

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS**

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**JUNE 30, 2007**



**Roy Woodard & Associates**  
Certified Public Accountants

7077

STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

**STATE AUDITOR  
 STATE OF NEW MEXICO  
 OFFICE COPY**

TABLE OF CONTENTS

JUNE 30, 2007

	<u>Exhibit</u>	<u>Page Number</u>
Table of Contents.....		i-iii
Official Roster.....		iv
Independent Auditor's Report.....		1-2
Basic Financial Statements:		
Statement of Net Assets .....	A	3
Statement of Activities .....	B	4
Balance Sheet – Governmental Funds .....	C	5-6
Reconciliation of the Balance Sheet All Governmental Funds to the Statement of Net Assets .....	D	7
Combined Statement of Revenue, Expenditures and Changes in Fund Balance – All Governmental Funds .....	E	8-9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance- All Governmental Funds to the Statement of Activities .....	F	10
Combined Statement of Revenue and Expenditures – Budget (Non-GAAP) and Actual – General Fund .....	G	11
Statement of Revenue and Expenditures Budget (Non-GAAP) and Actual --Medicaid Title XIX.....	H	12
--School Based Health Centers.....	I	13
Statement of Fiduciary Assets & Liabilities --Agency Fund .....	J	14
Notes to Financial Statements .....		15-35
Non-Major Governmental Funds:		
General Fund Description .....		36
Combining Balance Sheet—General Fund .....	A-1	37
Combining Statement of Revenue, Expenditures and Changes in Fund Balance—General Fund .....	A-2	38
Statement of Revenue and Expenditures Budget (Non-GAAP) and Actual --General Fund – Operational .....	A-3	39
--General Fund- Transportation .....	A-4	40
--Instructional Materials.....	A-5	41
Special Revenue Fund Description.....		42-43
Combining Balance Sheet Non-Major Governmental Funds --Special Revenue Funds.....	B-1	44-46
Combining Statement of Revenues, Expenses and Changes In Fund Balance – Non-major Governmental Funds --Special Revenue Funds.....	B-2	47-49

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 SANTA ROSA CONSOLIDATED SCHOOLS

TABLE OF CONTENTS, continued

JUNE 30, 2007

Statement of Revenue and Expenditures		
--Budget (Non-GAAP) and Actual		
--Special Revenue Fund		
--Food Services.....	B-3 .....	50
--Athletics .....	B-4 .....	51
--Title I .....	B-5 .....	52
--Idea B – Entitlement Budget.....	B-6 .....	53
--Partnership in Character Pilot.....	B-7 .....	54
--Enhancing Education Through Technology (E2T2-F).....	B-8 .....	55
--Enhancing Education Through Technology (E2T2-C) .....	B-9 .....	56
--Title V .....	B-10 .....	57
--English Language Acquisition.....	B-11 .....	58
--Teacher/Principal Training.....	B-12 .....	59
--Save and Drug Free Schools.....	B-13 .....	60
--Rural & Low Income Schools.....	B-14 .....	61
--Technology For Education.....	B-15 .....	62
--Obesity Program.....	B-16 .....	63
--Computerized Learning .....	B-17 .....	64
--Incentives for School Improvement.....	B-18 .....	65
--Library GO Bonds Laws of 2004.....	B-19 .....	66
--Beginning Teacher Mentoring.....	B-20 .....	67
--SB-9.....	B-21 .....	68
Capital Projects Fund Description.....		69
Combining Balance Sheet		
Non-Major Governmental Funds		
--Debt Service Fund.....	C-1 .....	70-71
Combining Statement of Revenue, Expenditures and Changes in Fund Balance		
Non-Major Governmental Funds		
--Debt Service Fund.....	C-2 .....	73-73
Statement of Revenue and Expenditures		
Budget (Non-GAAP) and Actual		
--Ed Tech Debt Service Fund.....	C-3 .....	74
--Public School Capital Outlay .....	C-4 .....	75
--Public School Capital Outlay Local.....	C-5 .....	76
--Public School Capital Outlay State .....	C-6 .....	77
--Energy Efficiency Act.....	C-7 .....	78
--Public School Capital Outlay 20% .....	C-8 .....	79
Agency Funds Description .....		80
Combining Statement of Changes in Assets and Liabilities		
--Agency Funds.....	D-1 .....	81
Other Major Fund Information.....		82
Statement of Revenue and Expenditures		
Budget (Non-GAAP) and Actual		
--Debt Service Fund.....	E-1 .....	83

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

TABLE OF CONTENTS, continued

JUNE 30, 2007

Other Supplementary Information .....		84
	<u>Schedule</u>	
Bank Summary.....	1	85
Schedule of Pledged Collateral .....	2	86
Bank Reconciliation.....	3	87-89
Single Audit Section .....		90
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> .....		91-92
Independent Auditors Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....		93-94
Schedule of Findings & Questioned Costs.....		95-98
Schedule of Expenditures of Federal Awards .....		99
Other Disclosures.....		100

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

JUNE 30, 2007

OFFICIAL ROSTER

BOARD OF EDUCATION

Gilda D.S. Gonzales	President
Pablita Abeyta	Vice President
Ernest Chavez	Secretary
Alvin V. Maestas, Sr.	Member
Antonio Bachicha	Member

SCHOOL OFFICIALS

Daniel B. Flores	Superintendent
Moises Herrera	Assistant Superintendent
Yolette Gallegos	Business Manager

Portales  
Clovis

RWA

# Roy Woodard & Associates

Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas  
New Mexico State Auditor  
The Board of Education  
Santa Rosa Consolidated Schools  
Santa Rosa, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Rosa Consolidated Schools (District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Santa Rosa Consolidated School's non-major governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of Santa Rosa Consolidated School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Rosa Consolidated Schools, as of June 30, 2007, and the respective changes in financial position where applicable, thereof and the respective budgetary comparison statements for the General, Medicaid Title XIX, and School Based Health Centers funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund and the fiduciary funds of Santa Rosa Consolidated Schools, as of June 30, 2007, and the respective changes in financial position thereof and the respective budgetary comparison statements for the Debt Service Fund and each non-major governmental fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2008, on our consideration of Santa Rosa Consolidated School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part

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

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

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

*Roy Woodard & Associates*

November 20, 2008

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT A

STATEMENT OF NET ASSETS

JUNE 30, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 1,858,085
Due from other governments	97,514
Food Inventory	12,261
Total current assets	<u>1,967,860</u>
Non-current assets:	
Capital assets, net	<u>15,559,626</u>
Total non-current assets	<u>15,559,626</u>
Total assets	<u>17,527,486</u>
<u>LIABILITIES</u>	
Current liabilities:	
Cash deficit	7,898
Accrued interest payable	91,711
Deferred credits	191,939
Current portion of long-term debt	410,000
Total current liabilities	<u>701,548</u>
Non-current liabilities:	
Due in more than one year	<u>2,615,000</u>
Total non-current liabilities	<u>2,615,000</u>
Total liabilities	<u>3,316,548</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	12,534,626
Restricted:	
Instructional materials	28,351
Cafeteria	12,261
Debt Service	619,024
Unrestricted	<u>1,016,676</u>
Total net assets	<u>\$ 14,210,938</u>

The accompanying notes are an integral part of these financial statements



STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue & Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
Instruction	\$ 4,114,097	\$ -	\$ 565,805	\$ -	\$ (3,548,292)
Support Services	179,077	-	175,973	-	(3,104)
Support Services Students	543,056	-	5,560	-	(537,496)
Support Services Instruction	203,578	-	4,841	-	(198,737)
Support Services General Administration	383,203	-	-	-	(383,203)
Support Services School Administration	546,539	33,379	390,877	-	(122,283)
Central Services	150,486	42,942	-	-	(107,544)
Operation and Maintenance of Plant	1,102,540	-	-	-	(1,102,540)
Student Transportation	483,808	-	479,025	-	(4,783)
Other Support Services	-	-	1,934	-	1,934
Food Services Operations	483,262	-	-	-	(483,262)
Bond interest	142,524	-	-	-	(142,524)
Depreciation-unallocated	650,457	8,162	155,723	150,347	(336,225)
<b>Total governmental activities</b>	<b>\$ 8,982,627</b>	<b>\$ 84,483</b>	<b>\$ 1,779,738</b>	<b>\$ 150,347</b>	<b>(6,968,059)</b>

General revenues:

Property Taxes:	
General purpose	169,398
Debt service	657,182
Capital projects	-
Grant & contributions not restricted	6,282,621
Grants & contributions restricted	33,528
Unrestricted investment earnings	83,616
Loss on disposal of assets	(11,318)
Miscellaneous income	88,534
<b>Total general revenues</b>	<b>7,303,561</b>
Change in net assets	335,502
Net assets - beginning	13,872,936
Prior year adjustments	2,500
Net assets - beginning restated	13,875,436
Net assets - ending	\$ 14,210,938

The accompanying notes are an integral part of these financial statements

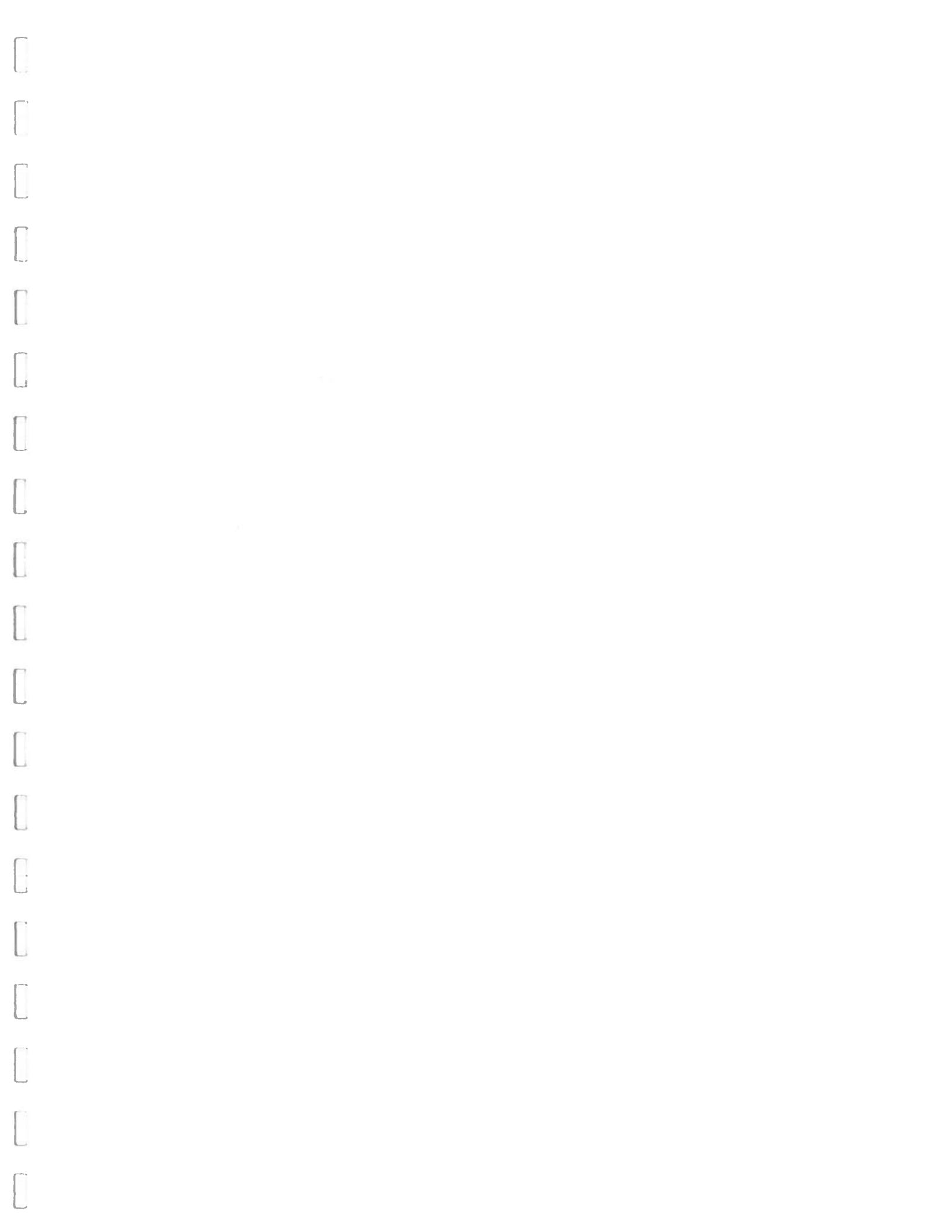


EXHIBIT C

<u>SCHOOL BASED HEALTH CENTERS</u>	<u>DEBT SERVICE</u>	<u>NON MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ 105,991	\$ 459,293	\$ 112,769	\$ 742,345
-	221,256	164,512	1,115,740
-	8,358	1,897	10,612
-	1,379	1,025	6,953
-	-	976	976
-	-	71,075	78,973
-	-	12,261	12,261
-	-	44,351	110,907
<u>\$ 105,991</u>	<u>\$ 690,286</u>	<u>\$ 408,866</u>	<u>\$ 2,078,767</u>
\$ -	\$ -	\$ -	\$ 7,898
-	71,262	8,932	91,711
105,991	-	2,727	191,939
-	-	110,907	110,907
-	-	-	-
-	-	-	-
<u>105,991</u>	<u>71,262</u>	<u>122,566</u>	<u>402,455</u>
-	-	-	28,351
-	-	-	619,024
-	619,024	-	12,261
-	-	12,261	12,261
-	-	-	742,637
-	-	229,381	229,381
-	-	44,658	44,658
<u>-</u>	<u>619,024</u>	<u>286,300</u>	<u>1,676,312</u>
<u>\$ 105,991</u>	<u>\$ 690,286</u>	<u>\$ 408,866</u>	<u>\$ 2,078,767</u>

