>	<u>20,000</u>	<u>20,000</u>	<u>10,439</u>	<u>9,561</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,339</u>	<u>\$ 6,339</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources	\$ 20,865	\$ 20,865	\$ 35,411	\$ 14,546
Federal sources				
Charges for services				
Other local revenue				
Interest				
<b>Total revenues</b>	<u>\$ 20,865</u>	<u>20,865</u>	<u>35,411</u>	<u>14,546</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction				
Support services				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services	20,865	20,865	33,295	(12,430)
Operation and maintenance of plant				
Student transportation				
Food services operations				
Community services operations				
<b>Total expenditures</b>	<u>20,865</u>	<u>20,865</u>	<u>33,295</u>	<u>(12,430)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,116</u>	<u>\$ 2,116</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources	\$ -0-	\$ 5,812	\$ 16,788	\$ 10,976
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>5,812</u>	<u>16,788</u>	<u>10,976</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	-0-	3,000	-0-	3,000
Support services				
Support services-students		2,812	-0-	2,812
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>5,812</u>	<u>-0-</u>	<u>5,812</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 16,788</u>	<u>\$ 16,788</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 - PHYSICAL EDUCATION CLASSES FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources	\$ -0-	\$ -0-	\$ 4,997	\$ 4,997
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>4,997</u>	<u>4,997</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction				
Support services				
Support services-students	-0-	-0-	-0-	-0-
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources	\$ -0-	\$ -0-	\$ 19,758	\$ 19,758
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	-0-	-0-	19,758	19,758
<b>EXPENDITURES:</b>				
Current:				
Instruction				
Support services				
Support services-students	-0-	-0-	-0-	-0-
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Total expenditures	-0-	-0-	-0-	-0-
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ 19,758	\$ 19,758

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 - SB301 GO BONDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources	\$ -0-	\$ 9,559	\$ -0-	\$ (9,559)
Federal sources				
Charges for services				
Other local revenue				
Interest				
<b>Total revenues</b>	<b>\$ -0-</b>	<b>9,559</b>	<b>-0-</b>	<b>(9,559)</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction				
Support services				
Support services-students				
Support services- instruction	-0-	9,559	8,168	1,391
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
<b>Total expenditures</b>	<b>-0-</b>	<b>9,559</b>	<b>8,168</b>	<b>1,391</b>
Excess (deficiency) of revenues over expenditures	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ (8,168)</b>	<b>\$ (8,168)</b>

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, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
State sources	\$ -0-	\$ 2,787	\$ 2,787	\$ -0-
Federal sources				
Charges for services				
Other local revenue				
Interest				
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total revenues	\$ -0-	2,787	2,787	-0-
<b>EXPENDITURES:</b>				
Current:				
Instruction	-0-	2,787	-0-	2,787
Support services				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenditures	-0-	2,787	-0-	2,787
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ 2,787	\$ 2,787

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 - LEGISLATIVE APPROPRIATIONS FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
State sources	\$ -0-	\$ 97,000	\$ -0-	\$ (97,000)
Federal sources				
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>\$ -0-</u>	<u>97,000</u>	<u>-0-</u>	<u>(97,000)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	-0-	97,000	94,234	2,766
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>97,000</u>	<u>94,234</u>	<u>2,766</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (94,234)</u>	<u>\$ (94,234)</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 - NM ARTS GRANT**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources	\$ -0-	\$ 7,728	\$ -0-	\$ (7,728)
Federal sources				
Charges for services				
Other local revenue				
Interest				
<b>Total revenues</b>	<b>\$ -0-</b>	<b>7,728</b>	<b>-0-</b>	<b>(7,728)</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction	-0-	7,728	7,728	-0-
Support services				
Support services-students				
Support services- instruction				
Support services-general administration				
Support services				
-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
<b>Total expenditures</b>	<b>-0-</b>	<b>7,728</b>	<b>7,728</b>	<b>-0-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ (7,728)</b>	<b>\$ (7,728)</b>

