



**ALBUQUERQUE
PUBLIC SCHOOLS**



**Fiscal Year Ended
June 30, 2011**

Comprehensive Annual Financial Report and Audited Financial Statements

Prepared by:

The Finance Department of Albuquerque Public Schools

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INTRODUCTORY SECTION

ALBUQUERQUE PUBLIC SCHOOLS
Comprehensive Annual Financial Report

Year Ended June 30, 2011

TABLE OF CONTENTS

	Exhibit/Statement/ Schedule	Page
INTRODUCTORY SECTION		
Table of Contents		i
Letter of Transmittal		ii
Official Roster		iii
Organization Chart		iv
 FINANCIAL SECTION		
Independent Auditors' Report		v
Management's Discussion and Analysis		viii
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Assets	A - 1	1
Statement of Activities	A - 2	2
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B - 1	3
Reconciliation of the Balance Sheet to the Statement of Net Assets		6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B - 2	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		10
Statement of Net Assets – Internal Service Fund	C - 1	11
Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service	C - 2	12
Statement of Cash Flows – Internal Service Fund	C - 3	13
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – Operational Fund	D - 1	14
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Pupil Transportation Fund	D - 2	15
Instructional Materials Fund	D - 3	16
Food Services Fund	D - 4	17
Title I – IASA Fund	D - 5	18
IDEA-B – Entitlement Fund	D - 6	19
Federal Stimulus- SEG- Fund	D - 7	20
Federal Stimulus - Educational Jobs Fund	D - 8	21
Statement of Fiduciary Assets and Liabilities - Agency Funds	E - 1	22
Notes to the Financial Statements		23
Required Supplementary Information		
Nonmajor Governmental Funds		
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds	A - 1	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A - 2	99
Nonmajor Special Revenue Funds		
Nonmajor Special Revenue Funds Descriptions		
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet – Nonmajor Special Revenue Funds	B - 1	107
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	B - 2	124

Nonmajor Special Revenue Funds (Cont.) Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual: (cont.)	Exhibit/Statement/ Schedule	Page
Athletics Special Revenue Fund (22000)	B - 3	141
Discretionary IDEA-B Special Revenue Fund	B - 4	142
Preschool IDEA-B Special Revenue Fund (322)	B - 5	143
IDEA-B Early Intervention Services Special Revenue Fund	B - 6	144
Education of Homeless Special Revenue Fund (217)	B - 7	145
IDEA-B Private School Share Special Revenue Fund (320)	B - 8	146
IDEA-B Risk Pool Special Revenue Fund (325)	B - 9	147
Title I 1003g Grant Special Revenue Fund (450)	B - 10	148
English Language Acquisition Special Revenue Fund (688)	B - 11	149
Teacher / Principal Training and Recruiting Special Revenue Fund (654)	B - 12	150
Title IV-A Safe & Drug Free Schools and Communities Special Revenue Fund (638)	B - 13	151
Title I School Improvement Special Revenue Fund (418, 623)	B - 14	152
Carl D. Perkins Special Projects Current Special Revenue Fund	B - 15	153
Carl D. Perkins Secondary - Current Special Revenue Fund (668)	B - 16	154
Carl D. Perkins Secondary - Redistribution Special Revenue Fund (436)	B - 17	155
Carl D. Perkins HSTW- Current Special Revenue Fund (411)	B - 18	156
Carl D. Perkins HSTW Redistribution Special Revenue Fund	B - 19	157
Title I-IASA Federal Stimulus Special Revenue Fund	B - 20	158
Entitlement IDEA-B Federal Stimulus Special Revenue Fund	B - 21	159
Preschool IDEA-B Federal Stimulus Special Revenue Fund (326)	B - 22	160
IDEA Early Intervention Services Federal Stimulus Special Revenue Fund	B - 23	161
Education of Homeless Federal Stimulus Special Revenue Fund	B - 24	162
IDEA Private School Share Federal Stimulus Special Revenue Fund	B - 25	163
Title I 1003g Grant Federal Stimulus Special Revenue Fund	B - 26	164
Enhancing Education Through Technology-Fed Stimulus Special Revenue Fund(46)	B - 27	165
Title I School Improvement - Federal Stimulus Special Revenue Fund	B - 28	166
Elementary School Breakfast - Federal Stimulus Special Revenue Fund	B - 29	167
Teaching American History Special Revenue Fund (431, 439)	B - 30	168
Collaborative Research and Development Special Revenue Fund (408)	B - 31	169
Title XX Health and Social Services Special Revenue Fund (687)	B - 32	170
Johnson O'Malley Special Revenue Fund (732, 733)	B - 33	171
Impact Aid Special Education Special Revenue Fund (225)	B - 34	172
Safe Routes to School/NMDOT Special Revenue Fund (453,454)	B - 35	173
Impact Aid Indian Education Special Revenue Fund (233)	B - 36	174
Title XIX Medicaid 3/21 Years Special Revenue Fund (440)	B - 37	175
Asthma Management Special Revenue Fund (445)	B - 38	176
School Leadership Program Special Revenue Fund	B - 39	177
After School (PICAASO) Special Revenue Fund (447)	B - 40	178
Indian Education Formula Grant Special Revenue Fund (433)	B - 41	179
ROTC Special Revenue Fund (451)	B - 42	180
Elementary School Counseling Special Revenue Fund	B - 43	181
Smaller Learning Communities Special Revenue Fund (405, 446)	B - 44	182
Center for Disease Control, Prevention & Tech Asst. Special Revenue Fund (647,6)	B - 45	183
Carol M. White Physical Fitness Special Revenue Fund (448)	B - 46	184
Safe & Drug Free Schools & Communities Special Revenue Fund (459, 460)	B - 47	185
U. S. Department of Interior Fish and Wildlife Special Revenue Fund	B - 48	186

Nonmajor Special Revenue Funds (Cont.)	Exhibit/Statement/ Schedule	Page
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual: (cont.)		
Teacher and Teacher Assistant Program (APS Health) Federal Stimulus Special Revenue Fund	B - 49	187
Teacher and Teacher Assistant Program (APS Professional Development) Federal Stimulus Special Revenue Fund	B - 50	188
Bill and Melinda Gates Foundation Special Revenue Fund	B - 51	189
ABEC Job Mentor Special Revenue Fund (619)	B - 52	190
Wallace Foundation Special Revenue Fund (523)	B - 53	191
General Electric Special Revenue Fund (881)	B - 54	192
Corporation for Public Broadcasting Special Revenue Fund (505, 707)	B - 55	193
Microsoft Settlement Funds Special Revenue Fund (564)	B - 56	194
Dual Credit Instructional Materials Special Revenue Fund (592)	B - 57	195
GO Student Library Funds Special Revenue Fund (587)	B - 58	196
Technology For Education PED Special Revenue Fund (794)	B - 59	197
Incentives for School Improvement Act PED Special Revenue Fund (565, 885)	B - 60	198
Truancy Initiative Special Revenue Fund	B - 61	199
Family and Youth Resource Program PED Special Revenue Fund (503)	B - 62	200
Truancy Initiative PED Special Revenue Fund (539, 575)	B - 63	201
Libraries - GO Bonds - Laws of 2004 Special Revenue Fund (522)	B - 64	202
PreK Initiative Special Revenue Fund (516)	B - 65	203
Indian Education Act Special Revenue Fund (518)	B - 66	204
Beginning Teacher Mentoring Program Special Revenue Fund (845)	B - 67	205
Breakfast for Elementary Students Special Revenue Fund (569)	B - 68	206
School in Need of Improvement Special Revenue Fund (543,555,556,567,585)	B - 69	207
Kindergarten - Three Plus Special Revenue Fund (541, 562)	B - 70	208
After School Enrichment Program Special Revenue Fund (549)	B - 71	209
2010 Pre-K Appropriation Special Revenue Fund	B - 72	210
Summer Reading, Math & Science Institutes Special Revenue Fund (586)	B - 73	211
School Library Material Fund FY 08 Special Revenue Fund (584)	B - 74	212
Graduation Reality and Dual Skills PED Special Revenue Fund (893)	B - 75	213
School Wellness Special Revenue Fund (593)	B - 76	214
After School Enrichment Special Revenue Fund (591)	B - 77	215
Coordinated Approach to Child Health Special Revenue Fund (589)	B - 78	216
Regional Quality Center Special Revenue Fund (524)	B - 79	217
Start Smart K-3 Utah State University Study Special Revenue Fund (595)	B - 80	218
Private Direct Grants (Categorical) Special Revenue Fund (415, 526, 529, 538, 552, 561, 574, 581)	B - 81	219
City/County Grants Special Revenue Fund (511, 546, 558, 582, 631, 809, 814, 842, 897)	B - 82	220
Capital Project Funds		
Nonmajor Capital Project Funds Descriptions		
Combining Balance Sheet – Nonmajor Capital Projects Funds	C - 1	222
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	C - 2	223
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Bond Building Capital Projects Fund (31100)	C - 3	224
Special Capital Outlay – Local Capital Projects Fund (31300)	C - 4	225
Special Capital Outlay – State Capital Projects Fund (31400)	C - 5	226
Capital Improvements HB-33 Capital Projects Fund (31600)	C - 6	227
Capital Improvements SB-9 Capital Projects Fund (31700)	C - 7	228
Educational Technology Equipment Act Fund (31900)	C - 8	229
Capital Outlay School Improvement Capital Projects Fund (32100)	C - 9	230
Statement of New Mexico Legislative capital Outlay Appropriations	C - 10	231

	Exhibit/Statement/ Schedule	<i>Introduction</i> Page
Debt Service Fund		
Debt Service Fund Description Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual: Debt Service Fund	D - 1	247
Educational Technology Equipment Debt Service Fund		
Educational Technology Equipment Debt Service Fund Description Balance Sheet - Educational Technology Equipment Debt Service Fund Statement of Revenues, Expenditures, and Changes in Fund Balances:	E- 1	249
Educational Technology Equipment Debt Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:	E- 2	250
Educational Technology Equipment Debt Service Fund	E- 3	251
Supporting Schedules		
Schedule of Changes in Assets and Liabilities	I	252
Schedule of Collateral Pledged by Depository for Public Funds	II	255
Schedule of Cash and Temporary Investment Accounts	III	257
Cash Report	IV	258
Component Units		
Combining Statement of Net Assets	1	261
Combining Statement of Activities	2	267
Financial Statements		
1) 21st Century Public Academy	A	
2) Academia de Lengua y Cultura	B	
3) Albuquerque Talent Development Secondary Charter	C	
4) Alice King Community School	D	
5) Career Academic & Technical Academy	E	
6) Christine Duncan's Heritage Academy	F	
7) Corrales International Charter School	G	
8) Digital Arts & Technology Academy	H	
9) El Camino Real Academy	I	
10) Gordon Bernell Charter School	J	
11) La Academia de Esperanza	K	
12) La Rosolena Leadership Academy	L	
13) Los Puentes Charter School	M	
14) Montessori of the Rio Grande	N	
15) Mountain Mahogany Community School	O	
16) Native American Community Academy	P	
17) Nuestros Valores Charter School	Q	
18) Public Academy for Performing Arts	R	
19) Ralph J. Bunche Academy	S	
20) Robert F Kennedy High School	T	
21) School for Integrated Academics and Technologies	U	
22) South Valley Academy	V	
23) The Bataan Military Academy	W	
24) The Learning Community Charter School	X	
25) Albuquerque Public Schools Foundation	Y	
Report of Independent Auditors 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		270
Report of Independent Auditors on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		273
Schedule of Expenditures of Federal Awards	V	276
Schedule of Findings and Questioned Costs	VI	279
Summary Schedule of Prior Audit Findings	VII	353
Exit Conferences	VIII	361

	Exhibit/Statement/ Schedule	<i>Introduction</i> Page
STATISTICAL SECTION		
Statistical Section Narrative		366
Financial Trends		
Net Assets by Component	1	367
Information about Net Assets	2	368
Changes in Net Assets	3	369
Fund Balances, Governmental Funds	4	370
Changes in Fund Balances, Governmental Funds	5	371
Revenue Capacity		
Information about Assessed Values	6	372
Assessed Values by Entity	7	373
Assessed Values Growth	8	374
APS School Tax Rates	9	375
Tax Rates by Entity	10	376
Principal Revenue Payers	11	377
Tax Levies and Collections	12	378
Debt Capacity		
Outstanding Debt	13	379
Direct and Overlapping Debt	14	380
Debt Service Requirements	15	381
Legal Debt Margin	16	382
Operating Data		
Full Time Equivalent Employees by Function	17	383
Student Enrollment	18	384
State Equalization	19	385
APS Facilities	20	386
Demographic and Economic Information		
Census Information	21	391
Population Estimates, New Mexico Metropolitan Statistical Areas	22	392
Employment, Albuquerque MSA vs State of New Mexico	23	393
Major Employers in Albuquerque Metropolitan Area	24	394
Household Income	25	395
Personal Income by Metropolitan and Nonmetropolitan Areas	26	396
New Mexico Gross Receipts Tax	27	397



Tami J. Coleman
EXECUTIVE DIRECTOR
OF ACCOUNTING

November 15, 2011

To the Board of Education and the Citizens of Albuquerque:

The Comprehensive Annual Financial Report (CAFR) of the Albuquerque Public Schools (District) for the fiscal year ending June 30, 2011 is submitted for your review. This report was prepared through an effort by the District's Accounting Office and the Independent Audit firm of Moss Adams, LLP. The CAFR includes the unqualified opinion of our Independent Auditor. To the best of our knowledge, the enclosed data is accurate in all material respects. The information is reported in a manner designed to fairly present the financial position and the results of operations for the district as a whole as well as the various funds and account groups of the District. The CAFR for the year ending June 30, 2011, is prepared in conformance with Generally Accepted Accounting Principles (GAAP), in conformance with the standards of financial reporting established by the Governmental Accounting Standards Board (GASB) and in conformance with the Office of the State Auditor Rule 2.2.2 NMAC. The Albuquerque Public Schools is presented along with 29 component units, consisting of 24 Charter Schools, 4 Charter School Foundations, and the Albuquerque Public Schools Foundation.

The CAFR is presented in three sections; Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, the District organizational chart and a list of the Albuquerque Public Schools Board of Education (Board) members, as well as the principal officers of the District.

The Financial Section includes the basic financial statements and the combining and individual fund statements and schedules, and the component unit financial statements.

The Statistical Section includes selected, unaudited, financial and non-financial information. This section is intended to provide the reader with information that examines long term financial trend information, demographics, tax levies, teacher salaries and data related to students. This information will provide a more robust view of the District's operations.

Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of the Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. The MD&A can be found immediately following the Independent Auditor's Report.

In addition to our standard distribution to governing entities and rating services, this report will be made available to the public after final approval by the Office of the State Auditor through our web site at <http://www.aps.edu/finance/accounting>. Our efforts are intended to encourage our interested public to have a greater awareness of the District's financial operations.

About the Albuquerque Public Schools

APS is New Mexico's largest school district, serving nearly a third of the state's students. The Albuquerque Public Schools provides educational services to over 90,000 students while the 24 charter schools service approximately 6,000 students. The District consists of 139 school sites and had a 40 day student membership of 94,102 students in the 2010/2011 school year. 89 elementary schools serve students in the Kindergarten through 5th grade level. 27 middle schools serve the 6th thru 8th grades; 13 high schools serve students in grades 9 through 12. There are also 10 alternative schools that offer specialized services throughout the Albuquerque area.

The District includes 97.5% of Bernalillo County and 2.5% of Sandoval County based on assessed valuation and is geographically situated in the center of the State of New Mexico. The school district's boundaries encompass all of the City of Albuquerque and the Villages of Tijeras, Los Ranchos de Albuquerque and Corrales. The District covers 1,230 square miles and serves 95,801 students from an estimated population of 670,893. The District is crossed by Interstate Highways 25 and 40 and is served by the Burlington North and Santa Fe Railroad and the Sunport International Airport. The District is also bisected by the Rio Grande, which provides irrigation that continues to support agriculture despite increased urbanization.

The area within the District is part of the Albuquerque Metropolitan Statistical Area ("MSA"). The Albuquerque MSA was redefined as of January 1993 to include the Counties of Bernalillo, Sandoval and Valencia. The Albuquerque MSA represents the largest commercial and industrial center in the State of New Mexico.

Facilities, Design, and Construction; Transportation Administration; and Maintenance and Operations are located at the Albuquerque Public Schools Lincoln Complex; and Central Administration and Instructional Support offices are located in the Alice and Bruce King Educational Complex.

APS Food and Nutrition Services operate out of the Rankin Complex with additional storage at the Rankin Complex. Central kitchen services are provided out of the Lincoln Complex. This department provides meals to APS students, teachers, and staff; provides nutrition education in the classroom; food sanitation/safety training for APS staff; special dietary needs for children by registered staff dietitians; a "Kids' Tasting" program; community nutrition services, summer feeding, after school snacks, and a full catering department. They also contract services to non-profit agencies and process applications for the federal Free or Reduced-Price Lunch program.

Prior to 1999/2000, the Albuquerque area was the focus of a general population growth, which translated to a significant growth in student population, however this trend has

leveled after this period. A ten year period of 40th day student counts is illustrated by the following table.

Year	Albuquerque Public Schools	Charter Schools	Total
1998-1999	85,847		85,847
1999-2000	85,255		85,255
2000-2001	85,039		85,039
2001-2002	85,655		85,655
2002-2003	85,213	2,726	87,939
2003-2004	86,047	4,195	90,242
2004-2005	87,368	5,606	92,974
2005-2006	88,310	5,838	94,148
2006-2007	88,613	6,643	95,256
2007-2008	88,276	6,979	95,255
2008-2009	88,661	6,931	95,592
2009-2010	89,077	6801	95,878
2010-2011	89,329	5215	94,544
2011-2012	*89,557	*5,029	94,586

**preliminary*

In February 2010, the community approved a three year, \$225 million, General Obligation Bond authorization for school capital outlay projects. Among the projects presented to the public were additional classroom space, education/programmatic support, health and safety code compliance, facility renewal, and education equipment refresh. This election was approved with an 80% approval rate.

In 2011, the district used \$18.6 million of the \$225 million capacity approved in February of 2010 for the sale of Educational Technology Notes (ETNs). The proceeds from the sale of the ETNs will be used to provide a permanent funding stream for district technology needs including hardware, software and annual maintenance agreements for district enterprise resource planning systems. The District plans to include \$9-10 million in ETNs each year in the future to provide for ongoing technology costs associated with the refreshment of equipment and support and maintenance of hardware and software.

Additional property tax levies, approved by local voters, support property tax levies under SB9 for maintenance of schools and HB33 for construction projects and school technology. The SB9 levy was reenacted by voters in February, 2007 for a six-year period and is expected to provide approximately \$166 million over the course of the authorization. The HB33 levy was reenacted by voters in February, 2010, and will provide approximately \$391 million over the 6 year period of authorization. In 2008, the New Mexico State Legislature passed legislation requiring public school districts to include capital improvements funding for locally-chartered or state-chartered charter schools located within the District. The Charter School must provide the necessary information to the school district for inclusion in the resolution that identifies the capital improvements of the charter school for which the revenue proposed to be produced will be used. The effective date of this resolution was July 1, 2009, and as a result of this

enactment, charter schools with the APS District share the HB33 tax levy proceeds on a per-student pro-rata basis.

General Obligation Bond proceeds as well as funding provided through the Public Schools Capital Outlay Council (PSCOC), Public Schools Facility Authority (PSFA), and direct legislative appropriations are used to expand and improve District infrastructure through the building of new schools and adding to existing schools to meet past expansion of the student population. In an effort to keep its facilities as up to date as possible, the District employs the services of a professional master planning firm, Architectural Research Consultants (ARC) to help develop its district wide Capital Master Plan. This plan is in accordance with requirements issued by PSCOC/PSFA. ARC is currently re-examining District facilities and will assist the District in upgrading the Capital Master Plan and will provide recommendations for the location of future school sites.

Economic Conditions and Outlook

The development of the fiscal year 2012 budget was a well planned, orderly process that solicited stakeholder input. The budget process evaluated the prioritization of available funds for provisions of educational services for APS students. Facing a shortfall of \$37 million, principals were asked to prepare school budgets that included a 4.9% reduction. District administrative offices were asked to cut 12.8 percent from their budgets. All reductions were basically achieved through attrition without having to lay-off staff. The District's completed budget allocated 71.2% of the total Operational budget to Direct Instruction, which is the highest amount in APS history.

Early reviews of state revenues available for the 2012/2013 year are providing a slightly more stable outlook for the future of General Fund Revenue in New Mexico.

The positive influence of defense related industries located in the District is a historical fact; however, economic diversification has increased in recent years. Also, the mission of the Sandia National Laboratories has been changed to include non-defense research. Sandia National Laboratories is becoming a national research laboratory rather than a nuclear research facility. Sandia has entered into a number of joint research projects with private industry and has placed a major emphasis on the transfer of technology to benefit existing industries and to spawn new ones. It is hoped that this greater diversification in the role of the laboratory will also further the diversification of the area economy.

In the private sector, Albuquerque has experienced a period of employment growth from industries such as ClientLogic, T-Mobile, Verizon Wireless, Sitel, and Sandia and Route 66 Casinos. In addition, Albuquerque has the third highest concentration of high-tech activity after Boulder, CO and San Jose, CA. Notable technology companies in the Albuquerque MSA include Ktech Corporation, Emcore, CVI Laser, SBS Technologies, and Applied Research Associates. Unemployment rates in Albuquerque MSA have been below the national average for the past five years.

Because of its accessibility and tourist facilities, the area is the gateway for tourism in New Mexico as well as an attraction in its own right. The District includes the historic "Old Town" of Albuquerque, the Sandia Peak ski area, the Sandia Tramway, a number of nationally recognized museums and the Cibola National Forest. Other attractions include

the Albuquerque International Balloon Fiesta, the National Hispanic Cultural Center, the Gathering of Nations, and the Expo New Mexico. There are also several Indian pueblos within easy driving distance that draw many tourists because of their historical significance, cultural beauty and Indian arts.

The Organization of the District

The Albuquerque Board of Education (Board) is a seven-member elected public body representative of seven election districts within District boundaries. Each Board member is elected for a four-year term. Their authority and duties are defined in the Constitution of the State of New Mexico, State Statute section 22-5-1 to 22-5-16, NMSA, 1978 and in the related sections of the New Mexico Administrative Code (NMAC) relating to Public Schools. In general, the Board acts to set District policy, set budgets, hire a Superintendent and act upon recommendations made by the Superintendent.

The Board membership as of June 30, 2011 is as follows:

Board Member	Term Begin Date	Term End Date	Board Position
Paula M. Maes	2001	2013	President
Dr. Analee Maestas	2011	2015	Vice President
Kathy Korte	2011	2015	Secretary
Lorenzo Garcia	2009	2013	Member
Martin R. Esquivel	2011	2015	Member
David L. Robbins	2009	2013	Member
Dr. David E. Percy	2009	2013	Member

The Superintendent is the Chief Executive Officer of the District. The duties of the Superintendent are defined in statute and the New Mexico Regulatory Code. Mr. Winston Brooks has presided over this District since June 30, 2008. Prior to assuming the position of Superintendent, Mr. Brooks was employed with the Wichita Public Schools for over 20 years where he held various positions including principal, Division Director of Human Resources and Superintendent. Mr. Brooks received his Masters and Education Specialist Degrees from Wichita State University.

In May of 2010, Superintendent Winston Brooks appointed Don Moya to the position of Chief Financial Officer. Mr. Moya has over 12 years of public school finance experience. In December 2003, Governor Bill Richardson appointed Mr. Moya to the position of Deputy Education Secretary for Finance and Operations. Mr. Moya concurrently served as the Chief Financial Officer for the New Mexico Public Education Department. As Deputy Secretary for Finance and Operations, he oversaw a \$3.4 billion annual budget and advised the Cabinet Secretary on public education fiscal policy issues. Mr. Moya directed administrative services, transportation, instructional materials, student nutrition, school budget, finance analysis, and capital outlay divisions for New Mexico's 89 school districts and 71 charter schools. He also served as the Cabinet Secretary's designee on the Public School Capital Outlay Council and the Public School Capital Outlay Task Force. Mr. Moya has a Bachelor of Art Degree in Business Administration from the College of Santa Fe and holds a Level 1 New Mexico School Business

Official's License.

The Executive Director of Accounting reports to the Chief Financial Officer. Ms. Tami Coleman began with the District in January 2007 and has 21 years of public and private sector administrative and financial experience. Ms. Coleman holds a Bachelor of Science Degree in Accounting from National American University in Albuquerque, New Mexico and a Level II New Mexico School Business Official's License. The Executive Director of Accounting is responsible for most business-related functions of the District including accounting, account payables, cash management, auditing and payroll. Ms. Coleman is an active Board Member of the New Mexico Association of School Business Officials (NMASBO), and is currently serving a 2-year term as President.

Employee Relations

During the 2010/2011 year, the District had approximately 14,000 full time, part time and substitute employees including approximately 6,000 state certified teachers. New Mexico teachers are paid according to a legislatively established three tiered licensure system. The purpose of the three tiered licensure system is to raise minimum salaries for teachers in an attempt to provide parity with other competitive employment sectors. The three tiered salary schedule will also reward teachers for higher levels of experience and education while establishing accountability.

FISCAL YEAR	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
Average Teacher Salary	\$42,789	\$43,380	\$46,569	\$46,504	\$45,611
% of Increase		1.38%	7.35%	-0.14%	-1.9%

The table above shows the upward trend of average salaries as a result of the three-tiered salary schedule. The slight decrease in 2009/2010 can best be attributed to a change in the average years of experience, which dropped from 12.9 years in 2008/2009 to 11.0 years in 2009/2010. The decrease in 2010-2011 is attributable to yet another decrease in the average years of experience of the teaching force from 11.0 to 10.39 years. In addition, teachers' contracts were reduced by one day as a solvency measure used to balance the FY11 budget due to a reduction in district revenues as a result of the downturn in the economy.

Salary Schedules in the Albuquerque Public Schools District are considered to be competitive with those of neighboring Districts. Employee compensation packages give credit for increasing levels of education and length of service within each salary classification. In addition, the District pays for 60%-80% of employee health, life and dental benefit policies.

The Albuquerque Public Schools has maintained and reaffirmed a labor agreement with the representative of its certified employees' bargaining unit, the ATF-Albuquerque Teachers Federation. The previous agreement, approved in August 2009 extended until

June 30, 2011. The current agreement was ratified by all parties as of August 17, 2011, and will remain in full force and effect through June 30, 2012. The following is a summary of each of the organizations that represent APS employees:

Teachers Union: The Albuquerque Teachers Federation (ATF) is the professional union that represents all licensed teachers and support and related services personnel in the Albuquerque Public Schools. ATF has over 3800 members. ATF is a union of educator professionals, representing teachers and professional support staff in all matters.

School Police: The Educational Police Officers Association represents the Districts police officers and security personnel. Approximately 43 employees are members of this Association.

Food Service Staff (CWA Local 7011): The Communication Workers of America represents all regular food service employees such as Cook, Bakers, Assistant Cooks and Bakers, Food Service Aides, and General Helpers, excluding Cafeteria Managers, Supervisors, and clerical employees. There are 332 members in this Union.

M&O (CWA M&O Local 7070): Communication Workers of America also represents employees such as maintenance, custodial, and warehouse workers. Supervisors, secretarial and confidential employees are excluded from the bargaining unit. There are 377 members in this Union.

Educational Assistants: The Albuquerque Educational Assistants Association is an affiliated with the Albuquerque Teachers Federation. This union represents educational assistants, community support liaisons and campus security assistants, and has approximately 869 members.

Secretarial/Clerical: The Albuquerque Secretarial/Clerical Association represents secretaries and clerical staff that are paid on that specific salary schedule defined in the negotiated agreement. This union represents approximately 152 members.

Services Provided

APS Student Transportation Services oversees 16 bus contractors that transport over 40,000 of the district's children each day to over 140 locations. During the 2010-2011 school year, APS used 432 contract buses and 80 additional spare buses. Collectively, APS buses travel over 6 million miles annually. School transportation is provided throughout the regular school year and during the summer for extended school year programs. In addition, transportation is provided for various school-sponsored activities. Providing transportation services involves a number of planning tasks. For general transportation, the department establishes bus stop locations and times, studies hazardous walk zones, and determines the limits of walk zones (1 mile for elementary, 1.5 for middle and 2 miles for high schools). Coordinating transportation for special education students involves determining the type of bus needed, and transportation to activities involves planning one-time transportation for athletics, field trips, etc. The department also reviews routes on a regular basis to determine the most efficient/economical routes.

The past five years have been particularly challenging for the Transportation Department. While the number of students transported has increased by 6.8 percent, the funding appropriated has been reduced by 10.6 percent. Efficiencies have been realized, but at the expense of quality service to our students. We are transporting a higher volume of students in less equipment which in turn makes for a longer time on board bus for both regular and special needs students. In addition, our contractors have become increasingly discontented as the amount paid per mile has dropped 16% from \$2.33 to \$1.96.

APS Food and Nutrition Services provides healthy school breakfasts, lunches, and snacks to students. In addition, Food and Nutrition Services provides nutrition education and works with children who have special nutrition needs. The food service program, as an extension of the educational programs of the schools, is operated under the federally funded National School Lunch Act and Child Nutrition Act, and the National School Breakfast Act. The program serves over 75,000 meals per day (breakfast and lunch) and over 50,000 snacks a month during the school year and about 17,000 summer lunches per day during the summer with just over 650 employees. They also run an education class called “Kids Tasting” that teaches kids about good nutrition.

The Special Education Department provides support and technical assistance to schools regarding special education students and programs. In addition, this Department provides direct services to students, and is responsible for managing district responses to legal, regulatory, and budgetary matters.

Athletic and other activity programs are provided to students whose interest and desire for extracurricular experiences may lie beyond the pure academic realm. Athletics and activities sanctioned and governed by the New Mexico Activities Association are offered in grades 6-12 in the Albuquerque Public Schools. In conjunction with other local governmental and local non-profit entities, the Albuquerque Public Schools also supports community youth activities by allowing the use of school district facilities at a nominal cost to the using group.

Student Graduation and Dropout Rates

Student achievement is the driving purpose of Albuquerque Public Schools, and at the center of the District’s services is instruction. Albuquerque Public Schools offers regular instruction to students Pre K-12. With a staff of 6,314 certified teachers during the most recent academic year 2010-2011, the district served approximately 88,406 students in regular education programs and 12,803 students in special education and gifted programs. Some 15,142 Bilingual/ ELL students received additional services through the ESL/Bilingual Education program. During the FY 2010-2011 academic year, 7,260 diplomas were awarded by Albuquerque Public Schools.

- The dropout rates for 9th-12th grade for the FYs 2007-2010:
 - 2006-07 = 7.6%
 - 2007-08 = 4.8%
 - 2008-09 = 2.4%
 - 2009-10 = 6.11%

- The graduation rate for FYs 2007-2011:
 - 2006-07 = 85.57%
 - 2007-08 = 85.57%
 - 2008-09=65.1%
 - 2009-10=64.7%
 - 2010-11 graduation rate remains uncalculated by the state at the present time.

(Prior to 2008-09 graduation was calculated on seniors graduating. Beginning in 2008-09 graduation is calculated based on a 4 year cohort of entering freshmen that graduate within four years.)

Major Initiatives and Events – Fiscal Year 2010/2011

The Sunshine Review, which uses a 10-point transparency checklist to evaluate the content of more than 5,000 state and local government websites, gave APS.edu a B- for making information readily available to its constituents. APS was one of only three school districts in the state to get a B from the organization; 76 of the state's 89 school districts earned a D or lower. No New Mexico school district earned an A from the organization. APS revamped its website earlier this year, making it easier to navigate for parents, students, employees and the community. It continues to make enhancements to aps.edu while improving and standardizing department and school websites. The Sunshine Review's evaluation of the APS website found that the district does a good job providing information on its budget, meetings, elected and administrative officials, contracts, audits and academics. The only areas in need of improvement, according to the Sunshine Review, were in providing more details on taxes, public records and background checks.

APS and its website have received other honors this year for being open and informative. The APS website was recognized by the New Mexico Technology Council for its outstanding contribution to the community through efforts to provide timely and accurate information. Superintendent Brooks was awarded the William S. Dixon First Amendment Freedom Award from the New Mexico Foundation for Open Government for releasing information and speaking openly and frankly about the District.

Nex+Gen Academy opened this year as a small magnet school featuring project-based learning and students working together in teams. It has 165 students in 9th and 10th grades, adding the other high school grades over the next two years. They will be graded on critical thinking, teamwork, work ethic and communication skills in addition to their core subjects. Technology is heavily emphasized, as each student was issued a laptop computer and the school will be communicating through video conferencing, instant messaging and text. Students will turn in homework through a web-based system. Nex+Gen is built on the model of the national New Tech High Schools. However, the \$12 million project is the first in the country build from the ground up, designed specifically to house a project-based learning school. All other such schools are located in existing buildings that were renovated for that purpose.

Albuquerque Public Schools employees can now go online to view their paychecks as well as leave balances, benefits information and more by logging into the new Lawson

Employee Self Service system. The system allows employees to look at pay information including paychecks, tax and other withholdings and year-to-date earnings. It also allows employees to look at earnings in past years as well as paycheck stubs dating back one year. Employees have the option of printing pay stubs as well. The Employee Self Service system also lets employees know their total number of hours and days in annual leave, personal leave, sick leave and contributions to the sick leave bank. In addition, employees can adjust their federal and state tax withholdings, add beneficiaries, check their personal information and job profile, and get copies of the APS employee policy and benefit handbooks. As of the date of this report, APS no longer prints and delivers direct deposit pay stubs, and only prints a handful of paper checks each payday which are mailed on the date of the check.