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT D

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

JUNE 30, 2007

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

Fund Balances - total governmental funds	\$	1,676,312
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		15,559,626
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		<u>(3,025,000)</u>
Net assets of governmental activities	\$	<u><u>14,210,938</u></u>

The accompanying notes are an integral part of these financial statements

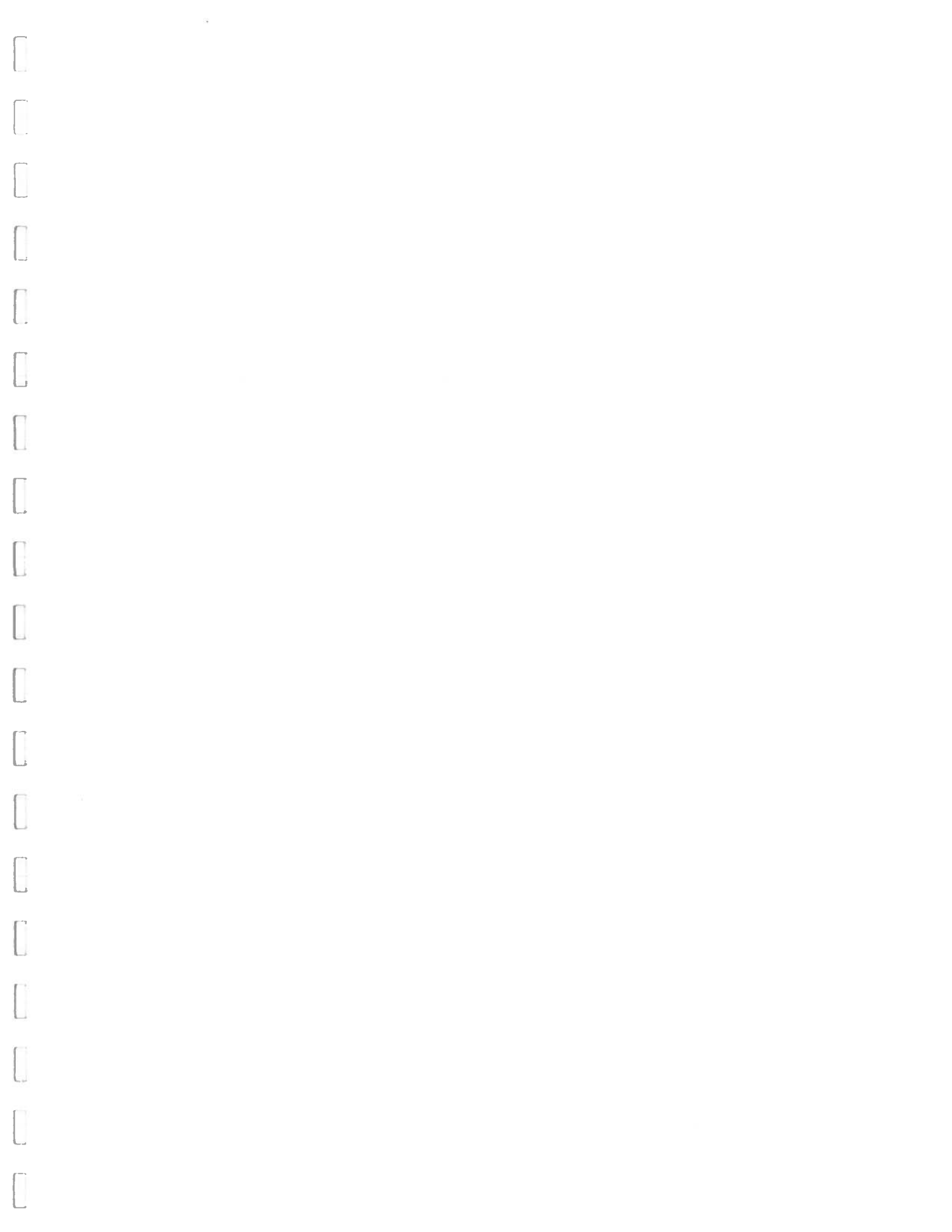


EXHIBIT E

	SCHOOL BASED HEALTH CENTERS	DEBT SERVICE	NON MAJOR GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$	-	\$ -	\$ 1,012,878	\$ 1,123,383
	-	-	76,367	619,148
	139,009	-	153,128	331,812
	-	-	-	6,225,041
	-	657,182	139,070	826,580
	-	-	76,321	78,234
	-	26,895	19,272	83,616
	-	-	25	41,633
	<u>139,009</u>	<u>684,077</u>	<u>1,477,061</u>	<u>9,329,447</u>
	22,282	-	581,577	3,881,809
	26,727	-	117,806	179,077
	-	-	-	543,056
	-	-	-	203,578
	-	8,202	1,814	383,203
	-	-	-	546,539
	-	-	1,934	150,486
	90,000	-	-	1,102,540
	-	-	-	483,808
	-	-	-	-
	-	-	400,639	483,262
	-	-	521,932	559,815
	-	390,000	-	390,000
	-	142,524	-	142,524
	<u>139,009</u>	<u>540,726</u>	<u>1,625,702</u>	<u>9,049,697</u>
	-	143,351	(148,641)	279,750
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	143,351	(148,641)	279,750
	<u>-</u>	<u>475,673</u>	<u>434,941</u>	<u>1,396,562</u>
\$	<u>-</u>	<u>\$ 619,024</u>	<u>\$ 286,300</u>	<u>\$ 1,676,312</u>

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT F

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

FOR THE YEAR ENDED JUNE 30, 2007

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

Net change in fund balance - total governmental funds \$ 279,750

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Gains or losses on disposal of capitalizable assets are also reflected in the statement of activities net of depreciation. These are the amounts reported as capital outlay and gains or losses on disposal of depreciable assets

Capital outlay	327,527
Loss on disposal of assets	(11,318)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds

The issuance of long-term debt (e.g., bonds) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items

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Expenses in Statement of Activities which do not require use of current financial resources	i.e. Depreciation	(650,457)
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Bond Principal	<u>390,000</u>
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Change in Net Assets	<u><u>\$ 335,502</u></u>
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The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT G

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

Year Ended June 30, 2007

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 67,848	\$ 67,848	\$ 75,961	\$ 8,113
State Revenue	6,770,958	6,761,237	6,767,822	6,585
Local Revenue	86,520	86,520	157,957	71,437
<b>TOTAL REVENUE</b>	<u>6,925,326</u>	<u>6,915,605</u>	<u>\$ 7,001,740</u>	<u>\$ 86,135</u>
<b>BUDGETED CASH BALANCE</b>	<u>456,801</u>	<u>456,801</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 7,382,127</u>	<u>\$ 7,372,406</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 3,614,351	\$ 3,616,033	\$ 3,266,433	\$ 349,600
Support Services	3,638,008	212,252	-	212,252
Support Services Students	-	544,861	543,056	1,805
Support Services Instruction	-	215,435	203,579	11,856
Support Services General Administration	-	397,458	373,187	24,271
Support Services School Administration	-	547,556	546,539	1,017
Central Services	-	148,566	148,552	14
Operation and Maintenance of Plant	-	1,076,563	1,012,540	64,023
Student Transportation	-	483,939	483,808	131
Other Support Services	-	-	-	-
Non-Instructional Support	86,900	4,277	-	4,277
Food Services Operations	-	67,042	67,042	-
Community Services Operations	-	15,581	15,581	-
Facilities Acquisition and Construction	42,868	42,868	37,884	4,984
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 7,382,127</u>	<u>\$ 7,372,431</u>	<u>\$ 6,698,201</u>	<u>\$ 674,230</u>

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



STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT H

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

Year Ended June 30, 2007

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 70,000	\$ 70,000	\$ 53,073	\$ (16,927)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>70,000</u>	<u>70,000</u>	<u>\$ 53,073</u>	<u>\$ (16,927)</u>
BUDGETED CASH BALANCE	<u>                    </u>	<u>                    -</u>		
TOTAL REVENUE & CASH	<u>\$ 70,000</u>	<u>\$ 70,000</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	-	\$ -	\$ -
Support Services	70,000	70,000	34,544	35,456
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 34,544</u>	<u>\$ 35,456</u>

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

STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT I

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--SCHOOL BASED HEALTH CENTER

Year Ended June 30, 2007

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	-	-	-
Local Revenue	155,000	155,000	180,000	25,000
<b>TOTAL REVENUE</b>	<u>155,000</u>	<u>155,000</u>	<u>\$ 180,000</u>	<u>\$ 25,000</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 155,000</u>	<u>\$ 155,000</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 65,000	\$ 65,000	\$ 22,282	\$ 42,718
Support Services	-	-	26,727	(26,727)
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	90,000	90,000	90,000	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 155,000</u>	<u>\$ 155,000</u>	<u>\$ 139,009</u>	<u>\$ 15,991</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT J

STATEMENT OF FIDUCIARY ASSETS & LIABILITIES -- AGENCY FUNDS

June 30, 2007

	<u>AGENCY FUNDS</u>
ASSETS	
Cash on Deposit	\$ 57,761
Investments	<u>6,264</u>
TOTAL ASSETS	<u>\$ 64,025</u>
LIABILITIES	
Due To Student Groups	\$ <u>64,025</u>
TOTAL LIABILITIES	<u>\$ 64,025</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Implementation of New Accounting Policies

For the fiscal year 2007 the Santa Rosa Consolidated Schools has implemented GASB Statements No. 33 (GASB 33), Accounting and Financial Reporting for Non-exchange Transactions, GASB Statement No. 34 (GASB 34), Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments, GASB Statement No. 37 (GASB 37), Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus and GASB Statement No. 38 (GASB 38), Certain Financial Statements Disclosure. At July 1, 2001, there was no effect on fund balance as a result of implementing GASB 33, GASB 34, GASB 37 and GASB 38.

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

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

B. Reporting Entity

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

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

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

C. Government-wide and fund financial statements

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

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

The government reports the following major governmental funds:

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

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

School Based Health Centers Special Revenue Fund - To account for monies provided by the state for the purpose of providing a health center on campus for students. Authority for this fund is provided by the grantor and the Des Moines school board.

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

E. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

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

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

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The School District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. The assessed valuation for the 2007 fiscal year was \$ 71,792,529. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB - 9 Capital Improvements Fund, 20% Capital Outlay Fund and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

3. Inventories

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

4. Capital assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Compensated absences

The District does not allow employees to accumulate vacation or annual leave. Thus, there are no compensated absences.

6. Long-term obligations

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

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

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Comparative data/reclassifications

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

9. Indirect Costs

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

10. Salaries and Wages

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

11. Estimates

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



STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Revenues

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$ 6,225,041 in state equalization guarantee distributions during the year ended June 30, 2007.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$ 479,025 in transportation distributions during the year ended June 30, 2007.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between fund *balance total governmental funds and net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of the \$ 3,025,000 difference is as follows:

Bonds Payable	<u>\$ 3,025,000</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 3,025,000</u>

Another element of the reconciliation states "capital assets are not financial resources therefore are not reported in the funds." The details of the \$ 15,559,626 difference are as follows:

Capital assets net of accumulated depreciation	<u>\$ 15,559,626</u>
Other assets are not available to pay for current – period expenditures and therefore are deferred in the funds	<u>\$ 15,559,626</u>

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$ 334,248 difference are as follows:

Capital Outlay	\$ 327,527
Depreciation expense	(650,457)
Loss on Disposal of Assets	<u>( 11,318)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	<u>\$ ( 334,248 )</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$390,000 difference are as follows:

Principal repayments:	
General obligation debt	\$ 390,000
Proceeds of refunding bonds	<u>( - )</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 390,000</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

A. Budgetary information, continued

Actual expenditures may not exceed the budget on a line item basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series', this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

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

- In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
- In May or June, the budget is approved by the Board of Education
- The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
- Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.
- The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2007 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 7,382,127	\$ 7,372,431
Special Revenue Fund	1,634,098	1,737,725
Debt Service Fund	1,030,475	1,030,475
Capital Projects Fund	<u>204,539</u>	<u>204,539</u>
Totals	<u>\$ 10,251,239</u>	<u>\$ 10,345,170</u>

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

B. Deficit fund equity

At June 30, 2008 deficit fund balances consisted of: Ed Tech Debt Service \$ ( 36,923 )

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

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and temporary investments

At June 30, 2007, the carrying amount of the District's deposits was \$798,476 and the bank balance was \$1,473,998. Of this balance \$200,000 was covered by federal depository insurance and \$636,999 was covered by collateral held in joint safekeeping by a third party in the entities name.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The collateral pledged is listed on page 84 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

Investments held by the New Mexico State Treasurer are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the direct obligations of the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1 F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the local government investment pool is voluntary.

The State Treasurer issues a separate, publicly available audited financial report that includes disclosure of the collateral pledged to secure State Treasurer cash and investments.