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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources				
Federal sources	\$ 800	\$ 800	\$ -0-	\$ (800)
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>800</u>	<u>800</u>	<u>-0-</u>	<u>(800)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction				
Support services				
Support services-students	800	800	981	(181)
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>800</u>	<u>800</u>	<u>981</u>	<u>(181)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (981)</u>	<u>\$ (981)</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources	\$ 65,000	\$ 65,000	\$ 57,570	\$ (7,430)
Federal sources				
Charges for services				
Other local revenue				
Interest				
<b>Total revenues</b>	<u>\$ 65,000</u>	<u>65,000</u>	<u>57,570</u>	<u>(7,430)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction				
Support services				
Support services-students	65,000	65,000	47,586	17,414
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				
<b>Total expenditures</b>	<u>65,000</u>	<u>65,000</u>	<u>47,586</u>	<u>17,414</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 9,984</u>	<u>\$ 9,984</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources	\$ 186,927	\$ 186,927	\$ 248,772	\$ 61,845
State sources				
Federal sources				
Charges for services				
Other local revenue			9	9
Interest				
	<u>186,927</u>	<u>186,927</u>	<u>248,781</u>	<u>61,854</u>
Total revenues	<u>186,927</u>	<u>186,927</u>	<u>248,781</u>	<u>61,854</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration	2,163	2,163	2,487	(324)
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Debt service	<u>362,711</u>	<u>362,771</u>	<u>216,365</u>	<u>146,406</u>
	<u>364,934</u>	<u>364,934</u>	<u>218,852</u>	<u>146,082</u>
Total expenditures	<u>364,934</u>	<u>364,934</u>	<u>218,852</u>	<u>146,082</u>
Excess (deficiency) of revenues over expenditures	(178,007)	(178,007)	<u>\$ 29,929</u>	<u>\$ 207,936</u>
Prior year cash balance required to balance budget	<u>\$ 178,007</u>	<u>\$ 178,007</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, 2008**

	<b>Public School Capital Outlay</b>	<b>Special Capital Outlay - State</b>	<b>Capital Improvements SB-9</b>	<b>Public Sch. Capital Outlay 20%</b>	<b>Total</b>
<b><u>ASSETS</u></b>					
Due from other funds	\$ 17,388	\$ 1,178	\$ 171,357		\$ 189,923
Taxes receivable			21,600		21,600
Total assets	<u>\$ 17,388</u>	<u>\$ 1,178</u>	<u>\$ 192,957</u>	<u>\$ -0-</u>	<u>\$ 211,523</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Liabilities:					
Due to other funds					
Accounts payable			\$ 3,002		\$ 3,002
Deferred revenue - prop. Taxes			19,210		19,210
Total liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>22,212</u>	<u>\$ -0-</u>	<u>22,212</u>
Fund equity:					
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures					
Undesignated	17,388	1,178	170,745		189,311
Total fund balances	<u>17,388</u>	<u>1,178</u>	<u>170,745</u>	<u>-0-</u>	<u>189,311</u>
Total liabilities and fund equity	<u>\$ 17,388</u>	<u>\$ 1,178</u>	<u>\$ 192,957</u>	<u>\$ -0-</u>	<u>\$ 211,523</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, 2008**