Community Growth: APS spends more than half a billion dollars a year on new construction, renovations and repairs. Most of the new construction in recent years has been on the west side, where Albuquerque has experienced the most growth. Since 2006, APS has opened nine new schools including two high schools, a middle school, five elementary schools and an alternative school. All but two of the new schools were built on the west side. The projects were funded with taxpayer supported general obligation bonds and mill levies. The new schools include:

- Volcano Vista High School – Located in Northwest Albuquerque, this 440,000-square-foot school was completed in 2010 at a cost of about \$105 million. More than 2,200 students attend the school, the first new high school built by APS in more than 20 years.
- Atrisco Heritage Academy High School – AHA, as it is affectionately known, is located in far southwest Albuquerque, and opened its ninth grade academy in December 2008. It has added a grade a year, and will have all four grades with a projected enrollment of 2,200 in 2011. The estimated total cost for the school is \$130 million.
- Tony Hillerman Middle School – The first middle school built by APS in eight years, Hillerman – named for the acclaimed New Mexico author – has 800 students. It was built as part of the APS Northwest Education Corridor at a cost of \$42 million and was the district’s first design/build project when it opened in the fall of 2009.
- Tierra Antigua Elementary School – This school is the third in the APS Northwest Education Corridor, along with Tony Hillerman Mid-School and Volcano Vista High School. It opened in April 2009 at a cost of \$17 million. It now has about 500 students.
- Sunset View Elementary School – This school in Northwest Albuquerque opened in April 2009 at a cost of \$17 million. It has 475 students.
- Rudolfo Anaya Elementary School – The elementary school built on the Southwest mesa opened in fall 2009 at a cost of \$17 million and already has 600 students.
- Coronado Elementary School – Originally opened in 1937 and closed as a school in 1975, the downtown elementary school re-opened in fall 2009 after an \$8.65 million renovation and construction of an additional building. It has 180 students that are drawn from all parts of the city. This school boasts a dual-language curriculum that uses a 90-10 model, which means that those students starting out

in kindergarten will receive 90 percent of their instruction in Spanish. By the time the students get to the fourth grade, they are fully competent in Spanish, and will receive 50 percent instruction in English and 50 percent in Spanish.

- Helen Cordero Elementary School – This unique school is the only primary school in APS, housing pre-k through second grade and built as a companion next door to Edward Gonzales Elementary. Helen Cordero opened in fall 2009 at a cost of \$16.6 million. It has 700 students.
- Nex+Gen Academy High School – This magnet school was built in partnership with several Albuquerque businesses with an emphasis on technology and project-based learning. It opened in fall 2010 with 160 students in grades 9 and 10. The new building cost \$12 million.
- Georgia O’Keeffe Elementary School – This Northeast Heights school was completely rebuilt for \$14 million and completed in fall 2010. It has 575 students.

On Feb. 2, 2010, voters approved a \$616 million bond issue and mill levy with a focus on refurbishing and rebuilding old schools, most of which are more than 40 years old. All projects approved in 2005-06 school tax funding elections are either completed or started, and all obligations fulfilled or are in the process of being fulfilled. A large focus of the last School Capital Master Plan was to catch up with growth areas and overcrowded schools. The main focus of the latest plan is to renew, refurbish and rebuild old schools and provide new educational and instructional technology. The new Capital Master Plan will also begin to provide some facilities for charter schools.

Albuquerque Public Schools Accounting and Financial Information

This written analysis and the accompanying financial report will indicate that Albuquerque Public Schools is in sound financial health. Indicators such as Aa1 bond rating (Moody’s Investor Services), AA long term rating (Standard & Poor’s), balanced budgets, significant cash balances and strong budgetary management contribute to and are indicators of a positive financial direction and strong, stable management. This is further explained in the Management Discussion and Analysis.

Internal Controls: The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are reasonably protected from waste, theft, abuse or loss. Internal controls also ensure that accounting data is adequately collected and compiled to allow for the preparation of accounting reports in accordance with generally accepted accounting principles. Capital assets are identified at the time of purchase, identified upon delivery and inventoried on a yearly basis. The Accounts Payable Department assures that purchases are properly received and documented prior to payment. Issues related to the adequacy of internal controls are reviewed and changed as necessary. Policies and procedures are in place to guide staff through their daily business routines. In addition, the PED (Public Education Department) recently published a newly revised New Mexico Manual of Procedures for Public School Accounting and Budgeting. This manual will serve as a comprehensive guide for finance staff in their daily duties.

Budget Preparation: The District's Budget is prepared with the focus of the goals and priorities set by the Board of Education, the District Educational Plan for Student Success, curriculum and public input. The 2011/2012 budget process included the training of 52 volunteers as budget liaisons. The included teachers, principals, parents, students, secretaries, administrators and community representatives. The liaisons attended a training session on the APS budget in mid-January; then spent the last two weeks of the month collecting input from their communities. They held over 50 meetings and took part in countless informal discussions. The same process will be used to collect stakeholder input for the preparation of the 2012/2013 budget. Community meetings are held to get public input and work sessions are held with the Board of Education. The proposed budget is presented to the Board in a public meeting for formal adoption. Pursuant to State Statute, the local school board sets budget priorities and the Public Education Department must approve final school district budgets.

Budgetary Control: The objective of budgetary controls is to assure compliance with the provisions of State Statute, the New Mexico Administrative Code and Board policy. In addition, budgetary controls ensure that funding appropriated by the Board meets intended goals. The level of budgetary controls (that is the level by which expenditures cannot exceed the appropriated amount) is carried down to the function level within each individual fund. The District maintains an encumbrance accounting process as one technique to control budgets. In addition, the accounting system prevents expenditures from exceeding budget at the object code level. Budget Office management continually reviews detailed budget to expenditure reports for budget maintenance. Quarterly reporting to the Board is provided at public meetings and becomes a part of the Board's permanent, public record. These reports are public documents and are open to public inspection.

Risk Management: APS is self-insured for general liability, automobile liability, bus liability and property. APS also has a self-insured exposure to school board error and omissions, and are separate and known as tort liability. The District purchases specific excess insurance in the event of large claims. The threshold for liability claims is \$350,000, while the property and automobile threshold is currently at \$500,000.

Cash Management: The District is responsible for cash management and investment of revenues. All investment accounts are required to meet certain specific, collateral requirements as defined by State Statute. The Independent Auditor reviews this requirement. In an effort to maximize revenues, the District invests surplus revenues and utilizes savings accounts when possible. Another investment method used by the District is the Local Government Investment Pool when rates are competitive.

Independent Audit

State Statute requires the independent audit of public schools on an annual basis. The audits are defined and governed by regulations issued by the New Mexico Office of the State Auditor (NMAC 8.1). Regulations require that a public entity cannot contract with an auditor for more than six consecutive years. The hiring and contracting of the Independent Auditor is made in accordance with the State of New Mexico Procurement Code Chapter 13 NMSA 1978, State Auditor regulations and Albuquerque Public

Schools Board Policy. The scope of the audit is designed to meet the state and federal requirements set forth in the State Auditor's regulations. In addition, the District includes district-authorized charter schools in its audit and financial statements as component units.

Acknowledgements

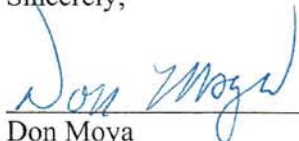
The preparation and publication of this Comprehensive Annual Financial Report could not have been possible without the assistance, participation and cooperation of the entire Finance Division staff. Special notes of appreciation are extended to the District's Operational Controller, Irene Johnson, and Senior Accountant, David McCarty, for their efforts in providing and preparing the information used for this CAFR. A note of appreciation is also made to the other departments of the District for their willingness to participate in providing information for this report.

This is the first year that Albuquerque Public Schools has prepared a Comprehensive Annual Financial Report (CAFR). We believe that our current CAFR will meet the Certificate of Achievement Program's requirements and we are submitting it to the Government Finance Officers Association (GFOA) to determine its eligibility for a certificate. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

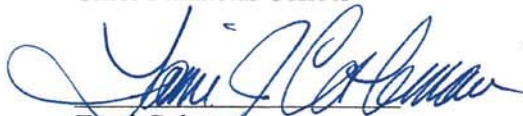
In Closing

We are pleased to present to the community our Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2011. The Albuquerque Public Schools community deserves the highest quality instruction, outstanding academic programs, and comprehensive student development supports to prepare our city's youth for the challenges they will face in an increasingly complex and diverse world. Equally important, the Albuquerque Public Schools community deserves relevant financial information and sound fiscal controls that will result in greater accountability to its taxpayers, legislators and government entities that serve the needs of its students. APS will endeavor to do its very best to meet both goals.

Sincerely,



Don Moya
Chief Financial Officer



Tami Coleman
Executive Director of Accounting

STATE OF NEW MEXICO
ALBUQUERQUE PUBLIC SCHOOLS
JUNE 30, 2011

Official Roster

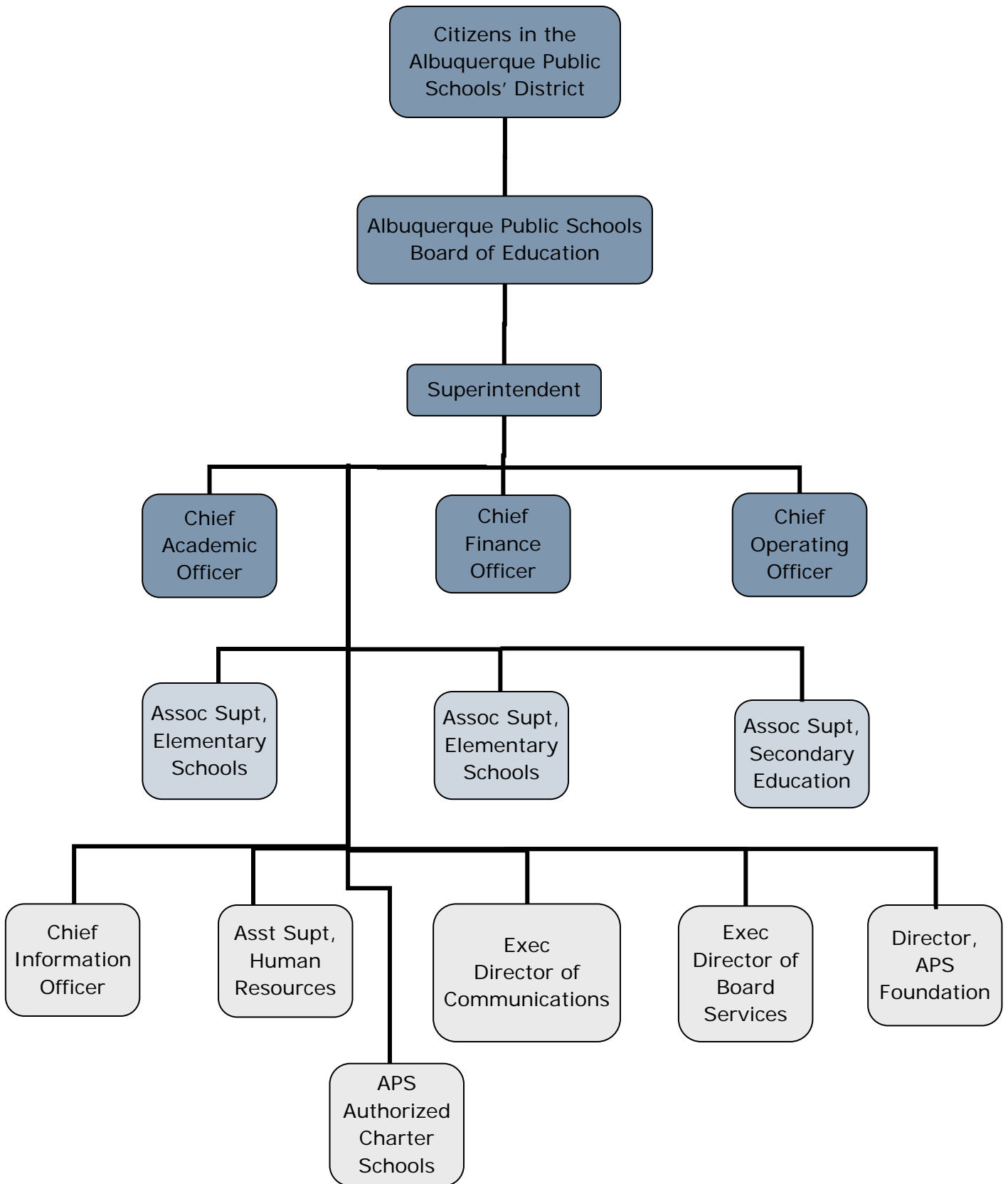
Board Of Education

Paula Maes	District 5	President
Analee Maestas	District 1	Vice President
Kathy Korte	District 2	Secretary
Martin Esquivel	District 4	Member
Lorenzo Garcia	District 3	Member
David Percy	District 7	Member
David Robbins	District 6	Member

School Officials

Winston Brooks	Superintendent
Don Moya	Chief Financial Officer
Tami Coleman	Executive Director of Accounting

Albuquerque Public Schools



REPORT OF INDEPENDENT AUDITORS

State of New Mexico
Albuquerque Municipal School District No. 12
To the Board of Education
and
Hector H. Balderas
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, each discretely presented component unit, each major fund, the budgetary comparisons for the general fund and major special revenue funds, and the aggregate remaining fund information of the Albuquerque Municipal School District No. 12, New Mexico (District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the District's and discretely presented component units' nonmajor governmental funds including the budgetary comparisons for the nonmajor governmental funds, internal service funds, 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, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 the 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

State of New Mexico
Albuquerque Municipal School District No. 12
To the Board of Education
and
Hector H. Balderas
New Mexico State Auditor

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each discretely presented component unit, each major fund, and the aggregate remaining fund information of Albuquerque Municipal School District No. 12, New Mexico, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue 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 nonmajor governmental and internal service fund, of the Albuquerque Municipal School District No. 12, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the capital project funds, debt service funds, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 18 to the financial statements, in 2011 the District's management discovered certain errors resulting in the overstatement of previously reported balances with the District and one of the component units. Accordingly, adjustments have been made to net assets as of July 1, 2010, to correct these errors.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2011 on our consideration of the District's internal control over financial reporting and on 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.

State of New Mexico
Albuquerque Municipal School District No. 12
To the Board of Education
and
Hector H. Balderas
New Mexico State Auditor

The management's discussion and analysis on pages viii through xxxiii are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining, individual fund and each discretely presented component unit financial statements and budgetary comparisons. The Introductory Section, Supporting Schedules and Statistical Tables, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory Section, Supporting Schedules and Statistical Tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. In addition, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mess Adams LLP

Albuquerque, New Mexico
November 15, 2011

Management Discussion and Analysis

The following management's discussion and analysis provides an overview of the Albuquerque Public School's (District) financial activities for the fiscal year ended June 30, 2011. The document is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, and (d) identify any material deviations from the financial plan (approved budget). Please read this document in conjunction with the District's financial statements, which immediately follow this analysis.

The Management's Discussion and Analysis is a required part of the District's and the discretely presented component unit's financial reporting and is meant to be an objective, understandable discussion of the District's financial activities. The reader will see two statements: a "Statement of Net Assets" and a "Statement of Activities". These statements provide the overall view of the financial activities of the District.

This discussion and analysis will provide a review of the District's overall financial activities, using the full accrual basis of accounting, for the year ending June 30, 2011. Fund financial statements are reported on a modified accrual basis of accounting. Rather than isolating specific areas of performance, this discussion and analysis focuses on the financial performance of the District as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphic information.

This annual report consists of a series of detailed, audited financial statements, supplementary information and notes regarding those statements. Albuquerque Public Schools Finance Department staff prepared these statements, and accompanying supplementary information. Also included is the "Independent Auditor's Report", "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*", "Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133" and a "Schedule of Findings and Questioned Costs".

Financial Highlights

Albuquerque Public Schools is the 34th largest school district in the United States and the largest school district in New Mexico. Of the total student membership of 330,142 in the State of New Mexico, 93,793 or 28 percent attend Albuquerque Public Schools and its charter schools. The District encompasses the majority of Bernalillo County and a small portion of Sandoval County. There are 142 school sites within the School District; 89 elementary schools, 27 middle schools, 14 high schools and 12 alternative schools. In addition there are 24 charter schools chartered by the Albuquerque Public Schools Board of Education.

The District is responsible for elementary and secondary education of all students who reside within its geographical borders. As a political subdivision, the voters elect the members of the District's Board of Education which is financially accountable for the

District by approving the District's budget, levying taxes, if necessary, and approving any debt issuances.

Twenty-four District-authorized charter schools are responsible for providing elementary and secondary education to students enrolled in the school. Admittance to these charter schools is based on a lottery enrollment system as per state statute. Each charter school is managed independently by its own governing board. The District is liable for any operating deficits (to date the District-authorized charter schools have not experienced any material operating deficits). The charter schools are exhibited as discretely presented component units in the District's Financial Statements.

As noted above, District-authorized charter schools are governed independently from the District. However, the District acts as a "flow-through" agency for all District-authorized charter school operating revenues. The District is permitted, per state law, to withhold two percent of those revenues for administrative purposes. This financial relationship result in the application of General Accounting Standards Board (GASB) rules fourteen and thirty nine which require that District-authorized charter schools be treated as "component units: and be included within the scope of the District's independent audit and financial statements included in this annual report.

The District reduced its FY11 operating budget by \$32.5 million from FY10 as a result of declining revenues. Although the District experienced declining revenue during the 2010-2011 school year, the percentage of operational fund expenditures in the "Instruction" category admirably increased from 66.7 percent to 68.1 percent. The 2011-2012 operating budget projects this number will be at an unprecedented level of 71 percent.

It is important to note that preliminary estimates indicate that State general fund revenues appropriated to the District will remain relatively flat for FY13. However, the District continues to experience an annual increase in fixed costs of approximately \$16 million, requiring the District to adjust its operating budget accordingly to absorb these costs with no new revenue. Despite reduced funding from the state, the District's FY12 budget includes a fiscally responsible plan to slightly increase operating cash reserves.

The District maintains a strong Moody's Aa1 rating and Standard and Poor's (S&P) AA rating. These ratings reflect the highest ratings given to a school district in New Mexico and compare favorably with the City of Albuquerque (Moody's Aa2; S&P AAA) and Bernalillo County (Moody's Aa1; S&P AAA). The District also was awarded a "good" financial management rating from Standard and Poor's.

For the period ending June 30, 2011, the District issued General Obligation School Building bonds in the amount of \$85,410,000, General Obligation Qualified School Construction bonds in the amount of \$32,690,000, General Obligation Build America bonds in the amount of \$31,900,000 and General Obligation Education Technology notes in the amount of \$18,600,000. All issuances were portions of a \$225 million authorization approved by voters in February, 2010. During this same period, the District re-funded \$8,940,000 in General Obligation Bonds from Series 2001. The net savings from this refinancing transaction was \$801,405.

The *Statement of Activities* shows that Total Net Assets increased by \$55,273,962 from June 30, 2010 to June 30, 2011 from \$913,688,561 to \$968,962,523. This increase reflects the District's strong Capital Master Plan.

The *Statement of Net Assets* shows the School District's total assets as of June 30, 2011 totaled \$1,704,958,490 including cash assets of \$409,968,260. High levels of cash assets are in place to fund ongoing and planned school facility construction projects, and to support the District's self-insured components of Risk Management.

As of June 30, 2011 the District's self insurance reserve fund totaled \$41,702,226 which placed the medical reserve at an amount significantly in excess of being 100 percent funded and the risk reserve at a 70 percent actuarial confidence level.

The Public Education Department reported that the average Albuquerque Public Schools teacher salary decreased 3.4 percent during the 2010-2011 fiscal year to \$44,915. Average teacher years of experience were down to 10.3 years in 2010-2011, from 11.0 years in the previous year.

Overview of the Basic Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) governmental funds financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on the totality of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases in net assets generally indicate that the financial position of the District is improving, whereas decreases in net assets would indicate that the financial position of the District was deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Each of the government-wide financial statements relates to functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District are all related to public education.

The government-wide financial statements can be found on pages 1-2 of this report.

Governmental Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund

accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are divided into three categories: governmental funds, internal service funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. The "Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets" (Exhibit B-1) and the "Reconciliation of the Statement of Revenues/Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities" (Exhibit B-2) provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains ten individual major governmental funds and numerous non-major governmental funds. In the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures and changes in fund balances, separate columns are presented for the major governmental funds while the non-major funds are combined and presented in a single column. Individual account data for each of the District bonds is presented in the foot notes on page 42. The non-major governmental funds are provided in the form of combining statements elsewhere in this report.

The District adopts an annual budget for its governmental and internal funds type. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 3-10 of this report.

Internal Service Fund: The District created an internal service fund in fiscal year 2007 for the purpose of providing increased visibility, recording and tracking of transactions related to medical and dental health plans, workers' compensation, property and liability insurances and claims. In prior years these transactions were reported within the Operational Fund. The insurance fund was created at June 30, 2007 with the transfer of related cash balances and liability reserves. The activity for the 2010-2011 fiscal year is recorded in the internal service fund, and can be seen in the statements on pages 11-13.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to

support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on page 21 of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-107 of this report.

Combining and Individual Fund Schedules and Statements. The combining schedules and statements showing the individual District capital accounts and other non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund schedules and statements can be found on pages 108-252 of this report.

Government-Wide Financial Statements

Statement of Net Assets (Excluding Component Units)

This statement shows that as of June 30, 2011, the District (excluding District-authorized charter schools and the Albuquerque Public Schools Foundation) has total net assets of \$968,962,523 as compared to net assets of \$913,688,561 as of June 30, 2011. The District had \$418,897,233 in cash and other current assets on hand as of June 30, 2011, and accounts payable/current liabilities and current long-term debt of \$163,761,187. Cash assets increased by \$121,157,864 (42%) while Other Current Assets increased by \$607,073 (7.3%). The increase in Capital Assets (\$104,449,484) is mostly explained by the continued construction of two new high schools and one new middle school. Several phases of construction for these new schools began this fiscal year, and are now shown on the capital asset listing. Current capital asset additions also include \$27.1 million of completed projects for which the District received certification from the Public School Facilities Authority. The "Construction in Progress" account has decreased significantly due to the completion of major construction projects.

Long Term Liabilities have increased from \$433,677,123 as of June 30, 2010, to \$572,234,780 (31.9%) as of June 30, 2011. This increase is due to bond sales during the current fiscal year.

Restricted fund balance increased from \$106,339,132 to 147,241,851 (38.5 percent) due to the District's efforts towards its Capital Master Plan. "Unrestricted" net assets increased from \$47,911,727 to \$54,561,162.

Statement of Net Assets	30-Jun-11	30-Jun-10
Assets		
Cash Assets	\$ 409,968,260	\$ 288,810,396
Investments	5,000,000	7,000,000
Other Current Assets	8,928,973	8,321,900
Bond Issuance Costs	2,027,330	1,243,187
Restricted Receivables	43,628,876	47,304,719
Capital Assets	1,837,932,917	1,733,483,433
Depreciation	(602,527,866)	(562,751,224)
Total Assets	\$ 1,704,958,490	\$ 1,523,412,411
Liabilities		
Accounts Payable	\$ 2,583,010	\$ 4,746,490
Other Current Liabilities	83,838,194	87,257,059
Insurance Reserves	28,434,736	28,347,316
Current Portion/Long Term Debt	37,191,078	44,686,560
Liabilities payable from restricted assets	11,714,169	11,009,302
Long Term Liabilities	572,234,780	433,677,123
Total Liabilities	\$ 735,995,967	\$ 609,723,850
Net Assets		
Invested in Capital Assets	\$ 767,159,510	\$ 759,437,702
Restricted	147,241,851	106,339,132
Unrestricted	54,561,162	47,911,727
Total Net Assets	\$ 968,962,523.0	\$ 913,688,561.0

Statement of Activities (Excluding Component Units)

The Statement of Activities is also a statement required by GASB 34 and is prepared using the full accrual method of accounting. This report complements the Statement of Net Assets by showing the overall change in the School District's net assets for the fiscal year ended June 30, 2011. In the fiscal year ended June 30, 2011, net assets increased by \$55,273,962 as opposed to an increase of \$80,423,789 in the previous year. The lower increase in the Changes in Net Assets is attributable to an overall decrease in revenues while expenses increased by almost \$20 million, or about 2 percent. The increase in expenditures is fixed cost increases such as utilities, payroll benefits, and salary increases due to upward movement of teachers through the three tier licensure system. The declining economy is evidenced in a decrease in overall revenue. The Public School Capital Outlay Council Awards revenue is capital funding that has been allocated by the Public School Capital Outlay Council over the past four years, and is strictly for contributing to APS's construction needs. When this \$27,081,966 is taken out of the equation, our operating revenue has actually decreased by \$20,821,047. This reduction is mostly in our state aid and reduced funding through our grantors.

Revenues		2011	2010
Program Revenues			
	Charges for Services	\$ 56,079,105	\$ 52,832,270
	Operating Grants and Contributions	145,253,757	150,267,576
	Capital Grants and Contributions	6,738,769	24,660,487
Total Program Revenues		208,071,631	227,760,333
General Revenues			
	Taxes-General, Debt Service, Capital Projects	154,801,776	156,421,150
	Public School Capital Outlay Council Awards	27,081,966	-
	State Aid not Restricted to Specific Purposes	601,789,251	610,595,016
	Interest and Earnings in Investments	636,130	697,319
	Gain/loss on Disposal of Capital Assets	12,352	585,604
	Miscellaneous	2,065,874	4,660,477
		786,387,349	772,959,566
Total Revenues		994,458,980	1,000,719,899
Program Expenses			
	Instruction	422,142,550	442,536,731
	Support services:		
	Students	74,171,116	81,148,849
	Instruction	21,316,145	25,800,049
	General Administration	6,955,227	6,731,422
	School Administration	41,553,330	44,704,036
	Central Services	114,804,597	110,412,219
	Operation & Maintenance of Plant	69,825,012	73,180,201
	Student Transportation	18,576,309	19,377,641
	Other Support Services	822,112	-
	Food Services Operation	30,631,978	30,124,909
	Community Services	4,919	3,657
	Facilities, Supplies & Materials	75,278,234	30,086,679
	Interest on long-term debt	20,455,297	19,408,034
	Depreciation - unallocated	42,648,192	36,781,683
Total Program Expenses		939,185,018	920,296,110
	Changes in Net Assets	55,273,962	80,423,789
	Net Assets Beginning	913,688,561	833,264,772
	Net Assets Ending	\$ 968,962,523	\$ 913,688,561

Fund Financial Statements

Statement of Revenues and Expenditures and Changes in Fund Balances

Fund financial statements are based on a modified accrual basis of accounting. The Statement of Revenues and Expenditures and Changes in Fund Balances is not a new statement to the School District's annual financial reports. This report guides the reader to a meaningful overall view of the District's revenues, expenditures, and fund balance

and changes to the fund balance. This report also shows the revenue and expenditure activities of each major fund and the total of all “other” Governmental Funds. Total revenues from State, Local and Federal sources were \$924,274,778. With the addition of \$540,432 in Interest Income, total revenues increased to \$924,815,210. Other Financing Sources (Bond Activities) added \$174,317,842 resulting in current resources for the year of \$1,099,133,052. Total expenditures for the School District were \$984,429,132. The total ending Fund Balance, \$313,896,780 is an increase of \$114,703,920 from the prior year. This is to be expected given the large amount in current year bond sales.

Multi-Year District Revenues and Expenditures

During the 2010/2011 fiscal year, the District sold \$168.6 million in bonds as opposed to selling \$14.3 million in the prior year. Approximately two thirds of the prior year’s bond sales were carried into the 2010/2011 year, and were spent on construction in the same year.

Year	Total Revenues ¹	Increase % (Decrease)	Total Expenditures ¹	Increase % (Decrease)
2006/2007	\$ 909,826,023	19.17%	\$ 837,981,903	6.49%
2007/2008	998,132,245	9.71%	981,787,311	17.16%
2008/2009	1,275,481,903	27.79%	1,240,263,988	26.33%
2009/2010	977,694,273	-23.35%	1,045,072,104	-15.74%
2010/2011	1,099,133,052	12.42%	984,429,132	-5.80%

¹Revenues include proceeds from general obligation bonds sales in each respective year. Cash carryovers are excluded and expenditures include capital outlays.

The Budget

The State of New Mexico school budget process is defined under New Mexico State Statutes (Section 22-8, *Public School Finance*) and the New Mexico Administrative Code (Section 6.20.2 *Governing Budgeting and Accounting for New Mexico Public Schools and School Districts*). During the 2009/2010 fiscal year, the District moved from a site-based to a district-based budgeting process. Schools are provided funding based on a formula driven by student enrollment. Schools are also provided with additional “discretionary” funding based on their level of at risk factors (free lunch participation, mobility, English language learners). School principals then work with their staff and site councils to develop a detailed site budget.

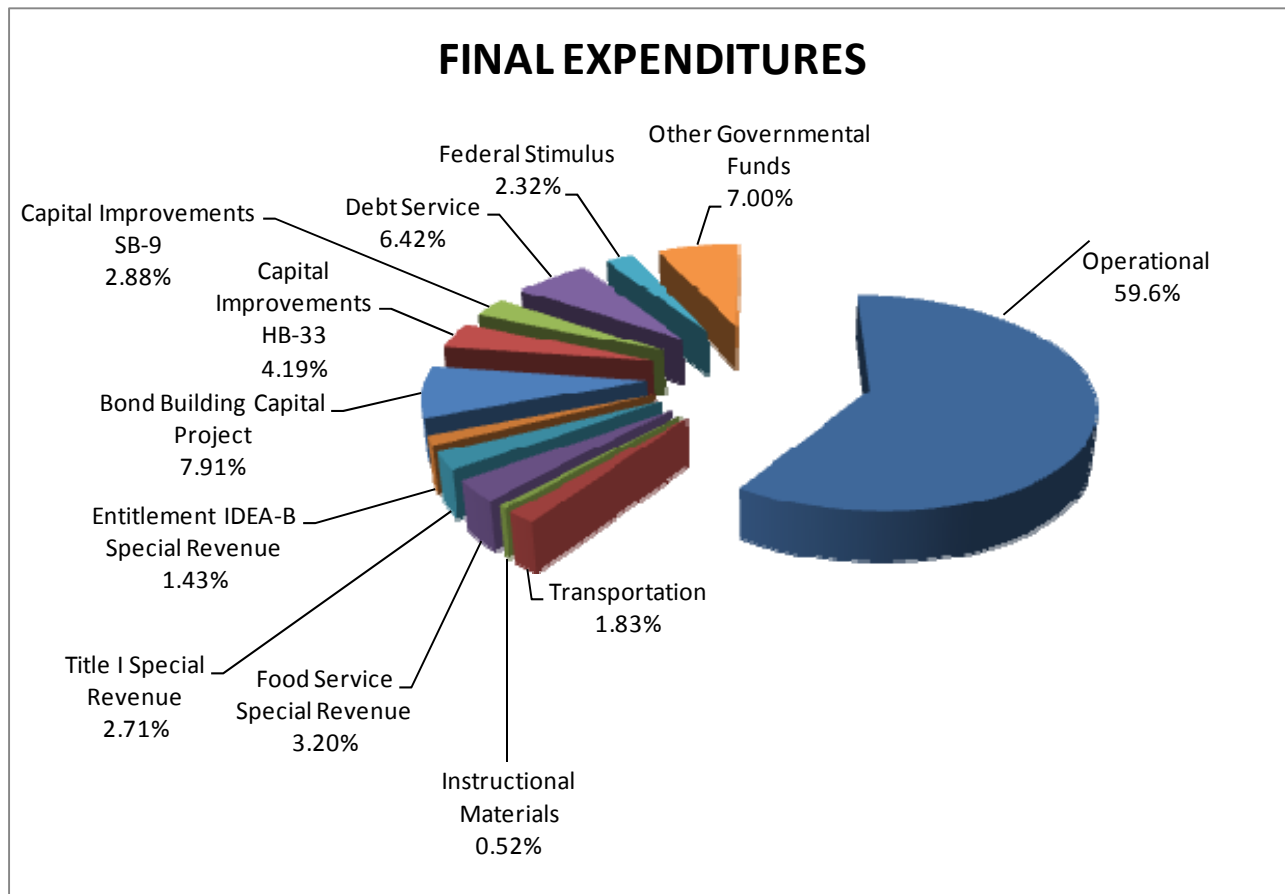
GASB 34 does not require a combining statement presenting the overall District result of the budget for each year; however, all major budgetary funds are required to be reported as separate statements.

The District had 97 active major and non-major funds at June 30, 2011. The 12 major budgetary funds in these reports are:

Operational Fund	Instructional Materials
Food Service	IDEA-B
Title I - IASA	Capital Improvements SB-9
Capital Improvements HB-33	Debt Service
Bond Building	Federal Stimulus-SEG
Pupil Transportation	Federal Stimulus-Educational Jobs Fund

In addition, 81 active, non-major Special Revenue Funds and four non-major Capital Projects funds are also reported for their budgetary performance.

The following graphic shows the fiscal relationship of the major funds and the combined non-major funds presented on a budgetary basis.



The Operational Fund Final Expenditures represent 59.6 percent of the total expended dollar amount. This fund provides the salary and benefits for the significant majority of the Instructional, Instructional Support and School Support, maintenance and administrative staff as well as classroom materials, special education consulting staff and fixed utility costs. Revenue from this fund is substantially derived from the State Equalization Guarantee, which is the funding formula used to distribute funds appropriated for education by the New Mexico State Legislature. The Operational Fund is discussed later in the *Management Discussion and Analysis*.

The following table examines the summary budget performance of the major funds for the fiscal year ending June 30, 2011. Detail budget performance is examined through the "Statement of Revenues and Expenditures, Budget and Actual" for each major and non-major fund.

Major Funds Expenditure Budget Performance

Fund Type	Original Budget	Final Budget	Actual	Variance
Operational	\$ 620,625,792	\$ 608,605,999	\$ 584,580,112	\$ 24,025,887
Transportation	-	17,979,031	17,978,264	767
Instructional Materials	4,288,167	6,143,418	5,117,515	1,025,903
Food Service Special Revenue	36,559,790	36,182,229	31,352,882	4,829,347
Title I Special Revenue	28,934,618	31,503,755	26,629,037	4,874,718
Entitlement IDEA-B Special Revenue	18,794,647	22,514,568	14,071,857	8,442,711
Bond Building Capital Project	192,000,000	202,645,716	77,635,845	125,009,871
Capital Improvements HB-33	60,530,309	76,648,853	41,065,494	35,583,359
Capital Improvements SB-9	40,200,236	66,008,751	28,238,713	37,770,038
Debt Service	114,606,009	116,400,616	63,019,140	53,419,821
Federal Stimulus - SEG	6,142,526	6,167,307	6,167,307	-
Federal Stimulus - Educational Jobs Fund	6,142,526	16,616,750	16,616,750	-

All major and non-major funds fell within the strict regulatory criteria set by the Public Education Department and New Mexico Statute, which no funds may be over-expended at either the fund or function level. Both the *Manual of Procedures for Public School Accounting* and 8-22-5, NMSA 1978, require that budget expenditures be within the authorization of the approved budget.