B. Custodial Credit Risk -- Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 20, 2007, \$636,999 of the government's bank balance of \$ 1,473,948 was exposed to custodial credit risk as follows:

Uninsured and un-collateralized	<u>\$ 391,919</u>
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STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (continued)

C. Receivables

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

	General	MEDICAID	SBHC	Debt Service	Other Governmental	TOTAL
Taxes:						
Property	\$ 357	\$ -	\$ -	\$ 8,358	\$ 1,897	\$ 10,612
Intergovernmental						
Grants:						
Federal	7,898	-	-	-	71,075	78,973
State	-	-	-	-	976	976
Interest	4,549	-	-	1,379	1,025	6,953
	<u>\$ 12,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,737</u>	<u>\$ 74,973</u>	<u>\$ 97,514</u>

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

	Unavailable
Grant drawdowns prior to meeting all eligibility requirements	<u>\$ 191,139</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 191,139</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

	Adjusted Balance 7/1/2006	Prior Year Adjustments & Reclassifications	Adjusted Balance 7/1/2006	Increases	Decreases	Audited Balance 6/30/2007
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 770,407	\$ 49,466	\$ 819,873	\$ -	\$ -	\$ 819,873
Capital assets, being depreciated:						
Equipment	6,863,887	(4,225,952)	2,637,935	103,041	235,730	2,505,246
Buildings & Improvements	18,997,827	4,178,986	23,176,813	224,486	-	23,401,299
Total Capital Assets being depreciated	25,861,714	(46,966)	25,814,748	327,527	235,730	25,906,545
Less accumulated depreciation for:						
Equipment	3,007,149	(1,137,166)	1,869,983	145,982	224,412	1,791,553
Buildings & Improvements	7,733,598	1,137,166	8,870,764	504,475	-	9,375,239
Total accumulated depreciation	10,740,747	-	10,740,747	650,457	224,412	11,166,792
Total Capital assets, being depreciated, net	15,120,967	(46,966)	15,074,001	(322,930)	11,318	14,739,753
Governmental activities capital assets, net	<u>\$ 15,891,374</u>	<u>\$ 2,500</u>	<u>\$ 15,893,874</u>	<u>\$ (322,930)</u>	<u>\$ 11,318</u>	<u>\$ 15,559,626</u>

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets (continued)

The School District has prepared the capital asset listing for the GASB 34 implementation, and has taken the investor and adjusted the capital assets to the cost or estimated cost, and also deleted all assets with a cost of less than \$1,000. The adjustments required a major deletion in capital assets in the current year.

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

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

E. Long-Term Debt

Governmental Activities  
Bonds Payable

	<u>Balance</u> <u>7/1/2006</u>	<u>Additional</u> <u>Obligations</u>	<u>Current</u> <u>Maturities</u> <u>Retirements &amp;</u> <u>Net Decreases</u>	<u>Balance</u> <u>6/30/2007</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
\$2,000,000 2001 Go Building Bonds due in annual installments of \$245,000 to \$330,000 through July 2012, interest at 4.95% to 5.30%	\$ 2,000,000	\$ -	\$ 245,000	\$ 1,755,000	\$ 255,000
\$900,000 2001 Go Building Bonds due in annual installments of \$40,000 to \$55,000 through July 2012, interest at 4% to 4.3%	670,000	-	80,000	590,000	90,000
\$460,000 2002 Go Building Bonds due in annual installments of \$40,000 to \$55,000 through July 2012, interest at 4% to 4.3%	335,000	-	45,000	290,000	45,000
\$440,000 2003 Go Building Bonds due in annual installments of \$90,000 to \$100,000 through July 2015, interest at 1.5% to 4.90%	<u>410,000</u>	<u>-</u>	<u>20,000</u>	<u>390,000</u>	<u>20,000</u>
Total	<u>\$ 3,415,000</u>	<u>\$ -</u>	<u>\$ 390,000</u>	<u>\$ 3,025,000</u>	<u>\$ 410,000</u>

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

E. Long-Term Debt (continued)

The annual requirements to amortize all bonded debt as of June 30, 2007, including interest of \$503,842 are shown below:

	1/1/2001 G.O.	10/15/2001 G.O.	10/1/2002 G.O.	9/15/2003 G.O.	TOTALS
6/30/2008	\$ 336,158	114,240	55,865	36,593	\$ 542,855
6/30/2009	337,376	110,505	54,065	36,018	537,964
6/30/2010	338,342	111,480	52,265	35,378	537,464
6/30/2011	339,083	112,140	55,365	34,668	541,255
6/30/2012	339,053	112,475	53,365	33,903	538,795
6/30/2013	338,168	112,530	56,183	33,098	539,978
6/30/2014	-	-	-	90,988	90,988
6/30/2015	-	-	-	97,094	97,094
6/30/2016	-	-	-	102,450	102,450
TOTAL	<u>2,028,178</u>	<u>673,370</u>	<u>327,108</u>	<u>500,186</u>	<u>3,528,842</u>
LESS PRINCIPAL	<u>1,755,000</u>	<u>590,000</u>	<u>290,000</u>	<u>390,000</u>	<u>3,025,000</u>
INTEREST	<u>\$ 273,178</u>	<u>\$ 83,370</u>	<u>\$ 37,108</u>	<u>\$ 110,186</u>	<u>\$ 503,842</u>

V. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2007.

B. Contingent liabilities

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

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

V. OTHER INFORMATION (continued)

C. Employee retirement plan

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

Funding Policy - Plan members are required to contribute 7.754% of their gross salary. Santa Rosa Consolidated School District is required to contribute 10.15% of the gross covered salary. The contribution requirements of plan members and the Santa Rosa Consolidated School District are established in Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. The Santa Rosa Consolidated School District's contributions to the ERA for the years ended June 30, 2007, 2006 and 2005 were: \$ 699,685 \$ 707,789 and \$ 693,279 respectively, equal to the amount of the required contribution for the year.

D. Post-retirement health care benefits

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or the out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

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 Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period for contributions becomes the time between the employer's effective date, and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990; and former legislators who served at least two years.

Each participating employer makes contributions to the fund in the amount of 1.3% of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to .065% of the employee's annual salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.



STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

V. OTHER INFORMATION (continued)

D. Post-retirement health care benefits (continued)

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

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

For the fiscal year ended June 30, 2007, Santa Rosa Consolidated School District remitted \$ 53,866 in employer contributions and \$26,933 in employee contributions to the Retiree Health Care Authority.

E. Restatement of Beginning Net Assets for Governmental Funds

	Governmental Activities
Net Assets at June 30, 2006	\$ 13,872,936
Prior Period Adjustments	
Land	<u>2,500</u>
Net Assets at July 1, 2006	<u>\$ 13,875,436</u>

F. Prior Period Adjustments

Adjustments made to the district's prior year fund balances consisted of the following:

SB – 9	\$ 44,264
Special Capital Outlay -State	<u>(44,264)</u>
	<u>\$ -0-</u>

G. Interfund Transfers

Transfers are used to move revenue from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

There were not transfers during the fiscal year.

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

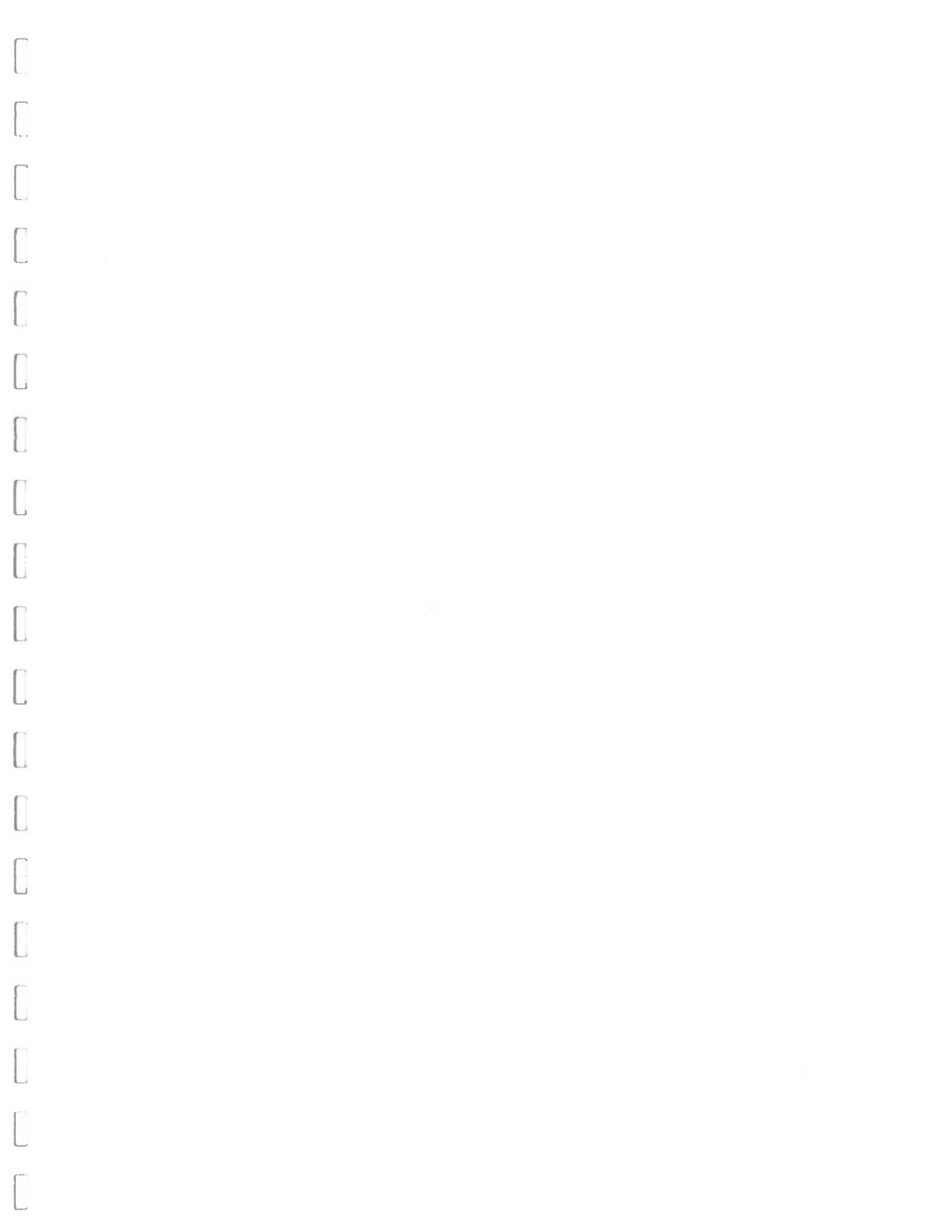
June 30, 2007

V. OTHER INFORMATION (continued)

H. Interfund Receivables

Cash overdrafts are interfund receivables and considered to be short-term borrowings from general funds to cover current year operating expenditures and will be paid back within the next year. At June 30, 2007, they consisted of the following:

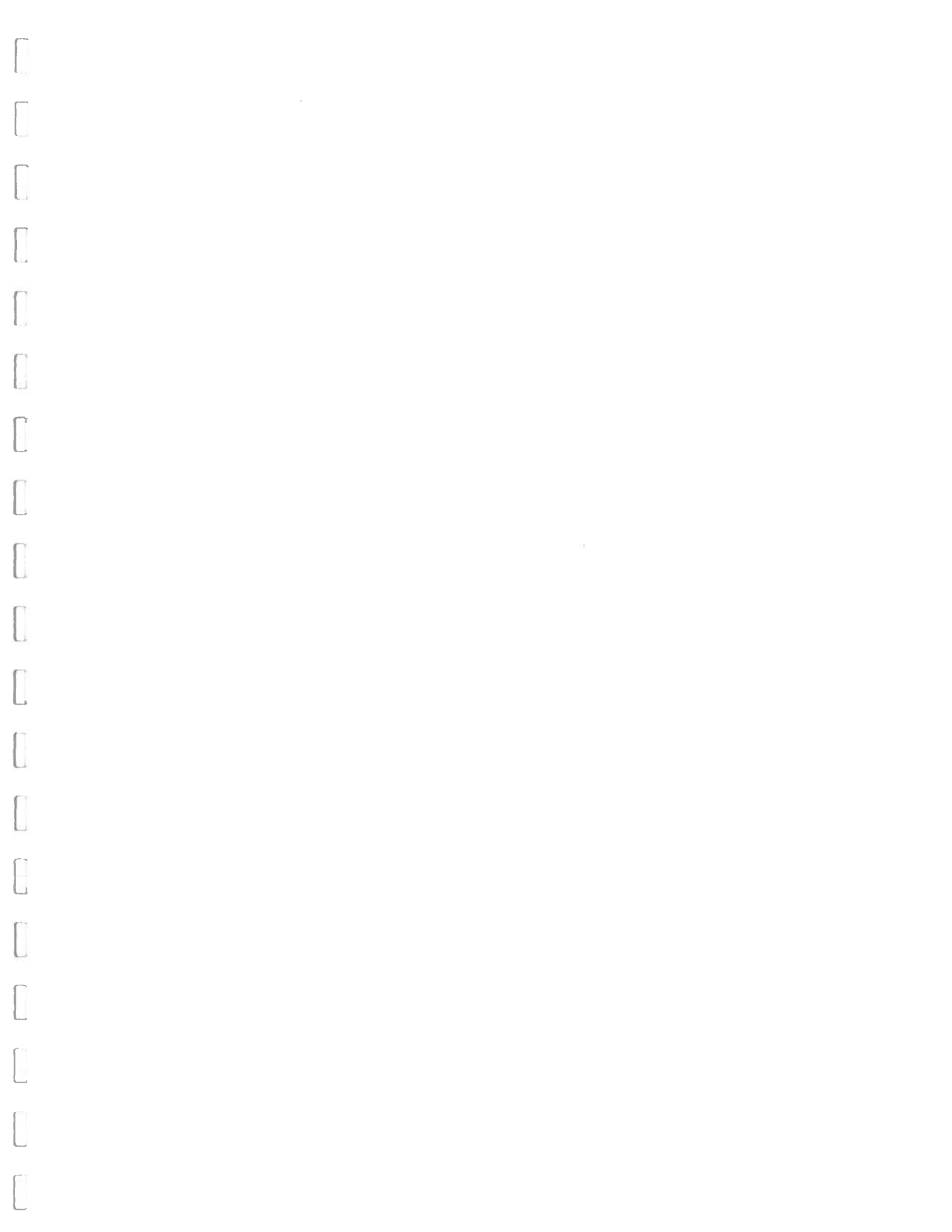
Due to:	
OPERATIONAL	\$ 476
BOND BUILDING	263
PSCO	484
SCO LOCAL	35,700
	<u>\$ 36,923</u>
Due from SCO STATE	<u>\$ 36,923</u>
Due to SCO LOCAL	<u>\$ 7,904</u>
Due from TITLE I	<u>\$ 7,904</u>
Due to MEDICAID TITLE XIX	<u>\$ 66,080</u>
Due from:	
TITLE I	\$ 23,011
PARTNERSHIPS IN CHARACTER ED	11,339
E2T2 - F	304
E2T2 - C	6,397
TITLE V INNOVATIVE ED	503
ENGLISH LANGUAGE ACQUISITION	5,054
SAFE AND DRUG FREE SCHOOLS	45
RURAL & LOW INCOME SCHOOLS	11,524
OBESITY PROGRAM	228
LIBRARY GO BONDS OF 2004	248
SB - 9	7,427
	<u>\$ 66,080</u>