	<b>Public School Capital Outlay</b>	<b>Special Capital Outlay - State</b>	<b>Capital Improvements SB-9</b>	<b>Public Sch. Capital Outlay 20%</b>	<b>Total</b>
<b>REVENUES</b>					
Local taxes			\$ 85,175		\$ 85,175
State sources	\$ 5,377	\$ 81,178			86,555
Federal sources					
Other local revenue					
Interest					
Total revenues	<u>5,377</u>	<u>81,178</u>	<u>85,175</u>	<u>\$ -0-</u>	<u>171,730</u>
<b>EXPENDITURES</b>					
Capital outlay		<u>80,000</u>	<u>88,681</u>	<u>782</u>	<u>169,463</u>
Total expenditures		<u>80,000</u>	<u>88,681</u>	<u>782</u>	<u>169,463</u>
Net changes in fund balances	5,377	1,178	(3,506)	(782)	2,267
Fund balances, beginning of year	<u>12,011</u>	<u>-0-</u>	<u>174,251</u>	<u>782</u>	<u>187,044</u>
Fund balances, end of year	<u>\$ 17,388</u>	<u>\$ 1,178</u>	<u>\$ 170,745</u>	<u>\$ -0-</u>	<u>\$ 189,311.</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources				
Federal sources				
Charges for services				
Other local revenue	\$ 500	\$ 500	\$ -0-	(500)
Interest				
<b>Total revenues</b>	<u>500</u>	<u>500</u>	<u>-0-</u>	<u>(500)</u>
<b>EXPENDITURES:</b>				
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 service operations				
Facilities acquisition and construction	<u>713,579</u>	<u>713,579</u>	<u>712,181</u>	<u>1,398</u>
<b>Total expenditures</b>	<u>713,579</u>	<u>713,579</u>	<u>712,181</u>	<u>1,398</u>
Excess (deficiency) of revenues over expenditures	<u>713,079</u>	<u>713,079</u>	<u>(712,181)</u>	<u>1,398</u>
Other financing sources				
Issuance of general obligation bonds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in fund balance after other financing sources	(713,079)	(713,079)	<u>\$ (712,181)</u>	<u>\$ 898</u>
Prior year cash balance required to balance budget	<u>\$ 713,079</u>	<u>\$ 713,079</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources	\$ -0-	\$ -0-	\$ 5,377	\$ 5,377
Federal sources				
Charges for services				
Other local revenue				
Interest				
<b>Total revenues</b>	<u>-0-</u>	<u>-0-</u>	<u>5,377</u>	<u>5,377</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Facilities acquisition and construction	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Total expenditures</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 5,377</u>	<u>\$ 5,377</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 - SPECIAL CAPITAL OUTLAY**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
State sources				
Federal sources	\$ 80,000	\$ 80,000	\$ 121,131	\$ 41,131
Charges for services				
Other local revenue				
Interest				
Total revenues	<u>80,000-</u>	<u>80,000</u>	<u>121,131</u>	<u>41,131</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service				
Operation and maintenance of plant				
Student transportation				
Food service operations				
Facilities acquisition and construction	<u>81,177</u>	<u>81,177</u>	<u>80,000</u>	<u>1,177</u>
Total expenditures	<u>81,177</u>	<u>81,177</u>	<u>80,000</u>	<u>1,177</u>
Excess (deficiency) of revenues over expenditures	(1,177)	(1,177)	<u>\$ 41,131</u>	<u>\$ 42,308</u>
Beginning cash required to balance budget	<u>\$ 1,177</u>	<u>\$ 1,177</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, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Property taxes	\$ 77,178	\$ 77,178	\$ 85,059	\$ 7,881
State sources	-0-	28,511	-0-	(28,311)
Federal sources				
Charges for services				
Other local revenue				
Interest				
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>77,178</u>	<u>105,689</u>	<u>85,059</u>	<u>(20,630)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service	-			
Operation and maintenance of plant				
Student transportation				
Food service operations				
Facilities acquisition and construction	<u>184,650</u>	<u>213,161</u>	<u>86,234</u>	<u>126,927</u>
Total expenditures	<u>184,650</u>	<u>213,161</u>	<u>86,234</u>	<u>126,927</u>
Excess (deficiency) of revenues over expenditures	(107,472)	(107,472)	<u>\$ (1,175)</u>	<u>\$ 106,297</u>
Prior year cash balance required to balance budget	<u>\$ 107,472</u>	<u>\$ 107,472</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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Local taxes				
State sources				
Federal sources				
Charges for services				
Other local revenue				
Interest				
<b>Total revenues</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services				
-school administration				
Central service		-		
Operation and maintenance of plant				
Student transportation				
Food service operations				
Facilities acquisition and construction	2,465	2,465	782	1,683
<b>Total expenditures</b>	<b>2,465</b>	<b>2,465</b>	<b>782</b>	<b>1,683</b>
Excess (deficiency) of revenues over expenditures	(2,465)	(2,465)	\$ (782)	\$ 1,683
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, 2008**