In general, non-major funds, while important to the success of school operations, do not represent a significant fiscal impact to warrant specific discussion. However, due to their relative importance to the success of students, we have elected to report the performance of the following non-major funds which were selected based on the level of expenditures being greater than \$1.0 million. Together, they account for 80.7 % of the non-major fund expenditures in the period ending June 30, 2011.

Selected Non-major Funds Expenditure Budget Performance

Fund Type	Original Budget	Final Budget	Actual	Variance
IDEA-B Stimulus Special Revenue Fund	\$14,000,000	\$14,383,264	\$ 14,324,585	\$ 58,679
Title 1 Stimulus Special Revenue Fund	10,234,229	10,139,036	10,021,307	117,729
Title XIX Medicaid 3/21 Years Special Revenue	9,550,707	9,550,707	5,240,933	4,309,774
Teacher / Principal Training / Recruiting Special Revenue	4,977,712	5,967,352	4,761,992	1,205,360
IDEA-B Coordinated Early Intervention Services	3,122,989	3,122,989	3,122,989	-
Special Capital Outlay - State	5,833,056	5,833,056	2,847,218	2,985,838
English Language Acquisition Special Revenue	1,251,832	2,717,991	2,487,302	230,689
Title I 1003g Grant - Federal Stimulus Special Revenue Fund	-	3,100,000	2,340,733	759,267
Kindergarten Three-Plus Special Revenue	2,168,580	2,230,513	2,214,022	16,491
Safe & Drug Free Schools & Communities Special Revenue	2,171,448	4,698,096	2,191,713	2,506,383
City/County Grants Special Revenue Fund	53,242	2,014,576	1,701,029	313,547
Smaller Learning Communities Special Revenue Fund	2,546,270	2,891,905	1,453,158	1,438,747
Indian Ed Formula Special Revenue Fund	-	1,154,092	1,126,926	27,166
Pre K Initiative Special Revenue Fund	1,122,687	1,073,370	1,044,009	29,361
Technology For Education PED Special Revenue Fund	2,504,470	2,420,521	540,871	1,879,650
Start Smart K-3 Utah State Univ. Study Special Revenue Fund	-	4,868,640	12,840	4,855,800

Variances on the non-major funds vary from fund to fund and the performance of each fund may be found in the details of the Financial Statements.

Major Funds-Analysis of Fund Balances

Fund Type	Fund Balance: June 30, 2010	Fund Balance: June 30, 2011	Variance
Operational	\$ 17,905,199	\$ 25,467,661	\$ 7,562,462
Transportation	72,507	3,914	(68,593)
Instructional Materials	2,388,915	1,033,136	(1,355,779)
Food Service Special Revenue	8,272,229	7,070,442	(1,201,787)
Bond Building Capital Project	52,645,716	125,338,449	72,692,733
Capital Improvements HB-33	16,579,741	30,091,832	13,512,091
Capital Improvements SB-9	33,404,719	36,057,183	2,652,464
Debt Service	51,218,320	54,594,494	3,376,174
Total	\$ 182,487,346	\$ 279,657,111	\$ 97,169,765

The fund balances of these major funds have increased by \$97.2 million. The Operational Fund shows the successful effort to increase cash balance by realizing a reduction in total expenditures. In the 2010/2011 fiscal year, the State Equalization

Funding Guarantee including Federal ARRA Stabilization Funds was decreased by \$8.8 million. This reduction was attained through budget cuts and a freeze on filling vacant positions. The Bond Building Fund has naturally increased with the issuance of new bonds (\$150 million) partially offset by continued spending on Capital Master Plan projects. Mill levy funds increase by \$15 million due to the a slight lull in this type of spending as the District implemented a new strategic Capital Master Plan. Debt service fund balance has increased in proportion to obligations due in the short term.

The Operational Fund

The Operational Fund is the District's largest fund. Because the Operational Fund budget for the period ending June 30, 2011 was \$608,605,999, the significant impact of this fund on School District Operations must be kept in context.

The Operational Fund is predominately funded by revenues from the State Equalization Guarantee (SEG) formula. This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff and administrative staff, and predominantly funds athletics.

State public school support funding for school district operations decreased by 1.94 percent for the year ended June 30, 2011. As shown in the *Operational Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget*, the Operational Fund began the year with an initial expenditure budget of \$620,625,792 and had a final budget of \$608,605,699. This decrease was due to appropriation of federal funding under the "Education Jobs" bill. Approximately \$16 million was realized by the District under this funding source, and the SEG was reduced accordingly.

The Operational Fund realized increases in revenue, exclusive of capital outlay, up to the current fiscal year (as shown below) due to several reasons. First, the New Mexico Legislature has historically, and still does today, prioritize public school funding in the state. Additionally, the SEG formula is based on student population numbers and the District has experienced student population growth for several years. However, the current fiscal year experienced an overall decline in operational funds which is largely attributed to current economic conditions.

Operational Fund Revenues (Including ARRA Stabilization Funds)

Year	Revenues	Increase %
2006/2007	\$ 590,065,635	10.80%
2007/2008	622,284,142	5.50%
2008/2009	631,994,302	1.60%
2009/2010	632,311,218 ¹	0.10%
2010/2011	615,332,851 ²	-2.70%

¹ Includes Federal ARRA Stabilization Funds of \$54,203,625

² Includes Federal ARRA Stabilization Funds of \$23,284,057

The Operational Fund is the main fund from which expenditures are significantly related to the daily operations of educating students. To that end, \$584,580,112 was expended in the year ending June 30, 2011. The most significant expenditure was for the function noted as "Instruction". This expenditure was \$397,976,068 or 68 percent of all Operational Fund expenditures, which compares favorable to the state-wide average of 62 percent. Expenditures included in this function are regular education teachers, special education teachers, early childhood education teachers and educational assistants, staff benefits, payroll taxes, school supplies, training and miscellaneous instructional related contract services.

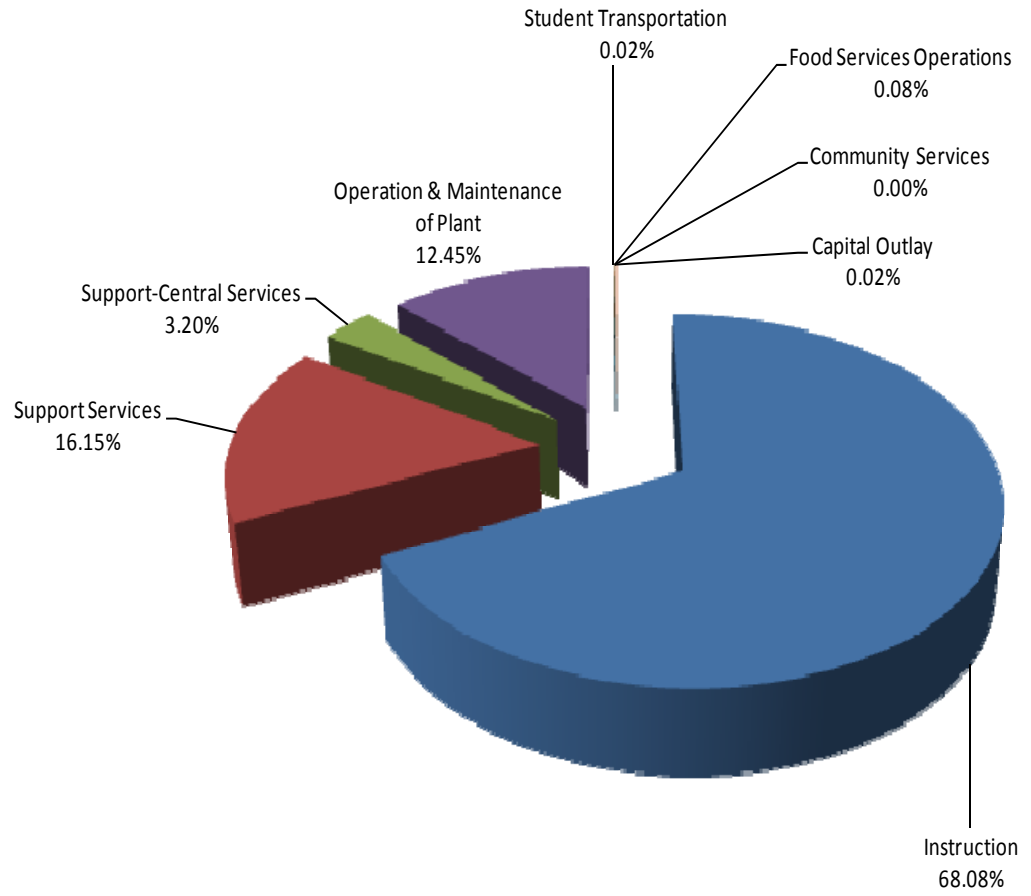
In addition, \$57,448,468 or 9.8 percent was expended from the "Support Services-Students" and "Support Services-Instruction". The expenditures in these two functions are directly in support of classroom and school activities. Charges to these functions include the related expenditures for librarians, nurses, social workers, counselors and special education support staff.

Less than 1 percent of the Operational budget was used for general administration, 5.48 percent was used for school administration, and 3.2 percent was used for central services which includes business/finance support, warehouse support, and informational technology.

Maintenance and Operations account for 12.45 percent of the Operational Fund expenditures. Included in the Maintenance and Operations expenditures are salaries and benefits for maintenance staff, school custodians, fixed utility costs, maintenance and repairs, maintenance supplies and school custodial supplies.

The following discussion on the Operational Fund budget will relate functional expenditures for the year ending June 30, 2011 for the Operational Fund.

Operating Fund Expenditures by Function FY 2010-2011



Operational Fund Expenditures by Function

Function	Original Budget	Final Budget	Expenditures	Variance	Percentage Expenditure ¹	Average for State ²
1000-Instruction	\$ 400,656,587	\$ 402,311,760	\$ 397,976,068	\$ 4,335,692	68.08%	62%
2100-Support –Students	60,852,727	41,818,147	36,487,959	5,330,188	6.24%	8%
2200-Support –Instruction	24,326,635	27,093,052	20,960,509	6,132,543	3.59%	4%
2300-Support-Administration-General	5,290,876	5,290,876	4,583,275	707,601	0.78%	2%
2400-Support-Administration-School	32,243,455	32,318,790	32,035,795	282,995	5.48%	7%
2500-Support-Central Services	20,782,279	20,832,279	18,728,706	2,103,573	3.20%	4%
2600-Operation & Maintenance of Plant	72,174,377	74,648,845	72,755,642	1,893,203	12.45%	13%
2700-Pupil Transportation ³	439,311	439,311	132,294	307,017	0.02%	0%
2900-Non Operating ⁴	3,244,893	3,244,893	365,711	2,879,182	0.06%	0%
3100-Food Services Operations ²	503,572	503,572	454,533	49,039	0.08%	0%
3200-Community Services	9,000	9,000	4,146	4,854	0.00%	0%
3140-Capital Outlay	102,080	95,474	95,474	-	0.02%	0%
Total	\$ 620,625,792	\$ 608,605,999	\$ 584,580,112	\$ 24,025,887	100.00%	

¹Percentage of expenditures to total expenditures.

² Operating costs not normally incurred by this fund.

³ Operational fund expenditure for pupil transportation only

⁴ Non-Operating includes emergency reserve and legal settlement budgets. Expenditures are generally not incurred within this function.

The following two tables provide more detail on the comparison between the ratios of the District and the state-wide average for the Operational Fund expenditures for the last three year period. The first table outlines the comparative functional expenditures for the three year period; the second details the resulting ratios.

Functional Expenditures ^{1, 2}	2008-2009		2009-2010		2010-2011	
	APS	Statewide	APS	Statewide	APS	Statewide
1000-Direct Instruction	\$414,097,610	\$1,538,412,852	\$ 396,320,836	\$ 1,416,177,475	\$ 397,976,068	N/A
2100-Support-Students	68,546,627	245,689,385	33,522,184	189,223,076	36,487,959	
2200-Support-Instructional	24,478,780	70,907,135	26,268,338	68,872,971	20,960,509	
2300-General Admin	4,784,892	51,359,936	4,122,745	48,537,401	4,583,275	
2400-School Admin	33,598,599	163,408,089	34,764,965	153,539,410	32,035,795	
2500-Central Services	20,742,342	83,487,196	21,419,428	82,524,611	18,728,706	
2600-Oper/Maintenance Plant	72,915,431	312,879,533	76,214,034	279,050,154	72,755,642	
2700-Pupil Transportation	391,656	2,980,019	275,188	3,678,436	132,294	
2900-Non-Operating	-	171,629	-	551,445	365,711	
3100-Food Services	470,719	3,135,821	1,061,081	3,655,932	454,533	
3300-Community Services	5,894	2,190,536	3,657	2,107,574	4,146	
4000-Capital Outlay	65,062	9,507,793	120,336	9,206,356	95,474	
TOTALS	\$640,097,612	\$2,484,129,924	\$ 594,092,792	\$ 2,257,124,841	\$ 584,580,112	
Functional Ratios						
1000-Direct Instruction	64.69%	61.93%	66.71%	62.74%	68.08%	N/A
2100-Support-Students	10.71%	9.89%	5.64%	8.38%	6.24%	
2200-Support-Instructional	3.82%	2.85%	4.42%	3.05%	3.59%	
2300-General Admin	0.75%	2.07%	0.69%	2.15%	0.78%	
2400-School Admin	5.25%	6.58%	5.85%	6.80%	5.48%	
2500-Central Services	3.24%	3.36%	3.61%	3.66%	3.20%	
2600-Oper/Maintenance Plant	11.39%	12.60%	12.83%	12.36%	12.45%	
2700-Pupil Transportation	0.06%	0.12%	0.05%	0.16%	0.02%	
2900-Non-Operating	0.00%	0.01%	0.00%	0.02%	0.06%	
3100-Food Services	0.07%	0.13%	0.18%	0.16%	0.08%	
3300-Community Services	0.00%	0.09%	0.00%	0.09%	0.00%	
4000-Capital Outlay	0.01%	0.38%	0.02%	0.41%	0.02%	
TOTALS	100.00%	100.00%	100.00%	100.00%	100.00%	

¹Albuquerque expenses are actual; taken from APS audited financial statements, Non-GAAP Budgetary Basis schedules.

²Statewide expenses are actual; taken from PED statistical information.

Support services for students and instruction represents 10 percent of Operational Fund expenditures and accounts for expenditures for program coordinators, counselors, school nursing staff, librarians, special education ancillary staff and significant support to special education programs through contract ancillary support staff and contract

programs. General Administration and Central Services represents the overhead support for the entire operations of the District; these programs combined represent 4 percent of the total Operational Fund. Central Services includes business support, technology, and warehousing services. Additional support for maintenance supplies and projects comes from the voter approved Two-Mill Levy Fund (SB-9). The SB-9 fund is a critical and integral fiscal component of the School District's Maintenance program. The Operational Fund also supports expenditures for school athletics and summer school in the Instruction function.

Administrative Costs

To allow the reader to compare the performance of the Albuquerque Public Schools with the performance of all school districts within the State of New Mexico, additional statistical information concerning state wide performance has been added to the above budget tables. In addition, the following table compares the Operational Fund costs associated with General Administration and Central Services to those of the state-wide average. This information shows that the District's expenditure in these functions is lower than the state wide average. The information used for this data is from Public Education Department final expenditure fiscal data for the period ending June 30, 2010.

Comparative Administrative Costs 2009-10

School District	Gen Administration	School Administration	Central Services	Total
APS 2010-2011	0.78%	5.48%	3.2%	9.46%
State Average 2009-2010	2.15%	6.80%	3.66%	12.61%

Source: PED – New Mexico Finance Statistics; Final Expenditure Report, June 30, 2010

Operational Budget Reserve Funds

The District maintains an Other Support Services function within the Operational Fund as a reserve against unexpected emergency expenses, required credits towards next year's revenue, litigation fees, and a state match for Medicaid. Most unexpected emergency expenses are those related to legal settlements or facility repairs. Facility issues can also be addressed through the District's Two-Mill Levy Fund or insurance coverage which lessens the need for the District to maintain a high Operational Fund reserve. At the end of the 2010/2011 fiscal year, the budget balance in this function was \$2.9 million; the initial budget for the 2011/2012 fiscal year reflects an initial budget of \$1.5 million. This amount may be increased as additional funds become available.

Self Insurance Benefits and Reserve Funds

§ 22-29-1 thru 10, NMSA 1978, mandate that school districts and charter schools be included in the New Mexico Public Schools Insurance Authority (NMPSIA). The statutory language also allows school districts in excess of 60,000 students to be "waived" from participation in NMPSIA programs. As a result, the District funds and

administers its own employee benefit and risk management programs as a self-insured program. However, charter schools are included in the NMPSIA program.

Due to an interest in providing lower cost insurance to school employees state-wide, an independent study was conducted to determine the feasibility of combining the District programs with the NMPSIA programs. The independent study, commissioned by the District and NMPSIA, was completed in January 2007 and concluded that the inclusion of the District into NMPSIA would lead to significant cost increases to the NMPSIA, the District and a large number of APS employees. Those findings were reaffirmed by the New Mexico Legislative Finance Committee in 2010 when it completed a program evaluation of the insurance programs in the state and concluded that the District should not be consolidated with NMPSIA.

As part of the self-insurance program, the District maintains reserve funds for medical, dental and vision benefits, risk and Workers Compensation based upon periodic actuarial studies. The District considers these funds to be “restricted” and the funds are accounted for within an Internal Service Fund. Effective June 30, 2011, balances for the self-insurance reserves were as follows:

Fund	Reserve	Confidence level
Health Benefits	\$ 16,664,351.0	100%
Dental Benefits	3,481,320	100%
Vision Benefits	490,445	100%
Workers Compensation	12,199,641	70%
Property/Liability	8,866,469	70%

A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, a 70 percent confidence level means that the actuary believes funding will be sufficient in seven years out of ten.

These reserves were carried forward into the 2011/2012 fiscal year and are deemed sufficient to meet requirements. The District’s annual health insurance premium adjustment is implemented on January 1st of each year. On January 1, 2012, premiums will be not increase due to the reserve amount providing a 100% confidence level. Board action was taken to set rates, and starting on January 1, 2012, a portion of the reserves will be used to meet obligations in order to keep premiums at a lower level.

Capital Assets

GASB 34 requires public entities to depreciate capital assets. Utilization of depreciation concepts by public entities allows the reader to know if the entity is replacing its assets at a rate in which they are being used. The District utilizes a “straight line” depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

Historically and in accordance with prior state statutes and rules and Board of Education policy, all assets with a value in excess of \$1,000 were capitalized. Effective

July 1, 2006, this amount was increased to \$5,000 by state statute. The District continued to capitalize all assets with a value in excess of \$1,000 through June 30, 2010. All assets on the books as of July 1, 2010 with a cost between \$1,000 and \$5,000 will remain on the District's inventory list and continue to be subject to depreciation rules for the life of the asset. Effective July 1, 2011 the district began capitalizing only equipment with a value in excess of \$5,000 in accordance with state statute. In addition, effective July 1, 2010, the District began tracking all computers regardless of value in response to a State Auditor directive that all computer hard drives be certified as "sanitized" or destroyed prior to disposal.

As of June 30, 2011, the District capital assets had a book value of \$1,170,732,209 after depreciation. This statement includes total accumulated depreciation of the District's capital assets in the amount of \$562,751,224 (see Note 7).

Due to student growth and certain aging facilities, the District has taken a planned and focused approach towards investing in equipment and building new facilities as well as adding to and maintaining existing facilities. Atrisco Heritage Academy opened to the 9th grade in the 2009-2010 school year, and will become a full four-year high school in the 2011-2012 fiscal year. Georgia O'Keefe Elementary School moved into a newly constructed facility this school year, while many other schools received refurbishment and renovation. The nex+Gen Academy High School opened its new facility to 9th and 10th graders as a magnet high school on the Del Norte High School campus, and will add grades 11 and 12 over the next two years. Del Norte High School's main classroom building is currently being rebuilt. The District placed interactive white boards in every school in the district, and started on an aggressive refresh program of district computers. These efforts are evidenced by the substantial and continuous investment in the Capital Outlay accounts.

The following table displays a two-year history of year-end balances for the District's investment in all capital assets:

Capital Asset Type	Balance June 30, 2010¹		Balance June 30, 2011¹	
Land and Land Improvements	\$	143,338,395	\$	165,649,833
Buildings and Building Improvmts		911,885,890		1,455,643,774
Furniture, Fixtures and Equipment		93,286,220		77,030,300
Intangibles		-		15,889,216
Vehicles		14,114,151		13,825,970
Construction in Progress		570,858,777		109,893,824
Total Capital Assets		1,733,483,433		1,837,932,917
Less Accumulated Depreciation		(562,751,224)		(602,527,866)
Capital Assets – Net	\$	1,170,732,209	\$	1,235,405,051

In the fiscal year ending June 30, 2011, the *Statement of Revenues, Expenditures and Changes in Fund Balances* included capital asset additions of \$96,180,649. This amount included expenditures of \$61,024,957 from the proceeds of the Bond Building Fund; \$20,897,221 was expended from the HB-33 fund for capital improvements and \$11,739,273 was expended from SB-9 funds. All three of these funds are authorized by local election.

Also, \$2,441,724 was expended from non-major funds. The Operational Fund had capital outlay expenditures of \$95,474. An additional \$1,371,585 was expended in functional expense areas.

General Long Term Debt

Article IX, Section 11 of the New Mexico Constitution limits the powers of a school district to incur general obligation debt beyond a school year. The District may incur such debt for “the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public classrooms or any combination of these purposes.” The approval of the debt is subject to a vote of the local electors and may not exceed 6 percent of the assessed valuation of the taxable property within the District. In accordance with the assessed valuation limitation calculation, the District long term debt may not exceed \$880,168,437. Currently, total long term debt, including current portion was \$593,583,990 or 67% of the legal debt limitation.

To this point, the District has not maintained a level of indebtedness to the maximum extent allowed. However, due to the need to add additional facilities in order to meet student population growth demands, upgrade and expand existing facilities, and to leverage additional funds available from Public School Capital Outlay, the voters approved a \$225 million dollar bond authorization on February 2, 2010. These bonds will be sold over a three year period and will increase the indebtedness in 2010 to an estimated 70 percent of the maximum debt limit allowed for by law.

During the fiscal year ending June 30, 2011, the District sold bonds, totaling \$168.6 million. The District maintained a Moody’s Aa1 rating and an S&P AA rating for the September 2010 and May 2011 bond sales. Effective July 1, 2003, District bonds are also permitted to carry the *enhanced* State of New Mexico bond rating of Aa2. This action is authorized in the state statute. The effect of this statute is to reduce the risk to bond holders and, as a consequence, reduce the interest costs to the taxpayer.

The District has never defaulted on any of its debt or other obligations. Listed below is the District’s total general obligation debt as of June 30, 2011, inclusive of the bond sales made during the year of \$168,600,000, and the re-funding of \$8,940,000.

Series	Original Amount Issued	Maturity	Principal Outstanding
2001 GOB	\$ 50,850,000	8/1/2016	\$ -
2004 GOB	28,010,000	8/1/2020	16,810,000
2004 QZAB	4,625,000	8/1/2020	2,113,845
2005 GOB	21,375,000	8/1/2014	15,170,000
2006 QZAB	7,160,000	8/1/2020	3,793,174
2006C GOB 10/2006	63,980,000	8/1/2021	38,890,000
2007 GOB 12/2007	75,000,000	8/1/2022	57,450,000
2008B GOB	134,000,000	8/1/2023	126,000,000
2009C QSCB	14,300,000	8/1/2024	14,300,000
2009D Refunding	16,800,000	8/1/2018	16,800,000
2010B GOB QSCB	32,690,000	8/1/2027	32,690,000
2010C GOB BAB	31,900,000	8/1/2024	31,900,000
2011 GOB Refunding	8,940,000	8/1/2016	8,940,000
2011 Education Technology Notes	18,600,000	8/1/2015	18,600,000

For additional information on long term debt please see Note 8.

The District recommends the *Official Statement* dated April 20, 2011, to a reader wishing to know more about the District's long term debt and community demographics. This official statement may be obtained on our website at <http://www.aps.edu/finance/accounting/official-bond-statements> , or by contacting the School District's Financial Advisor:

RBC Capital Markets

6301 Uptown Blvd. NE, Suite 110

Albuquerque, NM 87110

In addition to the sale of General Obligation Bonds, the District is eligible to receive awards from the Public Schools Capital Outlay Council (PSCOC) in accordance with §22-24-1 et. Seq. NMSA 1978. The impact of these various awards is discussed throughout this *Management Discussion and Analysis*.

Charter Schools

Because the operations of the charter schools are not material to the overall financial performance of the District, charter schools are only included in this section of the analysis. Charter school organization and management is set forth under §22-8B-1 et. Seq. NMSA 1978. This section of the law allows for charter schools to be formed and funded within an existing school district under specific criteria. The Albuquerque Board of Education is responsible for the review and approval of charter school applications submitted to it; however, a denial of an application allows for an appeal process to the

Public Education Department. Each charter school is governed by a governing body identified in the charter. The charter school governing body is responsible for the operation of the charter school including “preparation of a budget, contracting for services and personnel matters.”

Due to the complexity of the rules and accounting requirements of Public Education Department, many charter schools find varying degrees of difficulty and challenges. The Albuquerque Public Schools, the New Mexico Coalition of Charter Schools, and the New Mexico Association of School Business Officials are all working to provide support and training for these schools.

The following table lists all charter schools active during the fiscal year ending June 30, 2011 and the summary of their fiscal performance. This information is summarized for each school on the *Combined Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds* (GAAP). The stated fund balance is the final, adjusted, fund balance for all governmental funds for the fiscal year end June 30, 2011. The statement shows the performance of each individual school’s combined governmental funds on a GAAP basis.

Charter School Name	Year Chartered	Grades	FY 09-10		FY 10-11 Total Expenditures ¹	Total Final EOY Fund Balance ¹
			120 Day Student Count	FY 10-11 Total Revenue ¹		
21st Century Public Academy	2000	5-8	238	2,105,716	2,178,403	(56,746)
Academia de Lengua y Cultura	2001	6-8	92	1,140,445	1,151,176	329,368
Albuquerque Talent Development Secondary Charter	2007	9-12	141	1,575,975	1,465,787	204,337
Alice King Community School	2006	K-5	245	2,088,450	1,980,747	188,960
Career Academic & Technical Academy	2006	9-12	139	1,540,116	1,437,388	205,025
Christine Duncan's Heritage Academy	2006	K-8	121	1,581,117	1,561,040	310,259
Corrales International Charter School	2008	K-8	183	1,731,352	1,591,557	125,989
Digital Arts & Technology Academy	2002	9-12	301	2,791,422	2,724,198	779,069
El Camino Real Academy	2002	K-12	481	5,179,212	5,752,962	(27,992)
Gordon Bernell Charter School	2008	9-12	306	2,957,780	2,619,538	452,812
La Academia de Esperanza	2001	6-12	322	4,167,507	3,872,058	1,530,860
La Rosolena Leadership Academy	2006	6-8	64	820,226	808,450	7,631
Los Puentes Charter School	2002	7-12	187	1,992,484	2,019,688	418,718
Montessori of the Rio Grande	2004	PreK-6	192	1,964,957	1,735,423	459,278
Mountain Mahogany Community School	2005	K-6	146	1,376,210	1,303,139	244,519
Native American Community Academy	2006	6-11	379	4,363,614	4,386,266	362,562
Nuestros Valores Charter School	2001	9-12	134	1,422,037	1,496,485	279,711
Public Academy for Performing Arts	2001	6-12	343	2,661,862	2,806,243	156,733
Ralph J. Bunche Academy	2006	K-5	80	1,078,274	1,153,399	(33,406)
Robert F Kennedy High School	2001	9-12	271	3,326,468	3,752,339	224,682
School for Integrated Academics and Technologies	2004	9-12	297	2,643,935	2,459,681	256,616
South Valley Academy	2000	9-12	227	2,972,025	3,110,053	2,969,950
The Bataan Military Academy	2006	9-12	136	1,354,453	1,246,666	105,588
The Learning Community Charter School	2001	6-12	207	2,243,681	2,100,361	356,036

¹Amounts shown in dollars

One of the more significant challenges facing charter schools is the quality of the existing charter school facilities. The State of New Mexico has mandated that charter schools occupy public facilities by the 2015 school year. Debate is currently ongoing as to how that mandate ought to be funded and implemented as this deadline has been extended at least once from its original deadline. Included in the options is the lease purchase financing of school facilities. The constitutional prohibition on lease purchase financing was removed by the voters as a result of the general election on November 7, 2006. It is anticipated that further legislative definition of this capital project financing tool will take place during future legislative sessions.

APS Education Foundation

The Albuquerque Public Schools Education Foundation is a 501(c)3 charitable organization established in 1995 that raises private support for programs within the district. In addition to providing help to the 90,000 schoolchildren and 14,000 staff members of the district, the Foundation serves as a fiscal agent for a variety of programs. In 2009, the Foundation established the Horizon Campaign, a fundraising effort aimed at providing financial supplements to Classroom Teacher Mini-Grants, Fine Arts, Literacy and Middle School/High School Activities programs operated by the district. Through this Campaign, the Foundation has raised over \$700,000 in cash, in-kind donations, and pledges. This Foundation's financial statements are discretely presented in this report as a component unit.

Agency Funds

School sites, as custodians, maintain and monitor special funds on behalf of the school activity groups. These agency funds maintained by the schools are intended to benefit a specific activity or interest and are generally raised by students for student use. The total of these funds is \$5,167,198.

While each school site is the custodian and responsible for the administration of the agency funds at the specific school sites, the use of these funds is in accordance with Board of Education policy, administrative procedures and Public Education Department Regulations. The management of these funds is directed by the school principal and the funds are also subject to annual review by the School District's Internal Audit Department.

Future Trends

The Economy and Public School Funding: In New Mexico, the general operation of school districts is principally funded by the State through an allocation formula known as the State Equalization Guarantee (SEG). State legislators convene annually and determine the amount of funds to be allocated within the State for educational purposes. The principal resources to the State which are available for allocation include the gross receipts tax and the severance tax (a tax on extracted natural resources).

The international economic crisis that began in 2008 has significantly impacted New Mexico. Over time, the gross receipts tax had proven itself to be a reliable source of State and local revenue due to sustained economic growth since New Mexico's economy has consistently expanded from year to year for well over fifty years. New Mexico's current

economic crisis has ended that growth and the gross receipts tax has contracted in the last year.

The severance tax, however, is more volatile because it is more closely tied to the global pricing of natural resources such as oil and natural gas. Because of decreased prices for oil and natural gas resources, state revenues have shown a significant decrease in recent past years.

The New Mexico economy will recover over time. The gross receipts tax will rebound and the prices for oil and natural gas have already begun to rebound.

State Equalization Guarantee Funding History

The following table indicates the statewide funding of SEG along with the amount allocated to the District for the past five years.

Fiscal Year	Statewide ¹	APS District ¹
FY2006-07	\$ 2,117,799,200	\$ 576,123,653
FY2007-08	2,273,283,900	607,660,123
FY2008-09	2,331,045,045	621,262,717
FY2009-10	2,094,230,639	610,595,016 ²
FY2010-11	Not available	601,789,251 ³
¹ Amounts shown in dollars.		
² Includes \$ 54,203,625 in Federal ARRA Stabilization Funds		
³ Includes \$ 23,284,057 in Federal ARRA Stabilization Funds		

\$23.3 million of ARRA Stabilization funds were distributed by the State using the same distribution method as the SEG funding formula in FY2011. These funds were used by the state to avoid large budget cuts that may have otherwise occurred. The District paid for special education, regular education, and kindergarten teachers from this fund.

Operational funding of public schools for the 2010/2011 school year was again affected by the diminishing resources of New Mexico, and the country. However, public schools in New Mexico did benefit from ARRA funds, and budget reductions were minimized as much as possible. Some of the difference in the annual rates of growth is attributable to formula factors applied in deriving the allocation to each district. For example, if a school district's student population grows at a rate that is different than the anticipated statewide growth, then that district's SEG would reflect the difference caused by the underlying change in student population ratio. Additional formula factors include students in need of special education, bilingual classes, or special attention to deter students at risk of dropping out. Another significant formula factor is the education and experience level of instructional staff.

Teacher Salaries: Beginning with FY2004-05 the District began implementing a three year phase in of a state mandated three tier salary schedule for teachers throughout the State. Based on a combination of education and experience, each teacher is placed within one of the three tiers in the plan. The first tier of Level I teachers were funded at a minimum salary of \$30,000. In 2005/2006, the legislature funded the increase of the Level Two teacher salary to a minimum of \$40,000. Beginning with the 2007-2008 fiscal year, the

minimum salary for a Level 3 teacher was increased to \$50,000. It is anticipated that these increases in salaries will attract and retain high quality teaching staff. The Fiscal Year 2010-11 budget provides for 10,856 FTE. In this total, 5,919 FTE teachers are budgeted. The following is a seven year summary of average teacher salaries.

Year	Average Salary ¹	Experience
2004-05	39,416	13.2 Years
2005-06	40,695	12.0 years
2006-07	42,789	10.7 years
2007-08	43,380	11.1 years
2008-09	46,569	12.9 years
2009-10	46,504	11.0 years
2010-11	44,915	10.3 years

¹ Amounts shown in dollars.

Local Assessments

General Obligation Bonds: Local property taxes serve as the revenue source for the repayment of general obligation bonds. Because of the growth of both residential and commercial assessed valuation for properties in the District, the District has undertaken an aggressive expansion program to add additional classroom space in the District. The following table illustrates the growth of the assessed valuation for the District.

Valuation Table

Tax Year	Albuquerque Public Schools ¹
2005	11,451,528,185
2006	12,079,222,249
2007	13,182,532,511
2008	14,244,852,529
2009	15,100,118,203
2010	14,669,473,949
2011	Not available

¹ Amounts shown in dollars.