<u>Title I</u>	<u>IDEA-B Entitlement</u>	<u>Partnerships in Character Ed Pilot</u>	<u>Enhancing Ed thru Tech E2T2-F</u>	<u>Enhancing Ed thru Tech E2T2-C</u>	<u>Title V Innovative Education Program</u>
\$ 222,123	\$ 167,506	\$ 7,900	\$ 2,041	\$ 20,873	\$ 9,954
34,631	828	11,339	677	6,397	975
-	480	8,365	861	-	4,098
<u>\$ 256,754</u>	<u>\$ 167,854</u>	<u>\$ 10,874</u>	<u>\$ 1,857</u>	<u>\$ 27,270</u>	<u>\$ 6,831</u>
\$ 256,754	\$ 167,854	\$ 10,874	\$ 1,484	\$ 27,270	\$ 6,359
-	-	-	373	-	472
-	-	-	-	-	-
<u>\$ 256,754</u>	<u>\$ 167,854</u>	<u>\$ 10,874</u>	<u>\$ 1,857</u>	<u>\$ 27,270</u>	<u>\$ 6,831</u>



	<u>Rural &amp; Low Income Schools</u>	<u>Medicaid Title XIX</u>	<u>Technology for Education</u>	<u>Obesity Program</u>	<u>Computerized Learning System</u>	<u>Incentives for School Improvement</u>
\$	11,997	\$ 53,073	\$ -	\$ -	\$ -	\$ 10,389
	18,943	64,692	951	7,921	-	6,598
	-	83,221	417	-	-	784
\$	<u>30,940</u>	<u>34,544</u>	<u>534</u>	<u>7,921</u>	<u>-</u>	<u>16,203</u>
\$	26,792	\$ 34,544	\$ 534	\$ 7,421	\$ -	\$ 12,765
	4,148	-	-	500	-	3,438
	-	-	-	-	-	-
\$	<u>30,940</u>	<u>34,544</u>	<u>534</u>	<u>7,921</u>	<u>-</u>	<u>16,203</u>



<u>Bond Building</u>	<u>Public School Capital Outlay</u>	<u>Special Capital Outlay Local</u>	<u>Special Capital Outlay State</u>	<u>Energy Efficiency Act</u>	<u>Capital Outlay 20%</u>	<u>Debt Service</u>
\$ -	\$ -	\$ 65,931	\$ 59,739	\$ 37,283	\$ -	\$ 847,859
-	-	-	-	-	-	9,737
-	-	-	-	-	-	173,519
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,931</u>	<u>\$ 59,739</u>	<u>\$ 37,283</u>	<u>\$ -</u>	<u>\$ 684,077</u>
\$ 17,581	\$ -	\$ -	\$ 52,815	\$ 37,875	\$ 13,500	\$ 549,905
-	-	-	-	-	-	71,262
-	-	-	-	-	-	80,441
<u>\$ 17,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,815</u>	<u>\$ 37,875</u>	<u>\$ 13,500</u>	<u>\$ 540,726</u>



GENERAL FUND

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT A-1

COMBINING BALANCE SHEET -- GENERAL FUND

June 30, 2007

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TOTALS
<b>ASSETS</b>				
Cash on Deposit	\$ 13,263	\$ 5,537	\$ 28,351	\$ 47,151
Investments	729,972	-	-	729,972
Accounts Receivable				
Property Taxes	357	-	-	357
Interest	4,549	-	-	4,549
State	-	-	-	-
Federal	7,898	-	-	7,898
Inventories	-	-	-	-
Due from Other Funds	476	-	-	476
Prepaid expenditures	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 756,515</b>	<b>\$ 5,537</b>	<b>\$ 28,351</b>	<b>\$ 790,403</b>
<b>LIABILITIES AND OTHER CREDITS</b>				
Cash Deficit	\$ 7,898	\$ -	\$ -	\$ 7,898
Accounts Payable	11,517	-	-	11,517
Deferred Credits	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Student Groups	-	-	-	-
G.O. Bonds Payable	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>19,415</b>	<b>-</b>	<b>-</b>	<b>19,415</b>
<b>FUND BALANCE</b>				
Fund Balance				
Reserved for Text Books	-	-	28,351	28,351
Reserved for Debt Service	-	-	-	-
Reserved for Inventory	-	-	-	-
Undesignated, reported in:				
General Funds	737,100	5,537	-	742,637
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>737,100</b>	<b>5,537</b>	<b>28,351</b>	<b>770,988</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 756,515</b>	<b>\$ 5,537</b>	<b>\$ 28,351</b>	<b>\$ 790,403</b>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT A-2

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

Year Ended June 30, 2007

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TOTALS
<b>REVENUE</b>				
Federal Revenue	\$ 75,961	\$ -	\$ -	\$ 75,961
State Revenue	3,849	479,025	59,907	542,781
Local Revenue	39,675	-	-	39,675
State Equalization	6,225,041	-	-	6,225,041
Taxes	30,328	-	-	30,328
Service Revenues	1,913	-	-	1,913
Interest	37,449	-	-	37,449
Other Revenue Sources	41,608	-	-	41,608
<b>TOTAL REVENUES</b>	<b>6,455,824</b>	<b>479,025</b>	<b>59,907</b>	<b>6,994,756</b>
<b>EXPENDITURES</b>				
Current				
Instruction	3,244,304	-	33,646	3,277,950
Support Services	-	-	-	-
Support Services Students	543,056	-	-	543,056
Support Services Instruction	198,737	-	4,841	203,578
Support Services General Administration	373,187	-	-	373,187
Support Services School Administration	546,539	-	-	546,539
Central Services	148,552	-	-	148,552
Operation and Maintenance of Plant	1,012,540	-	-	1,012,540
Student Transportation	4,923	478,885	-	483,808
Other Support Services	-	-	-	-
Food Services Operations	82,623	-	-	82,623
Capital Outlay	37,883	-	-	37,883
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>6,192,344</b>	<b>478,885</b>	<b>38,487</b>	<b>6,709,716</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>263,480</b>	<b>140</b>	<b>21,420</b>	<b>285,040</b>
Other Financial Sources (Uses)				
Transfer In/Transfers (Out)	-	-	-	-
<b>Total Other Financial Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>263,480</b>	<b>140</b>	<b>21,420</b>	<b>285,040</b>
<b>FUND BALANCE</b>				
June 30, 2006	473,620	5,397	6,931	485,948
Prior Period Adjustment	-	-	-	-
<b>FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
June 30, 2007	\$ 737,100	\$ 5,537	\$ 28,351	\$ 770,988

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT A-3

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 34,234	\$ 34,234	\$ 40,098	\$ 5,864
Fees - Educational	-	-	1,913	1,913
Royalties	11,000	11,000	2,637	(8,363)
Rent and Leases	-	-	2,400	2,400
Interest Income	30,786	30,786	34,664	3,878
Instructional	100	100	-	(100)
Instructional Support	100	100	-	(100)
State Equalization	6,220,276	6,220,276	6,225,041	4,765
Refunds Prior Year	500	500	36,958	36,458
Insurance Recoveries	1,000	1,000	4,649	3,649
Donations	9,000	9,000	34,638	25,638
Fees-Govt Agencies	40	40	3,849	3,809
Doe Los Alamos/DOD	648	648	-	(648)
Access Board (E-Rate)	50,000	50,000	31,658	(18,342)
Indirect Cost - (Flow Through Grants)	17,200	17,200	44,303	27,103
<b>TOTAL REVENUE</b>	<u>6,374,884</u>	<u>6,374,884</u>	<u>6,462,808</u>	<u>87,924</u>
<b>BUDGETED CASH BALANCE</b>	<u>456,801</u>	<u>456,801</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 6,831,685</u>	<u>\$ 6,831,685</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 3,560,028	\$ 3,560,028	\$ 3,232,787	\$ 327,241
Support Services	3,141,889	211,394	-	211,394
Support Services Students	-	544,861	543,056	1,805
Support Services Instruction	-	210,593	198,737	11,856
Support Services General Administration	-	397,458	373,187	24,271
Support Services School Administration	-	547,556	546,539	1,017
Central Services	-	148,566	148,552	14
Operation and Maintenance of Plant	-	1,076,563	1,012,540	64,023
Student Transportation	-	4,923	4,923	-
Other Support Services	-	-	-	-
Non-Instructional Support	86,900	4,277	-	4,277
Food Services Operations	-	67,042	67,042	-
Community Services Operations	-	15,581	15,581	-
Facilities Acquisition and Construction	42,868	42,868	37,884	4,984
<b>TOTAL EXPENDITURES</b>	<u>\$ 6,831,685</u>	<u>\$ 6,831,710</u>	<u>\$ 6,180,828</u>	<u>\$ 650,882</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT A-4

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	490,535	479,025	479,025	-
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>490,535</u>	<u>479,025</u>	<u>\$ 479,025</u>	<u>\$ -</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 490,535</u>	<u>\$ 479,025</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	490,535	9	-	9
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	479,016	478,885	131
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 490,535</u>	<u>\$ 479,025</u>	<u>\$ 478,885</u>	<u>\$ 140</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT A-5

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	59,907	61,696	59,907	(1,789)
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>59,907</u>	<u>61,696</u>	<u>\$ 59,907</u>	<u>\$ (1,789)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 59,907</u>	<u>\$ 61,696</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 54,323	\$ 56,005	\$ 33,646	\$ 22,359
Support Services	5,584	849	-	849
Support Services Students	-	-	-	-
Support Services Instruction	-	4,842	4,842	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 59,907</u>	<u>\$ 61,696</u>	<u>\$ 38,488</u>	<u>\$ 23,208</u>

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

## SPECIAL REVENUE FUNDS

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

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

TITLE I – provides remedial instruction in language arts for educationally deprived students in low income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the elementary and Secondary Education Act of 1965, Title 1, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

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

PARTNERSHIPS IN CHARACTER EDUCATION PILOT PROJECT – to support nationally significant programs to improve quality of education, assist all students to meet challenging State content standards, and contribute to the achievement of the National Education Goals by supporting pilot projects that design and implement character education programs as a way to address broader objectives. Authority for creation of this fund is Title X, Part A, Section 10103 of the Elementary and Secondary Education Act.

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

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

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

ENGLISH LANGUAGE ACQUISITION – to ensure that limited English proficient children and youth, including immigrant children and youth, attain English proficiency and meet the same challenging State academic content and student academic achievement standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander and Alaska native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The authority for creation of this fund is the Elementary and Secondary Education Act, as amended, Title III, Part A, Sections 3101,3129.

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

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

RURAL & LOW INCOME SCHOOLS – to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

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

OBESITY PROGRAM – to account for revenues used to incorporate an action plan to address nutrition and physical activity in schools (K-12). Authority for creation of this fund is the New Mexico State legislature.

COMPUTERIZED LEARNING – to account for funds designated for computer upgrades, including software. Authority for the creation of this fund is the New Mexico State Legislature.

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

LIBRARY GO BONDS LAWS 2004 – to account for the revenue and expenditures to acquire supplementary library books, equipment and library resources for public school and juvenile detention libraries statewide.