	<b>Operational Account 11000</b>	<b>Transportation Account 13000</b>	<b>Instructional Materials 14000</b>	<b>Food Services Account 21000</b>	<b>Athletics Account 22000</b>
Audited net cash and Investments, 6/30/07	\$ 592,334	\$ 5,220	\$ 3,706	\$ 19,145	\$ 2,126
Current year revenue	3,512,104	320,034	36,796	153,720	31,578
Cash transfers in					
Prior-year warrants voided					
Current year expenditures	(3,664,297)	(320,034)	(31,146)	(152,630)	(31,816)
Cash transfers out	<u>(762)</u>				
Total cash and investments 6/30/08	<u>\$ 439,379</u>	<u>\$ 5,220</u>	<u>\$ 9,356</u>	<u>\$ 20,235</u>	<u>\$ 1,888</u>

**STATE OF NEW MEXICO**  
**MOUNTAINAIR PUBLIC SCHOOLS**

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

	<b>Non-Instruct. Fund 23000</b>	<b>Federal Flowthrough Fund 24000</b>	<b>Federal Direct Fund 25000</b>	<b>State Flowthrough Fund 27000</b>	<b>State Direct Fund 28000</b>
Audited net cash and Investments, 6/30/07	\$ 7,080	\$ (459,680)	\$ 31,829	\$ (5,908)	\$ (11,579)
Current year revenue	26,887	509,737	16,778	44,329	36,511
Cash transfers in		129			
Prior Year Warrants Voided					
Current year expenditures	(7,984)	(445,034)	(10,439)	(102,402)	(42,004)
Cash transfers out					
Total cash and investments 6/30/08	<u>\$ 25,983</u>	<u>\$ (394,848)</u>	<u>\$ 38,168</u>	<u>\$ (63,981)</u>	<u>\$ (17,072)</u>

**STATE OF NEW MEXICO**  
**MOUNTAINAIR PUBLIC SCHOOLS**

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

	<u>Local/State Fund 29000</u>	<u>Bond Building 31100</u>	<u>Pub. School Cap. Outlay 31200</u>
Audited net cash and Investments, 6/30/07	\$ 14,851	\$ 712,181	\$ 12,011
Current year revenue	57,570		5,377
Cash transfers in			
Prior year warrants voided			
Current year expenditures	(47,586)	(712,181)	
Cash transfers out			
Total cash and investments 6/30/08	<u>\$ 24,835</u>	<u>\$ -0-</u>	<u>\$ 17,388</u>

**STATE OF NEW MEXICO  
MOUNTAINAIR PUBLIC SCHOOLS**

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

	<b>Spec. Cap. Outlay - State 31400</b>	<b>Cap. Improv. SB-9 31700</b>	<b>P.S.O.C. 20% 32100</b>
Audited net cash and Investments, 6/30/07	\$ (39,953)	\$ 172,532	\$ 782
Current year revenue	121,131	85,059	
Cash transfers in			
Prior year warrants voided			
Current year expenditures	(80,000)	(86,234)	(782)
Cash transfers out			
Total cash and investments 6/30/08	<u>\$ 1,178</u>	<u>\$ 171,357</u>	<u>\$ -0-</u>

**STATE OF NEW MEXICO**  
**MOUNTAINAIR PUBLIC SCHOOLS**

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

	<b>Debt Service Fund 41000</b>	<b>Agency Funds</b>	<b>Grand Total All Funds</b>
Audited net cash and Investments, 6/30/07	\$ 193,572	\$ 31,166	\$ 1,281,415
Current year revenue	248,781	124,410	5,330,802
Cash transfers in			129
Prior year warrants voided			-0-
Current year expenditures	(218,852)	(125,016)	(6,078,437)
Cash transfers out			(762)
Total cash and investments 6/30/08	<u>\$ 223,501</u>	<u>\$ 30,560</u>	<u>\$ 533,147</u>

	<b>Account Name</b>	<b>Type of Account</b>	<b>Bank Balance, June 30, 2008</b>	<b>Reconciled Balance, June 30, 2008</b>
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	61,878	61,878
	Mountainair Schools Investment	Savings	10,509	10,509
My Bank, Belen, NM	General Operating	Checking	427,575	385,645
	School Lunch	Checking	33,859	20,235
	Payroll Clearing	Checking	181,877	-0-
	Bond Proceeds	Savings	596,440	-0-
	High School Activities	Checking	22,247	21,801
	Elementary Activities	Checking	10,914	10,647
			<u>\$ 1,461,315</u>	<u>\$ 533,147</u>