Source: *Official Statement* Dated April 20, 2011

Because of continued development in both the residential and commercial properties in the District, it is expected that future assessed valuations will continue to increase. It is also expected that voter support for the District will continue to be strong and revenues from General Obligation Bond proceeds will continue to be an integral part of the School District *Capital Master Plan*.

On Feb. 2, 2010, voters approved a \$616 million bond issue and mill levy with a focus on refurbishing and rebuilding old schools, most of which are more than 40 years old. All projects approved in 2005-06 school tax funding elections are either completed or started, and all obligations fulfilled or are in the process of being fulfilled. A large focus of the last Capital Master Plan was to meet demands in high growth areas and

overcrowded schools. The main focus of the latest plan is to renew, refurbish and rebuild old schools and provide new educational and instructional technology. This plan will also begin to provide some facilities for charter schools.

Contacting the Albuquerque Public Schools

This financial report is designed to provide our community, taxpayers, investors and creditors with an overview of the Albuquerque Public School District's financial condition and to provide accountability for the funds the School District receives. If you have questions about our report or about the operations of the Albuquerque Public School District, please visit our web site at www.aps.edu, or contact:

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State of New Mexico
Albuquerque Municipal School District No. 12

Exhibit A-1

Statement of Net Assets
6/30/2011

	Governmental Activities	Component Units
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 124,259,526	9,529,968
Restricted cash and cash equivalents	66,651,142	5,813
Investments	5,000,000	1,528,357
Receivables (net of allowance for uncollectibles)	4,444,925	2,423,155
Restricted receivables	17,480,242	-
Prepaid expenses	350,000	155,268
Inventory	4,134,048	-
Total current assets	<u>222,319,883</u>	<u>13,642,561</u>
Noncurrent Assets		
Restricted cash and cash equivalents	219,057,592	-
Restricted receivables	26,148,634	-
Beneficial interest in remainder trust	-	2,324,830
Bond issuance costs(less amortization of \$405,399)	2,027,330	-
Total noncurrent assets	<u>247,233,556</u>	<u>2,324,830</u>
Capital assets (not being depreciated):		
Land	42,561,223	1,531,252
Water rights	-	60,797
Construction in progress	109,893,824	198,000
Capital assets (net of accumulated depreciation):		
Land improvements	123,088,611	-
Buildings and building improvements	1,455,643,773	4,539,584
Furniture, fixtures and equipment	90,856,270	4,253,334
Intangibles	15,889,216	-
Less: accumulated depreciation	(602,527,866)	(4,132,308)
Total Capital assets	<u>1,235,405,051</u>	<u>6,450,659</u>
Total assets	<u>\$ 1,704,958,490</u>	<u>22,418,050</u>
LIABILITIES		
Current liabilities:		
Accounts payable	2,583,010	778,700
Accrued expenses	70,942,502	2,479,312
Unearned revenue	2,506,033	1,459,237
Accrued interest	9,102,470	-
Insurance reserves, IBNR claims	28,434,736	-
Current portion of compensated absences	1,287,189	138,930
Current portion of long-term debt	37,191,078	146,994
Liabilities payable from restricted assets	11,714,169	-
Total current liabilities	<u>163,761,187</u>	<u>5,003,173</u>
Noncurrent liabilities:		
Compensated absences	2,574,378	-
Bonds due in more than one year	556,392,912	1,813,212
Long-Term portion of claims payable	13,267,490	-
Total noncurrent liabilities	<u>572,234,780</u>	<u>1,813,212</u>
Total liabilities	<u>735,995,967</u>	<u>6,816,385</u>
NET ASSETS		
Invested in capital assets, net of related debt	767,159,510	4,490,453
Restricted for:		
Debt service	55,519,009	-
Capital projects	91,722,842	-
Other purposes	-	3,855,134
Unrestricted	54,561,162	7,256,078
Total net assets	<u>968,962,523</u>	<u>15,601,665</u>
Total liabilities and net assets	<u>\$ 1,704,958,490</u>	<u>22,418,050</u>

Statement Of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets	
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
Primary Government						
Governmental activities:						
Instruction	\$ 422,142,550	\$ 2,365,373	\$ 69,668,953	\$ -	\$ (350,108,224)	
Support services:						
Students	74,171,116	5,625,979	18,772,778	-	(49,772,359)	
Instruction	21,316,145	-	1,233,639	-	(20,082,506)	
General Administration	6,955,227	-	-	-	(6,955,227)	
School Administration	41,553,330	-	15,619,787	-	(25,933,543)	
Central Services	114,804,597	38,434,854	104,832	-	(76,264,911)	
Operation & Maint. of Plant	69,825,012	-	-	-	(69,825,012)	
Student Transportation	18,576,309	-	17,906,525	-	(669,784)	
Other Support Services	822,112	-	-	-	(822,112)	
Food Services Operation	30,631,978	9,613,724	21,311,980	-	293,726	
Community Services	4,919	-	-	-	(4,919)	
Facilities, Supplies & Materials	75,278,234	39,175	635,263	6,738,769	(67,865,027)	
Interest on long-term debt	20,455,297	-	-	-	(20,455,297)	
Depreciation - unallocated	42,648,192	-	-	-	(42,648,192)	
Primary Governmental Activities	<u>\$ 939,185,018</u>	<u>\$ 56,079,105</u>	<u>\$ 145,253,757</u>	<u>\$ 6,738,769</u>	<u>\$ (731,113,387)</u>	<u>\$ -</u>
Component Unit Governmental Activities	<u>\$ 66,330,439</u>	<u>\$ 75,144</u>	<u>\$ 7,398,151</u>	<u>\$ 3,505,846</u>		<u>\$ (55,351,298)</u>
Total Governmental Activities	<u>\$ 1,005,515,457</u>	<u>\$ 56,154,249</u>	<u>\$ 152,651,908</u>	<u>\$ 10,244,615</u>	<u>\$ (731,113,387)</u>	<u>\$ (55,351,298)</u>

General Revenues:

Property taxes:

Levied for general purposes	4,595,209	-
Levied for debt service	60,826,278	-
Levied for capital projects	89,380,289	589,601
Public Sch Capital Outlay Council Awards	27,081,966	-
State Equalization Guarantee	601,789,251	43,285,543
Interest & Investment Earnings	636,130	638,793
Gain/Loss on disposal of capital assets	12,352	-
Miscellaneous	2,065,874	2,331,774
Total general revenues	<u>786,387,349</u>	<u>46,845,711</u>
Change in net assets	55,273,962	(8,505,587)
Net assets-beginning as previously stated	913,688,561	26,851,955
Inclusion of component unit foundations (See Note 20)	-	47,236
Component unit restatement (See Note 18)	-	(2,791,939)
Net assets - beginning restated	-	24,107,252
Net assets - ending	<u>\$ 968,962,523</u>	<u>\$ 15,601,665</u>

State of New Mexico
Albuquerque Municipal School District No. 12

Exhibit B-1

Page 1 of 4

**Balance Sheet
Governmental Funds
June 30, 2011**

	General Fund	Special Revenue Funds		
	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000	Food Service 21000
ASSETS				
Cash and Cash Equivalents	\$ 74,052,392	\$ -	\$ -	7,052,228
Investments	5,000,000			
Accounts receivable				
Taxes	615,860	-	-	-
Due from other governments	2,020,109	-	-	-
Interfund receivables	16,370,644	-	-	-
Other	635,364	-	-	-
Prepaid expenses & other assets	350,000	-	-	-
Inventory	2,470,561	-	-	1,663,487
Restricted cash and cash equivalents	-	3,914	1,033,136	-
Restricted accounts receivable	-	-	-	637,597
Total assets	\$ 101,514,930	\$ 3,914	\$ 1,033,136	\$ 9,353,312
LIABILITIES				
Accounts payable	\$ 2,558,218	\$ -	\$ -	\$ -
Accrued expenses	70,910,593	-	-	-
Interfund payables	-	-	-	-
Due to other governments	-	-	-	-
Other Liabilities	31,909	-	-	-
Deferred revenue - property taxes	564,905	-	-	-
Deferred revenue - other	-	-	-	-
Liabilities payable from restricted assets	-	612	5,319	797,384
Total liabilities	74,065,625	612	5,319	797,384
FUND BALANCES				
Non Spendable for				
Inventory	2,470,561	-	-	-
Prepays	350,000	-	-	-
Restricted for				
Transportation	-	3,302	-	-
Instructional materials	-	-	1,027,817	-
Restricted by Grantor	-	-	-	5,932,919
Athletic Program	-	-	-	-
Capital Projects	-	-	-	-
Debt Service Fund	-	-	-	-
Assigned for Food Service	-	-	-	2,623,009
Assigned for Subsequent Year	20,000,000	-	-	-
Unassigned				
General Fund	4,628,744	-	-	-
Total fund balances	27,449,305	3,302	1,027,817	8,555,928
Total liabilities and fund balances	\$ 101,514,930	\$ 3,914	\$ 1,033,136	\$ 9,353,312

State of New Mexico
Albuquerque Municipal School District No. 12

Exhibit B-1

Page 2 of 4

Balance Sheet
Governmental Funds (Continued)
June 30, 2011

	Special Revenue Funds			
	Title I	IDEA-B	Federal	Federal Stimulus-
	IASA 24101	Entitlement 24106	Stimulus-SEG 25250	Education Jobs 25255
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Investments				
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Prepaid expenses & other assets	-	-	-	-
Inventory	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-
Restricted accounts receivable	4,040,265	115,098	-	-
Total assets	\$ 4,040,265	\$ 115,098	\$ -	\$ -
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-
Interfund payables	3,940,093	49,554	-	-
Due to other governments	-	-	-	-
Other Liabilities	-	-	-	-
Deferred revenue - property taxes	-	-	-	-
Deferred revenue - other	-	-	-	-
Liabilities payable from restricted assets	100,172	65,544	-	-
Total liabilities	4,040,265	115,098	-	-
FUND BALANCES				
Non Spendable for				
Inventory	-	-	-	-
Prepays	-	-	-	-
Restricted for				
Transportation	-	-	-	-
Instructional materials	-	-	-	-
Restricted by Grantor	-	-	-	-
Athletic Program	-	-	-	-
Capital Projects	-	-	-	-
Debt Service Fund	-	-	-	-
Assigned for Food Service	-	-	-	-
Assigned for Subsequent Year	-	-	-	-
Unassigned				
General Fund	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities and fund balances	\$ 4,040,265	\$ 115,098	\$ -	\$ -

State of New Mexico
Albuquerque Municipal School District No. 12

Exhibit B-1

Page 3 of 4

Balance Sheet
Governmental Funds (Continued)
June 30, 2011

	Capital Projects					
	Bond Building 31100	Improvements HB-33 31600	Improvements SB-9 31700	Debt Service 41000	Other Governmental Funds	Primary Government
ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,452,680	\$ 82,557,300
Investments						5,000,000
Accounts receivable						-
Taxes	-	-	-	-	-	615,860
Due from other governments	-	-	-	-	-	2,020,109
Interfund receivables	-	-	-	-	-	16,370,644
Other	-	-	-	-	-	635,364
Prepaid expenses & other assets	-	-	-	-	-	350,000
Inventory	-	-	-	-	-	4,134,048
Restricted cash and cash equivalents	125,338,449	30,091,832	36,057,183	54,594,494	38,589,726	285,708,734
Restricted accounts receivable	-	14,142,112	3,110,117	6,634,865	14,948,822	43,628,876
Total assets	\$ 125,338,449	\$ 44,233,944	\$ 39,167,300	\$ 61,229,359	\$ 54,991,228	\$ 441,020,935
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,558,218
Accrued expenses	-	-	-	-	-	70,910,593
Interfund payables	-	-	-	-	12,380,997	16,370,644
Due to other governments	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	31,909
Deferred revenue - property taxes	-	13,589,727	2,833,802	6,044,155	-	23,032,589
Deferred revenue - other	-	-	-	-	2,506,033	2,506,033
Liabilities payable from restricted assets	6,857,819	1,250,077	1,895,122	32,627	709,493	11,714,169
Total liabilities	6,857,819	14,839,804	4,728,924	6,076,782	15,596,523	127,124,155
FUND BALANCES						
Non Spendable for						
Inventory	-	-	-	-	-	2,470,561
Prepays	-	-	-	-	-	350,000
Restricted for						
Transportation	-	-	-	-	-	3,302
Instructional materials	-	-	-	-	-	1,027,817
Restricted by Grantor	-	-	-	-	7,819,138	13,752,057
Athletic Program	-	-	-	-	1,446,866	1,446,866
Capital Projects	118,480,630	29,394,140	34,438,376	-	28,549,286	210,862,432
Debt Service Fund	-	-	-	55,152,577	1,579,415	56,731,992
Assigned for Food Service	-	-	-	-	-	2,623,009
Assigned for Subsequent Year	-	-	-	-	-	20,000,000
Unassigned						
General Fund	-	-	-	-	-	4,628,744
Total fund balances	118,480,630	29,394,140	34,438,376	55,152,577	39,394,705	313,896,780
Total liabilities and fund balances	\$ 125,338,449	\$ 44,233,944	\$ 39,167,300	\$ 61,229,359	\$ 54,991,228	\$ 441,020,935

Reconciliation of the Governmental Balance Sheet to the Statement of Net Assets

Amounts are reported in dollars

Amounts reported for governmental activities in the statement of net

	<u>Governmental Funds</u>
Fund balances - total governmental funds	\$ 313,896,780
<p>Capital assets used in governmental activities are not financial resources and , therefore are not reported in the governmental fund balances</p>	
Cost of capital assets less accumulated depreciation to date:	1,235,405,051
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in governmental funds:</p>	
Property Taxes	23,032,589
<p>Bond issuance costs, including original issue discounts and premiums are recorded as expenditures in the year of debt and are therefore not reported as financial resources reported in the governmental funds. Those costs are capitalized and amortized for the Statement of Net Assets.</p>	
Bond issuance costs net of accumulated amortization	2,027,330
Internal Service Fund	1,148,800
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds :</p>	
Accrued Interest	(9,102,470)
Accrued Compensated Absences	(3,861,567)
General Obligation Bonds and related Premiums and Discounts	<u>(593,583,990)</u>
Net assets of government activities	<u><u>\$ 968,962,523</u></u>

State of New Mexico
 Albuquerque Municipal School District No. 12
 Statement of Revenues, Expenditures, and Changes in Fund Balances

Exhibit B-2
 Page 1 of 4

Governmental Funds
For the Year Ended June 30, 2011

	General Funds	Special Revenue Funds		
	Operational	Pupil Transportation	Instructional Materials	Food Service
	11000	13000	14000	21000
REVENUES				
Property taxes	\$ 4,664,134	\$ -	\$ -	\$ -
State grants	579,758,063	17,906,525	3,756,663	-
Federal grants	2,530,382	-	-	20,639,759
Miscellaneous	6,710,560	-	-	9,525,099
Interest	50,348	3,146	5,073	14,584
Total revenues	<u>593,713,487</u>	<u>17,909,671</u>	<u>3,761,736</u>	<u>30,179,442</u>
EXPENDITURES				
Instruction	397,985,664	-	5,044,366	-
Support Services				
Students	36,505,674	-	-	-
Instruction	21,479,080	-	10,257	-
General Administration	4,763,706	-	-	-
School Administration	32,039,272	-	-	-
Central Services	18,843,701	-	-	-
Operation & Maintenance of Plant	74,187,913	-	-	-
Student Transportation	132,294	17,978,876	-	-
Other Support Services	822,112	-	-	-
Food Services Operations	455,371	-	-	31,363,931
Community Service	4,919	-	-	-
Facilities, Supplies and Materials	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Capital outlay	95,474	-	-	-
Total expenditures	<u>587,315,180</u>	<u>17,978,876</u>	<u>5,054,623</u>	<u>31,363,931</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,398,307</u>	<u>(69,205)</u>	<u>(1,292,887)</u>	<u>(1,184,489)</u>
Other Financing Sources (Uses)				
Operating Transfers	45,706	-	-	-
Reimbursements to Grantors				
Bond issuance premiums	-	-	-	-
Payments to escrow agents	-	-	-	-
Proceeds from bond issues	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Total other financing sources	<u>45,706</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	6,444,013	(69,205)	(1,292,887)	(1,184,489)
Fund balances - beginning of year	21,005,292	72,507	2,320,704	9,740,417
Fund balances - end of year	<u>\$ 27,449,305</u>	<u>\$ 3,302</u>	<u>\$ 1,027,817</u>	<u>\$ 8,555,928</u>

State of New Mexico
 Albuquerque Municipal School District No. 12
 Statement of Revenues, Expenditures, and Changes in Fund Balances

Exhibit B-2
 Page 2 of 4

Governmental Funds (Continued)

For the Year Ended June 30, 2011

Special Revenue Funds

	Title I IASA 24101	IDEA B Entitlement 24106	Federal Stimulus- SEG 25250	Federal Stimulus- Education Jobs 25255
REVENUES				
Property taxes	\$ -	-	\$ -	\$ -
State grants	-	-	-	-
Federal grants	26,712,317	14,093,570	6,167,307	16,616,750
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>26,712,317</u>	<u>14,093,570</u>	<u>6,167,307</u>	<u>16,616,750</u>
EXPENDITURES				
Instruction	23,021,225	46,587	-	-
Support Services				
Students	552,766	1,454,567	6,167,307	16,616,750
Instruction	51,431	80,336	-	-
General Administration	761,985	405,524	-	-
School Administration	724,761	11,030,577	-	-
Central Services	1,157,132	1,075,979	-	-
Operation & Maintenance of Plant	8,912	-	-	-
Student Transportation	434,105	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Facilities, Supplies and Materials	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>26,712,317</u>	<u>14,093,570</u>	<u>6,167,307</u>	<u>16,616,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Operating Transfers	-	-	-	-
Reimbursements to Grantors	-	-	-	-
Bond issuance premiums	-	-	-	-
Payments to escrow agents	-	-	-	-
Proceeds from bond issues	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>

State of New Mexico
 Albuquerque Municipal School District No. 12
 Statement of Revenues, Expenditures, and Changes in Fund Balances

Exhibit B-2
 Page 3 of 4

Governmental Funds (Continued)
For the Year Ended June 30, 2011

	Capital Projects					Total Governmental Funds
	Bond Building	Capital Improvements HB-33	Capital Improvements SB-9	Debt Service	Other Governmental	
	31100	31600	31700	41000	Funds	
REVENUES						
Property taxes	\$ -	\$ 54,445,441	\$ 28,782,170	\$ 62,083,369	-	\$ 149,975,114
State grants	-	-	-	-	9,744,010	611,165,261
Federal grants	-	-	-	-	53,550,672	140,310,757
Miscellaneous	100,000	168,356	-	-	6,319,631	22,823,646
Interest	302,955	23,805	68,055	40,848	31,618	540,432
Total revenues	<u>402,955</u>	<u>54,637,602</u>	<u>28,850,225</u>	<u>62,124,217</u>	<u>69,645,931</u>	<u>924,815,210</u>
EXPENDITURES						
Instruction	-	-	-	-	32,228,235	458,326,077
Support Services	-	-	-	-	-	-
Students	-	-	-	-	18,425,436	79,722,500
Instruction	-	-	-	-	990,494	22,611,598
General Administration	-	550,116	293,668	633,039	1,192,269	8,600,307
School Administration	-	-	-	-	1,784,799	45,579,409
Central Services	-	-	-	-	1,927,967	23,004,779
Operation & Maintenance of Plant	-	-	-	-	25,585	74,222,410
Student Transportation	-	-	-	-	78,732	18,624,007
Other Support Services	-	-	-	-	-	822,112
Food Services Operations	-	-	-	-	672,221	32,491,523
Community Service	-	-	-	-	-	4,919
Facilities, Supplies and Materials	18,914,154	18,204,031	15,360,643	-	8,329,039	60,807,867
Debt service	-	-	-	-	-	-
Principal	-	-	-	43,366,791	-	43,366,791
Interest	-	-	-	19,115,337	-	19,115,337
Bond issuance costs	658,741	-	-	109,778	180,328	948,847
Capital outlay	61,024,957	20,879,221	11,739,273	-	2,441,724	96,180,649
Total expenditures	<u>80,597,852</u>	<u>39,633,368</u>	<u>27,393,584</u>	<u>63,224,945</u>	<u>68,276,829</u>	<u>984,429,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(80,194,897)</u>	<u>15,004,234</u>	<u>1,456,641</u>	<u>(1,100,728)</u>	<u>1,369,102</u>	<u>(59,613,922)</u>
Other Financing Sources (Uses)						
Operating Transfers	(74,377)	(24,865)	99,242	-	(45,706)	-
Reimbursements to Grantors	-	-	-	-	(349,653)	(349,653)
Bond issuance premiums	-	-	-	4,818,383	1,579,112	6,397,495
Payments to escrow agents	-	-	-	(9,270,000)	-	(9,270,000)
Proceeds from bond issues	150,000,000	-	-	-	18,600,000	168,600,000
Proceeds from refunding bonds	-	-	-	8,940,000	-	8,940,000
Total other financing sources	<u>149,925,623</u>	<u>(24,865)</u>	<u>99,242</u>	<u>4,488,383</u>	<u>19,783,753</u>	<u>174,317,842</u>
Net changes in fund balances	69,730,726	14,979,369	1,555,883	3,387,655	21,152,855	114,703,920
Fund balances - beginning of year	48,749,904	14,414,771	32,882,493	51,764,922	18,241,850	199,192,860
Fund balances - end of year	<u>\$ 118,480,630</u>	<u>\$ 29,394,140</u>	<u>\$ 34,438,376</u>	<u>\$ 55,152,577</u>	<u>\$ 39,394,705</u>	<u>\$ 313,896,780</u>

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Government Funds to the Statement of Activities
For the Year Ended June 30, 2011**

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

Net change in fund balances - total governmental funds	\$ 114,703,920
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Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.

Depreciation expense	(44,978,516)
Capital Outlay Additions	132,628,197
Disposal of fixed assets and other adjustments	(22,976,838)

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

Change in deferred revenue related to the property taxes receivable	4,826,662
 Internal Service Fund Change in Fund Balance	 1,148,800

The issuance of long-term debt (e.g., bonds, notes, 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 report the effect of issuance costs, premiums, discounts, and similar items when transaction, however, has any effect on net assets. Also, governmental funds debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Bond Issuance costs-Current Year Only-Amortized	941,349
Amortization of bond issuance costs	(157,206)
Original Issue Premium	(6,397,495)
Amortization of original issue premium	1,656,936
Increase in accrued interest payable	(1,339,960)
Decrease in accrued compensated absences	121,322
Bond proceeds	(168,600,000)
Debt service principal payments	43,366,791
Net effect of refunding	330,000
Change in Net Assets - Total Governmental Activities	<u><u>\$ 55,273,962</u></u>

Statement of Net Assets
Internal Service Fund
June 30, 2011

	Internal Service Fund
ASSETS	
Current assets:	
Cash and investments	\$ 41,702,226
Accounts Receivable	1,173,592
Total current assets	<u>42,875,818</u>
Total assets	<u><u>42,875,818</u></u>
LIABILITIES	
Current liabilities	
Accounts Payable	24,792
Claims Payable	28,434,736
Total current liabilities	<u>28,459,528</u>
Long-Term Portion of Claims Payable	<u>13,267,490</u>
Total long term liabilities	<u>13,267,490</u>
Total liabilities	<u><u>41,727,018</u></u>
NET ASSETS	
Unrestricted for Internal Service Fund	<u>1,148,800</u>
Total Net assets	<u><u>1,148,800</u></u>
Total liabilities and net assets	<u><u>\$ 42,875,818</u></u>

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Fund
For the Year Ending June 30, 2011

	Internal Service Fund
Operating revenues:	
Charges for services	\$ 94,086,702
Total operating revenues	94,086,702
Operating expenses:	
Health and medical claims admin.	3,706,245
Health and medical claims	69,025,534
Dental claims admin	298,650
Dental claims	5,326,871
Vision claims admin	16,211
Vision claims	687,553
Worker's compensation claims admin.	353,728
Worker's compensation claims	3,320,689
Property/liability claims admin.	488,867
Property/liability claims	9,129,853
Compensation and benefits	437,524
Other Professional / Technical Services	241,875
Total operating expenses	93,033,600
Operating income (loss)	1,053,102
Non-operating revenue (expenses):	
Interest - restricted	95,698
Total non-operating revenues (expenses)	95,698
Change in net assets	1,148,800
Total net assets - beginning of year	-
Total net assets - end of year	\$ 1,148,800

Statement of Cash Flows
Internal Service Fund
Year Ended June 30, 2011

		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from Interfund Services Provided:		
Health Insurance Premiums	\$ 71,485,450	
Express Scripts Rebates	706,546	
Dental Insurance Premiums	5,663,326	
Vision Insurance Premiums	860,708	
Worker's Compensation Premiums	4,848,437	
Property/Liability Premiums	9,348,644	
Total Cash received from Interfund Services Provided		92,913,111
Cash paid to Vendors		
Health and Medical Claims Administration	3,706,245	
Health and Medical Claims	67,438,826	
Dental Claims Administration	298,650	
Dental Claims	5,326,871	
Vision Claims Administration	16,211	
Vision Claims	687,553	
Worker's Compensation Claims Administration	353,728	
Worker's Compensation Claims (Self Insured)	3,312,772	
Property/Liability Claims Administration	488,867	
Property/Liability Claims (Self Insured)	9,129,853	
Total Cash Paid to Vendors		90,759,576
Other Expenditures		
Compensation and Benefits	437,524	
Other Professional / Technical Services	225,000	
Total Other Expenditures		662,524
Net cash provided (used) by operating activities		\$ 1,491,011
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Interest received	\$ 95,698	
Net cash provided (used) by investing activities		95,698
Net increase in cash and cash equivalents		1,586,709
Cash and cash equivalents - June 30, 2010		40,115,517
Cash and cash equivalents - June 30, 2011		\$ 41,702,226
Reconciliation of operating income to net cash:		
Operating income (loss)		1,053,102
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Increase in Accounts Receivable		(1,173,592)
Increase in Accounts Payable		24,792
Increase in claims liability		1,586,709
Net cash provided by operating activities		\$ 1,491,011

Operational Fund (11000)
Statement Of Revenues, Expenditures, and Changes In Fund Balance
Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 4,791,467	\$ 4,791,467	\$ 4,658,814	\$ (132,653)
State grants	595,788,309	579,134,620	579,758,063	623,443
Federal grants	1,281,201	1,281,201	2,530,382	1,249,181
Miscellaneous	3,228,355	5,778,355	5,037,947	(740,408)
Interest	40,000	40,000	63,588	23,588
Total revenues	<u>605,129,332</u>	<u>591,025,643</u>	<u>592,048,794</u>	<u>1,023,151</u>
EXPENDITURES				
Instruction	400,656,587	402,311,760	397,976,068	4,335,692
Support Services			-	
Students	60,852,727	41,818,147	36,487,959	5,330,188
Instruction	24,326,635	27,093,052	20,960,509	6,132,543
General Administration	5,290,876	5,290,876	4,583,275	707,601
School Administration	32,243,455	32,318,790	32,035,795	282,995
Central Services	20,782,279	20,832,279	18,728,706	2,103,573
Operation & Maintenance of Plant	72,174,377	74,648,845	72,755,642	1,893,203
Student Transportation	439,311	439,311	132,294	307,017
Other Support Services	3,244,893	3,244,893	365,711	2,879,182
Food Services Operations	503,572	503,572	454,533	49,039
Community Services	9,000	9,000	4,146	4,854
Capital outlay	102,080	95,474	95,474	-
Debt service			-	
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>620,625,792</u>	<u>608,605,999</u>	<u>584,580,112</u>	<u>24,025,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,496,460)</u>	<u>(17,580,356)</u>	<u>7,468,682</u>	<u>25,049,038</u>
OTHER FINANCING SOURCES (USES)				
Designated cash	15,496,460	17,580,356	-	(17,580,356)
Operating transfers	-	-	93,780	93,780
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>15,496,460</u>	<u>17,580,356</u>	<u>93,780</u>	<u>(17,486,576)</u>
Net changes in fund balances	-	-	7,562,462	7,562,462
Fund balances - beginning of year as restated (See Note 18)	-	-	17,905,199	17,905,199
Fund balances - end of year	<u>-</u>	<u>-</u>	<u>25,467,661</u>	<u>25,467,661</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			1,664,693	
Adjustments to expenditures			(2,735,068)	
Other financing sources (uses)			(48,074)	
Net change in fund balances (GAAP basis)			<u>\$ 6,444,013</u>	

Pupil Transportation Fund (13000)
Statement Of Revenues, Expenditures, and Changes In Fund Balance
Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	17,979,031	17,906,525	(72,506)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	3,146	3,146
Total revenues	-	17,979,031	17,909,671	(69,360)
EXPENDITURES				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	17,979,031	17,978,264	767
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	17,979,031	17,978,264	767
Excess (deficiency) of revenues over (under) expenditures	-	-	(68,593)	(68,593)
OTHER FINANCING SOURCES (USES):				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	(68,593)	(68,593)
Fund balances - beginning of year	-	-	72,507	72,507
Fund balances - end of year	-	-	3,914	3,914
RECONCILIATION TO GAAP BASIS:				
Adjustments to revenues			-	
Adjustments to expenditures			(612)	
Net change in fund balances (GAAP basis)			\$ (69,205)	

Instructional Materials Fund (14000)
Statement Of Revenues, Expenditures, and Changes In Fund Balance
Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	3,093,020	3,754,503	3,756,663	2,160
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	5,073	5,073
Total revenues	<u>3,093,020</u>	<u>3,754,503</u>	<u>3,761,736</u>	<u>7,233</u>
EXPENDITURES				
Instruction	4,227,618	6,127,547	5,107,258	1,020,289
Support Services				
Students	-	-	-	-
Instruction	60,549	15,871	10,257	5,614
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>4,288,167</u>	<u>6,143,418</u>	<u>5,117,515</u>	<u>1,025,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,195,147)</u>	<u>(2,388,915)</u>	<u>(1,355,779)</u>	<u>1,033,136</u>
OTHER FINANCING SOURCES (USES):				
Designated cash	1,195,147	2,388,915	-	(2,388,915)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>1,195,147</u>	<u>2,388,915</u>	<u>-</u>	<u>(2,388,915)</u>
Net changes in fund balances	-	-	(1,355,779)	(1,355,779)
Fund balances - beginning of year	-	-	2,388,915	2,388,915
Fund balances - end of year	<u>-</u>	<u>-</u>	<u>1,033,136</u>	<u>1,033,136</u>
RECONCILIATION TO GAAP BASIS:				
Adjustments to revenues			-	
Adjustments to expenditures			62,892	
Net change in fund balances (GAAP basis)			<u>\$ (1,292,887)</u>	

Food Services Fund (21000)
Statement Of Revenues, Expenditures, and Changes In Fund Balance
Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	20,875,000	20,875,000	20,639,760	(235,240)
Miscellaneous	7,035,000	7,035,000	9,496,751	2,461,751
Interest	-	-	14,584	14,584
Total revenues	<u>27,910,000</u>	<u>27,910,000</u>	<u>30,151,095</u>	<u>2,241,095</u>
EXPENDITURES				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	36,559,790	36,182,229	31,352,882	4,829,347
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>36,559,790</u>	<u>36,182,229</u>	<u>31,352,882</u>	<u>4,829,347</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,649,790)</u>	<u>(8,272,229)</u>	<u>(1,201,787)</u>	<u>7,070,442</u>
OTHER FINANCING SOURCES (USES):				
Designated cash	8,649,790	8,272,229	-	(8,272,229)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>8,649,790</u>	<u>8,272,229</u>	<u>-</u>	<u>(8,272,229)</u>
Net changes in fund balances	-	-	(1,201,787)	(1,201,787)
Fund balances - beginning of year	-	-	8,272,229	8,272,229
Fund balances - end of year	<u>-</u>	<u>-</u>	<u>7,070,442</u>	<u>7,070,442</u>
RECONCILIATION TO GAAP BASIS:				
Adjustments to revenues			28,347	
Adjustments to expenditures			(11,049)	
Net change in fund balances (GAAP basis)			<u>\$ (1,184,489)</u>	

Title I - IASA Fund (24101) (101-130)
Statement Of Revenues, Expenditures, and Changes In Fund Balance
Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	28,934,618	31,503,755	29,281,393	(2,222,362)
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>28,934,618</u>	<u>31,503,755</u>	<u>29,281,393</u>	<u>(2,222,362)</u>
EXPENDITURES				
Instruction	24,013,278	26,681,732	22,980,756	3,700,976
Support Services				
Students	698,287	731,409	551,606	179,803
Instruction	177,702	76,652	51,431	25,221
General Administration	825,496	825,496	761,985	63,511
School Administration	1,057,416	1,024,257	724,761	299,496
Central Services	1,573,279	1,579,189	1,115,481	463,708
Operation & Maintenance of Plant	16,000	11,860	8,912	2,948
Student Transportation	573,160	573,160	434,105	139,055
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>28,934,618</u>	<u>31,503,755</u>	<u>26,629,037</u>	<u>4,874,718</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>2,652,356</u>	<u>2,652,356</u>
OTHER FINANCING SOURCES (USES):				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>2,652,356</u>	<u>2,652,356</u>
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>(6,592,449)</u>	<u>(6,592,449)</u>
Fund balances - end of year	<u>-</u>	<u>-</u>	<u>(3,940,093)</u>	<u>(3,940,093)</u>
RECONCILIATION TO GAAP BASIS:				
Adjustments to revenues			(2,569,076)	
Adjustments to expenditures			(83,280)	
Net change in fund balances (GAAP basis)			<u>\$ -</u>	

IDEA-B Entitlement Fund (24106) (321)
Statement Of Revenues, Expenditures, and Changes In Fund Balance
Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	18,794,647	22,514,568	17,820,082	(4,694,486)
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>18,794,647</u>	<u>22,514,568</u>	<u>17,820,082</u>	<u>(4,694,486)</u>
EXPENDITURES				
Instruction	1,862,339	2,022,839	46,587	1,976,252
Support Services				
Students	3,122,396	6,662,532	1,463,349	5,199,183
Instruction	83,154	83,154	80,336	2,818
General Administration	652,440	652,440	405,524	246,916
School Administration	11,976,396	11,995,896	11,030,577	965,319
Central Services	1,097,922	1,097,707	1,045,484	52,223
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>18,794,647</u>	<u>22,514,568</u>	<u>14,071,857</u>	<u>8,442,711</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>3,748,225</u>	<u>3,748,225</u>
OTHER FINANCING SOURCES (USES):				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	3,748,225	3,748,225
Fund balances - beginning of year	-	-	(3,797,779)	(3,797,779)
Fund balances - end of year	<u>-</u>	<u>-</u>	<u>(49,554)</u>	<u>(49,554)</u>
RECONCILIATION TO GAAP BASIS:				
Adjustments to revenues			(3,726,512)	
Adjustments to expenditures			(21,713)	
Net change in fund balances (GAAP basis)			<u>\$ -</u>	

Federal Stimulus -SEG Fund (850)
Statement Of Revenues, Expenditures, and Changes In Fund Balance
Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	6,142,526	6,167,307	6,167,307	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	6,142,526	6,167,307	6,167,307	-
EXPENDITURES				
Instruction	-	-	-	-
Support Services				
Students	6,142,526	6,167,307	6,167,307	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	6,142,526	6,167,307	6,167,307	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	-	-	-	-
RECONCILIATION TO GAAP BASIS:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balances (GAAP basis)			\$ -	

Federal Stimulus - Educational Jobs Fund (2526)
Statement Of Revenues, Expenditures, and Changes In Fund Balance
Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	16,616,750	16,616,750	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	-	16,616,750	16,616,750	-
EXPENDITURES				
Instruction	-	-	-	-
Support Services				
Students	-	16,616,750	16,616,750	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	16,616,750	16,616,750	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	-	-	-	-
RECONCILIATION TO GAAP BASIS:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balances (GAAP basis)			\$ -	

Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Current Assets	
Cash	\$ 5,167,198
Total assets	<u>\$ 5,167,198</u>
LIABILITIES	
Current Liabilities	
Deposits held in trust for others	\$ 5,167,198
Total liabilities	<u>\$ 5,167,198</u>

Notes to the Financial Statements

NOTE 1. Summary of Significant Accounting Policies

The financial statements of the Albuquerque Public School District No. 12, Albuquerque, New Mexico (“District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Reporting Entity

The District was formed in the late 1800s. The District currently operates with a superintendent and seven elected board members. The District provides educational services to over 90,000 students.