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

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



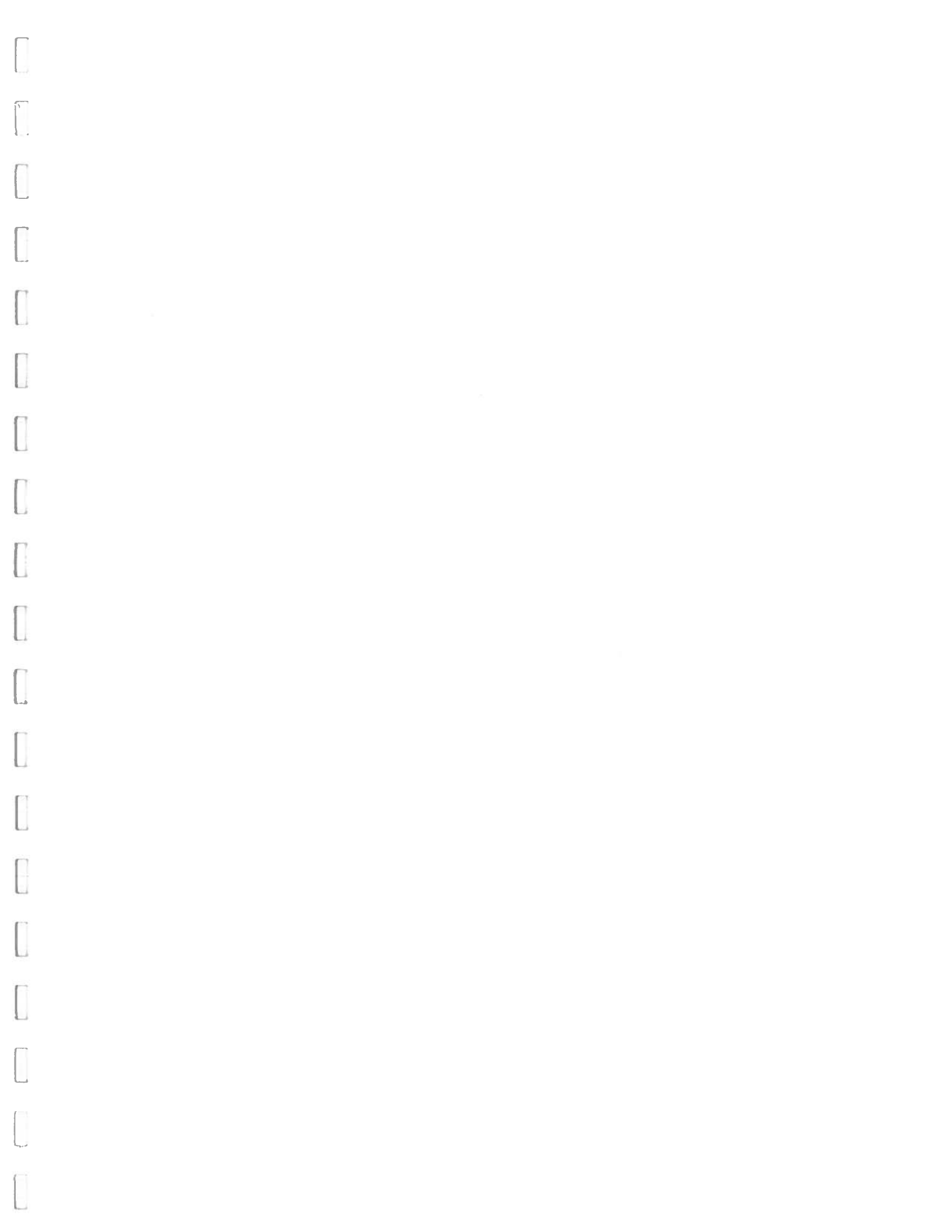


EXHIBIT B-1

ENHANCING ED THRU TECH (E2T2-C)	TITLE V INNOVATIVE EDUCATION PROGRAM	ENGLISH LANGUAGE ACQUISITION	TEACHER/ PRINCIPAL TRAINING	SAFE & DRUG FREE SCHOOLS & COMMUNITIES	RURAL & LOW INCOME SCHOOLS	TECHNOLOGY FOR EDUCATION	OBESITY PROGRAM
\$ -	\$ -	\$ -	\$ 656	\$ -	\$ -	\$ 417	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	728
6,397	975	5,054	-	45	15,672	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 6,397</u>	<u>\$ 975</u>	<u>\$ 5,054</u>	<u>\$ 656</u>	<u>\$ 45</u>	<u>\$ 15,672</u>	<u>\$ 417</u>	<u>\$ 728</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	472	-	-	-	4,148	-	500
-	-	-	656	-	-	417	-
6,397	503	5,054	-	45	11,524	-	228
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,397</u>	<u>975</u>	<u>5,054</u>	<u>656</u>	<u>45</u>	<u>15,672</u>	<u>417</u>	<u>728</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,397</u>	<u>975</u>	<u>5,054</u>	<u>656</u>	<u>45</u>	<u>15,672</u>	<u>417</u>	<u>728</u>

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-1  
CONTINUED

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS

JUNE 30, 2007

	COMPUTERIZE D LEARNING SYSTEM	INCENTIVES FOR SCHOOL IMPROVEMENT	LIBRARY GO BONDS LAWS OF 2004	BEGINNING TEACHER MENTORING	SB-9	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
<b>ASSETS</b>						
Cash on Deposit	\$ 380	\$ 4,222	\$ -	\$ 10	\$ -	\$ 75,539
Investments	-	-	-	-	164,512	164,512
Accounts Receivable	-	-	-	-	-	-
Property Taxes	-	-	-	-	1,897	1,897
Interest	-	-	-	-	1,025	1,025
State	-	-	248	-	-	976
Federal	-	-	-	-	-	71,075
Inventories	-	-	-	-	-	12,261
Due from Other Funds	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 380</b>	<b>\$ 4,222</b>	<b>\$ 248</b>	<b>\$ 10</b>	<b>\$ 167,434</b>	<b>\$ 327,285</b>
<b>LIABILITIES</b>						
Cash Deficit	-	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	3,438	-	-	-	8,932
Deferred Revenue	380	784	-	10	-	2,727
Due to Other Funds	-	-	248	-	7,427	73,984
Due to Student Groups	-	-	-	-	-	-
Due to Other Entities	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>380</b>	<b>4,222</b>	<b>248</b>	<b>10</b>	<b>7,427</b>	<b>85,643</b>
<b>FUND BALANCE</b>						
Reserved for Text Books	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Reserved for Inventory	-	-	-	-	-	12,261
Undesignated, reported in:						
General Funds	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	160,007	229,381
Capital Projects Funds	-	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160,007</b>	<b>241,642</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 380</b>	<b>\$ 4,222</b>	<b>\$ 248</b>	<b>\$ 10</b>	<b>\$ 167,434</b>	<b>\$ 327,285</b>

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

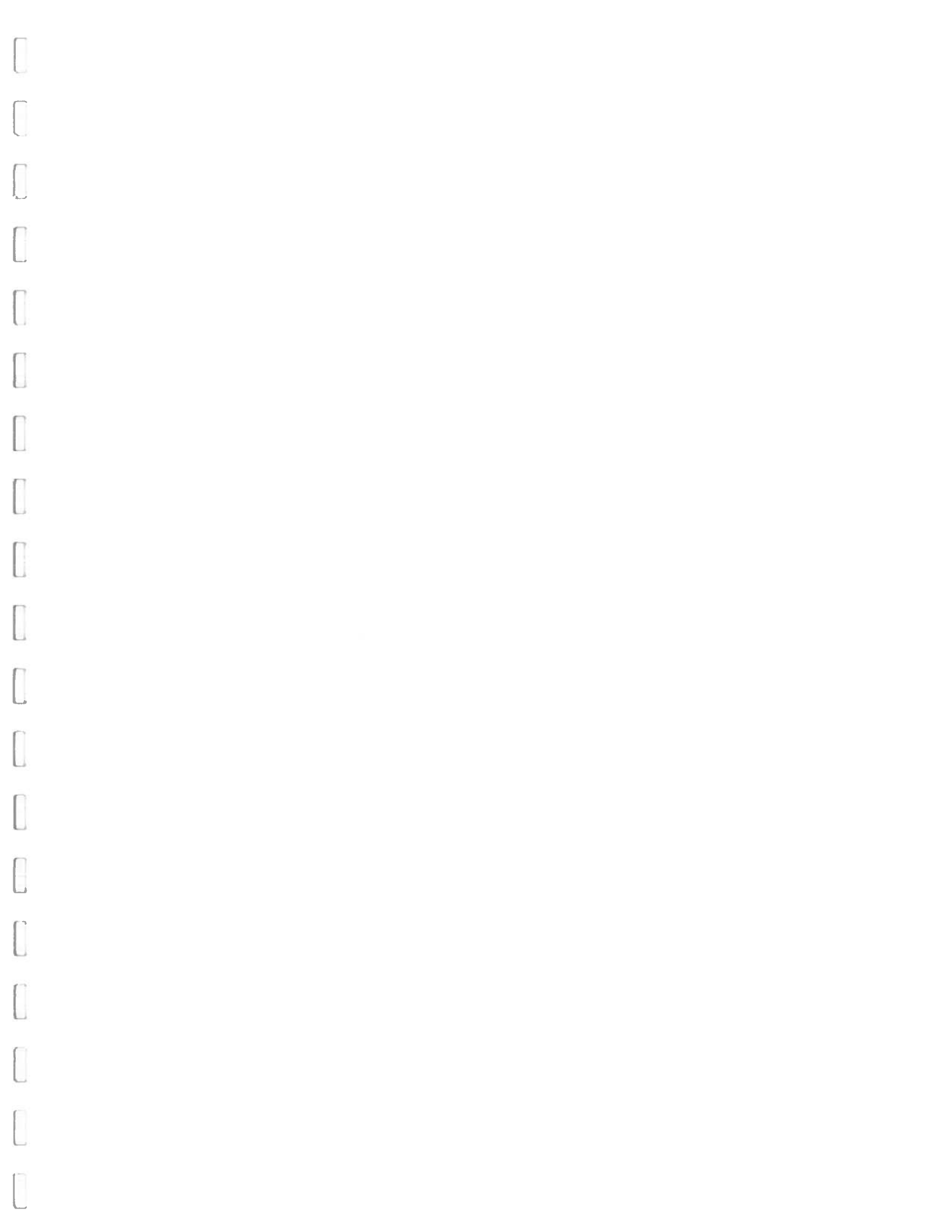


EXHIBIT B-2

ENHANCING ED THRU TECH (E2T2-C)	TITLE V INNOVATIVE EDUCATION PROGRAM	ENGLISH LANGUAGE ACQUISITION	TEACHER/ PRINCIPAL TRAINING	SAFE & DRUG FREE SCHOOLS & COMMUNITIES	RURAL & LOW INCOME SCHOOLS	TECHNOLOGY FOR EDUCATION	OBESITY PROGRAM
\$ 27,270	\$ 6,831	\$ 30,632	\$ 63,315	\$ 8,382	\$ 30,940	\$ -	\$ -
-	-	-	-	-	-	534	7,921
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>27,270</u>	<u>6,831</u>	<u>30,632</u>	<u>63,315</u>	<u>8,382</u>	<u>30,940</u>	<u>534</u>	<u>7,921</u>
26,725	2,457	30,020	61,779	8,170	30,940	534	5,987
545	4,374	612	1,536	212	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,934
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>27,270</u>	<u>6,831</u>	<u>30,632</u>	<u>63,315</u>	<u>8,382</u>	<u>30,940</u>	<u>534</u>	<u>7,921</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-2  
CONTINUED

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS

JUNE 30, 2007

	COMPUTERIZED LEARNING SYSTEM	INCENTIVES FOR SCHOOL IMPROVEMENT	LIBRARY GO BONDS LAWS OF 2004	BEGINNING TEACHER MENTORING	SB-9	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
<b>REVENUE</b>						
Federal Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 975,595
State Revenue	-	16,203	504	2,202	33,528	60,892
Local Revenue	-	-	-	-	-	42,933
State Equalization	-	-	-	-	-	-
Taxes	-	-	-	-	139,070	139,070
Service Revenues	-	-	-	-	-	76,321
Interest	-	-	-	-	19,233	19,272
Other Revenue Sources	-	-	-	-	-	25
<b>TOTAL REVENUES</b>	<b>-</b>	<b>16,203</b>	<b>504</b>	<b>2,202</b>	<b>191,831</b>	<b>1,314,108</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
Instruction	-	16,203	-	2,202	-	581,577
Support Services	-	-	504	-	-	117,806
Support Services Students	-	-	-	-	-	-
Support Services Instruction	-	-	-	-	-	-
Support Services General Administration	-	-	-	-	1,814	1,814
Support Services School Administration	-	-	-	-	-	-
Central Services	-	-	-	-	-	1,934
Operation and Maintenance of Plant	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-
Food Services Operations	-	-	-	-	-	400,639
Capital Outlay	-	-	-	-	400,161	400,161
Debt Service	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest and Fiscal Charge	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>16,203</b>	<b>504</b>	<b>2,202</b>	<b>401,975</b>	<b>1,503,931</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(210,144)</b>	<b>(189,823)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
TRANSFERS IN/ TRANSFERS (OUT)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCIANG SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(210,144)</b>	<b>(189,823)</b>
<b>FUND BALANCE</b>						
June 30, 2006	-	-	-	-	325,887	387,201
Prior Period Adjustment	-	-	-	-	44,264	44,264
<b>FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>370,151</b>	<b>431,465</b>
June 30, 2007	\$ -	\$ -	\$ -	\$ -	\$ 160,007	\$ 241,642

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-3

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

Year Ended June 30, 2007

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 340,000	340,000	\$ 370,886	\$ 30,886
State Revenue	-	-	-	-
Local Revenue	31,547	31,547	53,428	21,881
<b>TOTAL REVENUE</b>	<u>371,547</u>	<u>\$ 371,547</u>	<u>\$ 424,314</u>	<u>\$ 52,767</u>
<b>BUDGETED CASH BALANCE</b>	<u>33,546</u>	<u>33,546</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 405,093</u>	<u>\$ 405,093</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	405,093	980	-	980
Food Services Operations	-	404,113	403,991	122
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 405,093</u>	<u>\$ 405,093</u>	<u>\$ 403,991</u>	<u>\$ 1,102</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-4