**STATE OF NEW MEXICO**  
**MOUNTAINAIR PUBLIC SCHOOLS**

**SCHEDULE OF PLEDGED COLLATERAL**  
**JUNE 30, 2008**

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

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

The following is a description of cash on deposit by financial institutions and the related pledged collateral at June 30, 2008:

Wells Fargo Bank, Albuquerque, New Mexico:

Total bank deposits	\$ 188,403
Amount insured by FDIC	(188,403)
Uninsured public funds	<u>\$ -0-</u>
50% Collateral requirement	<u>\$ -0-</u>

My Bank, Belen, New Mexico:

Total bank deposits	\$ 1,272,912
Amount insured by FDIC	(250,000)
Uninsured public funds	<u>\$ 1,022,912</u>
50% Collateral requirement	<u>\$ 511,456</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	3133XEAQ2	12/30/10	\$ 50,000	\$ 50,563	50,563
FHLB	3133XEAQ2	12/30/10	300,000	303,382	303,382
FHLB	3133XEAQ2	12/30/10	150,000	151,691	151,691
FHLB	3133XHPUO	11/14/13	250,000	252,632	<u>252,632</u>
Total pledged					<u>758,268</u>
Amount (under) requirement at June 30, 2008					<u>\$ 246,812</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, 2008**

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	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
<b><u>ASSETS</u></b>				
Due from other governmental units	\$ 31,166	\$ 124,421	\$ (125,027)	\$ 30,560
Total assets	<u>\$ 31,166</u>	<u>\$ 124,421</u>	<u>\$ (125,027)</u>	<u>\$ 30,560</u>
<b><u>LIABILITIES</u></b>				
Deposits held for others	\$ 31,166	\$ 124,421	\$ (125,027)	\$ 30,560
Total liabilities	<u>\$ 31,166</u>	<u>\$ 124,421</u>	<u>\$ (125,027)</u>	<u>\$ 30,560</u>

**STATE OF NEW MEXICO  
MOUNTAINAIR PUBLIC SCHOOLS**

**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008**

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	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
<b>STUDENT ACTIVITY FUNDS:</b>				
High School	\$ 20,837	\$ 91,097	\$ (92,021)	\$ 19,913
Elementary School	10,329	33,324	(33,006)	10,647
 Total Student Activity Funds	 <u>\$ 31,166</u>	 <u>\$ 124,421</u>	 <u>\$ (125,027)</u>	 <u>\$ 30,560</u>

**STATE OF NEW MEXICO  
MOUNTAINAIR PUBLIC SCHOOLS**

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

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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, 2008**

<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	\$ 202,895
IDEA-B Entitlement/Special Ed.	05-02	84.027	78,920
IDEA-B Preschool	05-04	84.173	6,230
Teacher/Principal Training and Recruiting	05-06	84.367	39,309
Safe and Drug Free Schools	05-07	84.186	2,862
21 <sup>st</sup> Century	05-08	84.287	106,374
Title V-A	05-09	84.000	5,898
Enhancing Education Through Technology	05-10	84.318	2,545
Total U.S. Department of Education			<u>445,033</u>
 <u>U.S. Department of Agriculture</u>			
Passed through State of New Mexico Department of Education:			
National School Lunch/Breakfast	N/A	10.555	126,693
 Passed through Statement of New Mexico			
Department of Human Services:			
U.S.D.A. Commodities	N/A	10.555	9,439
Total indirect-U.S. Department of Agriculture			<u>136,132</u>
 Direct:			
Forest Reserve	N/A	10.665	925
Total U.S. Department of Agriculture			<u>137,057</u>
Total Expenditures of Federal Awards			<u>\$ 582,090</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>\$ 582,090</u>

**STATE OF NEW MEXICO  
MOUNTAINAIR PUBLIC SCHOOLS**

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

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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 \$9,439 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, the aggregate remaining fund information and the budgetary comparisons of the General Fund and the Food Service Special Revenue Fund 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, 2008, and have issued my report thereon dated November 6, 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, 04-11, 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 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, 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.