The financial statements include all funds that are controlled by, or dependent on, the District. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by general obligations of the District, or the obligation of the District to finance any deficits that may occur. KANW, a public radio station, is included in the reporting entity general fund as a department within the District.

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The District also has component units, as defined by GASB Statement No. 14 and/or GASB Statement No. 39, whereby the component units are legally separate organizations. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

KNME-TV is a non-profit television station jointly formed by the District and the University of New Mexico and has a separate governing board from that of the District. KNME-TV provides educational programming to the residents of New Mexico. It is excluded from the reporting entity because the District does not have the ability to exercise influence over daily operations and approve budgets; however, some funding is provided by the District, as well as by the University of New Mexico, private grants, gifts and contributions. The District derives no financial benefit from its relationship with KNME and its only financial burden consists of a \$20,000 yearly contribution toward operations and payment of utility costs which amounted to \$12,823 during fiscal year 2011. Financial Statements for KNME may be obtained from the Controller’s office of the University of New Mexico.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Internal Service Fund is used to account for the operation of the Self-Insurance Management Fund which services the District’s departments.

Component Units

The following charter schools were formed under NMSA 22-8A and as such are presented here as discrete component units within the District’s financial statements, and separate statements are not available. District management has determined that the Charter Schools are component units under GASB Statement No. 39 since their operating budgets and charters are presented and approved by the District’s board. In addition under section 6-5A-1 NMSA 1978 501c(3) component units with gross annual income in excess of

\$100,000 should be audited, therefore, the APS Foundation is included as a component unit.

21st Century Public Academy	Los Puentes Charter School
Academia de Lengua y Cultura	Montessori of the Rio Grande
Albuquerque Talent Development Secondary Charter	Mountain Mahogany Community School
Alice King Community School	Native American Community Academy
Career Academic & Technical Academy	Nuestros Valores Charter School
Christine Duncan's Heritage Academy	Public Academy for Performing Arts
Corrales International Charter School	Ralph J. Bunche Academy
Digital Arts & Technology Academy	Robert F Kennedy High School
El Camino Real Academy	School for Integrated Academics and Technologies
Gordon Bernell Charter School	South Valley Academy
La Academia de Esperanza	The Bataan Military Academy
La Rosolena Leadership Academy	The Learning Community Charter School

APS Education Foundation

The Albuquerque Public Schools Education Foundation is a 501 (c)(3) charitable organization established in 1995, that raises private support for programs within the district. In addition to providing help to the 90,000 schoolchildren and 14,000 staff members of the district, the Foundation serves as a fiscal agent for a variety of programs. In 2009, the Foundation established the Horizon Campaign, a fundraising effort aimed at providing financial supplements to Classroom Teacher Mini-Grants, Fine Arts, Literacy and Middle School/High School Activities programs operated by the district.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 such as the collection of cafeteria fees and lost books, etc. and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment such as in Title I and IDEA-B or state programs such as HB-33 and SB-9. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Those revenues susceptible to accrual are property taxes, gross receipts taxes, state shared taxes, investment income and charges for services. In accordance with GASB Statement 33, estimated property, gross receipts and other taxes that are not available are recorded as both accounts receivable and deferred revenue. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received. Expenditures are recorded as liabilities when they are incurred. Any effect of interfund activity has been eliminated from the Government-wide financial statements.

Property taxes are collected by the Bernalillo and Sandoval County Treasurers and remitted to the District. Property tax revenue is recognized at the time of receipt or earlier if accrual criteria are met. The District's accounting policy is to defer property taxes that are not collected within 60 days after fiscal year end since delinquent property taxes are not available to finance current fiscal year District operations. Delinquent property taxes collected in future periods will be recognized as revenue when collected.

Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to incurring the

qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Expenditures are recorded when the related fund liability is incurred, except interest on general long-term debt which is recognized when due, and certain compensated absences and claims which are recognized when expected to be liquidated with expendable available financial resources.

Other Financing Sources (Uses): Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

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*, as is the fiduciary fund financial statement. 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 in the period for which the taxes 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.

Ad valorem taxes (property taxes), and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The *agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

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

The *General Fund* is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Fund* accounts for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

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

The *Pupil Transportation Fund* is used to account for the State Equalization, received from the Public Education Department (PED), which is used to pay for the costs associated with transporting school age children.

The *Instructional Materials Fund* is used to account for the monies received from the Public Education Department (PED) for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

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

The *IASA Title I Fund* is used to provide compensatory education services to educationally deprived school children (including private school pupils) in low-income areas. (P.L. 103-382)

The *IDEA-B Entitlement Fund* is used to account for federal resources administered by the public education department to provide for special educational needs of the handicap 6-21 years old. (PL 94-142 & PL 99-457)

The *Bond Building Capital Projects Fund* is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

The *Capital Improvements HB33 Fund* is used to account for the costs relating to erecting, remodeling, making additions to, providing equipment for, or furnishing public school buildings and purchasing or improving public school grounds. Financing is provided through property taxes as specified by Article 26 of the Public School Buildings Act. (House Bill 33)

The *Capital Improvements SB9 Fund* is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act. (22-25-1 to 22-25-10, NMSA 1978)

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

The *State Fiscal Stabilization Fund* was created to track funds appropriated under The American Recovery and Reinvestment Act of 2009 (ARRA), which provided over \$23 million to Albuquerque Public Schools under the State Stabilization Fund program to help offset the decrease in the unit value for FY2011. These are federal funds, and must be used for education purposes consistent with State and local requirements. The funds are also subject to the requirements and restrictions in ARRA, and are tracked in a separate fund code in order to be fully accountable to the taxpayers.

Additionally, the government reports the following fund types:

Fiduciary Funds are used to account for assets held by the District as an agent for individuals, private organizations or other governments. Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. These funds relate primarily to the activities of individual schools. While these funds are under the supervision of the District and enhance the District's educational programs, they are funds of the individual schools and/or their student bodies and are not available for use by the District.

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the District Wide Financial Statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The *Internal Service Fund* is used to account for the operations of the Self-Insurance Management Fund which services the District's departments on a cost-reimbursement basis. The activity tracked in this Internal Service Fund includes employee health insurance, Worker's Compensation Insurance, and property and liability insurance for the District. All expenses are captured in this fund, and proceeds from employee deductions and budgeted appropriations are coded here as revenue sources. Collections from excess insurance policies are also deposited into this fund. The Internal Service Fund is reported in the Proprietary Funds section of this report.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type

activities, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

The Statement of Net Assets and the Statement of Activities were prepared using the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Non-exchange Transactions.”

Assets, Liabilities and Net Assets or Equity

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Cash and Cash Equivalents: Policies regarding cash and cash equivalents are approved by the District’s Board of Education and are governed by New Mexico statute. Such policies allow deposits or investments in certificates of deposit, savings accounts, overnight repurchase agreements, various obligations of the U.S. Government or its agencies and the New Mexico State Treasurer’s Local Government Short Term Investment Fund. Such deposits and investments must be made through a State or Federally chartered bank or savings and loan association which is insured by the FDIC and which is within the geographic boundaries of the District, or with the New Mexico State Treasurer. The District’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The District’s Restricted Cash and Cash Equivalents of \$294,213,642 consist of cash balances in all funds except the Operational Fund. This includes Transportation, Instructional Materials, Special Revenue Funds, Capital Outlay and Debt Service.

Collateral is required for at least 50% of deposits that are not insured by the FDIC, with the exception of repurchase agreements. These are required to have collateral of at least 102%. Obligations that may be pledged as collateral are obligations of the U.S. Government, its agencies, and state and local governments. Collateral is held in safekeeping at depository institutions in the name of the District.

The District has investments in the State Treasurer external investment pool (the Local Government Investment Pool). The investments 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 United States Government or by its departments or agencies 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 6-10-10.1F, 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 amount funds were invested. Participation in the local government investment pool is voluntary.

The independent auditors’ report for the local government investment pool, together with the financial statements, the accompanying notes to the financial statements, and the independent auditors’ report on compliance and internal controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

For purposes of the Statement of Cash Flows, the internal service fund considers Cash and Investments as highly liquid assets (including restricted assets) with maturity of three months or less when purchased to be cash equivalents.

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 interfund receivables and interfund payables.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowance for doubtful accounts is based on management’s assessment of the collectability of specific accounts, the aging of accounts receivable and historical experience.

The District receives monthly income from a tax levy in Bernalillo and Sandoval Counties. The funds are collected by the County Treasurers and are remitted to the District the following month.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

Prepaid Items: The consumption method is used to report prepaid items. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Inventory: Supply inventories are valued at the lower of average cost or market and consist of educational supplies, purchased and donated commodities. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at the lower of their estimated fair market value at the date of receipt or current market value.

The food commodities received from the Federal Government (passed through from the State) are recorded as revenues and expenditures as they are consumed. Quantities on hand at year-end are recorded as inventory with an offsetting credit to deferred revenue. Such revenue is recognized when the inventoried items are consumed.

The consumption method is used to report inventories. Purchased inventories are recorded as expenditures at the time individual inventory items are used. Reported inventories are offset by a fund balance reservation which indicates that they do not constitute available expendable resources.

Capital Assets: Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Historically and in accordance with prior State Statute, State Regulations and School Board Policy, all assets with a value in excess of \$1,000 were capitalized. Effective July 1, 2006, this amount was increased by state statute to \$5,000. The District continued to capitalize all assets with a value in excess of \$1,000 through June 30, 2010. Assets on the books as of July 1, 2010 with a cost between \$1,000 and \$5,000 have remained on the District's inventory list and continue to be subject to depreciation rules for the life of the asset. Effective July 1, 2011 the District began capitalizing only equipment with a value in excess of \$5,000 in accordance with state statute. In addition, effective July 1, 2009 the District began tracking all computers regardless of value.

Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets include land and land improvements, buildings and building improvements, furniture, fixtures, equipment, machinery and vehicles. Capital assets are used in operations and have a useful life of more than one year and a cost exceeding established capitalization thresholds. The school district does not own any infrastructure assets such as roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.

Purchased capital assets costing more than \$5,000 are recorded at historical cost, including significant ancillary charges necessary to place the asset into its intended location and condition for use. Improvements to land and buildings are capitalized at the higher threshold of \$25,000. Donated capital assets valued at more than \$5,000 are recorded at their estimated fair value at the time of acquisition plus ancillary charges, if any.

Capital assets are reported net of accumulated depreciation in the statement of net assets. Capital assets that are not being depreciated, such as land, are reported separately for significant amounts. Capital assets are depreciated over their estimated useful lives using the straight-line depreciation method and full-month averaging. No salvage value is allowed for this purpose. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Straight-line depreciation is used based on the following estimated useful lives:

Computer Equipment and Business Machines	5 Years	Improvements to Land	20 Years
General Equipment and Musical Instruments	8 Years	Improvements to Buildings	20 Years
Vehicles, Trucks, and Trailers	8 Years	Portable School Buildings	25 Years
Furniture, Major Appliances, Large Equipment	10 Years	Buildings	40 Years

Depreciation was allocated to the various functions based upon originating purchasing source where identifiable. Unallocated depreciation was recorded in the statement of activities.

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

Compensated Absences: In the event of termination or retirement, employees may be paid for up to 176 hours of accumulated vacation leave. Accordingly, accumulated vacation leave is recorded as if fully vested. The vested vacation leave payable is calculated using current pay levels and is recorded in the government-wide fund.

Certain employees of the District (primarily school teachers and support staff) work nine months of the 12-month fiscal year. The District disburses payroll to such employees throughout the entire 12-month period. Accordingly, salaries payable included as accrued expenses in the accompanying financial statements include accrued salaries for services performed through June 30, 2011 for these employees. The accrued salaries will be paid within two months after the end of the fiscal year.

Long-term Obligations: In the government-wide fund 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 discount. During the year \$20,455,297 in interest on long term debt was recorded including \$1,339,960 for accrued interest.

Fund Balance Reporting

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which is effective for financial statements for periods beginning after June 15, 2010. Accordingly the District has adopted effective with the 2010-2011 fiscal year. Statement 54 is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types.

Fund balance—the difference between assets and liabilities in the governmental fund financial statements—is among the most widely and frequently used information in state and local government financial reports. The GASB developed Statement 54 to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standards establish a hierarchy of fund balance classifications based primarily on the extent to which a government is bound to observe spending constraints imposed upon how resources reported in governmental funds may be used.

Statement 54 distinguishes fund balances based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts are reported in the following classifications:

- *Nonspendable*—portion of net resources that cannot be spent because of their form or because they must remain intact
- *Restricted*—amounts constrained by external parties, constitutional provision, or enabling legislation
- *Committed*—amounts constrained by a government using its highest level of decision-making authority. The Board of Education is the highest level of decision making authority. Formal Board action, through a resolution creates a commitment.
- *Assigned*—amounts a government intends to use for a particular purpose
- *Unassigned*—amounts that are not constrained at all will be reported in the general fund.

The new standards also clarify the definitions of individual governmental fund types. It interprets certain terms within the definition of special revenue fund types, while further clarifying the debt service and capital projects fund type definitions. The final standard also specifies how economic stabilization or “rainy-day” amounts should be reported.

Net Assets: The government-wide statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in capital assets, net related debt - This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

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

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – This category reflects net assets of the District not restricted for any project or other purpose.

The District's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The District's restricted net assets for student instructional materials, pupil transportation and capital projects on Exhibit A-1 represent those imposed by law through enabling legislation.

Interfund Transactions: Reciprocal and non-reciprocal transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/ expenses in the fund that is reimbursed. All other interfund transactions, except reciprocal and non-reciprocal transactions and reimbursements, are reported as transfers.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles 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.

Estimates in these financial statements include the District's estimate of useful lives for determining accumulated depreciation and depreciation expense, an estimate of accrued interest, estimates of worker's compensation and health insurance claims and an estimate on property taxes receivable.

Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues are categorized as (a) charges for services, which includes revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I and IDEA-B funding to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources such as SB-9 and HB-33 funding to be used for capital projects.

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 \$578,505,194 in state equalization guarantee distributions during the year ended June 30, 2011. \$23.3M of ARRA Stabilization funds were distributed by the State using the same distribution method as the SEG funding formula in FY2011. These funds were used by the state to avoid large budget cuts that may have otherwise occurred.

Tax Revenues: The District receives mill levy and ad valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized for governmental purposes when they are assessed and for fund purposes when they are measurable and available. The District records only the portion of the taxes considered to be 'measurable' and 'available.' Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1st of each year, to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects County, City, and School taxes and distributes some to each fund once per month.

Pupil Transportation Distribution: School districts in the State of New Mexico receive 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. Allocations received from the State for the year ended June 30, 2011 totaled \$17,906,525; \$17,902,353 from State Transportation Distribution funds and \$4,172 for administrative fees collected on Charter School Transportation allocations.

Instructional Materials: The New Mexico State Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed on the State Board of Education's "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2011 totaled \$3,756,663.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10, NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3, NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1st of each year that the tax is imposed, in accordance with Section 22-25-3, NMSA 1978. However, in the event that sufficient funds are not available in the public school capital improvements fund to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school district have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner;
4. The District is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3, NMSA 1978.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

Allocation of Indirect Expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense not charged to a specific function is

identified as unallocated on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Federal Grants: The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operates under its own budget, which has been approved by the Federal Department or the flowthrough agency (usually the State of New Mexico Public Education Department). The various budgets are approved by the Local School Board and the New Mexico State Public Education Department. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

The District also receives reimbursements under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department. The value of commodities received for the year ended June 30, 2011 was \$2,144,011 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities Program, CFDA number 10.550. Commodities are recorded as revenues and expenditures in the food service fund.

Budgetary Information

The following procedures are utilized to establish the District budget:

1. Subsequent to January 31, and prior to June 1, the Superintendent submits to the District's Board of Education a proposed budget for the fiscal year which commences on July 1. The budget includes an estimate of revenues and a proposed expenditure plan.
2. The proposed budget is presented at meetings subject to the Open Meetings Act of New Mexico, and the public is invited to comment.
3. The District is required to submit to the State of New Mexico, Public Education Department School Budget & Financial Analysis Unit (SBFAU) a balanced budget for the fiscal year which commences on July 1.
4. Based on criteria set by the SBFAU, the District undergoes either a formal technical review of the proposed budget or a more informal phone review each year. Subsequent to this review, the local Board approves a budget resolution to adopt the proposed budget subject to any technical adjustments by SBFAU. The final budget as approved by SBFAU is provided to the Board for information purposes only.
5. The budget is adjusted throughout the fiscal year based upon changes in programmatic needs. All intra-function transfers (adjustments within a function) of budget amounts are approved by site administrators and then if over \$10,000 by control agents. These adjustments are then submitted to the Board of Education for final approval. Inter-function transfers (transfers between functions) include the same level of approvals, but require additional approval by the SBFAU. Budgetary control is at the function level; over-expenditure of a function is not allowed per NMAC 6.20.2.9.A.
6. Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are adopted on a basis consistent with the "Manual of Procedures for Uniform Financial Accounting and Budgeting for School Districts". Budgetary amounts for the Debt Service Fund are based upon the issuance of general obligation bonds.
7. Budgeted amounts are as originally adopted or as amended by the SBFAU. Unspent general appropriations lapse at year-end unless they have been encumbered and accrued.

For budgetary purposes, expenditures include amounts paid in the fiscal year, adjusted for the effects of liabilities paid within ten days of fiscal year-end and unpaid salaries and benefits attributable to services provided during the school year.

The Board of Education must approve amendments to the appropriated budget when the budgeted fund balance differs from the actual fund balance at the end of the fiscal year. New Mexico state law prohibits a Governmental Agency from exceeding the appropriated budget.

The Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2011 is presented with each fund's Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis).

Budgetary comparisons are presented in the balanced presentation format whereby the excess (deficiency) of revenues over expenditures is reflected as Beginning Fund Balance for budgetary purposes. The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP); and
2. Generally, expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP). However, budgetary expenditures include amounts for salaries and benefits attributable to services provided during the fiscal year. The non-budgeted accounts and funds primarily consist of the adjustment to record the USDA commodity allocation.

NOTE 2. Cash and Cash Equivalents and Investments

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2011.

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 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.

The collateral pledged is listed on Schedule II 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 Corporation, public unit deposits are funds owned by the public unit. 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 \$250,000 in aggregate, and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Cash Reconciliation

Cash Per Government Wide Statement of Net Assets:

Unrestricted cash - Statement of net assets	\$ 124,259,526
Current Restricted cash - Statement of net assets	66,651,142
Noncurrent Restricted cash - Statement of net assets	219,057,592
Total Cash & cash equivalents per Government Wide Statement of Net Assets	<u>\$ 409,968,260</u>

Governmental Funds - Balance Sheet Reconciliation

Cash and cash equivalents per Exhibit A-1	\$ 409,968,260
Internal Service Fund cash	(41,702,226)
Total Cash & cash equivalents per Governmental Funds	<u>Balance Sheet per Exhibit B-1</u>
	<u>\$ 368,266,034</u>

Deposits

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 Schools for at least one half of the amount on deposit with institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits. Cash and cash equivalents consists of the following at June 30, 2011:

Deposits & Investments

	Wells Fargo	Bank of America	U.S. Bank CD's
Total deposits	\$ 379,087,179	\$ 27,173,650	\$ 5,000,000
FDIC coverage ²	42,652,365	27,173,650	250,000
Total uninsured public funds	336,434,814	0	4,750,000
Collateral requirement ¹	168,217,407	0	2,375,000
Pledged security	339,120,807	17,708,191	6,593,306
Total under (over) collateralized	<u>\$ (170,903,400)</u>	<u>\$ (17,708,191)</u>	<u>\$ (4,218,306)</u>

	NM Educators FCU	Agency Funds Various Banks	Total Deposits
Total amounts of deposits	\$ 11,795	\$ 5,354,081	\$ 416,626,705
FDIC coverage	250,000	5,354,081	75,680,096
Total uninsured public funds	-	-	341,184,814
Collateral requirement ¹	-	-	170,592,407
Pledged security	-	-	363,422,304
Total under (over) collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$(192,829,897)</u>

¹ Collateral requirement: 50% of uninsured public funds. Due to current economic conditions APS required all financial institutions to provide 102% collateral.

² Under the Dodd-Frank Wall Street Reform and Consumer Protection Act signed into law on July 21, 2010, non-interest bearing accounts have 100% FDIC insurance coverage without limit. Interest bearing deposits still have \$250,000 FDIC insurance.

Cash on Deposit at the State Investment Pool:

	State Treasurer
Total Deposits	\$ 8,882,439 ²
Total uninsured public funds	8,882,439
Collateral requirement ²	-
Pledged security	-
Total under (over) collateralized	\$ -

² Full Information can be obtained from the separate audited financial statements of the State Treasurer's Office. These securities are composed of United States Treasury Bills or Notes.

Investments:

As of June 30, 2011, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
Certificates of Deposit	\$5,000,000	6 months

Custodial Credit Risk – 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 District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2011, \$341,184,814 of the District's bank balance of \$416,626,705 was exposed to custodial credit risk because it was uninsured and collateral held by pledging bank's trust department was not in the District's name.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the District's investments. The District's investment policy indicates that the District is to attempt to secure a maximum yield of investment earnings to supplement other revenues for the support of the District. The District only invests in securities allowed under Section 6-10-10 NMSA 1978.

Concentration of Credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment of a single issuer. The District places no limit on the amount the District may invest in any one issuer. The District's investments are held in the State of New Mexico Local Government Investment Pool (NMLGIP) and in the First Community Bank in Certificates of Deposit.

At June 30, 2011, the District had funds invested in the State LGIP. As a government investment pool, the LGIP is exempt from disclosing concentration risk. Summarized information regarding the pool's credit risk and interest rate risk is as follows:

NMGrow LGIP	AAAm rated	\$8,882,439	36-day WAM
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- a. The investments are valued at fair value based on quoted market prices as of the valuation date;
- b. The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978; 2.2.2 NMAC 42 April 15, 2008
- c. The pool does not have unit shares. Per Section 6-10-10.1F, 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 fund amounts were invested;
- d. Participation in the local government investment pool is voluntary;
- e. The local government investment pool is rated AAAM (credit risk) by Standard & Poor's;

- f. The end of the fiscal year weighted average maturity (interest rate risk in number of days) is available on the State Treasurer's website at www.stonm.org.

NOTE 3. Receivables

Accounts receivable are recorded in the various governmental funds. They consist of amounts receivable from local governments relating to various grant agreements and property taxes receivable.

Accounts receivable are shown net of an allowance for uncollectibles. Accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles.

Restricted Accounts Receivables of \$43,628,876 consist of those receivables related to special revenues, amounts due from other governments for special revenue and capital outlay funds, and property tax receivables.

Receivables as of June 30, 2011 are as follows:

Receivables	Food		IDEA-B		Total
	General	Services	Title I	Entitlement	
Property taxes	\$ 615,860	\$ -	\$ -	\$ -	
Intergovernmental grants	2,020,109	637,597	4,040,265	115,098	
Other	664,860	-	-	-	
Less allowance for uncollectibles	(29,496)	-	-	-	
Totals by fund	\$ 3,271,333	\$ 637,597	\$ 4,040,265	\$ 115,098	

Receivables	Capital		Debt Service	Other		Total
	Improvements HB-33	Improvements SB-9		Governmental		
Property taxes	\$ 14,142,112	\$ 3,110,117	\$ 6,634,865	\$ -	\$ -	\$ 24,502,954
Intergovernmental grants	-	-	-	14,948,822	-	21,761,891
Other	-	-	-	-	664,860	664,860
Less allowance for uncollectibles	-	-	-	-	(29,496)	(29,496)
Totals by fund	\$ 14,142,112	\$ 3,110,117	\$ 6,634,865	\$ 14,948,822	\$ -	\$ 46,900,209

NOTE 4. Inventories

Components of inventory balances are as follows:

Instructional	\$ 1,227,178
M&O	1,243,383
Food Items	1,663,487
Total	<u>\$ 4,134,048</u>

NOTE 5. Accrued Expenses

Accrued Expenses at June 30, 2011 consisted of:

Salaries and benefits payable	\$ 70,910,593
Other Liabilities	<u>31,909</u>
	<u>\$ 70,942,502</u>

NOTE 6. Interfund Receivables, Payables, and Transfers

Generally, these inter-fund receivables and payables are generated when a fund incurs an expense and is waiting for reimbursement from the grantor. The balance represents the amount of cash provided by the General Fund to cover the expense until payment is received. All of these balances are expected to be collected in the subsequent year. Interfund transfers generally occur for two reasons; to correct the recording of expenses or revenue and to cover over-expenditures of Special Revenue Funds.

Receivables and payables from interfund transactions as of June 30, 2011 are listed below:

Governmental Activities:		Interfund Receivables	Interfund Payables
Fund #	Major Funds:		
11000	Operational Fund	\$ 16,370,644	\$ -
24101	Title I IASA		(3,940,093)
24106	IDEA-B Entitlement		(49,554)
Nonmajor Funds:			
24107	Discretionary IDEA-B		(580,107)
24109	Preschool IDEA-B		(92,003)
24113	Education Of Homeless		(33,743)
24115	IDEA-B Private School Share		(31,127)
24120	IDEA-B Risk Pool		(119,136)
24153	English Language Acquisition		(196,249)
24154	Teacher / Principal Training & Recruiting		(386,451)
24157	Title IV-A Safe And Drug Free Schools & Communities		(237,496)
24162	Title I School Involvement		(54,388)
24171	Carl D. Perkins Special Projects Current		(44,946)
24174	Carl D. Perkins Secondary Current		(181,606)
24176	Carl D. Perkins Secondary Redistribution		(23,373)
24180	Carl D Perkins HSTW Current		(25,964)
24201	Title I IASA Federal Stimulus		(4,477,182)
24206	Entitlement IDEA-B Federal Stimulus		(957,650)
24209	Preschoo IDEA-B Federal Stimulus		(15,665)
24213	Education Of Homeless Federal Stimulus		(3,293)
24215	IDEA-B Private School Share Federal Stimulus		(4,192)
24224	Title I 1003g Grant Federal Stimulus		(447,164)
24249	Enhancing Education Through Technology Formula (E2T2-F) Federal Stimulus		(104,832)
24262	Title I School Improvement Federal Stimulus		(27,634)
25112	Collaborative Research and Development		(81,701)
25131	Johnson O'Malley		(33,560)
25146	Safe Routes to School / NMDOT		(7,721)
25168	Asthma Management		(52,756)
25173	School Leadership Program		(105,984)
25174	After School (PICASSO)		(81,916)
25184	Indian Education Formula Grant		(239,860)
25215	Elementary School Counseling		(66,146)

25217	Smaller Learning Communities	(454,277)
25243	Safe & Drug Free Schools & Communities National Program	(965,125)
25259	Teacher & Teacher Assist (APS Professional Development) Federal Stimulus	(275,886)
26118	ABEC Job Mentor Instruction	(43,064)
27103	Dual Credit Instructional Materials	(51,937)
27105	Go Student Library	(41,137)
27139	Truancy Initiative	(9,229)
27149	Pre-K Initiative	(185,738)
27150	Indian Education Act	(88)
27166	Kindergarten Three-Plus	(123,124)
28191	Start Smart K-3 Study	(12,840)
29102	Private Dir Grants (Categorical)	(36,775)
29107	City / County Grants	(554,567)
31400	Special Capital Outlay – State	(913,365)
		\$ 16,370,644 \$ (16,370,644)

Fund #	Major Funds:	Interfund Transfer From	Interfund Transfer To
11000	Operating Fund	\$ -	\$ 45,706
31100	Bond Building	74,377	-
31600	Capital Improvements HB-33	70,621	45,756
31700	Capital Improvements SB-9	-	99,242
	Nonmajor Funds:		
25222	Ctr for Disease Control, Prevention & Technology	45,108	-
27154	Begining Teacher Mentoring Program	590	-
27549	School Library Material Fund FY08	8	-
		\$ 190,704	\$ 190,704

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2011, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	Balance 6/30/2010	Additions-a)	Deletions	Transfers	Balance 6/30/2011
Capital Assets					
Governmental Activities:					
Capital Assets not depreciated:					
Land	\$ 42,561,223	\$ -	\$ -	\$ -	\$ 42,561,223
Construction in Progress	570,858,777	129,885,510	(15,893,292)	(574,957,171)	109,893,824
Total Capital Assets, not depreciated	613,420,000	129,885,510	(15,893,292)	(574,957,171)	152,455,047
Land Improvements	100,777,172	618,136	-	21,693,302	123,088,610
Building and Building Improvements	911,885,890	-	(9,505,985)	553,263,869	1,455,643,774
Equipment, Furniture and Fixtures	93,286,220	1,803,219	(2,169,923)	(15,889,216)	77,030,300
Intangibles	-	-	-	15,889,216	15,889,216
Vehicles/Heavy Equipment	14,114,151	321,331	(609,512)	-	13,825,970
Total Capital Assets, being depreciated	1,120,063,433	2,742,686	(12,285,420)	574,957,171	1,685,477,870
Less: Accumulated Depreciation					
Land Improvements	(72,184,999)	(1,890,708)	-	-	(74,075,707)
Building and Building Improvements	(418,240,367)	(31,526,807)	2,761,508	-	(447,005,666)
Equipment, Furniture and Fixtures	(60,350,573)	(11,008,156)	1,830,854	9,798,350	(59,729,525)
Intangibles	-	-	-	(9,798,350)	(9,798,350)
Vehicles/Heavy Equipment	(11,975,285)	(552,845)	609,512	-	(11,918,618)
	-	-	-	-	-
Total accumulated depreciation	(562,751,224)	(44,978,516)	5,201,874	-	(602,527,866)
Total Capital Assets, being depreciated net	557,312,209	(42,235,830)	(7,083,546)	574,957,171	1,082,950,004
Governmental activities Capital assets, net	\$ 1,170,732,209	\$ 87,649,680	\$(22,976,838)	\$ -	\$ 1,235,405,051

(a- Includes \$ 8,263,303 accrued for subsequent payments made during July, August and September

During 2010-2011, the District received certification from the PSFA (Public School Facilities Authority) on \$27,081,966 in projects that had been completed and closed out on behalf of APS. This number is included in our additions to Construction in Progress which then flows to Building and Building Improvements.

PSFA is the State agency that provides support to the PSCOC (Public School Capital Outlay Council). The purpose of the Public School Capital Outlay Act is to ensure that, through a standards-based process for all school districts, the physical condition and capacity, educational suitability and technology infrastructure of all public school facilities in New Mexico meet an adequate level statewide and the design, construction and maintenance of school sites and facilities encourage, promote and maximize safe, functional and durable learning environments in order for the state to meet its educational responsibilities and for New Mexico's students to have the opportunity to achieve success. (Section 22-24.2 NMSA, 1978)

Depreciation expense for the year ended June 30,2011 was charged to governmental activities as follows:

Instruction	845,467
Support Services	980,768
Operation and Maintenance of Plant	149,693
Operation of Noninstructional Services	354,396
Unallocated	42,648,192
	<u>44,978,516</u>

NOTE 8. Long-term Debt

During the year ended June 30, 2011 the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance 6/30/2010	Additions	Deletions	Balance 6/30/2011	Current Portion	Long-term Debt
General Obligation Bonds	\$ 449,563,813	\$ 158,940,000	\$ 52,636,792	\$ 555,867,021	\$ 34,986,792	\$ 520,880,229
Premiums	14,376,410	4,818,384	1,625,354	17,569,440	1,825,299	15,744,141
Subtotal	463,940,223	163,758,384	54,262,146	573,436,461	36,812,091	536,624,370
Education Technology Notes	-	18,600,000		18,600,000	-	18,600,000
Premiums	-	1,579,111	31,582	1,547,529	378,987	1,168,542
Subtotal	-	20,179,111	31,582	20,147,529	378,987	19,768,542
Compensated Absences	3,982,889	3,581,981	3,703,303	3,861,567	1,287,189	2,574,378
Estimated Claims Liability	40,115,517	93,008,809	91,422,100	41,702,226	28,434,736	13,267,490
Total	\$ 508,038,629	\$ 280,528,285	\$ 149,419,131	\$ 639,147,783	\$ 66,913,003	\$ 572,234,780

Compensated absences are paid from the same fund that the employee is paid. Totals above include current portions and long-term portions.