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	-	-	-
Local Revenue	71,114	71,114	65,890	(5,224)
<b>TOTAL REVENUE</b>	<u>71,114</u>	<u>71,114</u>	<u>\$ 65,890</u>	<u>\$ (5,224)</u>
BUDGETED CASH BALANCE	<u>3,399</u>	<u>3,399</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 74,513</u>	<u>\$ 74,513</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 74,513	\$ 74,513	\$ 69,244	\$ 5,269
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 74,513</u>	<u>\$ 74,513</u>	<u>\$ 69,244</u>	<u>\$ 5,269</u>

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



STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-5

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

Year Ended June 30, 2007

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 242,713	\$ 282,688	\$ 222,123	\$ (60,565)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>242,713</u>	<u>\$ 282,688</u>	<u>\$ 222,123</u>	<u>\$ (60,565)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 242,713</u>	<u>\$ 282,688</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 205,676	\$ 243,983	\$ 241,981	\$ 2,002
Support Services	37,037	38,705	14,773	23,932
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 242,713</u>	<u>\$ 282,688</u>	<u>\$ 256,754</u>	<u>\$ 25,934</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-6

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

Year Ended June 30, 2007

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Federal Revenue	\$ 188,276	\$ 188,276	\$ 167,506	\$ (20,770)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>188,276</u>	<u>\$ 188,276</u>	<u>\$ 167,506</u>	<u>\$ (20,770)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 188,276</u>	<u>\$ 188,276</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 94,415	\$ 94,415	\$ 83,339	\$ 11,076
Support Services	93,861	93,861	84,515	9,346
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 188,276</u>	<u>\$ 188,276</u>	<u>\$ 167,854</u>	<u>\$ 20,422</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-7

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--PARTNERSHIP IN CHARACTER PILOT

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ 12,500	\$ 7,900	\$ (4,600)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>12,500</u>	<u>\$ 7,900</u>	<u>\$ (4,600)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 12,500</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 1,170	\$ 170	\$ 1,000
Support Services	-	11,330	10,704	626
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 12,500</u>	<u>\$ 10,874</u>	<u>\$ 1,626</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-8

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ 2,492	\$ 2,041	\$ (451)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>2,492</u>	<u>\$ 2,041</u>	<u>\$ (451)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 2,492</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 2,367	\$ 1,454	\$ 913
Support Services	-	125	30	95
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 2,492</u>	<u>\$ 1,484</u>	<u>\$ 1,008</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-9

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ 30,000	\$ 20,873	\$ (9,127)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>30,000</u>	<u>\$ 20,873</u>	<u>\$ (9,127)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 30,000</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ -	\$ 28,493	\$ 26,725	\$ 1,768
Support Services	-	1,507	545	962
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 27,270</u>	<u>\$ 2,730</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-10

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

Year Ended June 30, 2007

	ORIGINAL ACTUAL	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 4,859	\$ 7,355	\$ 9,954	\$ 2,599
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>4,859</u>	<u>7,355</u>	<u>\$ 9,954</u>	<u>\$ 2,599</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 4,859</u>	<u>\$ 7,355</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 2,429	\$ 2,494	\$ 2,457	\$ 37
Support Services	2,430	4,861	3,902	959
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,859</u>	<u>\$ 7,355</u>	<u>\$ 6,359</u>	<u>\$ 996</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-11

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--ENGLISH LANGUAGE ACQUISITION

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 23,773	\$ 35,047	\$ 26,331	\$ (8,716)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>23,773</u>	<u>35,047</u>	<u>\$ 26,331</u>	<u>\$ (8,716)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 23,773</u>	<u>\$ 35,047</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 22,578	\$ 33,096	\$ 30,020	\$ 3,076
Support Services	1,195	1,951	612	1,339
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 23,773</u>	<u>\$ 35,047</u>	<u>\$ 30,632</u>	<u>\$ 4,415</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-12

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ 65,972	\$ 62,844	\$ (3,128)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>65,972</u>	<u>\$ 62,844</u>	<u>\$ (3,128)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 65,972</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 62,362	\$ 61,779	\$ 583
Support Services	-	3,610	1,536	2,074
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 65,972</u>	<u>\$ 63,315</u>	<u>\$ 2,657</u>

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



STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-13

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 4,445	\$ 10,446	\$ 8,432	\$ (2,014)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>4,445</u>	<u>10,446</u>	<u>\$ 8,432</u>	<u>\$ (2,014)</u>
BUDGETED CASH BALANCE		-		
TOTAL REVENUE & CASH	<u>\$ 4,445</u>	<u>\$ 10,446</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 2,220	\$ 8,272	\$ 8,170	\$ 102
Support Services	2,225	2,174	212	1,962
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,445</u>	<u>\$ 10,446</u>	<u>\$ 8,382</u>	<u>\$ 2,064</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-14

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--RURAL AND LOW INCOME SCHOOLS

Year Ended June 30, 2007

	ORIGINAL ACTUAL	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ 42,103	\$ 11,997	\$ (30,106)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>42,103</u>	<u>\$ 11,997</u>	<u>\$ (30,106)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 42,103</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 42,103	\$ 26,792	\$ 15,311
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 42,103</u>	<u>\$ 26,792</u>	<u>\$ 15,311</u>

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

STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-15

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	10,073	-	(10,073)
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>10,073</u>	<u>\$ -</u>	<u>\$ (10,073)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 10,073</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 10,073	\$ 534	\$ 9,539
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 10,073</u>	<u>\$ 534</u>	<u>\$ 9,539</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-16

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	10,000	-	(10,000)
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>10,000</u>	<u>\$ -</u>	<u>\$ (10,000)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 10,000</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 8,043	\$ 5,987	\$ 2,056
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	1,957	1,434	523
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 7,421</u>	<u>\$ 2,579</u>

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

STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-17

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ -</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-18

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	17,109	10,389	(6,720)
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>17,109</u>	<u>\$ 10,389</u>	<u>\$ (6,720)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 17,109</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 17,109	\$ 12,765	\$ 4,344
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 17,109</u>	<u>\$ 12,765</u>	<u>\$ 4,344</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-19

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

Year Ended June 30, 2007

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	1,137	614	(523)
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>1,137</u>	<u>\$ 614</u>	<u>\$ (523)</u>
 <b>BUDGETED CASH BALANCE</b>				
	<u>-</u>	<u>-</u>		
 <b>TOTAL REVENUE &amp; CASH</b>				
	<u>\$ -</u>	<u>\$ 1,137</u>		
 <b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	1,137	504	633
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 1,137</u>	<u>\$ 504</u>	<u>\$ 633</u>

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

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-20

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	2,208	2,208	2,202	(6)
Local Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>2,208</u>	<u>2,208</u>	<u>\$ 2,202</u>	<u>\$ (6)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 2,208</u>	<u>\$ 2,208</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 2,208	\$ 2,208	\$ 2,202	\$ 6
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,208</u>	<u>\$ 2,208</u>	<u>\$ 2,202</u>	<u>\$ 6</u>

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



STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT B-21

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

Year Ended June 30, 2007

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	15,050	33,528	18,478
Local Revenue	169,550	169,550	201,360	31,810
<b>TOTAL REVENUE</b>	<u>169,550</u>	<u>184,600</u>	<u>\$ 234,888</u>	<u>\$ 50,288</u>
 <b>BUDGETED CASH BALANCE</b>				
	<u>293,668</u>	<u>293,668</u>		
 <b>TOTAL REVENUE &amp; CASH</b>				
	<u>\$ 463,218</u>	<u>\$ 478,268</u>		
 <b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	1,600	1,600	-	1,600
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	1,814	(1,814)
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	461,618	476,668	400,161	76,507
<b>TOTAL EXPENDITURES</b>	<u>\$ 463,218</u>	<u>\$ 478,268</u>	<u>\$ 401,975</u>	<u>\$ 76,293</u>

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

## CAPITAL PROJECTS FUND

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

PUBLIC SCHOOL CAPITAL OUTLAY – To account for financing and construction of school improvements funded from appropriations from the State of New Mexico.

ENERGY EFFICIENCY ACT--To account for funds received under the Public Building Efficiency Act, 6-23-1 to 6-23-10, NMSA 1978, which is used for the purchase and installation of energy conservation measures.

SPECIAL CAPITAL OUTLAY LOCAL –

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

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

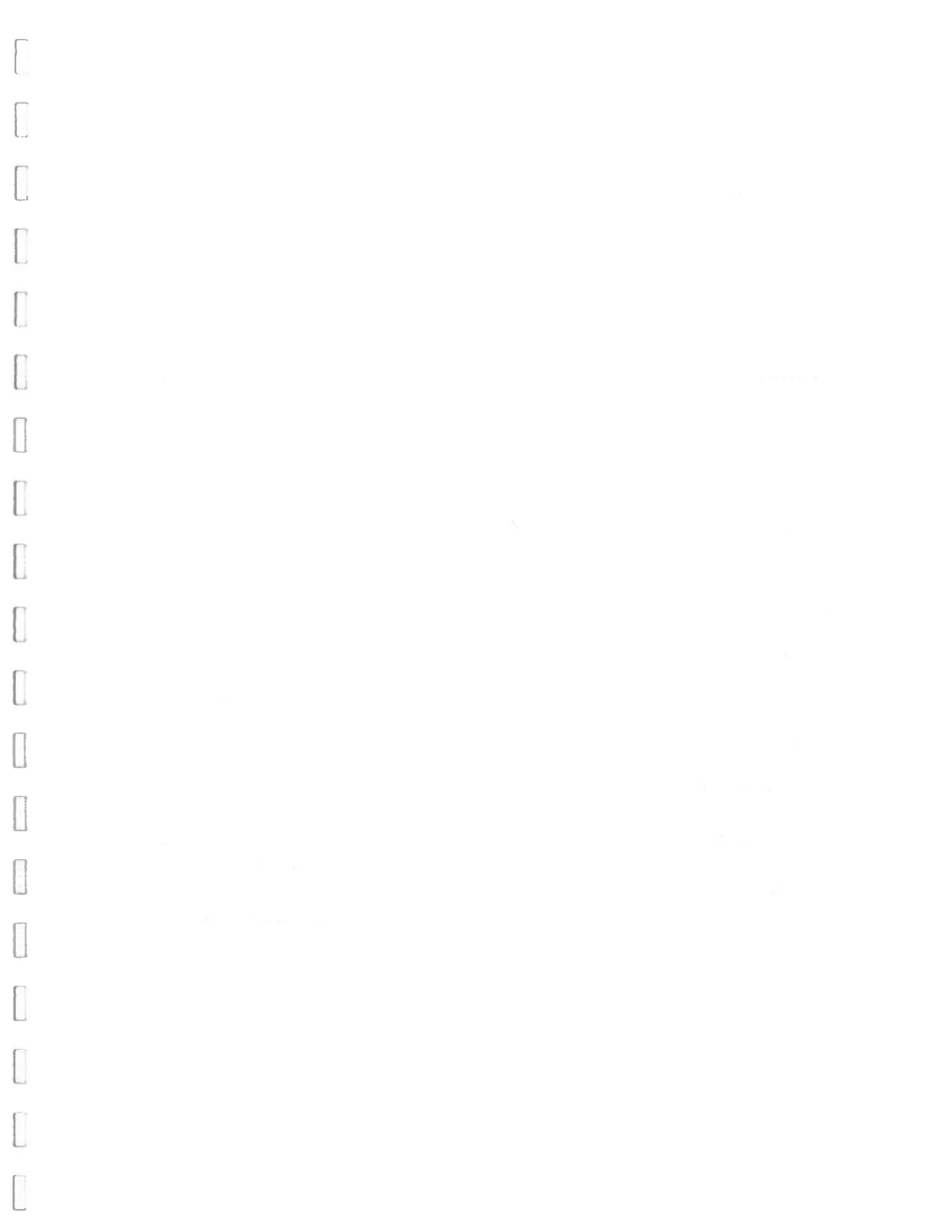


EXHIBIT C-1

SPECIAL CAPITAL OUTLAY STATE	ENERGY EFFICIENCY ACT	CAPITAL OULAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ 14,516	\$ 280	\$ 37,230	\$ 75,539	\$ 112,769
-	-	-	-	164,512	164,512
-	-	-	-	1,897	1,897
-	-	-	-	1,025	1,025
-	-	-	-	976	976
-	-	-	-	71,075	71,075
-	-	-	-	12,261	12,261
-	-	-	44,351	-	44,351
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 14,516</u>	<u>\$ 280</u>	<u>\$ 81,581</u>	<u>\$ 327,285</u>	<u>\$ 408,866</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	8,932	8,932
-	-	-	-	2,727	2,727
36,923	-	-	36,923	73,984	110,907
-	-	-	-	-	-
-	-	-	-	-	-
<u>36,923</u>	<u>-</u>	<u>-</u>	<u>36,923</u>	<u>85,643</u>	<u>122,566</u>
-	-	-	-	-	-
-	-	-	-	12,261	12,261
-	-	-	-	-	-
-	-	-	-	229,381	229,381
(36,923)	14,516	280	44,658	-	44,658
<u>(36,923)</u>	<u>14,516</u>	<u>280</u>	<u>44,658</u>	<u>241,642</u>	<u>286,300</u>
<u>\$ -</u>	<u>\$ 14,516</u>	<u>\$ 280</u>	<u>\$ 81,581</u>	<u>\$ 327,285</u>	<u>\$ 408,866</u>