November 6, 2009

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

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

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

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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, 2008. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. My responsibility is to express an opinion on the District's compliance based on my audit.

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

In my opinion, 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, 2008.

Internal Control Over Compliance

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

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

My consideration of internal control over compliance was for the limited 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.

  
November 6, 2009

**STATE OF NEW MEXICO  
MOUNTAINAIR PUBLIC SCHOOLS**

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

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**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, 2008

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II. Financial Statement Findings

04 -1 – BANK ACCOUNTS NOT RECONCILED

**Statement of finding:** The Payroll Clearing Account and the Food Service Account were not completely reconciled during the fiscal year or at June 30, 2008. The General Account also was not completely reconciled at June 30, 2008.

**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 -11 – PERSONNEL FILES AND PAYROLL

**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 employee had no Form I-9.
- c. Several minor differences were noted on ERB reports regarding contributions

**Criteria:** All personnel hired since November 1986 should have a Form I-9 on file. ERB reports should be reviewed by someone besides the preparer.

**Effect:** ERB differences may grow. Required Form I-9's are not on file which could result in a penalty.

**Cause:** Form I-9s were not completely filled out. ERB reports were not reviewed by someone besides the preparer.

**Recommendation:** All Form I-9s should be reviewed to ensure that they are complete. All ERB reports should be rechecked by someone besides the preparer to ensure accuracy.

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

**STATE OF NEW MEXICO  
MOUNTAINAIR PUBLIC SCHOOLS**

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

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**04 -12 – CASH DISBURSEMENTS**

**Statement of finding:** During the testing of twenty-five cash disbursements for the Food Services Fund, one exception was noted:

- a. One disbursement was not approved. Total: \$4,635.

During the testing of fifty-five cash disbursements for the high school activity account, the following exceptions were noted.

- a. Thirteen cash disbursements over \$200 were not signed by the superintendent. Total: \$19,215.
- b. One cash disbursement had a purchase order for \$1,200, but amount spent was \$1,816.
- c. Two cash disbursements had purchase orders dated after the purchase. Total: \$441.
- d. Three cash disbursements had no supporting documentation. Total: \$3,399.
- e. Four cash disbursements had supporting documentation less than the amount of the cash disbursement.

Check #	Amount	Amount Supported	Differences
2989	\$ 409.50	\$ 253.22	\$ 156.28
3263	6,657.00	6,272.74	384.26
3298	1,000.00	628.25	371.75
3050	341.00	178.81	162.19
	<u>\$ 8,407.50</u>	<u>\$ 7,333.02</u>	<u>\$ 1,074.48</u>

During the testing of forty-five cash disbursements from the elementary school activity account, we noted the following exceptions:

- a. Thirteen cash disbursements were missing the required superintendent’s signature for invoices above \$450. Total: \$11,680.
- b. One cash disbursement was missing the superintendent’s approval and the principal’s approval. Total: \$1,364.
- c. One cash disbursements had a purchase order dated after the actual date of purchase. Total \$196.
- d. One cash disbursement for \$140 had supporting documentation for \$99. Difference was \$41.
- e. One cash disbursement for \$20 had no supporting documentation.

During the testing of a sample of sixty random cash disbursements from the operational account, nothing was noted that required reporting.

**STATE OF NEW MEXICO**  
**MOUNTAINAIR PUBLIC SCHOOLS**

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

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**Criteria:** Purchase orders should be issued before purchases are made. Cash disbursements should be completely supported.

**Effect:** Purchases were made before being formally approved. Amounts spent were not always completely supported.

**Cause:** Sometimes purchases had to be apparently made quickly, and the approval process was not followed.

**Recommendation:** Purchase orders should be issued before purchases. 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 AND TIMELY DEPOSIT– AGENCY FUNDS**

**Statement of finding:** Documentation for the support of the receipts of the activity funds was not always retained. Ten 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.

Eight out of fifteen activity fund cash receipts tested at the elementary school only had one signature for cash received. The signature was that of the person who maintains the records. In addition, ten out of twenty-five activity fund cash receipts tested at the high-school were not deposited timely.