Bonds are secured by the District's full faith and credit and are general obligations of the District payable from ad valorem taxes to be levied, without limitation as to rate or amount, against all taxable property within the District. Debt service debt requirements are liquidated as property taxes are received and debt service principal payments and interest become due which are paid primarily from the General Fund and Debt Service Fund. Interest on all issues is payable semiannually on February 1 and August 1. Principal is payable annually on August 1. The proceeds of the bonds are being used for the purpose of erecting, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds.

Refunded Bonds:

On May 24, 2011, the District issued \$8,940,000 in General Obligation Bonds with an interest rate range of 2.0 to 4.0 percent. This amount represents an advance refunding of \$9,404,372 of outstanding 2001 Series bonds with an interest rate ranging between 4.0 and 5.0 percent. Proceeds totaling \$9,404,372 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2001 Series bonds. As a result, all refunded bonds are considered to be defeased and the liability for those bonds has been removed from the District's long-term liabilities.

The District advance refunded \$9.4 million of its 2001 Series bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$801,405. The refunding resulted in a \$ 330,000 improvement in cash flow resulting from the change in par value.

Arbitrage/Yield Reduction

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the United States Treasury at least every five years. The District did not have any arbitrage liability at June 30, 2011.

Bond proceeds may be invested in higher yielding investments only during a temporary period described in Regulation section 1.148-2(e). After expiration of an applicable temporary period, proceeds must be yield restricted.

General obligation bonds and notes issued and outstanding at June 30, 2011 are as follows:

Date of Issue	Original Issue	Amount Outstanding	Interest Rates	Final Maturity Date
Bonds				
August 22, 2001	\$ 50,850,000	\$ -	4.00-5.00%	8/1/2016
December 29, 2004	28,010,000	16,810,000	3.00-4.125%	8/1/2020
February 1, 2005	4,625,000	2,113,846	-	8/1/2020
February 1, 2005	21,375,000	15,170,000	3.00-4.50%	8/1/2014
January 17, 2006	7,160,000	3,793,175	-	8/1/2020
October 10, 2006	63,980,000	38,890,000	4.00 - 5.00%	8/1/2021
December 27, 2007	75,000,000	57,450,000	4.00 - 5.00%	8/1/2022
September 10, 2008	134,000,000	126,000,000	4.00 - 5.00%	8/1/2023
May 10, 2009	124,700,000	105,600,000	3.50 - 5.00%	8/1/2022
October 1, 2009	14,300,000	14,300,000	-	8/1/2024
November 1, 2009	16,800,000	16,800,000	3.00 - 5.00%	8/1/2018
September 22, 2010	85,410,000	85,410,000	1.50 - 3.0%	8/1/2021
September 22, 2010	32,690,000	32,690,000	4.5%	8/1/2027
September 22, 2010	31,900,000	31,900,000	4.0 - 4.15%	8/1/2024
May 24, 2011	8,940,000	8,940,000	2.0 - 4.0%	8/1/2016
2011 Educational Technology Notes				
May 24, 2011	\$ 18,600,000	\$ 18,600,000	4.0 - 5.0%	8/1/2015

The annual requirements to amortize the General Obligation Bonds and Educational Technology Notes as of June 30, 2011, including interest payments are as follows:

General Obligation Bonds

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2012	\$ 34,986,792	\$ 21,319,289	\$ 56,306,081
2013	35,201,792	20,096,725	55,298,517
2014	35,451,792	18,720,600	54,172,392
2015	36,961,792	17,305,400	54,267,192
2016	37,611,792	15,884,350	53,496,142
2017-2021	203,213,061	55,965,331	259,178,392
2022-2027	172,440,000	16,568,644	189,008,644
Totals	\$ 555,867,021	\$ 165,860,339	\$ 721,727,360

Educational Technology Notes

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2012	\$ -	\$ 530,535	\$ 530,535
2013	4,290,000	709,700	4,999,700
2014	4,565,000	554,850	5,119,850
2015	4,745,000	356,775	5,101,775
2016	5,000,000	125,000	5,125,000
Totals	\$ 18,600,000	\$ 2,276,860	\$ 20,876,860

In prior years, the general fund was used to liquidate long-term liabilities other than debt.

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During the fiscal year June 30, 2011, compensated absences decreased \$121,322 from the prior year accrual. See Note 1 for more details.

Operating Leases – The District leases various equipment under short-term cancelable operating leases. Rental expense for the year ended June 30, 2011 was \$3,014,041.

NOTE 9 Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied each year on July 1, on the taxable valuation of property located in the District as of the preceding January 1. The taxable valuations for the various classes of property are determined by the Bernalillo and Sandoval Counties Assessors and the State of New Mexico Department of Taxation and Revenue at one-third of assessed valuation. Property in the District for the fiscal year 2011 tax levy had a taxable value of \$14,669,473,949. The rate of taxes for operating purposes for all taxing jurisdictions is limited by the State Constitution to 20 mills (\$20 per \$1,000 assessed valuation) of which the District's House Bill 33 portion, by state regulation, is limited to 15 mills. Taxes are payable in two equal installments due on November 10 and April 10 and become delinquent after 30 days.

Deferred Revenue and Property Taxes Receivable at June 30, 2011 are as follows:

	Deferred Revenue			Current Portion Delinquent Taxes	Accounts Receivable
	Current Taxes	Delinquent Taxes	Total		
General Fund	\$ 284,177	\$ 280,728	\$ 564,905	\$ 50,955	\$ 615,860
Capital Projects	8,004,120	8,419,409	16,423,529	828,700	17,252,229
Debt Service	3,428,206	2,615,949	6,044,155	590,710	6,634,865
Total	\$ 11,716,503	\$ 11,316,086	\$ 23,032,589	\$ 1,470,365	\$ 24,502,954

The District has calculated property taxes by multiplying the tax levy by the taxable value, reducing that amount by actual collections, and recording the difference as deferred revenue. Delinquent property taxes are estimated based on the various mill levies, as the split between funds is not available from the taxing districts. The amount estimated at June 30, 2011 for delinquent taxes is \$11,316,086 and is recorded as deferred revenue.

NOTE 10. Other Required Individual Fund Disclosures

Generally Accepted Accounting Principles require disclosures as part of the Combined Statements of certain information concerning individual funds including excess of expenditures over appropriations. There were no funds that exceeded approved budgetary authority for the year ended June 30, 2011.

NOTE 11. ERA Pension Plan

Plan Description

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

Retirement Eligibility

The benefit for retirement at age 60, or after 25 years of service before age 60, is an annual sum equal to the "final average salary" multiplied by the total number of years of service credit times 2.35%.

A member is eligible to retire when:

1. The member's age and earned service credit add up to the sum of 75 or more, or
2. The member is age 65 or more with at least five years of earned service credit, or
3. The member has earned allowed service credit totaling 25 or more years.

A further requirement to be eligible to retire is that one must be a "member" having at least one year of employment after July 1, 1957 and at least five years of contributory employment. Eligible members who have one year of employment after July 1, 1957 but less than the required five years, may contribute to the fund for each year needed. The cost of such contributions is 15.2% of the average salary of the last five years for each year of contributory employment needed, plus 3% compound interest from July 1, 1957 to the date of payment.

When a member has completed five or more years of "earned service credit" and has made contributions for at least five years, the member may terminate employment, leave his/her contributions in the retirement fund and retire (1) when the member's age and years of "earned service credit" (covered employment in New Mexico) add up to 75 or more, or (2) the member may retire at age 65, if he/she has at least five years of "earned service credit".

Funding Policy

Plan members are required to contribute 9.4% of their gross salary. The District is required to contribute 10.9% of the gross covered salary. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature.

The District met the required contributions for the past three years as follows:

	ERA Contribution Requirement	Employer Contributions	Employee Contributions
June 30, 2011	\$ 96,941,506	\$ 53,691,529	\$ 43,249,977
June 30, 2010	100,340,261	57,020,597	43,319,664
June 30, 2009	92,786,870	55,920,899	36,865,971

NOTE 12. Post-Employment Benefits

Retiree Health Care Act Plan Description.

The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents.

The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

Funding Policy

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

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

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

The District remitted the following contributions for the past three years as follows:

	RHP Contribution Requirement	Employer Contributions	Employee Contributions
June 30, 2011	\$ 11,540,019	\$ 7,693,346	\$ 3,846,673
June 30, 2010	9,745,831	6,497,221	3,248,610
June 30, 2009	9,468,861	6,312,574	3,156,287

Post Employment Life Insurance Benefits and Required Supplementary Information Plan Description

The District's Postemployment Life Insurance Plan is a single employer defined benefit plan administered by the District that provides Basic Life Insurance to a frozen group of employees who retired prior to July 1, 2000. Insurance benefits are authorized by a resolution from the District's Board of Education. This amount is equal to \$1,000, increased by \$200 as of each anniversary of employment, subject to a maximum benefit of \$4,000. A fully-insured premium rate of \$2.151/\$1,000 is charged; however, the retirees make no contribution toward this coverage. The number of retirees covered as of July 1, 2011 was 2,510 and the present value of coverage was \$192,455.

Optional Life Insurance is also offered to those employees who retired prior to July 31, 2001. The fully-insured premium rates are age-banded. Eligible employees contribute \$0.116/\$1,000 of their respective age-banded premium rate with the District paying the remainder of the premium. The number of retirees covered as of July 1, 2011 was 2,589 and the present value of coverage was \$6,424,330 offset by retiree contributions of \$715,713.

The District recognizes the cost of providing the life insurance benefits by charging the insurance premiums to expenditures. Life insurance benefits are paid through premiums to Standard Life Insurance Company under an indemnity plan. The District's Board is responsible for establishing and amending benefit provisions of the Post Employment Life Insurance Plan.

Annual OPEB Cost and Annual Required Contribution. The major component of the annual OPEB cost is the annual required contribution (ARC). The ARC is the sum of the normal cost and the amortization of the unfunded actuarial accrued liability. The unfunded actuarial accrued liability is amortized over the average life expectancy for the retired population of nine years. The ARC for APS's postemployment benefit plan for the period July 1, 2010 to June 30, 2011 is \$837,028 which is comprised of the Annual Amortization Payment (plus interest) of \$815,229 and adjustment to ARC of \$21,799.

The other components of the annual OPEB cost are one year's interest on the net OPEB obligation (defined below) at the beginning of the year and adjustment to the ARC. The adjustment to the ARC is the discounted present value of the net OPEB obligation at the beginning of the year.

The following tables provide the annual required contribution ("ARC") for the period July 1, 2010 to June 30, 2011 and an estimate of the net OPEB obligation as of June 30, 2011.

	POST EMPLOYMENT BENEFIT PLAN
ANNUAL REQUIRED CONTRIBUTION (ARC)	
Normal Cost	\$ -
Interest on Normal Cost	-
Amortization Payment	803,269
Adjustments to ARC	21,799
Interest on Amortization Payment	11,960
TOTAL	\$ 837,028

NET OPEB OBLIGATION *	
Net OPEB Obligation - Beginning of Year	\$174,818

ARC	\$837,027
Interest on net OPEB Obligation	5,245
Adjustment to ARC	(21,799)
Annual OPEB Cost	820,473
Employer Contributions *	(775,713)
Increase in Net OPEB Obligation	\$44,760

Net OPEB Obligation – End of Year	219,578
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Percentage of OPEB Cost Contributed	94.54%
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* Estimated using expected pay-as-you-go cost.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$1,142,000	95.70%	\$ 49,000
6/30/2010	872,812	91.12%	174,818
6/30/2011	820,473	94.54%	219,578

Methods and Assumptions

GASB 45 allows the use of one of several actuarial cost methods. These cost methods allocate the OPEB costs differently. The method used in this valuation is the *Unit Credit*. The valuation results are developed assuming a discount rate of 3%. Under GASB 45, the discount rate to be used for the valuation is determined based on the long term investment yield on the investments used to finance the payment of benefits. For this valuation it is assumed that postemployment benefits are paid from general assets which generally consist of short-term investments.

The participation assumption is the assumed percentage of future retirees that participate and enroll in the life insurance plan. The participation assumption used in this valuation is 100%.

Funded Status

The actuarial accrued liability is the present value of future benefits which is attributable to past service. The actuarial accrued liability of APS's postemployment benefit plan as of July 1, 2011 is \$6,616,785. The unfunded actuarial accrued liability is the difference between the actuarial accrued liability and the actuarial value of plan assets. Plan assets are financial assets that are segregated and restricted in a trust (or equivalent arrangement). Assets in this trust are dedicated to providing benefits to plan participants and are legally protected from creditors of employers. Since there are no plan assets, the unfunded actuarial accrued liability for APS's postemployment benefit plan is the same as the actuarial accrued liability, \$6,616,785. Amortization of unfunded Actuarial Accrued Liability is a Level Dollar amount and the period used for amortization of unfunded balances is closed. The closed plan is for retired employees.

NOTE 13. Contingent Liabilities

A number of legal claims are presently pending against the District. It is the opinion of the District's management, after consulting with outside legal counsel, that final settlement of these matters will not exceed estimated defense and liability accruals, and will not result in any material adverse effect on the financial position of the District.

The District receives revenues from various Federal and State grant programs, which are subject to review and approval as to allowable expenditures by the respective grantor agencies. Any settlements or expenditures arising from a final review are recognized in the period agreed upon by the agency and the District.

Commitments

Albuquerque Public Schools contracts with outside vendors for construction and renovation of various facilities. At June 30, 2011, commitments and encumbrances outstanding for capital projects totaled \$44,729,821.

NOTE 14. Risk Management

The District is exposed to various risks of loss related to theft of, damage to and destruction of assets; errors and omissions; and injuries to employees. APS established a self insurance fund to conduct these risks and administers its own employee benefit and risk management programs as a self insured program. APS purchases specific excess insurance. There is a self-insured retention (per occurrence) of \$350,000 for workers compensation, \$350,000 for liability and \$250,000 for property. APS is subject to tort immunities. School board errors and omissions have \$350,000 retention. APS believes its main exposure to risk of loss is in the category of liability claims. Any loss exceeding the deductible of \$350,000 would be covered under the purchased excess loss policy. Losses in the mentioned categories are the subject of insurance and/or actuarially reviewed retentions. APS has not incurred any losses in excess of coverage during the past 4 years. The claims liabilities reported in the Risk Management Fund are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic factors. The actuarial review validated that the current reserves are adequate for reserves in anticipation of adverse developments in reported cases and for claims which may have occurred but have not yet been reported.

Liabilities for estimated claims for the last two years are summarized as follows:

Fiscal Year 2011	Balance 06/30/10	Additions	Deletions	Balance 06/30/11
Liability and Property	\$ 9,114,212	\$ 9,370,977	\$ 9,618,720	\$ 8,866,469
Worker's Compensation	10,990,164	4,875,977	3,666,500	12,199,641
Health Claims	16,242,845	72,229,101	71,807,595	16,664,351
Dental Claims	3,435,618	5,671,223	5,625,521	3,481,320
Vision Claims	332,678	861,531	703,764	490,445
	<u>\$ 40,115,517</u>	<u>\$ 93,008,809</u>	<u>\$ 91,422,100</u>	<u>\$ 41,702,226</u>

Fiscal Year 2010	Balance 06/30/09	Additions	Deletions	Balance 06/30/10
Liability and Property	\$ 7,894,132	\$ 8,279,504	\$ 7,059,424	\$ 9,114,212
Worker's Compensation	9,199,587	5,037,523	3,246,946	10,990,164
Health Claims	17,044,007	72,225,006	73,026,168	16,242,845
Dental Claims	3,475,828	5,736,310	5,776,520	3,435,618
Vision Claims	196,008	863,428	726,758	332,678
	<u>\$ 37,809,562</u>	<u>\$ 92,141,771</u>	<u>\$ 89,835,816</u>	<u>\$ 40,115,517</u>

NOTE 15. Subsequent Events

On September 21, 2011, the Albuquerque Public Schools Board of Education revoked the CATA (Career Academic Technical Academy Charter School) charter. On October 3, 2011, CATA failed to submit a renewal application to APS or the New Mexico Public Education Commission. Because of the failure to apply for a new charter, the last day of operation for CATA is June 30, 2012. As a result of the failure to apply to renew the charter and for the additional reasons set forth on September 21, 2011, APS has determined that the CATA governing council should be suspended. On October 10, 2011, the APS Board of Education voted to approve the suspension of CATA, and take over the day-to-day operations of the CATA Charter School beginning at 7:00 am, October 11, 2011.

NOTE 16. Joint Powers Agreements

(1) The District has entered into Joint Powers Agreements with the City of Albuquerque (the City) to develop, improve and maintain Joint Use Parks for use by the city as public parks and by the District as public school grounds. The District has exclusive use of the facilities during regular school operating hours. At all other times, the City may use the facilities. The City currently has responsibility for the maintenance of 20 of these Joint Use Parks and charges the District for its 35% (currently \$203,459 per year) share of the maintenance costs on a quarterly basis.

(2) The District entered into a Joint Powers Agreement with the City of Albuquerque (the City) on April 21, 1976 for the construction and maintenance of an indoor swimming pool at Highland High School. The District paid approximately \$300,000 and the City paid for the balance of the total design and construction cost of approximately \$670,000. The City is responsible, at its sole expense, for the maintenance, operation, and custodial care of the facility. The District has first priority in using the facility during regular school hours during the regular school year and for a period of one and one half hours after regular school hours during the competitive swimming season. The City has the right to use the facility on a space available basis during this time. The District has second priority to use the facility for school related purposes at other times. The term of this

agreement shall expire 75 years from the date of completion and acceptance of the facility. Upon termination, the City's rights in the facility shall cease and the District shall be the sole owner thereof.

(3) The District entered into a Joint Powers Agreement with the County of Bernalillo (the County) on March 17, 1976 for the construction and maintenance of an indoor swimming pool at Rio Grande High School. The County paid \$250,000 and the District paid for the balance of the total design and construction cost of approximately \$680,000. The County is responsible, at its sole expense, for the maintenance, operation and custodial care of the facility. The District has first priority in using the facility during regular school hours during the regular school year and for a period of one and one half hours after regular school hours during the competitive swimming season. The County has the right to use the facility on a space available basis during this time. The District has second priority to use the facility for school related purposes at other times. The term of this agreement shall expire 75 years from the date of completion and acceptance of the facility. Upon termination, the County's rights in the facility shall cease and the District shall be the sole owner thereof.

(4) The District entered into a Joint Powers Agreement with the City of Albuquerque (the City) on August 1, 1987 for the construction and maintenance of an indoor swimming pool at Sandia High School. The City and the District each paid half of the total design and construction cost of approximately \$1,000,000. The City is responsible, at its sole expense, for the maintenance, operation and custodial care of the facility. The District has first priority in using the facility during regular school hours during the regular school year and for a period of one and one half hours after regular school hours during the competitive swimming season. The City has the right to use the facility on a space available basis during this time. The District has second priority to use the facility for school related purposes at other times. The term of this agreement shall expire 75 years from the date of completion and acceptance of the facility. Upon termination, the City's rights in the facility shall cease and the District shall be the sole owner thereof.

(5) The District entered into a Joint Powers Agreement with the City of Albuquerque (the City) on October 6, 1981 for the construction and maintenance of a soccer field / play area at Osuna Elementary School. The City paid approximately \$93,500 and the District paid approximately \$30,000 of the total design and construction cost of approximately \$123,500. The City is responsible, at its sole expense, for the maintenance, operation and custodial care of the facility. The District has first priority in using the facility during regular school hours during the school year. The District has second priority to use the facility at other times. The term of this agreement shall expire 75 years from the date of completion and acceptance of the facility. Upon termination, the City's rights in the facility shall cease and the District shall be the sole owner thereof.

(6) The District entered into an Intergovernmental Agreement with the City of Albuquerque (the City) on October 4, 2000 providing for operation by the City of a community center at McKinley Middle School. The term of the agreement will be fifty years from the effective date. The agreement provides for the joint use of the facility by the City and the District. The City has sole responsibility for maintenance, operation, and custodial care of the community center. The District has exclusive use of the facility during regular school hours, the City has exclusive use of the facility outside of school hours. The City also has access to McKinley Middle School facilities including the gymnasium, cafeteria and restrooms for community center program use outside of regular school hours. The City owns the community center facility and associated improvements, and the District owns the site. Upon termination of the agreement the District will assume ownership of the facility.

A supplement to the McKinley Middle School Community Center Intergovernmental Agreement entered into June 30, 2003 provided for the addition of a sports and fitness center to be built, managed and operated by the City at the McKinley Middle School site.

(7) The District entered into a Joint Powers Agreement with the Village of Los Ranchos de Albuquerque (the Village) effective March 9, 2006 for the purpose of designating the Village as the lead agency to administer Project Funds \$155,000 appropriated to the District by the State of New Mexico for the planning, design and construction of a multipurpose field at Taft Middle School. All District funds for this project were expended during 2010. The Village also administered additional project funding provided by the Village and Federal Governments.

Charter Schools

(8) The District entered into an agreement with **Robert F. Kennedy Charter School (RFK)** on May 15, 2009 regarding the use of 27 portable buildings for use as classrooms and administrative offices. Costs incurred by

APS in making the portable buildings available to RFK including the cost of renovation, repair, site preparation, installation, maintenance and utilities are recovered through lease and maintenance payments made by RFK to APS over the life of RFK's use of the property. During the 2010-2011 school year, APS billed RFK \$ 315,073 for these facilities. This agreement is effective through June 30, 2014 unless extended by both parties or terminated in writing at any time after July 1, 2010.

(9) The District entered into an agreement with Public Academy of Performing Arts (**PAPA**) on March 31, 2010 regarding the use of portable buildings for use as classrooms and administrative offices. The agreement was updated effective July 19, 2011. Costs incurred by APS in making the portable buildings available including the cost of renovation, repair, site preparation, installation, maintenance and utilities are recovered through lease and maintenance payments to be made by PAPA to APS over the life of PAPA's use of the property. APS has agreed to lease the site to PAPA for as long as PAPA's charter has not been revoked or not renewed; and PAPA remains in compliance with the terms of the MOU. During the 2010-2011 school year, APS billed PAPA \$374,309 for rental and maintenance of these facilities. In exchange for PAPA agreeing to pay to APS the sum of \$ 216,452 which is anticipated from HB33 money received by PAPA, APS has agreed to purchase, install and supply the following: a) 2 portable facilities, b) renovation of the administration facility, c) renovation of science rooms and d) computers and other equipment. Either party may terminate the MOU upon 90 days prior written notice.

(10) The District entered into an agreement with Montessori of the Rio Grande Charter School (**MRG**) on November 29, 2009 regarding the use of certain school facilities referred to as the "Gabaldon site" which APS acquired on October 30, 2009 for use by MRG. APS was responsible for making the Gabaldon site suitable for use including the completion of necessary renovations, making facility repairs and providing maintenance and utilities. During the 2010-2011 school year, APS billed MRG \$ 195,362 for site use. This agreement is effective as long as MRG's charter has not been revoked and MRG remains in compliance with terms of the agreement.

(11) The District entered into an agreement with Native American Community Academy Charter School (**NACA**) on August 15, 2008 regarding the use of 22 portable buildings at Wilson Middle School for students of NACA. Costs incurred by APS in making the portable buildings available including the cost of renovation, repair, maintenance and utilities are recovered through lease payments made by NACA to APS. During the 2010-2011 school year, APS billed NACA \$ 122,989 for rental costs. The agreement also covers the joint collaborative use of certain Wilson Middle School facilities including the library, gym, cafeteria and playground. This agreement is effective through June 30, 2010 unless extended by both parties or terminated by either party at any time.

(12) The District entered into an agreement with Native American Community Academy Charter School (NACA) on July 23, 2009 for the purpose of retaining qualified design professionals to design new school facilities to be occupied by NACA and to undertake such other tasks in connection with the design and construction of those facilities as is necessary and appropriate. This agreement is effective until complete unless terminated in writing by either party at any time.

Childhood Development Centers

(13) An Intergovernmental Agreement between the District and the City of Albuquerque dated May 7, 1990 and renewable every five years provides for the operation of Childhood Development Centers to provide early childhood education and full-day, year around child day care for children from lower-income families located on eight school sites in the City. The City has provided for the purchase and any necessary modifications of portable classrooms, development of playground areas and other expenditures required for the establishment of the centers. The District has provided space for the installation of the classrooms and retains title to the facilities. The City provides for the staffing and general operation of the centers.

Head Start Program

(14) A Memorandum of Agreement between the District and the Youth Development, Inc. (YDI) dated May 1, 2000 provides for the operation of Head Start Programs at seven District school locations. YDI assumed costs associated for purchase of buildings, transportation, site development, playground construction, utility extensions, meters and operating expenses. Buildings and materials are the property of YDI. APS provides space at the sites. YDI is responsible for maintenance of the facilities. YDI provides Headstart services on a long term basis for the duration of the Headstart contract with the U.S. Department of Health and Human Services.

NOTE 17. Subsequent Accounting Standard Pronouncements

In November 2010, GASB issued Statement No. 61 which is effective for financial statements for periods beginning after June 15, 2012. This Statement amends the requirements of Statement 14, The Financial Reporting Entity, and Statement 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of this Statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The District is currently evaluating the impact GASB Statement 61 will have on the financial statements.

NOTE 18. Prior Period Restatements

District Restatement

In 2011, District management identified and recorded a net prior period adjustment of \$68,974,966 to the beginning of year fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) as of July 1, 2010. This adjustment was comprised of a \$78,048,106 decrease in Fund Balance for fiscal year ending June 30, 2007 due to an error in accounting, a \$8,869,543 increase in fund balance for fiscal year ending June 30, 2008 which corrected part of the June 30, 2007 error and a \$203,597 increase in fund balance for fiscal year ending June 30, 2009 which again corrected part of the June 30, 2007 error. There was no effect on the previously reported net change in fund balances for the fiscal year ended June 30, 2010.

The accounting error which occurred during the fiscal year ending June 30, 2007, resulted when a new State Audit rule was implemented by the District. The new rule required that Budgetary Basis fund balance be presented for the first time. The District reported its fund balance as cash and cash equivalents plus interfund receivables. This amount should have been reduced by net receivables, payables and inventory. The \$8,869,543 adjustment made to fund balance in fiscal year ending June 30, 2008 reversed accrual entries made to the Budgetary Basis statements in fiscal year ending June 30, 2007. The \$203,597 adjustment made to fund balance in fiscal year ending June 30, 2009, recognized the fund balance for KANW, a public radio station, included as a department within the general fund of the District.

Component Unit Restatement

The APS Foundation discovered certain errors made in the prior period in which agency funds were not excluded from operations. For the year ended June 30, 2010, the change in net assets was understated by \$230,460 as a result of these errors. At June 30, 2010, restricted unexpendable net assets were overstated by \$473,505 and restricted expendable net assets were overstated by \$2,318,434. Also at June 30, 2010, current assets were overstated by \$2,341,029 and noncurrent assets were overstated by \$450,910. Net assets are restated as follows:

Net Assets at June 30, 2010, as previously stated	\$ 6,298,737
Record fiscal agent liability	<u>(2,791,939)</u>
Net assets at June 30, 2010, as restated	<u>\$ 3,506,798</u>

NOTE 19. Component Unit – Charter Schools

The following are dependent charter schools formed under NMSA 22-8A and as such are presented here as discrete component units of Albuquerque Municipal School District No. 12:

21 st Century Public Academy	Los Puentes Charter School and Foundation
Academia de Lengua y Cultura	Montessori of the Rio Grande and Foundation
Albuquerque Talent Development Secondary Charter School	Mountain Mahogany
Alice King Community School	Native American Community Academy
Career Academic & Technical Academy	Nuestros Valores
Christine Duncan Heritage Academy	Public Academy for Performing Arts
Corrales International	Ralph J. Bunche Academy
Digital Arts & Technology Academy	Robert F. Kennedy High School
El Camino Real Academy	School for Integrated Academics & Technology
Gordon Bernell Charter School	South Valley Academy and Foundation
La Academia de Esperanza and Foundation	The Bataan Military Academy
La Resolana Leadership Academy	The Learning Community Charter School and Foundation

District management has determined that charter schools are major component units of the District under GASB Statement #39 since their operating budgets and charters are annually presented and approved by the District's board. Refer to previous footnotes for significant policies of the charter schools, as they are subject to the same State and Federal regulations and follow the same policies as the District. The following are summarized details of the charter schools' balances and transactions as of June 30, 2011 and for the year then ended:

A. Cash and Cash Equivalent

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2011.

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 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.

The collateral pledged is listed on Schedule I 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 Corporation, public unit deposits are funds owned by the public unit. 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 \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Deposits

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 Schools for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

Cash and cash equivalents consists of the following at June 30, 2011:

Deposits:	<u>21st Century Public Academy</u>	<u>Academia de Lengua Y Cultura</u>	<u>Albuquerque Talent Development Secondary Charter School</u>
Total amount of deposits	\$ 195,925	\$ 421,125	\$ 194,219
FDIC coverage	<u>195,925</u>	<u>250,000</u>	<u>194,219</u>
Total uninsured public Funds	<u>\$ -</u>	<u>\$ 171,125</u>	<u>\$ -</u>
Collateral requirement (50% of Un-insured public funds)	\$ -	\$ 85,563	\$ -
Pledged security	<u>-</u>	<u>131,223</u>	<u>-</u>
Total under (over)	<u>\$ -</u>	<u>\$ (45,660)</u>	<u>\$ -</u>
Collateralized	<u>\$ -</u>	<u>\$ (45,660)</u>	<u>\$ -</u>
Pledged Collateral held by pledging banks trust department or agent but not in the agency's name	<u>\$ -</u>	<u>\$ 131,223</u>	<u>\$ -</u>

Deposits:	<u>Alice King Community School</u>	<u>Career Academic & Technical Academy</u>	<u>Christine Duncan Heritage Academy</u>
Total amount of deposits	\$ 257,299	\$ 292,969	\$ 229,975
FDIC coverage	<u>257,299</u>	<u>292,969</u>	<u>229,975</u>
Total uninsured public funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured public funds)	\$ -	\$ -	\$ -
Pledged security	<u>-</u>	<u>-</u>	<u>-</u>
Total under (over)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Deposits:	<u>Corrales International</u>	<u>Digital Arts & Technology Academy</u>	<u>El Camino Real Academy</u>
Total amount of deposits	\$ 255,267	\$ 957,080	\$ 717,843
FDIC/State coverage	<u>255,267</u>	<u>250,000</u>	<u>717,843</u>
Total uninsured public funds	<u>\$ -</u>	<u>\$ 707,080</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured public funds)	\$ -	\$ 353,540	\$ -
Pledged security	<u>-</u>	<u>855,410</u>	<u>-</u>
Total under (over) Collateralized	<u>\$ -</u>	<u>\$ (501,870)</u>	<u>\$ -</u>
Pledged Collateral held by pledging banks trust department or agent but not in the agency's name	<u>\$ -</u>	<u>\$ 855,410</u>	<u>\$ -</u>

Deposits:	<u>Gordon Bernell Charter School</u>	<u>La Academia de Esperanza</u>	<u>La Resolana Leadership Academy</u>
Total amount of deposits	\$ 411,972	\$ 1,281,014	\$ 48,793
FDIC coverage	<u>250,000</u>	<u>1,281,014</u>	<u>48,793</u>
Total uninsured public funds	<u>\$ 161,972</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured public funds)	\$ 80,986	\$ -	\$ -
Pledged security	<u>98,705</u>	<u>-</u>	<u>-</u>
Total under (over) Collateralized	<u>\$ (17,719)</u>	<u>\$ -</u>	<u>\$ -</u>
Pledged Collateral held by pledging banks trust department or agent but not in the agency's name	<u>\$ 98,705</u>	<u>\$ -</u>	<u>\$ -</u>

Deposits:	<u>Los Puentes Charter School</u>	<u>Montessori of the Rio Grande</u>	<u>Mountain Mahogany</u>
Total amount of deposits	\$ 256,420	\$ 193,075	\$ 255,303
FDIC coverage	<u>256,420</u>	<u>193,075</u>	<u>500,000</u>
Total uninsured public funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (244,697)</u>
Collateral requirement (50% of uninsured public funds)	\$ -	\$ -	\$ (122,349)
Pledged security	<u>-</u>	<u>-</u>	<u>3,000,000</u>
Total under (over) Collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,065,251</u>
Pledged Collateral held by pledging banks trust department or agent but not in the agency's name	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>
	<u>Native American Community Academy</u>	<u>Nuestros Valores</u>	<u>Public Academy for Performing Arts</u>
Total amount of deposits	\$ 425,022	\$ 228,645	\$ 508,807
FDIC coverage	<u>250,000</u>	<u>228,645</u>	<u>508,807</u>
Total uninsured public funds	<u>\$ 175,022</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured public funds)	\$ 87,511	\$ -	\$ -
Pledged security	<u>201,689</u>	<u>-</u>	<u>-</u>
Total under (over) Collateralized	<u>\$ (114,178)</u>	<u>\$ -</u>	<u>\$ -</u>
Pledged Collateral held by pledging banks trust department or agent but not in the agency's name	<u>\$ 201,689</u>	<u>\$ -</u>	<u>\$ -</u>

Deposits:	<u>Ralph J. Bunche Academy</u>	<u>Robert F. Kennedy High School</u>	<u>School for Integrated Academics & Technology</u>
Total amount of deposits	\$ 94,026	\$ 408,633	\$ 421,506
FDIC coverage	<u>94,026</u>	<u>408,633</u>	<u>250,000</u>
Total uninsured public funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,506</u>
Collateral requirement (50% of uninsured public funds)	\$ -	\$ -	\$ 85,753
Pledged security	<u>-</u>	<u>-</u>	<u>804,724</u>
Total under (over) Collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (718,971)</u>
Pledged Collateral held by pledging banks trust department or agent but not in the agency's name	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 804,724</u>