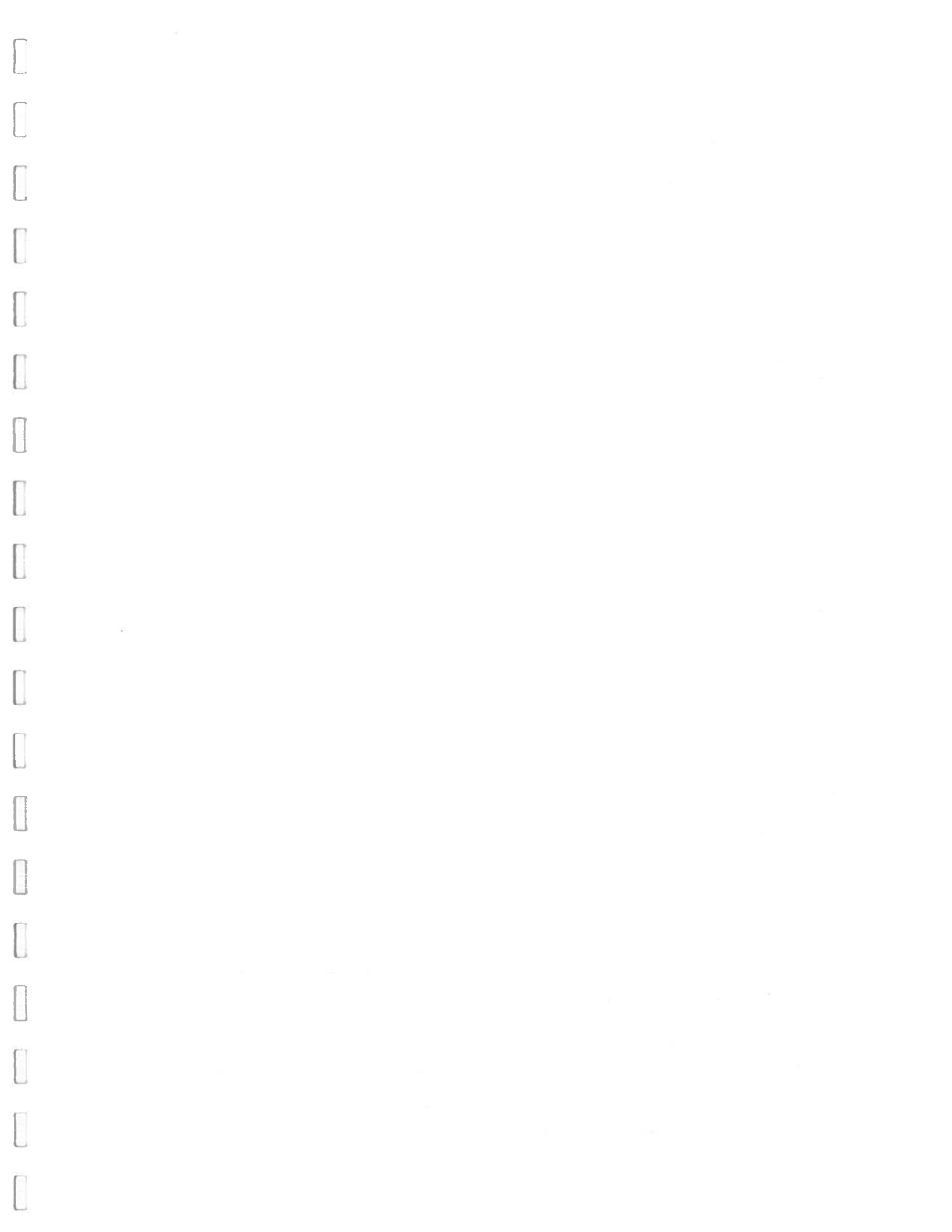


EXHIBIT C-2

SPECIAL CAPITAL OUTLAY STATE	ENERGY EFFICIENCY ACT	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ 37,283	\$ -	\$ 37,283	\$ 975,595	\$ 1,012,878
15,475	-	-	15,475	60,892	76,367
44,264	-	-	110,195	42,933	153,128
-	-	-	-	-	-
-	-	-	-	139,070	139,070
-	-	-	-	76,321	76,321
-	-	-	-	19,272	19,272
-	-	-	-	25	25
<u>59,739</u>	<u>37,283</u>	<u>-</u>	<u>162,953</u>	<u>1,314,108</u>	<u>1,477,061</u>
-	-	-	-	581,577	581,577
-	-	-	-	117,806	117,806
-	-	-	-	-	-
-	-	-	-	1,814	1,814
-	-	-	-	-	-
-	-	-	-	1,934	1,934
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	400,639	400,639
52,815	37,875	13,500	121,771	400,161	521,932
-	-	-	-	-	-
<u>52,815</u>	<u>37,875</u>	<u>13,500</u>	<u>121,771</u>	<u>1,503,931</u>	<u>1,625,702</u>
6,924	(592)	(13,500)	41,182	(189,823)	(148,641)
-	-	-	-	-	-
-	-	-	-	-	-
6,924	(592)	(13,500.00)	41,182	(189,823)	(148,641)
417	15,108	13,780	47,740	387,201	434,941
(44,264)	-	-	(44,264)	44,264	-
<u>\$ (36,923)</u>	<u>\$ 14,516</u>	<u>\$ 280</u>	<u>\$ 44,658</u>	<u>\$ 241,642</u>	<u>\$ 286,300</u>

STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT C-3

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Bond Proceeds	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Earnings from Investments	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>BUDGETED CASH BALANCE</b>	<u>21,680</u>	<u>21,680</u>		
<b>TOTAL REVENUES &amp; CASH</b>	<u>\$ 21,680</u>	<u>\$ 21,680</u>		
<b>EXPENDITURES</b>				
Support Services General Administration	\$ -	\$ -	\$ -	\$ -
Facilities Acquisition and Construction	\$ 21,680	\$ 21,680	\$ 17,581	\$ 4,099
<b>TOTAL EXPENDITURES</b>	<u>\$ 21,680</u>	<u>\$ 21,680</u>	<u>\$ 17,581</u>	<u>\$ 4,099</u>

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

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

Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
State Sources	\$ -	\$ -	\$ -	\$ -
Local Sources	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
 BUDGETED CASH BALANCE	 <u>-</u>	 <u>-</u>		
 TOTAL CASH & REVENUE	 <u>\$ -</u>	 <u>\$ -</u>		
 EXPENDITURES				
Support Services General Administration	\$ -	-	-	-
Facilities Acquisition and Construction	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>

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



STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT C-5

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

Year Ended June 30, 2007

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
State Sources	\$ -	\$ -	\$ -	\$ -
Local Sources	-	65,931	65,931	-
TOTAL REVENUE	<u>-</u>	<u>65,931</u>	<u>\$ 65,931</u>	<u>\$ -</u>
 BUDGETED CASH BALANCE	 <u>-</u>	 <u>-</u>		
 TOTAL CASH & REVENUE	 <u>\$ -</u>	 <u>\$ 65,931</u>		
 EXPENDITURES				
Support Services General Administration	\$ -	-	-	-
Facilities Acquisition and Construction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT C-6

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Sources	\$ 115,000	\$ 115,000	\$ 15,475	\$ (99,525)
Local Sources	-	-	44,264	44,264
TOTAL REVENUE	<u>115,000</u>	<u>115,000</u>	<u>\$ 59,739</u>	<u>\$ (55,261)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL CASH & REVENUE	<u>\$ 115,000</u>	<u>\$ 115,000</u>		
<b>EXPENDITURES</b>				
Support Services General Administration	-	-	-	-
Facilities Acquisition and Construction	\$ 115,000	\$ 115,000	\$ 52,815	\$ 62,185
TOTAL EXPENDITURES	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 52,815</u>	<u>\$ 62,185</u>

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

STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT C-7

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL-- ENERGY EFFICIENCY ACT--CAPITAL PROJECTS FUND

Year Ended June 30, 2007

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Local Taxes	\$ -	\$ -	\$ -	\$ -
State Sources	<u>37,284</u>	<u>37,284</u>	<u>37,284</u>	<u>-</u>
TOTAL REVENUE	<u>37,284</u>	<u>37,284</u>	<u>\$ 37,284</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>16,795</u>	<u>16,795</u>		
TOTAL REVENUE & CASH	<u>\$ 54,079</u>	<u>\$ 54,079</u>		
<b>EXPENDITURES</b>				
Support Services General Administration	-	-	-	-
Facilities Acquisition and Construction	<u>\$ 54,079</u>	<u>\$ 54,079</u>	<u>\$ 37,875</u>	<u>\$ 16,204</u>
TOTAL EXPENDITURES	<u>\$ 54,079</u>	<u>\$ 54,079</u>	<u>\$ 37,875</u>	<u>\$ 16,204</u>

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

STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT C-8

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

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Local Taxes	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>BUDGETED CASH BALANCE</b>	<u>13,780</u>	<u>13,780</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 13,780</u>	<u>\$ 13,780</u>		
<b>EXPENDITURES</b>				
Support Services General Administration	-	-	-	
Facilities Acquisition and Construction	\$ 13,780	\$ 13,780	\$ 13,500	\$ 280
<b>TOTAL EXPENDITURES</b>	<u>\$ 13,780</u>	<u>\$ 13,780</u>	<u>\$ 13,500</u>	<u>\$ 280</u>

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

**AGENCY FUNDS**

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

STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT D-1

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

Year Ended June 30, 2007

	Balance 6/30/2006	ADDITIONS	DEDUCTIONS	Balance 6/30/2007
High School	\$ 36,334	\$ 103,713	\$ 100,210	\$ 39,837
Anton Chico	4,493	4,831	7,362	1,962
Mid School	8,021	19,026	15,106	11,941
Elementary	2,639	4,003	2,621	4,021
Mid School Interest	6,251	13	-	6,264
	<u>57,738</u>	<u>131,586</u>	<u>125,299</u>	<u>64,025</u>
Total	\$ <u>57,738</u>	\$ <u>131,586</u>	\$ <u>125,299</u>	\$ <u>64,025</u>

OTHER MAJOR FUND INFORMATION

STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

EXHIBIT E-1

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

Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
District Tax Levy	\$ 541,703	\$ 541,703	\$ 820,131	\$ 278,428
Earnings from Investments	6,000	6,000	27,728	21,728
<b>TOTAL REVENUE</b>	<u>547,703</u>	<u>\$ 547,703</u>	<u>\$ 847,859</u>	<u>\$ 300,156</u>
<b>BUDGETED CASH BALANCE</b>	<u>482,772</u>	<u>482,772</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 1,030,475</u>	<u>\$ 1,030,475</u>		
<b>EXPENDITURES</b>				
Support Services General Administration	\$ 5,500	\$ 8,200	\$ 8,202	\$ (2)
Facilities Acquisition and Construction	1,024,975	1,022,275	541,703	480,572
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,030,475</u>	<u>\$ 1,030,475</u>	<u>\$ 549,905</u>	<u>\$ 480,570</u>

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



SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

SCHEDULE 1

BANK SUMMARY

JUNE 30, 2007

Bank	ACCT TYPE	FUND		BANK BALANCE	OUTSTANDING (CHECKS) DEPOSITS	NET CASH BALANCE
Wells Fargo Bank	Checking	Multi Fund	* \$	658,614	\$ 238	\$ 658,852
	Checking	Cafeteria	*	62,755	-	62,755
	Checking	Athletics	*	2,114	-	2,114
	Checking	Activity	*	57,311	-	57,311
	Checking	Multi Fund		18,277	-	18,277
	Checking	Payroll Clearing	*	575,552	(583,449)	(7,897)
	Checking	A/P Clearing		93,111	(92,311)	800
	Savings	Activity	*	6,264		6,264
Total Wells Fargo Bank				<u>1,473,998</u>	<u>(675,522)</u>	<u>798,476</u>
New Mexico State Treas	C.D.	Multi Fund	*	969,229	-	969,229
	C.D.	Operational	*	146,511	-	146,511
				<u>1,115,740</u>	<u>-</u>	<u>1,115,740</u>
Total All Accounts				<u>\$ 2,589,738</u>	<u>\$ (675,522)</u>	<u>\$ 1,914,216</u>

\* Interest Bearing

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

New MexiGrow LGIP	AAAm rated	<u>\$ 1,115,740</u>	24-day WAM
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STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

SCHEDULE 2

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2007

	Total Deposits	FDIC Insurance	Collateral Required	Collateral Pledged	Uninsured Uncollateralized
Wells Fargo Bank	\$ 1,473,998	\$ 200,000	\$ 636,999	\$ 882,079	\$ 391,919

Collateral		Matures
FNCL 885349	222,071	07/01/32
FNCL 891601	660,008	06/01/36
	<u>\$ 882,079</u>	

Collateral is held at MLPS. MINNESOTA

New Mexico State Treasurer	\$ 1,115,740	\$ -	\$ 1,115,740	\$ 1,115,740	\$ -
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Collateral is held at  
 CHASE BANK, NEW YORK CITY,  
 NEW YORK