**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.

**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.

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

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**07 -1 – LATE AUDIT REPORT**

**Statement of finding:** The audit report for the fiscal year ended June 30, 2008 was not filed timely by November 15, 2008 as required. The audit report was received by the Office of the State Auditor on November 13, 2009.

**Criteria:** The due date of November 15, 2008 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 have the FY09 audit completed on time.

**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, 2008.

**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.

**07 -4– OVEREXPENDITURE OF BUDGET**

**Statement of finding:** The District overspent its entire budget by \$5,721 in the Athletics Special Revenue Fund, by \$539 in the Board Activity Special Revenue Fund, by \$12,430 in the NMYCC Special Revenue Fund, and by \$181 in the CATCH Special Revenue Fund.

The Debt Service Fund overspent its function, support services-general administration by \$324. The General Fund-Operational Account overspent its functions as follows:

- Support services-students by \$81,667.
- Support services- instruction by \$4,201.



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

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- Support services-administration by \$3,735.

The Title I-Basic Special Revenue Fund overspent its function, support services- students by \$5,784 and its function, support services- school administration by \$245.

**Criteria:** The District is required to stay within its expenditures budget by function 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.

**07 -5- CASH DISBURSEMENTS- 21<sup>ST</sup> CENTURY MAJOR PROGRAM**

**Statement of finding:** During the testing of twenty-five cash disbursements, the following were noted.

- a. One disbursement did not have sufficient support attached. Total: \$34.
- b. One instance was noted where the superintendent's signature indicating approval was not on a mileage reimbursement request. Total: \$54.

**Criteria:** All disbursement documentation should include an invoice or other support.

**Effect:** Items may have been paid for which were not completely supported.

**Cause:** Minor items were apparently overlooked.

**Recommendation:** This was an improvement over the prior year. All disbursements should have complete 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.

**III. Federal Award Findings and Questioned Costs**

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

**STATE OF NEW MEXICO  
MOUNTAINAIR PUBLIC SCHOOLS**

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

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**07-5- CASH DISBURSEMENTS- 21<sup>ST</sup> CENTURY MAJOR PROGRAM**

**Statement of finding:** During the testing of twenty-five cash disbursements, the following were noted

- a. One disbursement did not have sufficient support attached. Total: \$34.
- b. One instance was noted where the superintendent's signature indicating approval was not on a mileage reimbursement request. Total: \$54.

**Criteria:** All disbursement documentation should include an invoice or other support.

**Effect:** Items may have been paid for which were not completely supported

**Cause:** Minor items were apparently overlooked.

**Questioned Costs:** None.

**Recommendation:** This was an improvement over prior year. All disbursements should have complete 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, 2008**

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- 04 -1 – BANK ACCOUNTS NOT RECONCILED** – Repeated.
- 04 -10 – SEGREGATION OF DUTIES** – Resolved.
- 04 -11 – PERSONNEL FILES** – Repeated.
- 04 -12 – CASH DISBURSEMENTS** – Repeated.
- 06 -1 – SUPPORTING DOCUMENTATION FOR RECEIPTS- AGENCY FUNDS** – Repeated.
- 07- 1 – LATE AUDIT REPORT** – Repeated.
- 07- 2 – FILING OF DATA COLLECTION FORM** – Repeated.
- 07- 3 – INADEQUATE PLEDGED COLLATERAL** – Resolved.
- 07- 4– OVEREXPENDITURE OF BUDGET** – Repeated.
- 07- 5 – CASH DISBURSEMENTS – 21<sup>ST</sup> CENTURY MAJOR PROGRAM** – Repeated.

**STATE OF NEW MEXICO**  
**MOUNTAINAIR PUBLIC SCHOOLS**

**EXIT CONFERENCE**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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An exit conference was held on November 13, 2009 to discuss the audit report. Attending were the following:

For the District:

P.J. Lovato  
Darrell Roberts  
Jay Mortensen  
Tammy Zamora

President of the Board of Education  
Member of the Board of Education  
Superintendent  
Business Manager

For the Independent Auditor:

Chester W. Mattocks, CPA