Deposits:	<u>South Valley Academy</u>	<u>The Bataan Military Academy</u>	<u>The Learning Community Charter School</u>
Total amount of deposits	\$ 880,552	\$ 153,521	\$ 462,872
FDIC coverage	<u>880,552</u>	<u>153,521</u>	<u>462,872</u>
Total uninsured public funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured public funds)	\$ -	\$ -	\$ -
Pledged security	<u>-</u>	<u>-</u>	<u>-</u>
Total under (over) Collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

B. Accounts Receivable

As of June 30, 2011, accounts receivable consists of the following:

	<u>21st Century Public Academy</u>	<u>Academia de Lengua y Cultura</u>	<u>Albuquerque Talent Development Secondary Charter School</u>
Intergovernmental	\$ 38,282	\$ 2,126	\$ 44,238
Total	<u>\$ 38,282</u>	<u>\$ 2,126</u>	<u>\$ 44,238</u>

	<u>Alice King Community School</u>	<u>Career Academic & Technical Academy</u>	<u>Christine Duncan Heritage Academy</u>
Intergovernmental	\$ 44,949	\$ 32,337	\$ 75,170
Total	<u>\$ 44,949</u>	<u>\$ 32,337</u>	<u>\$ 75,170</u>

	<u>Corrales International</u>	<u>Digital Arts & Technology Academy</u>	<u>El Camino Real Academy</u>
Intergovernmental	\$ 2,592	\$ -	\$ 30,683
Taxes Receivable	-	221,792	-
Other	<u>-</u>	<u>4,635</u>	<u>24,257</u>
Total	<u>\$ 2,592</u>	<u>\$ 226,427</u>	<u>\$ 54,940</u>

	<u>Gordon Bernell Charter School</u>	<u>La Academia de Esperanza</u>	<u>La Rosolana Leadership Academy</u>
Intergovernmental	\$ 155,032	\$ 555,196	\$ 9,996
Total	<u>\$ 197,222</u>	<u>\$ 555,196</u>	<u>\$ 9,996</u>

	<u>Los Puentes Charter School</u>	<u>Montessori of the Rio Grande</u>	<u>Mountain Mahogany</u>
Intergovernmental	\$ 5,991	\$ 201,921	\$ 5,081
Other	<u>-</u>	<u>6,969</u>	<u>-</u>
Total	<u>\$ 5,991</u>	<u>\$ 208,890</u>	<u>\$ 5,081</u>

	Native American Community Academy	Nuestros Valores	Public Academy for Performing Arts
Intergovernmental	\$ 199,504	\$ 41,434	19,082
Other	<u>34,675</u>	<u>8,851</u>	<u>-</u>
Total	<u>\$ 274,179</u>	<u>\$ 50,285</u>	<u>\$ 19,082</u>

	Ralph J. Bunche Academy	Robert F. Kennedy High School	School for Integrated Academics & Technology
Intergovernmental	65,678	227,616	22,846
Other	<u>-</u>	<u>44,600</u>	<u>-</u>
Total	<u>\$ 65,678</u>	<u>\$ 272,216</u>	<u>\$ 22,846</u>

	South Valley Academy	The Bataan Military Academy	The Learning Community Charter School
Intergovernmental	\$ 77,021	\$ 5,790	\$ 33,871
Other	<u>3,040</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 80,061</u>	<u>\$ 5,790</u>	<u>\$ 33,871</u>

C. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2011 follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
21st Century Public Academy:				
Furniture, fixtures & equipment	\$ 82,139	\$ -	\$ -	\$ 82,139
Buildings and improvements	146,616	-	-	146,616
Less: accumulated depreciation	<u>(116,788)</u>	<u>(12,539)</u>	<u>-</u>	<u>(129,327)</u>
Capital asset, net	<u>\$ 111,967</u>	<u>\$ (12,539)</u>	<u>\$ -</u>	<u>\$ 99,428</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Academia de Lengua y Cultura:				
Furniture, fixtures & equipment	\$ 151,707	\$ 6,000	\$ -	\$ 157,707
Buildings and improvements	88,890	-	-	88,890
Less: accumulated depreciation	<u>(225,189)</u>	<u>(13,090)</u>	<u>-</u>	<u>(238,279)</u>
Capital asset, net	<u>\$ 15,408</u>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ 8,318</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Albuquerque Talent Development Secondary Charter:				
Furniture, fixtures & equipment	\$ 21,674	\$ -	\$ -	\$ 21,674
Buildings and improvements	65,000	-	-	65,000
Less: accumulated depreciation	<u>(10,300)</u>	<u>(8,668)</u>	<u>-</u>	<u>(18,968)</u>
Capital asset, net	<u>\$ 76,374</u>	<u>\$ (8,668)</u>	<u>\$ -</u>	<u>\$ 67,706</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Alice King Community School:				
Furniture, fixtures & equipment	\$ 20,985	\$ -	\$ -	\$ 20,985
Less: accumulated depreciation	<u>(9,224)</u>	<u>(2,355)</u>	<u>-</u>	<u>(11,579)</u>
Capital asset, net	<u>\$ 11,761</u>	<u>\$ (2,355)</u>	<u>\$ -</u>	<u>\$ 9,406</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Career Academic and Technical Academy:				
Furniture, fixtures & equipment	\$ 41,628	\$ -	\$ -	\$ 41,628
Buildings and improvements	72,155	-	-	72,155
Less: accumulated depreciation	<u>(33,560)</u>	<u>(24,122)</u>	<u>-</u>	<u>(57,684)</u>
Capital asset, net	<u>\$ 80,223</u>	<u>\$ (24,122)</u>	<u>\$ -</u>	<u>\$ (56,099)</u>

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2011</u>
Christine Duncan Heritage Academy:				
Furniture, fixtures & equipment	\$ 34,519	\$ -	\$ -	\$ 34,519
Land & improvements				
Buildings and improvements	-	54,400	-	54,400
Less: Accumulated depreciation	<u>(17,129)</u>	<u>(5,677)</u>	<u>-</u>	<u>(22,806)</u>
Capital asset, net	<u>\$ 17,390</u>	<u>\$ 48,723</u>	<u>\$ -</u>	<u>\$ 66,113</u>

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2011</u>
Corrales International Charter School:				
Furniture, fixtures & equipment	\$ 7,806	\$ -	\$ -	\$ 7,806
Less: accumulated depreciation	<u>(5,204)</u>	<u>(2,602)</u>	<u>-</u>	<u>(7,806)</u>
Capital asset, net	<u>\$ 2,602</u>	<u>\$ (2,602)</u>	<u>\$ -</u>	<u>\$ -</u>

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2011</u>
Digital Arts & Technology Academy:				
Furniture, fixtures & equipment	\$ 351,968	\$ -	\$ -	\$ 351,968
Buildings and improvements	54,315	-	-	54,315
Less: accumulated depreciation	<u>(360,660)</u>	<u>(11,627)</u>	<u>-</u>	<u>(372,287)</u>
Capital asset, net	<u>\$ 45,623</u>	<u>\$ (11,627)</u>	<u>\$ -</u>	<u>\$ 33,996</u>

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2011</u>
El Camino Real Academy:				
Furniture, fixtures & equipment	\$ 70,049	\$ 7,030	\$ -	\$ 77,079
Buildings and improvements	80,855	-	-	80,855
Less: accumulated depreciation	<u>(134,734)</u>	<u>(9,492)</u>	<u>-</u>	<u>(144,226)</u>
Capital asset, net	<u>\$ 16,170</u>	<u>\$ (2,462)</u>	<u>\$ -</u>	<u>\$ 13,708</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Gordon Bernell Charter School:				
Furniture, fixtures & equipment	\$ 90,493	\$ -	\$ -	\$ 90,493
Leasehold improvements	9,019	-	-	9,019
Less: accumulated depreciation	<u>(32,038)</u>	<u>(18,549)</u>	<u>-</u>	<u>(50,588)</u>
Capital asset, net	<u>\$ 67,474</u>	<u>\$ (18,549)</u>	<u>\$ -</u>	<u>\$ 48,925</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
La Academia de Esperanza:				
Furniture, fixtures & equipment	\$ 180,642	\$ -	\$ -	\$ 180,642
Vehicles	10,000	-	-	10,000
Building and improvements	172,253	-	-	172,253
Less: accumulated depreciation	<u>(126,098)</u>	<u>(24,189)</u>	<u>-</u>	<u>(150,287)</u>
Capital asset, net	<u>\$ 236,797</u>	<u>\$ (24,189)</u>	<u>\$ -</u>	<u>\$ 212,608</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Los Puentes Charter School:				
Furniture, fixtures & equipment	\$ 155,829	\$ 22,488	\$ -	\$ 178,317
Buildings improvements	216,226	6,099	-	222,325
Less: accumulated depreciation	<u>(105,853)</u>	<u>(26,814)</u>	<u>-</u>	<u>(132,667)</u>
Capital asset, net	<u>\$ 266,202</u>	<u>\$ 1,773</u>	<u>\$ -</u>	<u>\$ 267,975</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Montessori of the Rio Grande:				
Furniture, fixtures & equipment	\$ 226,573	\$ -	\$ -	\$ 226,573
Construction in Progress	-	198,000	-	198,000
Less: accumulated depreciation	<u>(87,111)</u>	<u>(14,840)</u>	<u>-</u>	<u>(101,951)</u>
Capital asset, net	<u>\$ 139,462</u>	<u>\$ 183,160</u>	<u>\$ -</u>	<u>\$ 322,622</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Mountain Mahogany:				
Furniture, fixtures & equipment	\$ 49,789	\$ 2,092	\$ -	\$ 49,789
Buildings	83,635	9,949	-	83,635
Less: accumulated depreciation	<u>(43,590)</u>	<u>-</u>	<u>-</u>	<u>(55,631)</u>
Capital asset, net	<u>\$ 89,834</u>	<u>\$ 12,041</u>	<u>\$ -</u>	<u>\$ 77,793</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Native American Community Academy:				
Furniture, fixtures & equipment	\$ 13,900	\$ -	\$ -	\$ 13,900
Less: accumulated depreciation	<u>(8,526)</u>	<u>(2,780)</u>	<u>-</u>	<u>(11,306)</u>
Capital asset, net	<u>\$ 5,374</u>	<u>\$ (2,780)</u>	<u>\$ -</u>	<u>\$ 2,594</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Nuestros Valores:				
Furniture, fixtures & equipment	\$ 201,433	\$ -	\$ -	\$ 201,433
Buildings and improvements	205,102	-	-	205,102
Less: accumulated depreciation	<u>(227,545)</u>	<u>(9,497)</u>	<u>-</u>	<u>(237,042)</u>
Capital asset, net	<u>\$ 178,990</u>	<u>\$ (9,497)</u>	<u>\$ -</u>	<u>\$ 169,493</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Public Academy for Performing Arts:				
Furniture, fixtures & equipment	\$ 115,718	\$ -	\$ -	\$ 115,718
Buildings and improvements	55,366	-	-	55,366
Less: accumulated depreciation	<u>(164,956)</u>	<u>(1,504)</u>	<u>-</u>	<u>(166,460)</u>
Capital asset, net	<u>\$ 6,128</u>	<u>\$ (1,504)</u>	<u>\$ -</u>	<u>\$ 4,624</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Ralph J. Bunche Academy:				
Furniture, fixtures & equipment	\$ 12,589	\$ -	\$ -	\$ 12,589
Less: accumulated depreciation	(12,589)	-	-	(12,589)
Capital asset, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Robert F. Kennedy High School:				
Furniture, fixtures & equipment	\$ 171,740	\$ 12,500	\$ -	\$ 184,240
Less: accumulated depreciation	(169,442)	(4,262)	-	(173,704)
Capital asset, net	<u>\$ 2,298</u>	<u>\$ 8,238</u>	<u>\$ -</u>	<u>\$ 10,536</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
School for Integrated Academics & Tech:				
Furniture, fixtures & equipment	\$ 311,920	\$ -	\$ -	\$ 311,920
Less: accumulated depreciation	(311,920)	-	-	(311,920)
Capital asset, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
South Valley Academy:				
Furniture, fixtures & equipment	\$ 381,912	\$ 6,000	\$ -	\$ 387,912
Buildings and improvements	1,740,087	-	-	1,740,087
Land improvements	579,717	-	-	579,717
Land	520,000	-	-	520,000
Less: accumulated depreciation	(699,369)	(125,349)	-	(824,716)
Capital asset, net	<u>\$ 2,522,349</u>	<u>\$ (119,349)</u>	<u>\$ -</u>	<u>\$ 2,403,000</u>

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2011</u>
The Bataan Military Academy:				
Furniture, fixtures & equipment	\$ 89,327	\$ -	\$ -	\$ 89,327
Less: accumulated depreciation	<u>(34,748)</u>	<u>(19,424)</u>	<u>-</u>	<u>(54,172)</u>
Capital asset, net	<u>\$ 54,579</u>	<u>\$ (19,424)</u>	<u>\$ -</u>	<u>\$ 35,155</u>

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2011</u>
The Learning Community Charter School:				
Furniture, fixtures & equipment	\$ 285,073	\$ -	\$ -	\$ 285,073
Buildings and improvements	63,425	-	-	63,425
Less: accumulated depreciation	<u>(271,360)</u>	<u>(8,527)</u>	<u>-</u>	<u>(279,887)</u>
Capital asset, net	<u>\$ 50,138</u>	<u>\$ (8,527)</u>	<u>\$ -</u>	<u>\$ 41,611</u>

Depreciation expense for the year ended June 30, 2011 was charged to the following functions:

	<u>21st Century Public Academy</u>	<u>Academia de Lengua Y Cultura</u>	<u>Albuquerque Talent Development Secondary Charter School</u>
Instruction	\$ 2,140	\$ 5,542	\$ -
Central Services	-	-	1,682
Operations/Plant Maint.	10,399	7,548	2,653
Capital Outlay	<u>-</u>	<u>-</u>	<u>4,333</u>
Total	<u>\$ 12,539</u>	<u>\$ 13,090</u>	<u>\$ 8,668</u>

	<u>Alice King Community School</u>	<u>Career Academic & Technical Academy</u>	<u>Christine Duncan Heritage Academy</u>
Instruction	\$ 1,741	\$ 2,231	\$ -
Business office	-	-	1,786
Food Services	-	-	2,078
Transportation Services	-	-	1,813
Operations/Plant Maint.	<u>614</u>	<u>21,891</u>	<u>-</u>
Total	<u>\$ 2,355</u>	<u>\$ 24,122</u>	<u>\$ 5,677</u>

	<u>Corrales Internacional</u>	<u>Digital Arts & Technology Academy</u>	<u>El Camino Real Academy</u>
Instruction	\$ -	\$ 1,030	\$ 8,083
School Administration	-	6,638	-
Business Office	2,602	-	1
Central Services	-	-	5,624
Operations/Plant Maint.	<u>-</u>	<u>3,969</u>	<u>-</u>
Total	<u>\$ 2,602</u>	<u>\$ 11,627</u>	<u>\$ 13,708</u>

	<u>Gordon Bernell Charter School</u>	<u>La Academia de Esperanza</u>
Instruction	\$ 226	\$ 8,748
Student Support	-	1,287
Support Services Instructional	11,723	-
General Administration	6,149	-
School Administration	-	3,877
Business Office	-	500
Central Services	-	9,777
Operations/Plant Maint.	<u>451</u>	<u>-</u>
Total	<u>\$ 18,449</u>	<u>\$ 24,189</u>

	<u>Los Puentes Charter School</u>	<u>Montessori of the Rio Grande</u>	<u>Mountain Mahogany</u>
Instruction	\$ 5,692	\$ 9,480	\$ 8,886
School Admin.	745	-	-
Central Services	-	-	1,063
Transportation Services	-	-	2,092
Capital Outlay	3,290	5,360	-
Operations/Plant Maint.	<u>17,087</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 26,814</u>	<u>\$ 14,840</u>	<u>\$ 12,041</u>

	<u>Native American Community Academy</u>	<u>Nuestros Valores</u>	<u>Public Academy for Performing Arts</u>
Instruction	\$ 2,780	\$ 533	\$ 926
Support Services-Gen. Admin	-	42	-
Operations/Plant Maint.	-	2,300	578
Food Services	-	-	-
Capital Outlay	<u>-</u>	<u>6,622</u>	<u>-</u>
Total	<u>\$ 2,780</u>	<u>\$ 9,497</u>	<u>\$ 1,504</u>

	<u>Ralph J. Bunche Academy</u>	<u>Robert F. Kennedy High School</u>
Support Services-Instruction	-	\$ 2,298
Capital Outlay	<u>-</u>	<u>1,964</u>
Total	<u>\$ -</u>	<u>\$ 4,262</u>

	<u>South Valley Academy and Foundation</u>	<u>The Bataan Military Academy</u>	<u>The Learning Community Charter School</u>
Direct Instruction	\$ 17,553	\$ 18,372	\$ -
Support Services	1,333	-	-
Instructional Support	7,715	-	-
Central Services	-	1,052	-
General Administration	5,142	-	-
School Administration	129	-	-
M&O	19,568	-	3,171
Food Service	2,510	-	-
Capital Outlay	<u>71,399</u>	<u>-</u>	<u>5,356</u>
Total	<u>\$ 125,349</u>	<u>\$ 19,424</u>	<u>\$ 8,527</u>

D. Commitments and Liabilities

Below are details relating to operating leases, capital leases, and compensated absences balances maintained by each of the charter schools as of June 30, 2011.

21st Century: Rental expense for the year ended June 30, 2011 was \$190,487. The five-year pay out of operating leases as of June 30, 2011 is as follows: 2012: \$120,000.

21st Century did not accrue compensated absences for the fiscal year ended June 30, 2011.

Academia de Lengua Y Cultura: The school leases various equipment under short-term cancelable operating leases. Rental expense for the year ended June 30, 2011, was \$159,788. The five-year payout of operating leases as of June 30, 2011 is as follows: 2012: \$153,734, 2013: \$3,584, 2014: \$3,584, 2015: 3,584, 2016: \$3,584. Total \$168,070.

Academia de Lengua Y Cultura did not accrue compensated absences for the fiscal year ended June 30, 2011.

Albuquerque Talent Development Secondary Charter: The school leases various equipment and facilities under short-term cancellable operating leases. Rental expense for the year ended June 30, 2011 was \$222,056. The five-year payout of operating leases as of June 30, 2011 is as follows: 2012: \$206,483, 2013: \$204,125, 2014: \$15,240. Total: \$425,848.

Albuquerque Talent Development Secondary Charter did not accrue compensated absences for the fiscal year ended June 30, 2011.

Alice King Community School: The school leases facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2011, was \$295,983. The five year payout of operating leases as of June 30, 2011 is as follows: 2012: \$307,401, 2013: \$307,401, 2014: \$307,401, and 2015: \$307,401. Total: \$1,225,740.

Alice King Community School did not accrue compensated absences for the fiscal year ended June 30, 2011.

Career, Academic & Technical Academy: The school leases various equipment and facilities under short-term, cancellable, operating leases. Rental expense for the year ended June 30, 2011 was \$160,356. The five-year payout of operating leases as of June 30, 2011 is as follows: 2012: \$162,629, 2013: 8,850, and 2014: \$750, Total: \$172,229.

Career, Academic & Technical Academy did not accrue compensated absences for the fiscal year ended June 30, 2011.

Christine Duncan Heritage Academy. The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2011 was \$100,951. The five year payout of operating leases as of June 30, 2011 is as follows: 2012: \$100,951, 2013: \$100,951, 2014: \$100,951, 2015: \$100,951, 2016: \$100,951. Thereafter: \$100,951. Total: \$605,706.

Christine Duncan Heritage Academy did not accrue compensated absences for the fiscal year ended June 30, 2011.

Corrales International. The school leases a facility under a short term cancellable operating lease. Rental expense for the year ended June 30, 2011 was \$232,388. The five year payout of operating leases as of June 30, 2011 is as follows: 2012: \$264,984, 2013: \$291,984, 2014: \$259,044, 2015: \$227,460, 2016: \$235,056, Thereafter: \$1,626,844, Totaling \$2,905,372.

Corrales International did not accrue compensated absences for the fiscal year ended June 30, 2011.

Digital Arts & Technology Academy: The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2011, was \$675,426. The five-year payout of operating leases as of June 30, 2011 is as follows: 2012: \$694,074, 2013: \$714,951, 2014: \$736,326, 2015: \$758,198, 2016: \$781,025, Thereafter: \$804,392. Total: \$4,488,966.

Digital Arts and Technology Academy had compensated absences balance of \$10,803 at the beginning of the fiscal year. Additions to the balance were \$669 which resulted in an ending balance of \$11,472. All of this balance is considered to be current.

El Camino Real Academy: The school leases various equipment and facilities under short-term cancellable operating leases. The rental expense for the year ended June 30, 2011 was \$719,042. The five year payout of operating leases as of June 30, 2011 is as follows: 2012: \$714,928, 2013: \$1,077,196, 2014: \$1,066,000, 2015: \$1,066,000, 2016: 1,066,000. Total \$4,990,124.

El Camino Real Academy did not accrue compensated absences for the fiscal year ended June 30, 2011.

Gordon Bernell Charter School: The school leases various equipment and facilities under short-term cancellable operating leases. The school entered into two facility leases beginning July 1, 2008. The rental expense for the year ended June 30, 2011 was \$229,355. The five-year payout of this operating lease as of June 30, 2011 is as follows: 2012: \$1,983.

Gordon Bernell Charter School had compensated absences balance of \$61,854 at the beginning of the fiscal year. Additions to the balance were \$799 which resulted in an ending balance of \$62,653. Of this balance, all is considered to be current.

La Academia de Esperanza: The school leases facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2011, was \$352,453. The five-year payout of operating leases as of June 30, 2011 is as follows: 2012: \$377,620, 2013: \$388,186, 2014: \$399,069, 2015: \$421,824, 2016: \$437,716. Total: \$445,964.

La Academia de Esperanza did not accrue compensated absences for the fiscal year ended June 30, 2011.

La Resolana Leadership Academy: The school leases facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2011, was \$86,293. The five year payout of operating leases as of June 30, 2011 is as follows: 2012: \$118,084, 2013: \$121,627, Total: \$239,711.

La Resolana Leadership Academy did not accrue compensated absences for the fiscal year ended June 30, 2011.

Los Puentes Charter School: The school leases various equipment and facilities under short-term cancellable operating leases. Rental expense for the year ended June 30, 2011 was \$279,017. The school entered into a lease to purchase agreement beginning July 1, 2011. The five year payout of operating leases as of June 30, 2011 is as follows: 2012, \$300,057, 2013: \$305,539, 2014: \$314,705, 2015: \$324,147, 2016: \$333,871, Thereafter: \$1,438,700 Total: \$3,017,019.

Los Puentes Charter School did not accrue compensated absences for the fiscal year ended June 30, 2011.

Montessori of the Rio Grande: The school leases various equipment and facilities under short-term cancellable operating leases. Rental expense for the year ended June 30, 2011 was \$173,097. The five year payout of operating leases as of June 30, 2011 is as follows: 2012: \$173,110, 2013: \$173,110, 2014: \$173,110, 2015: \$ 173,110, 2016: 173,110 and thereafter: \$173,110 \$. Total: \$1,038,660.

Montessori of the Rio Grande had a compensated absences balance of \$2,653 at the beginning of the fiscal year. Deletions to the balance were \$2,653 which resulted in an ending balance of \$-0-. All of this balance is considered to be current.

Mountain Mahogany Community School: The school leases equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2011, was \$102,270. The five year payout of operating leases as of June 30, 2011 is as follows: 2012: \$102,000. Total \$102,000.

Mountain Mahogany Community had a compensated absences balance of \$8,866 at the beginning of the fiscal year. Deletions to the balance were \$1,672 which resulted in an ending balance of \$7,194. All of this balance is considered to be current.

Native American Community Academy: Rental expense for the year ended June 30, 2011 was \$162,809. The five year payout of operating leases as of June 30, 2011 is as follows: 2012: \$61,200.

Native American Community Academy did not accrue compensated absences for the fiscal year ended June 30, 2011.

Nuestros Valores: The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2011 was \$74,880. The five-year payout of operating leases as of June 30, 2011 is as follows: 2012: \$90,343, 2013: \$90,334, 2014: \$90,334, 2015: \$90,334 and 2016: \$90,334, which totals: \$451,670.

Nuestros Valores had a compensated absences balance of \$27,704 at the beginning of the fiscal year. Deletions to

the balance were \$(327), which resulted in an ending balance of \$27,377. Of this balance, all is considered to be current.

Public Academy for Performing Arts: The school leases various facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2011 was \$377,893. Future amounts for the five-year payout have not been disclosed due to the MOU with APS, which indicates that the percentage is based off of amount of SEG funds.

Public Academy for Performing Arts did not accrue compensated absences for the fiscal year ended June 30, 2011

Ralph J. Bunche Academy: Rental expense for the year ended June 30, 2011 was \$64,847. The five-year payout of operating leases as of June 30, 2011 is as follows: 2012: \$56,650, 2013: \$58,349, 2014: \$60,099, 2015: \$61,902 and 2016: \$63,759 and Thereafter: \$65,672, which totals: \$366,431.

Ralph J. Bunche had a compensated absences balance of \$3,032 at the beginning of the fiscal year. Additions to the balance were \$15,132, which resulted in an ending balance of \$18,164. Of this balance, all is considered to be current.

Robert F. Kennedy: The school leases facilities under short term, cancellable, operating leases. Rental expense for the year ended June 30, 2011 was \$222,368 The five-year payout of operating leases as of June 30, 2011 is as follows: 2012: \$182,035, 2013: \$182,035, 2014: \$178,156, which totals \$542,226.

Robert F. Kennedy had a compensated absences balance of \$33,565 at the beginning of the fiscal year. Deletions to the balance were \$21,495, which resulted in an ending balance of \$12,070. Of this balance, all is considered to be current.

School for Integrated Academics and Technology: Rental expense for the year ended June 30, 2011 was \$88,519. The five-year payout of operating leases as of June 30, 2011 is as follows: 2012: \$108,519, 2013: \$1,117, which totals \$109,636.

School for Integrated Academics and Technology did not accrue compensated absences for the fiscal year ended June 30, 2011.

South Valley Academy: The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2011 was \$180,218. The five-year payout of operating leases as of June 30, 2011 is as follows: 2012: \$179,376, 2013: \$12,636, 2014: \$12,636, and 2015: \$12,636, which totals \$217,284.

South Valley Academy did not accrue compensated absences for the fiscal year ended June 30, 2011.

The Bataan Military Academy: The school leases facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2011 was \$179,415. The five-year payout of operating leases as of June 30, 2011 is as follows: 2012: \$168,306, 2013: \$72,976, 2014 \$75,165. Total: \$316,447.

The Bataan Military Academy did not accrue compensated absences for the fiscal year ended June 30, 2011.

The Learning Community Charter School: The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2011, was \$180,096. The five-year payout of operating leases as of June 30, 2011 is as follows: 2012: \$205,470.

The Learning Community Charter School did not accrue compensated absences for the fiscal year ended June 30, 2011.

E. Educational Retirement Act (ERA), and Retiree Health Care (RHC) Contributions

21st Century: Employer ERA contributions for the year ended June 30, 2011, 2010 and 2009 totaled \$123,394, \$131,291, and \$135,094, respectively and employee portions totaled \$106,637, \$110,384, and \$91,609, respectively. During fiscal years 2011, 2010, and 2009 RHC remitted by 21st Century were \$17,971, \$15,427, and \$14,773, in employer contributions as well as \$8,647, \$7,713, and \$7,386, in employee contributions.

Academia de Lengua Y Cultura: Employer ERA contributions for the year ended June 30, 2011, 2010 and 2009

totalled \$59,864, \$56,345, and \$36,397 respectively. Employee portions totaled \$40,513, \$33,894 and \$47,666, respectively. During fiscal years 2011, 2010, and 2009 RHC remitted by Academia de Lengua Y Cultura was \$8,286, \$5,752, and \$4,103 employer contributions as well as \$4,135, \$2,876, and \$2,051 in employee contributions.

Albuquerque Talent Development Secondary Charter: Employer ERA contributions for the years ended June 30, 2011 and 2010, 2009 totaled \$78,663, \$118,354 and \$82,160 respectively. Employee portions totaled \$56,498, \$72,368 and \$45,487, respectively. During fiscal years 2011, 2010, and 2009 RHC remitted by Albuquerque Talent Development Secondary Charter was \$11,093, \$12,242 and \$10,861 in employer contributions as well as \$5,546, \$6,121 and \$5,430 in employee contributions, respectively.

Alice King Community School: Employer ERA contributions for the years ended June 30, 2011, 2010 and 2009 totaled \$92,294, \$83,375 and \$92,883 and employee portions totaled \$70,919, \$64,315 and \$61,300. During fiscal years 2011, 2010 and 2009, RHC remitted by Alice King Community School was \$14,322, \$9,594 and \$10,594 in employer contributions as well as \$7,048, \$4,796 and \$5,297 in employee contributions.

Career, Academic & Technical Academy: Employer ERA contributions for the year ended June 30, 2011, 2010 and 2009 totaled \$72,823, \$78,221 and \$78,965 and employee contributions totaled \$53,872, \$64,478 and \$53,547. During fiscal year 2011, 2010 and 2009 RHC remitted by Career, Academic & Technical Academy were \$11,130, \$9,938 and \$8,460 in employer contributions, as well as \$5,039, \$4,324 and \$4,230 in employee contributions.

Christine Duncan Heritage Academy: Employer ERA contributions for the year ended June 30, 2011, 2010 and 2009 totaled \$99,327, \$101,577 and \$99,089, respectively, for and employee contributions totaled \$69,188, \$56,119 and \$56,182. During fiscal years 2011, 2010 and 2009 RHC remitted by Christine Duncan Heritage Academy were \$13,815, \$10,361 and \$11,062, respectively, in employer contributions as well as \$6,910, \$4,983 and \$5,531, respectively, in employee contributions.

Corrales International Charter School: Employer ERA contributions for the year ended June 30, 2011 and 2010 totaled \$91,497 and \$65,761 and employee contributions totaled \$78,529 and \$51,171. During fiscal year 2011 and 2010 RHC remitted by Corrales International Charter School was \$13,794 and \$7,759 in employer contributions as well as \$4,234 and \$3,470 in employee contributions. The school did not remit any ERA or RHC prior to fiscal year 2009.

Digital Arts & Technology Academy: Employer ERA contributions for the year ended June 30, 2011, 2010 and 2009 totaled \$160,454, \$162,264, and \$163,141 respectively and employee portions totaled \$114,895, \$116,786 and \$100,439 respectively. During fiscal years 2011, 2010 and 2009 RHC remitted by Digital Arts and Technologies Academy were \$22,597, \$17,870, and \$18,205 in employer contributions as well as \$11,299, \$8,935 and \$9,102 in employee contributions.

El Camino Real Academy: Employer ERA contributions for the years ended June 30, 2011, 2010, and 2009 totaled \$344,946, \$290,535 and \$307,669, respectively. Employee contributions totaled \$258,848, \$239,094, and \$201,769 respectively. During fiscal year 2011, 2010, and 2009 RHC remitted by El Camino Real Academy was \$49,827, \$34,940, and \$35,386 in employer contributions as well as \$24,774, \$17,470, and \$17,693 in employee contributions.

Gordon Bernell Charter School: Employer ERA contributions for the year ended June 30, 2011, 2010 and 2009 totaled \$168,208, \$165,915, and \$134,835, the employee portion totaled \$135,562, \$134,043 and \$92,329. During fiscal year 2011, 2010 and 2009 RHC contributions remitted by Gordon Bernell Charter School were \$25,048, \$19,442 and \$14,147 in employer contributions as well as \$12,524, \$9,721 and \$7,073 in employee contributions.

La Academia de Esperanza: Employer ERA contributions for the year ended June 30, 2011, 2010, and 2009 totaled \$221,069, \$187,963, and \$205,145, respectively and employee portions totaled \$188,814, \$174,888, and \$138,439, respectively. During fiscal years 2011, 2010, and 2009 RHC remitted by La Academia de Esperanza were \$33,417, \$22,304, and \$23,491 in employer contributions as well as \$16,708, \$11,853, and \$11,745 in employee contributions.

La Rosolana Leadership Academy: Employer ERA contributions for the year ended June 30, 2011 2010 and 2009 totaled \$30,475, \$33,067 and \$29,506 employee contributions totaled \$24,813, \$24,727 and \$20,008. During fiscal year 2011, 2010 and 2009 RHC remitted by La Rosolana was \$4,518, \$4,395 and \$3,497 in employer contributions as well as \$2,269, \$1,790 and \$1,748 in employee contributions.

Los Puentes Charter School: Employer ERA contributions for the year ended June 30, 2011, 2010 and 2009 totaled \$115,931, \$130,255, and \$132,249 respectively and employee portions totaled \$99,979, \$101,824 and \$82,769 respectively. During fiscal years 2011, 2010 and 2009 RHC remitted by Los Puentes Charter School were \$17,719, \$14,861, and \$14,758 in employer contributions as well as \$8,860, \$7,379 and \$6,299 in employee contributions.

Montessori of the Rio Grande: Employer ERA contributions for the year ended June 30, 2011, 2010 and 2009 totaled \$96,550, \$93,868, \$88,295, respectively. Employee contributions for 2011, 2010 and 2009 were \$80,019, \$77,320 and \$59,874, respectively. During fiscal year 2011, 2010 and 2009, RHC remitted by Montessori of the Rio Grande were \$14,491, \$10,983 and \$9,845 in employer contributions as well as \$7,245, \$5,491 and \$4,923 in employee contributions.

Mountain Mahogany Community School: Employer ERA contributions for the years ended June 30, 2011, 2010 and 2009 totaled \$83,496, \$75,932 and \$70,821, respectively and employee portions totaled \$68,208, \$62,180 and \$48,025, respectively. During fiscal years 2011, 2010 and 2009, RHC remitted by Mountain Mahogany Community School were \$12,434, \$8,807 and \$7,912 in employer contributions as well as \$6,220, \$4,447 and \$3,956 in employee contributions.

Native American Community Academy: Employer ERA contributions for the year ended June 30, 2011, 2010 and 2009 totaled \$215,196, \$193,068 and \$120,413 and employee contributions totaled \$185,582, \$161,481 and \$81,671. During fiscal year 2011, 2010 and 2009 RHC remitted by Native American Community Academy were \$32,773, \$22,587 and \$18,396 in employer contributions as well as \$16,446, \$11,294 and \$9,198 in employee contributions.