SCHEDULE 3

NON INSTRUCTINAL	FEDERAL PROJECTS	LOCAL/STATE ACCOUNT	SB-9	BOND BUILDING	DEBT SERVICE	PUBLIC SCHOOL CAPITAL OUTLAY
\$ 51,488	\$ 59,464	\$ 79,774	\$ 43,871	\$ 230	\$ 737	\$ -
6,252	-	-	281,047	17,458	381,857	-
57,740	59,464	79,774	324,918	17,688	382,594	-
-	-	-	-	-	-	-
125,975	593,074	193,204	234,888	-	847,859	-
-	3,272	-	-	-	-	-
183,715	655,810	272,978	559,806	17,688	1,230,453	-
120,140	637,533	162,434	401,975	17,581	549,904	-
-	-	-	-	-	-	-
120,140	637,533	162,434	401,975	17,581	549,904	-
63,575	18,277	110,544	157,831	107	680,549	-
-	-	-	-	-	-	-
(6,264)	-	-	(164,512)	-	(221,256)	-
<u>\$ 57,311</u>	<u>\$ 18,277</u>	<u>\$ 110,544</u>	<u>\$ (6,681)</u>	<u>\$ 107</u>	<u>\$ 459,293</u>	<u>\$ -</u>
\$ 57,311	18,277	110,544	(6,681)	107	459,293	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 57,311</u>	<u>\$ 18,277</u>	<u>\$ 110,544</u>	<u>\$ (6,681)</u>	<u>\$ 107</u>	<u>\$ 459,293</u>	<u>\$ -</u>

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

SCHEDULE 3  
CONTINUED

BANK RECONCILIATION

JUNE 30, 2007

	SPECIAL CAPITAL OUTLAY LOCAL	SPECIAL CAPITAL OUTLAY STATE	ENERGY EFFICIENCY	PSCO 20%	PAYROLL CLEARING	A/P CLEARING
Audited Net Cash						
JUNE 30, 2006	\$ -	\$ (43,847)	\$ 15,108	\$ 13,780	\$ -	\$ -
Investments on hand/Loans	-	-	-	-	-	-
TOTAL CASH BALANCE						
JUNE 30, 2006	-	(43,847)	15,108	13,780	-	-
Add: Prior year void checks	-	-	-	-	-	-
2006-2007 Revenue	65,931	59,739	37,283	-	-	-
Transfers In & Due From	-	-	-	-	-	-
TOTAL AVAILABLE CASH	65,931	15,892	52,391	13,780	-	-
Net Change						
2006-2007 Expenditures	-	52,815	37,875	13,500	-	-
Transfers Out & Due To	-	-	-	-	-	-
	-	52,815	37,875	13,500	-	-
NET CASH, JUNE 30, 2007	65,931	(36,923)	14,516	280	-	-
Cash On hand	-	-	-	-	-	-
Investments on Hand	-	-	-	-	-	-
TOTAL CASH, JUNE 30, 2007	\$ 65,931	\$ (36,923)	\$ 14,516	\$ 280	\$ -	\$ -
Balance Per Bank	\$ 65,931	\$ (36,923)	\$ 14,516	\$ 280	\$ (7,898)	\$ 799
Cash Adjustments & Loans	-	-	-	-	-	-
Add: Deposits in Transit	-	-	-	-	-	-
Less: Outstanding Checks	-	-	-	-	-	-
NET CASH, JUNE 30, 2007	\$ 65,931	\$ (36,923)	\$ 14,516	\$ 280	\$ (7,898)	\$ 799

SINGLE AUDIT SECTION

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

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

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparisons for the general and major special revenue funds, and the aggregate remaining fund information of Santa Rosa Consolidated Schools, as of and for the year ended June 30, 2007, which collectively comprise the Santa Rosa Consolidated Schools basic financial statements as listed in the table of contents and have issued our report thereon dated November 20, 2008. We also have audited the financial statements of each of the non major governmental funds and fiduciary funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007, as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Santa Rosa Consolidated Schools 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 Santa Rosa Consolidated Schools financial statements is more than inconsequential will not be prevented or detected by the Santa Rosa Consolidated Schools internal control.

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

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



Compliance and Other Matters

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

We noted certain matters that are required to be reported under *Government Auditing Standards* paragraph 5.14 and 5.16, and Section 12-6-5 NMSA 1978, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2005-1, 2006-3, 2007-1 and 2007-2.

The Santa Rosa Consolidated Schools responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Santa Rosa Consolidated Schools responses and, accordingly, we express no opinion on them.

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

*Roy Woodward & Associates*

November 20, 2008

# Roy Woodard & Associates

Certified Public Accountants

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

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

Hector H. Balderas  
The Board of Education  
Santa Rosa Consolidated Schools  
Santa Rosa, New Mexico

### Compliance

We have audited the compliance of Santa Rosa Consolidated Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Santa Rosa Consolidated School'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 Santa Rosa Consolidated School's management. Our responsibility is to express an opinion on Santa Rosa Consolidated School's compliance based on our audit.

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

In our opinion, Santa Rosa Consolidated Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2007-3.

### Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Santa Rosa Consolidated School's internal control.

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

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

*Roy Woodward & Associates*

November 20, 2008

STATE OF NEW MEXICO  
 SANTA ROSA CONSOLIDATED SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2007

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unqualified
Reportable Conditions on GAGAS	Yes
Material weakness involving reportable condition	None
Material Noncompliance	None
Questioned Cost	None
Type A & Type B dollar threshold	\$300,000
Entity Risk	Low Risk
Major Federal Programs	National School Lunch CFDA # 10.555
Reportable Conditions on Internal Control over Major Programs	None
Report on Compliance with Major Programs	Unqualified
Findings reportable under 510(a) of Circular A-133	None

II. PRIOR YEAR AUDIT FINDINGS:

2005-1 Capital Assets	Revised and Repeated
2006-2 Athletics Receipts	Resolved
2006-3 Purchase Orders	Revised and Repeated

III. FINANCIAL STATEMENT FINDINGS

Control

2005-1 Capital Assets

Condition: Capital asset records beginning balances did not reconcile to ending balances from the prior year and the system was not picking up additions properly.

Criteria: Good accounting procedures, as well as GASB standards require that Capital assets and depreciation be maintained and reconciled regularly.

Cause: The District has experienced problems with the software which is supposed to maintain the fixed asset records. Also, the personnel in charge of reconciling the fixed assets are not adequately trained nor are they reconciling them on a quarterly basis. This has created delays in getting all records complete and reconciled.

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2007

III. FINANCIAL STATEMENT FINDINGS (continued)

2005-1 Capital Assets (continued)

Effect: Incomplete or inaccurate records could result in a qualified audit opinion, which possibly would affect federal funding or bond ratings.

Recommendation: The District has changed to the Enterprise version of the Visions program, therefore it is our recommendation that they provide additional training on both the program and the personnel utilizing it. The District should consider an outside person to help reconcile the capital assets on at least a quarterly basis until staff are experienced enough to reconcile them without help.

Response: The District agrees with the recommendation and has been using a consultant to help with different issues with the Visions software and will expand the consulting to help with training in the capital assets program.

Compliance

2006-3 Purchase Orders

Condition: District had numerous purchase orders dated after the invoice date. 15% were dated prior to the purchase order. This amounted to \$ 40,095 of \$ 564,649 tested. 50% of these were within activity funds.

Criteria: Good budgetary control requires that purchase orders be issued before the obligation is incurred.

Cause: The District did not change the procedures for the expenditures in the activity funds to correct the issue discovered in the prior year. The activity fund purchase orders are being changed rather than the excess just being unencumbered. In the visions program if you change the purchase order it changes the date on the purchase order.

Effect: Loss of budgetary control weakens the ability to have effective cash management and could result in overexpenditures of budgets and/or allowing expenditures which are not allowed or allowable under policies or grant compliance requirements.

Recommendation: The District needs to treat all Purchase orders the same. Personnel issuing purchase orders for activity funds need to be re-trained on the updated procedures for handling unencumbering excess amounts.

Response: District management will work on retraining the staff handling the purchase orders for activity funds so that excess funds are unencumbered in the funds and the purchase orders will not have to be adjusted, therefore changing the purchase order date.

2007-1 Overspent Budget

Condition: The school based health center-support services, SB-9-general administration, and debt service-general administration functions were overexpended in their respective budgets categories by \$ 26,727, \$ 1,814, and \$ 2 for the year ended June 30, 2007.

Criteria: 22-8-11(B) NMSA 1978, states "No school board officer or employees of a school district shall make any expenditure or incur any obligation is made in accordance with an operating budget approved by the department. This prohibition does not prohibit the transfer of funds pursuant to the department's rules and procedures".

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2007

III. FINANCIAL STATEMENT FINDINGS (continued)

2007-1 Overspent Budget (continued)

- Cause: The New Mexico Public Education Department (PED) did not provide the final chart of accounts until after June 30, 2007. As a result they required the district to move funds from the budgeted line item, which was eliminated in the final chart of accounts.
- Effect: They would not allow an approved Budget Adjustment Request (BAR) to correct the problem.
- Recommendation: The New Mexico PED should give written permission or approve BAR's when, they require a District to move funds between functions after year-end.
- Response: The District will continue to work to keep expenditures within budgets. We expect this to be a one-time incident since the final chart of accounts is now available.

2007-2 Late Audit Report

- Condition: The June 30, 2007 audit report was received by the New Mexico State Auditor's Office on November 21, 2008.
- Criteria: The New Mexico State Auditor's Office has issued 2. NMAC 2.2, Requirements for Contracting and Conducting Audits of Agencies, setting due dates for public school district audits to be submitted by November 15, 2007.
- Cause: All fieldwork was completed by November 8, 2007, however, there was a discrepancy in the beginning capital asset balances. The auditor felt this could be traced out fairly easily since the prior year audit tied to the capital asset schedules. The auditor requested that the District personnel located the discrepancies and forward the information as soon as possible. The District personnel could not determine what had been changed from prior year end to current year beginning balances and forwarded all data to the auditor to trace out after the original due date of the report. The auditing firm unfortunately was already involved in other work which had been committed to be done many months in advance. Since the firm is short staffed, shuffling resources has been extremely hard to do. The audit firm staff were not assigned to work on tracing the balances until July 2008. It was not apparent what the discrepancies were immediately, however they were eventually determined and corrected. The partner in charge was working on writing the report and was only able to get it completed in November 2008.
- Effect: The report was not available for the New Mexico State Auditor and other users to review on a timely basis. Late audit reports could have an effect on future funding.
- Recommendation: This is the first time in the five years the firm has provided audit services for the District, that the audit has been late. However, the capital assets have been an issue every year and have resulted in a finding in those years. It is the firms recommendation that if the capital assets are not complete and accurately reconciled at the time of the audit and cannot be reconciled by the completion of fieldwork that the report be issued and any modification thereof be made to the independent auditors report.
- Response: The District will make every effort to ensure that the capital asset records are complete and reconciled before the beginning of scheduled fieldwork for all future audits and understands that by not meeting this requirement that it could result in a report modification. Also, the District will monitor the auditors progress on completion of the report to ensure that the report is completed in a timely manner.

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2007

IV. FEDERAL PROGRAM FINDINGS

2007-3 Late Federal Report

- Condition: The data collection form and reporting package was not submitted to the federal clearinghouse or to the federal agencies within nine months of the fiscal year end.
- Criteria: OMB Circular A-133.320 requires the data collections form and reporting package to be submitted to the federal clearinghouse and federal agencies nine months after the entity's year end for entities expending \$500,000 or more of federal funds in a fiscal year.
- Cause: The fiscal year 06-07 audit was late being completed, therefore the data collection form could not be completed and copies of the audit submitted with it as required.
- Effect: The data collection form and reporting package was not submitted by the nine month deadline. Failure to comply with federal reporting requirements could effect future federal funding.
- Recommendation: The auditors should be monitored by the District to ensure that the audit is being completed with enough time for submission of the required reports to the federal government.
- Response: Management concurs with the recommendation and will be monitoring the completion of future audits to ensure they are completed with enough time for submission of the data collection form and reporting package.

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2007

	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM EXPENDITURES
<u>US DEPARTMENT OF EDUCATION</u>			
Passed through the State Department of Education			
Title I	84.010	24101	\$ 258,553
Enhancing Ed thru Tech E2T2 - F	84.318	24133	1,483
Enhancing Ed thru Tech E2T2 - C	84.318X	24149	27,760
Partnership in Character Ed Pilot	84.215V	24129	10,874
IDEA-B	84.0270	24106	167,854
Medicaid Title XIX	93.7780	24253	34,544
Title V	84.298A	24150	6,393
English Language	84.365A	24153	30,706
Teacher/Principal Training	84.367A	24154	63,972
Safe & Drug Free Schools	84.186	24157	8,602
Rural & Low Income	84.358B	24160	26,792
Federal Indirect Costs		11000-8610	44,303
TOTAL DEPARTMENT OF EDUCATION			<u>681,836</u>
<u>FEDERAL COMMUNICATIONS COMMISSION</u>			
E-RATE for Schools and Libraries	54.504	11000-8610	<u>31,658</u>
<u>US DEPARTMENT OF AGRICULTURE</u>			
Passed Through State Department of Education			
<1> National School Lunch Program	10.555	8602	370,886
Passed Through NM HSD			
Non-Monetary Assistance	10.565	8904	19,991
TOTAL DEPARTMENT OF AGRICULTURE			<u>390,877</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 1,104,371</u>

<1> Major Program

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

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



STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS

Year Ended June 30, 2007

OTHER DISCLOSURES

AUDITOR PREPARED FINANCIAL STATEMENTS

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

EXIT CONFERENCE

An Exit Conference was held on November 20, 2008. Present for the district were Ernest Chavez, Board Secretary, Dan Flores, Superintendent; Yollette Gallegos, Business Manager; and D. Brent Woodard, CPA, represented our firm.