Nuestros Valores: Employer ERA contributions for the year ended June 30, 2011, 2010 and 2009 totaled \$104,227, \$99,509 and \$98,109 and employee contributions totaled \$78,525, \$74,730 and \$61,884. During fiscal year 2011, 2010 and 2009 RHC remitted by Nuestros Valores were \$15,001, \$11,159 and \$10,948 as well as \$7,501, \$5,474 and \$5,313 in employer contributions respectively.

Public Academy for Performing Arts (PAPA): Employer ERA contributions for the years ended June 30, 2011, 2010 and 2009 totaled \$171,127, \$162,724, and \$180,915, respectively, with employee contributions in each year of \$137,356, \$137,153, and \$118,497, respectively. During fiscal years 2011, 2010, and 2009 RHC remitted by PAPA were \$23,871, \$19,545, and \$20,508 in employer contributions as well as \$12,485, \$9,783, and \$10,254 in employee contributions.

Ralph J Bunche Academy: Employer ERA contributions for the year ended June 30, 2011, 2010 and 2009 totaled \$52,019, \$43,330 and \$35,680 respectively. Employee portions for 2011, 2010 and 2009 totaled \$36,374, \$33,967, and \$24,195 respectively. During fiscal years 2011, 2010 and 2009 RHC remitted by Ralph Bunche Academy were, \$7,254, \$4,707 and \$4,020 in employer contributions as well as \$3,627, \$2,354 and \$2,010 in employee contributions.

Robert F. Kennedy: Employer ERA contributions for the year ended June 30, 2011, 2010, and 2009 totaled \$176,711, \$170,070, and \$164,101 respectively. Employee portions for 2011, 2010, and 2009 totaled \$150,427, \$144,705 and \$102,867, respectively. During fiscal years 2011, 2010 and 2009 RHC remitted by Robert F. Kennedy were \$27,774, \$20,183, and \$17,346 in employer contributions as well as \$13,887, \$9,573, and \$8,673 in employee contributions.

School for Integrated Academics and Technology: Employer ERA contributions for the year ended June 30, 2011, 2010, and 2009 totaled \$142,266, \$141,731, and \$140,417, respectively, and employee contributions totaled \$121,084, \$121,258, and \$95,218, respectively. During fiscal year 2011, 2010 and 2009, RHC remitted by School for Integrated Academics and Technology were \$21,613, \$16,841, and \$15,669 in employer contributions as well as \$10,806, \$8,421, and \$7,835 and in employee contributions.

South Valley Academy: Employer ERA contributions for the year ended June 30, 2011, 2010, and 2009 totaled \$170,975, \$173,884, and \$177,583, respectively, and employee portions totaled \$135,162, \$149,242, and \$113,273, respectively. During fiscal years 2011, 2010, and 2009 RHC remitted by South Valley Academy were \$25,809, \$20,846, and \$19,918 in employer contributions as well as \$12,049, \$10,419, and \$9,959 in employee contributions.

The Bataan Military Academy: Employer ERA contributions for the year ended June 30, 2011, 2010 and 2009 totaled \$64,511, \$127,957 and \$66,148. Employee portions totaled \$42,426, \$61,959 and \$35,956. As of June 30, 2011, 2010 and 2009, RHC remitted by The Bataan Military Academy was \$9,143, \$12,858 and \$7,877 in employer contributions as well as \$4,597, \$5,508 and \$3,938 in employee contributions.

The Learning Community Charter School (TLC): Employer ERA contributions for the year ended June 30, 2011, 2010 and 2009 totaled \$148,228, \$149,420 and \$123,719, respectively. Employee portions totaled \$83,977, \$85,092 and \$67,410, respectively. During fiscal years 2011, 2010 and 2009 RHC remitted by The Learning Community Charter School were \$18,273, \$15,420 and \$13,100 in employer contributions as well as \$9,793, \$7,711 and \$6,550 in employee contributions.

F. Subsequent Events Related to Charter Schools

The following schools had subsequent events requiring disclosure:

On September 21, 2011 the Albuquerque Public Schools Board of Education revoked the Career Academic Technical Academy (CATA) charter. Because of failure to apply for new charter the last day of operations is June 30, 2012. Subsequently, the Board of Education voted to approve the suspension of the schools governing council. The district took over the schools day to day operations on October 11, 2011.

La Resolana Leadership Academy, Ralph J. Bunche Academy and The Learning Community became state charters beginning July 1, 2011.

G. Related Party Transactions

The following schools had related party transactions requiring disclosure:

21st Century Public Academy: It was noted that the charter school has a Foundation. The Foundation does not meet state audit requirements to be audited.

Academia de Lengua y Cultura and Ralph Bunche Academy Charter School: There is also an MOU between Academia de Lengua Y Cultura and Ralph Bunche Academy Charter School for rent. Total rent received for the year from Ralph J. Bunche Academy was \$57,103.

Alice King Community School: It was noted that he charter school has a Foundation. The Foundation does not meet state audit requirements to be audited. We also noted that the business manager's sister works as a contractor of the school in the business office. Also, the sisters serve as Business Manager and Assistant Business Manager for Public Academy for Performing Arts.

Career Academic and Technical Academy (CATA): The Principal's son works for the school as Dean of students. The nepotism act was waived by the Board in the prior year. It was also noted HD Systems, the school's hired IT company, owned by the Principals son. HD systems received \$25,335 in payments during the year. The Principal's brother, also works at the school as an Educational Assistant. His gross salary pay is \$30,000. The nepotism act was waived two years ago.

Christine Duncan Heritage Academy: The playground equipment on the school's books resides at the permanent site of La Promesa. During the September 2010 Governing Council meeting Christine Duncan Heritage Academy approved to donate the playground equipment to La Promesa. The equipment has not been removed from the books as the state has not approved the disposal.

El Camino Real Academy: It was noted that a board member is the Branch Manager for Bank of the West, the schools bank.

Los Puentes: The school entered into a sublease with the Foundation. Total payments to the Foundation for the sublease were \$258,400.

Montessori of the Rio Grande: Lease payments were paid to APS for the fiscal year totaling \$124,719 and maintenance expenses for \$44,631 totaling \$169,350; APS is Montessori of the Rio Grande's authorizing school district. Also, APS paid for facilities improvement totaling \$198,000, and HB-33 distributions totaling \$97,441. We also noted that the school has a foundation and received a \$70,000 donation from the Foundation.

Mountain Mahogany Charter School: The founder of the school is also the owner the property that the school rents from. The founder also donated \$44,200 in 2010 and \$1,500 to the school in the current year. It was also noted that the school has a foundation. The foundation has been open since 2003. Foundation does not meet state audit requirements to be audited.

Native American Community Academy: Lease payments were paid to APS in the amount of \$162,809; APS is Native American's authorizing school district. The school also had a payable due to APS at year-end of \$10,225.

The school also had a payable due to APS at year-end of \$46,643 for HB 33 payments.

The Principal's nephew was employed by the Youth Conservation Corps. The IT assistant/receptionist is married to one of the teachers at the school and a student support employee is married to a teacher.

Public Academy for Performing Arts and Alice King Community School: The business manager (contractor) for Public Academy for Performing Arts, and her sister (employee) are the Business Manager and Assistant Business Manager, respectively. Also, the sisters serve as Business Manager and Assistant Business Manager for Alice King Community. It was noted that the charter school has a Foundation. The Foundation does not meet state audit requirements to be audited.

Robert F. Kennedy: MA noted APS as a related party due to the MOU between APS and the school for lease payments. During the year, the school paid \$177,336 in lease payments to APS.

Ralph J Bunche Academy: There is also an MOU between Academia de Lengua Y Cultura and Ralph Bunche Academy Charter School for rent. Total rent paid for the year to Academia de Lengua Y Cultura was \$57,103.

The Learning Community Foundation: We noted that the Principal of the Learning Community Charter School is also president of the foundation governing council.

H. Component Units of Charter Schools

The following three charter schools maintained component units as follows:

Los Puentes: Los Puentes Charter School Foundation is a nonprofit corporation established in 2001 to provide support to Los Puentes by acquiring and holding real estate to be leased or otherwise made available to the School.

The financial information of the Los Puentes Charter School Foundation is presented in a separate column to emphasize that the corporation is legally separate from the School.

The corporation has a fiscal year end of December 31; however, the component unit column presents financial statements as of and for the year ended June 30, 2011.

Cash and Temporary Investments: At June 30, 2011, the book value of the corporation's deposits was \$14,951.

For the year ended June 30, 2011, the government implemented GASB statement 39 of the Governmental Accounting Standards Board, which resulted in the inclusion of Significant Component Units in the Governmental Financial Statements.

Component Unit-Foundation	
Net assets at June 30, 2011	\$14,951

La Academia de Esperanza: La Academia de Esperanza Foundation is a nonprofit corporation established in 2009 to provide support to La Academia de Esperanza by acquiring and holding real estate to be leased or otherwise made available to the School.

The financial information of the La Academia de Esperanza is presented in a separate column to emphasize that the corporation is legally separate from the School.

The corporation has a fiscal year end of December 31; however, the component unit column presents financial statements as of and for the year ended June 30, 2011.

Cash and Temporary Investments: At June 30, 2011, the book value of the corporation's deposits was \$27,369.

For the year ended June 30, 2011, the government implemented GASB statement 39 of the Governmental Accounting Standards Board, which resulted in the inclusion of Significant Component Units in the Governmental Financial Statements.

Component Unit-Foundation	
Net assets at June 30, 2011	\$100

Montessori of the Rio Grande: Friends of the Montessori Foundation and TAPAS are a nonprofit corporation established to provide support to Montessori of the Rio Grande by supporting educational programs and initiatives undertaken by the School. The foundation's other purpose is to conduct educational and training activities, community development, fund-raising assistance and academic research and dissemination to promote educational initiatives that serve the School as well as the local, regional, national and international educational community.

The financial information of the Friends of the Montessori Foundation and TAPAS is presented in a separate column to emphasize that the corporation is legally separate from the School.

The corporation has a fiscal year end of December 31; however, the component unit column presents financial statements as of and for the year ended June 30, 2011.

Cash and Temporary Investments: At June 30, 2011, the book value of the corporation's deposits was \$49,958.

For the year ended June 30, 2011, the government implemented GASB statement 39 of the Governmental Accounting Standards Board, which resulted in the inclusion of Significant Component Units in the Governmental Financial Statements.

Component Unit-Foundation	
Net assets at June 30, 2011	\$67,898

South Valley Academy: Center for Educational Initiatives (CEI) is a nonprofit corporation established in 2001 to provide support to South Valley Academy by (1) acquiring and holding real estate to be leased or otherwise made available to the School; (2) designing, planning, arranging for the financing of and constructing the School's campus, complete with buildings, related facilities and structures, infrastructure, grounds, landscaping, furniture and fixture and (3) supporting educational programs and initiatives undertaken by the School. CEI's other purpose is to conduct educational and training activities, community development, fund-raising assistance and academic research and dissemination to promote educational initiatives that serve the School as well as the local, regional, national and international educational community.

The financial information of CEI is presented in a separate column to emphasize that the corporation is legally separate from the School.

The corporation has a fiscal year end of December 31; however, the component unit column presents financial statements as of and for the year ended June 30, 2011.

Cash and Temporary Investments: At June 30, 2011, the book value of the corporation's deposits was \$191,096. The corporation also had investments of \$481,921.

Fixed Assets: The Corporation records its land, buildings and equipment at cost and depreciates them over their estimated useful lives. Net capital assets at June 30, 2011 totaled \$1,025,850.

Long-Term Debt: The Corporation's long-term debt consists of a building mortgage along with unsecured debt. The balance at June 30, 2011 was \$462,292 of which \$81,964 is considered current.

For the year ended June 30, 2007, the government implemented GASB statement 39 of the Governmental Accounting Standards Board, which resulted in the inclusion of Significant Component Units in the Governmental Financial Statements.

Component Unit-Foundation	
Net assets at June 30, 2011	\$1,386,575

The Learning Community Charter School: The Learning Community Charter School Foundation, Inc. is a nonprofit corporation established in 2005 to provide support to The Learning Community Charter School by (1) acquiring and holding real estate to construct a high school campus complete with buildings, furniture and fixtures and to operate a high school on the east side of Albuquerque and (2) to be empowered to function as a cultural center qualifying as a charitable activity.

The financial information of The Learning Community Charter School Foundation, Inc. is presented in a separate column to emphasize that the corporation is legally separate from the School.

The corporation has a fiscal year end of June 30; therefore, the component unit column presents financial statements as of and for the year ended June 30, 2011.

Cash and Temporary Investments: At June 30, 2011, the book value of the corporation's deposits was \$109.

Fixed Assets: The Corporation records its land, building and equipment at cost and depreciates them over their estimated useful lives. Net capital assets at June 30, 2011 totaled \$1,446,101.

Long-Term Debt: The Corporation's long-term debt consists of a building mortgage. The balance at June 30, 2011 was \$1,497,914 of which \$65,030 is considered current.

For the year ended June 30, 2007, the government implemented GASB statement 39 of the Governmental Accounting Standards Board, which resulted in the inclusion of Significant Component Units in the Governmental Financial Statements.

Component Unit-Foundation	
Net assets at June 30, 2011 (deficit)	(\$36,696)

I. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combined Statements of certain information concerning individual funds, including:

- A. Excess of expenditures over appropriations.
- B. Receivables and payables from inter fund transactions as of June 30, 2011, with funds which inter fund transactions were affected or created due to cash overdrafts represented (*).
- C. Deficit fund balance of individual funds.

21st Century

- A. These funds exceeded approved budgetary authority for the year ended June 30, 2011:

Operational Fund	
Direct Instruction	\$ 44,559
EMSI	
Direct Instruction	\$ 3,335
Library GO Bonds	
Support Services	\$ 2,182
Beginning Teacher Mentoring	
Direct Instruction	\$ 1,286
Public School Capital Outlay	
Capital Outlay	\$ 175,400
Capital Improvements HB-33	
Support Services	<u>\$ 1,372</u>
Total	<u>\$ 228,134</u>

- B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below. Funds which inter fund transactions were affected or created due to cash overdrafts are represented.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General	\$ -	\$ 38,282
IDEA-B, Entitlement	15,158	-
SEG Federal Stimulus	12,404	-
EMSI	1,885	-
Lengthening School Year	3,140	-
Teacher/Principal Training	<u>5,695</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 38,282</u>	<u>\$ 38,282</u>

- C. The following funds reported a deficit fund balance at June 30, 2011:

Undesignated, reported in

General Fund (deficit)	
General	\$ (166,667)
Special Revenue fund (deficit)	
IDEA-B	<u>(3,895)</u>
Total	<u>\$ (170,572)</u>

Academia de Lengua Y Cultura

- A. No funds exceeded approved budgetary authority for the year ended June 30, 2011.
- B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below. Funds which inter fund transactions were affected or created due to cash overdrafts are represented.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General	\$ -	\$ 1,609
EMSI	<u>1,609</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 1,609</u>	<u>\$ 1,609</u>

- C. No funds reporting a deficit fund balance at June 30, 2011.

Albuquerque Talent Development Secondary Charter School:

A. These funds exceeded approved budgetary authority for the year ended June 30, 2011:

Operational Fund		
Direct Instruction	\$	137
Beginning Teacher		
Direct Instruction	\$	<u>356</u>
Total	\$	<u>493</u>

B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 33,990
IDEA-B Entitlement	3,927	-
Title I	217	-
IDEA-B Federal Stimulus	1,425	-
Education Jobs Fund	3,248	-
Public School Capital Outlay	<u>25,173</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 33,990</u>	<u>\$ 33,990</u>

C. No funds reporting a deficit fund balance at June 30, 2011.

Alice King Community School

A. Two funds exceeded approved budgetary authority for the year ended June 30, 2011:

	Instructional Materials	
	Direct Instruction	\$ 4
	SEG Federal stimulus	
	Support Services	<u>\$ 183</u>
Total		<u>187</u>

B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 44,949
IDEA B Entitlement	34,693	-
Teacher/Principal Training	8,571	-
SEG Federal Stimulus	1,290	-
Education Job Fund	<u>395</u>	<u>-</u>
Total	<u>\$ 44,949</u>	<u>\$ 44,949</u>

C. No funds reporting a deficit fund balance at June 30, 2011.

Career, Academic and Technical Academy

A. Three funds exceeded approved budgetary authority for the year ended June 30, 2011:

Instructional Materials	
Direct Instruction	\$ 3,204
IDEA B	
Direct Instruction	\$ 4,243
CNM Foundation	
Direct Instruction	<u>500</u>
Total	<u><u>7,947</u></u>

B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below. Funds which inter fund transactions were affected or created due to cash overdrafts are represented.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 32,337
IDEA-B Entitlement	4,565	-
Education Jobs Fund	5,847	-
Capital Outlay	<u>21,925</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 32,337</u>	<u>\$ 32,337</u>

C. There were no funds reporting a deficit fund balance at June 30, 2011.

Christine Duncan Heritage Academy

A. No funds exceeded approved budgetary authority for the year ended June 30, 2011.

B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below. Funds which inter fund transactions were affected or created due to cash overdrafts are represented.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 71,756
Title I IASA	12,783	-
IDEA-B Entitlement	5,352	-
English Language Acquisition	1,163	-
Teacher Principal	3,671	-
Title I Federal	3,611	-
IDEA-B	15	-
Title I-School Improvement	13,677	-
Library GO Bonds	3,172	-

Public School Capital outlay	22,980	-
SB 9 Capital Improvements	2,477	-
EMSI	<u>2,855</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 71,756</u>	<u>\$ 71,756</u>

C. There were no funds reporting a deficit fund balance at June 30, 2011.

Corrales International Charter School

A. One fund exceeded approved budgetary authority for the year ended June 30, 2011:

SEG Federal Stimulus		
Direct Instruction	\$	1,541

B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below. Funds which inter fund transactions were affected or created due to cash overdrafts are represented.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 2,592
SEG Federal Stimulus	2,192	-
English Language Acquisition	<u>400</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 2,592</u>	<u>\$ 2,592</u>

C. There were no funds reporting a deficit fund balance at June 30, 2011.

Digital Arts & Technology Academy

A. No funds exceeded approved budgetary authority for the year ended June 30, 2011.

B. The following inter fund payables and receivables balances were present at June 30, 2011:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 4,635
City/County Grants	<u>4,635</u>	<u>-</u>
Total	<u>\$ 4,635</u>	<u>\$ 4,635</u>

C. There were no funds reporting a deficit fund balance at June 30, 2011.

El Camino Real Academy

- A. This fund exceeded approved budgetary authority for the year ended June 30, 2011:

Title I		
Support services	\$	122

- B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below. Funds which inter fund transactions were affected or created due to cash overdrafts are represented.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 17,158
English Acquisition	6,523	-
Title I-Federal Stimulus	6,161	-
Libraries SB 333	2,380	-
SB9 Capital Improvements	<u>2,094</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 17,158</u>	<u>\$ 17,158</u>

- C. The following fund reported a deficit fund balance at June 30, 2011:

Undesignated, reported in

General Fund (deficit)	\$ (54,119)
Instructional Materials(deficit)	<u>(2,788)</u>
Total	<u>\$ (56,907)</u>

Gordon Bernell Charter Schools

- A. This fund exceeded approved budgetary authority for the year ended June 30, 2011:

SEG Federal Stimulus	
Direct instruction	\$ 1,285
Support services	109,387

- B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below. Funds which inter fund transactions were affected or created due to cash overdrafts are represented.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 155,417
IDEA B	2,880	-
SEG Federal Stimulus	95,178	-
Education Job Fund	8,035	-

SB 9 School Improvement	5,574	-
Public School Capital Outlay	<u>43,750</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 155,417</u>	<u>\$ 155,417</u>

C. The following fund reported a deficit fund balance at June 30, 2011:

Undesignated, reported in

SB 9 Capital Improvement (deficit)	
Unassigned	\$(5,574)

La Academia De Esperanza

A. These funds exceeded approved budgetary authority for the year ended June 30, 2011:

Operational	
Food Services	\$ 84,523
Instructional Materials	
Direct Instruction	11,964
Title I Stimulus	
Direct Instruction	11,510
Support Services	140
IDEA B	
Support Services	5,328
SEG Federal Stimulus	
Direct Instruction	<u>32,768</u>
Total	<u>\$ 146,233</u>

B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below. Funds which inter fund transactions were affected or created due to cash overdrafts are represented.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 483,897
Title I	66,780	-
IDEA-B Entitlement	202,019	-
Teacher/Principal Training	8,858	-
SEG Federal Stimulus	73,509	-
Education Job Fund	81,500	-
Dual Credit	630	-
Public Schools Capital Outlay	<u>50,601</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 483,897</u>	<u>\$ 483,897</u>

C. There were no funds reporting a deficit fund balance at June 30, 2011.

La Resolana Leadership Academy

- A. Two funds exceeded approved budgetary authority for the year ended June 30, 2011:

Title I IASA		
Support Services	\$	1,245
State Equalization Guarantee-Federal Stimulus		
Support Services		<u>1,114</u>
Total	\$	<u><u>2,359</u></u>

- B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below. Funds which inter fund transactions were affected or created due to cash overdrafts are represented.

	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>
General Fund	\$ -	\$ 26,391
Food Services	18,643	-
Title I	974	-
Title I Federal Stimulus	1,684	-
IDEA-B Federal Stimulus	<u>5,090</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 26,391</u>	<u>\$ 26,391</u>

- C. The following funds reported a deficit fund balance at June 30, 2011:

Undesignated, reported in

Special Revenue Funds (deficit)	
Food Services	<u>\$ 18,643</u>
Total	<u><u>\$ 18,643</u></u>

Los Puentes Charter School

- A. No funds exceeded approved budgetary authority for the year ended June 30, 2011.
- B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below. Funds which inter fund transactions were affected or created due to cash overdrafts are represented.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 5,991
Education Job Fund	<u>5,991</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 5,991</u>	<u>\$ 5,991</u>

- C. There were no funds reporting a deficit fund balance at June 30, 2011.

Montessori of the Rio Grande

- A. No funds exceeded approved budgetary authority for the year ended June 30, 2011.
- B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 3,921
SB9 Capital Improvements	<u>3,921</u>	<u>-</u>
Total	<u>\$ 3,921</u>	<u>\$ 3,921</u>

- C. There were no funds reporting a deficit fund balance at June 30, 2011.

Mountain Mahogany Community School

- A. No funds exceeded approved budgetary authority for the year ended June 30, 2011.
- B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 4,137
SEG Federal Stimulus	207	-
EMSI	3,313	-
Lengthening School Year	<u>617</u>	<u>-</u>
Total	<u>\$ 4,137</u>	<u>\$ 4,137</u>

- C. There were no funds reporting a deficit fund balance at June 30, 2011.

Native America Community Academy

- A. These funds exceeded approved budgetary authority for the year ended June 30, 2011:
Instructional Materials Fund

Instruction	\$ 13,153
Food Services	
Food services	\$ 73,978
Title I	
Instruction	\$ 1,410
IDEA-B Entitlement	
Instruction	\$ 39,977
SEG Federal Stimulus	
Support Services	\$ 4,298
PNM Foundation	
Support Services	\$ 503
New Mexico Community Foundation	
Support Services	\$ 17,306
Public School Capital Outlay	
Capital Outlay	\$ 121,920
HB-33 Fund	
Support Services	<u>\$ 84,207</u>
Total	<u>\$ 356,752</u>

B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General	\$ 78,282	\$ 220,956
Instructional Materials	-	78,282
Athletics Fund	10,440	-
NM Community Foundation	33,139	-
Indian Educ. Act	83,781	-
After School Enrichment	20,588	-
Priv Dir Funds	6,898	-
Public School Capital Outlay	51,264	-
Special Public School Capital Outlay	<u>14,846</u>	<u>-</u>
Total	<u>\$ 229,238</u>	<u>\$ 229,238</u>

C. The following funds reported a deficit fund balance at June 30, 2011.

Undesignated, reported in Special Revenue Fund (deficit)	\$	
Athletics Fund		(10,440)
NM Community Foundation		(5,884)
Priv Dir Funds		<u>(7,935)</u>
Total	\$	<u>(24,259)</u>

Nuestros Valores

A. The following fund exceeded approved budgetary authority for the year ended June 30, 2011:

IDEA-B Support Services	\$	255
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B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General	\$ -	\$ 39,444
IDEA-B, Entitlement	2,814	-
English Language Acquisition	834	-
Public School Capital Outlay	5,132	-
City/County Grant	<u>30,664</u>	<u>-</u>
Total	<u>\$ 39,444</u>	<u>\$ 39,444</u>

C. There were no funds reporting a deficit fund balance at June 30, 2011.

Public Academy for Performing Arts

- A. No funds exceeded approved budgetary authority for the year ended June 30, 2011.
- B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 19,686
IDEA-B Entitlement	14,680	-
Teacher/Principal Training	4,402	-
SB 9 Improvements	<u>604</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 19,686</u>	<u>\$ 19,686</u>

- C. The following funds reported a deficit fund balance at June 30, 2011:

Undesignated, reported in SB 9 Capital Improvement Fund (deficit)	\$
SB 9 Capital Improvements	<u>(604)</u>
Total	<u>\$ (604)</u>

Ralph J. Bunche Academy

- A. No funds exceeded approved budgetary authority for the year ended June 30, 2011.
- B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below. Funds which inter fund transactions were affected or created due to cash overdrafts are represented.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 58,070
Food Services	15,904	-
IDEA-B Entitlement	3,033	-
Teacher/Principal Training	1,690	-
IDEA B Federal Stimulus	2,889	-
Building Blocks (ARRA)	17,471	-
SB9 Capital improvements	1,217	-
Education Jobs Fund	4,788	-
Public School Capital Outlay	<u>11,078</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 58,070</u>	<u>\$ 58,070</u>

- C. The following fund reported a deficit fund balance at June 30, 2011.

Undesignated, reported in Special Revenue Fund (deficit)	
Food Services	\$ 26,171
Teacher Principal training	1,690
Building Blocks (ARRA)	<u>22,218</u>
Total	<u>\$ 50,079</u>

Robert F. Kennedy

- A. The following fund exceeded approved budgetary authority for the year ended June 30, 2011:

Operations

Food services	\$ 47,171
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- B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below. Funds which inter fund transactions were affected or created due to cash overdrafts are represented.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 185,746
English Acquisition Fund	8,497	-
Title I IASA	38,995	-
Education Jobs Fund	9,376	-
Bill and Melinda Gates Foundation	8,187	-
Title I Federal Stimulus	4,751	-
Youth Conservation Group	62,022	-
Title I IASA	42	-
Private Dir Grants	9,665	-
Public School Capital Outlay	<u>44,211</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 185,746</u>	<u>\$ 185,746</u>

- C. There were no funds reporting a deficit fund balance at June 30, 2011.

School for Integrated Academics and Technologies Albuquerque

- A. No funds exceeded approved budgetary authority for the year ended June 30, 2011.

- B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below. Funds which interfund transactions were affected or created due to cash overdrafts are represented.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 22,846
SB 9 Capital Improvements	5,704	-
Education Jobs Fund	8,751	-
IDEA B Federal Stimulus	<u>8,391</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 22,846</u>	<u>\$ 22,846</u>

- C. There were no funds reporting a deficit fund balance at June 30, 2011.

South Valley Academy

A. One fund exceeded approved budgetary authority for the year ended June 30, 2011.

Student Activity Fund

Direct Instruction	<u>\$16,493</u>
Total	<u>16,493</u>

B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 53,199
Title I-IASA	5,945	-
IDEA B Entitlement	13,577	-
Title I Federal Stimulus	10,939	-
Education Jobs Fund	7,301	-
City County Grants	5,244	-
SB 9 Capital Improvements	<u>10,193</u>	<u>-</u>
Total	<u>\$ 53,119</u>	<u>\$ 53,119</u>

C. No funds reported a deficit fund balance at June 30, 2011.

The Bataan Military Academy

- A. The following funds exceeded approved budgetary authority for the year ended June 30, 2011:

Student Activity Fund	
Direct Instruction	\$ 7,524
Support Services	6,356
SEG Federal Stimulus	
Support Services	<u>2,379</u>
Total	<u>\$ 16,259</u>

- B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 5,645
IDEA-B	<u>5,645</u>	<u>-</u>
Total	<u>\$ 5,645</u>	<u>\$ 5,645</u>

- C. No funds reported a deficit fund balance at June 30, 2011.

The Learning Community Center

- A. No funds exceeded approved budgetary authority for the year ended June 30, 2011.

- B. Receivables and payables from inter fund transactions as of June 30, 2011 are listed below.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 33,871
Teacher Principal Training	669	-
Public School Capital Outlay	<u>33,202</u>	<u>-</u>
Total Due to / from other funds	<u>\$ 33,871</u>	<u>\$ 33,871</u>

- C. No funds reported a deficit fund balance at June 30, 2011.

J. Litigation

21st Century: The school has pending litigation arising from a student that may have not received proper IDEA-B Education.

Albuquerque Talent Development Secondary Charter School: The school has pending litigation arising from the termination of Director in the prior year.

Public Academy for Performing Arts: The school paid \$6,900 to buy-out telephone agreement due to early termination. It was determined that the school would pay \$55,000 to buy-out facility lease agreement due to early termination. This amount is included in Accounts Payable as of December 31, 2010.

The Bataan Military Academy: The school has pending litigation arising from the previous Director.

K. Schedule of other governmental agreements

School Name	Name/Responsible Party	Program Description	Begin Date	End Date
Montessori of the Rio Grande	Albuquerque Public Schools	Facilities	07/31/2010	Cancellable upon termination
Montessori of the Rio Grande	Albuquerque Public Schools	HB 33 Capital Funding	05/12/2011	06/30/2012
Native American Community School	Albuquerque Public Schools	Facilities	07/31/2010	Cancellable upon termination
Nuestros Valores	Central New Mexico Community College	Dual credit listing, training	01/03/2011	06/30/2011
Public Academy for Performing Arts	Albuquerque Public Schools	Use of portable buildings	08/31/2010	06/30/2011
Robert F. Kennedy	Department of Health	School based health center	07/01/2010	06/30/2011
Robert F. Kennedy	Albuquerque Public Schools	HB 33 funds	05/16/2011	06/30/2012
Robert F. Kennedy	Albuquerque Public Schools	Use of portable buildings	07/01/2010	07/01/2011
School for Integrated Academics & Technology	Albuquerque Job Corps Center	Use of facilities	11/05/2009	Cancellable upon termination
South Valley Academy	Public Education Department	eLearning Course Access	08/28/2009	06/30/2012
South Valley Academy	Albuquerque Public Schools	HB 33 distributions	06/7/2011	Cancellable upon termination

L. Fund Balance Reporting

In March 2009, GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions which is effective for financial statements for periods beginning after June 15, 2011. Accordingly the 21st Century Public Academy, Academia de Lengua y Cultura, Albuquerque Talent and Development School, Alice King Community School, Christine Duncan Heritage Academy, Corrales International School, Digital Arts & Technology Academy, El Camino Real Charter School, Gordon Bernell Charter School, La Academia de Esperanza, La Resolana Leadership Academy, Los Puentes Charter School, Montessori of the Rio Grande, Mountain Mahogany Charter School, Native American Community Academy, Nuestros Valores, Public Academy for Performing Arts, Ralph J. Bunche Academy, Robert F. Kennedy, School of Integrated Academics, South Valley Academy, The Bataan Military Academy and the Learning Community Charter School has adopted effective with the 2010-2011 fiscal year. Statement 54 is intended to improve the usefulness of information provided to financial report users

about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types.

Fund balance—the difference between assets and liabilities in the governmental fund financial statements—is among the most widely and frequently used information in state and local government financial reports. The GASB developed Statement 54 to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standards establish a hierarchy of fund balance classifications based primarily on the extent to which a government is bound to observe spending constraints imposed upon how resources reported in governmental funds may be used.

Statement 54 distinguishes fund balances based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts are reported in the following classifications:

- *Nonspendable*—portion of net resources that cannot be spend because of their form or because they must remain intact such as fund balances associated with inventories or are legally or contractually required to remain intact.
- *Restricted*—amounts constrained by external parties, constitutional provision, or enabling legislation
- *Committed*- amounts constrained by a government using its highest level of decision-making authority. The Board of Education is the highest level of decision making authority. Formal Board action, through a resolution creates a commitment.
- *Assigned*—amounts a government intends to use for a particular purpose. The governing council has designated the responsibility to assign fund balance to its Business and Finance Director.
- *Unassigned*—amounts that are not constrained at all will be reported in the general fund.

The new standards also clarify the definitions of individual governmental fund types. It interprets certain terms within the definition of special revenue fund types, while further clarifying the debt service and capital projects fund type definitions. The final standard also specifies how economic stabilization or “rainy-day” amounts should be reported.

NOTE 20. Component Unit – Albuquerque Public Schools Foundation

District management has determined that the Albuquerque Public Schools Foundation is a component unit under GASB Statement No. 39 since the economic resources held by the Foundation are entirely for the benefit of the District and these resources are significant to the District. The following disclosures are presented for the Albuquerque Public Schools Foundation:

NATURE OF BUSINESS

The Albuquerque Public Schools Foundation (the Foundation), a component unit of the Albuquerque Public Schools (APS), is a nonprofit organization incorporated under laws of the State of New Mexico on April 25th 1995. The Foundation was established to solicit, receive and manage private voluntary support for the benefit and on behalf of APS. The Foundation itself has no component units.

The Foundation is governed by a Board of Directors, which has the responsibility for determining policy and for the execution and evaluation of programs and activities conducted by the Foundation. The Board consists of no less than three members and no more than twenty-five members. Board members represent government, business, public sector, private individuals and organizations that are interested in supporting programs and services of APS. The term served by Board members is three years.

The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation within the meaning of Section 509(a) of the Code.

A Memorandum of Agreement (MOA) between the Foundation and APS was signed and executed on January 5, 2005.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Foundation have been prepared as a governmental not-for-profit organization on the accrual basis of accounting. The significant accounting policies utilized by the Foundation in the preparation of the financial statements are described below.

A. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting - The Foundation, a component unit of the Albuquerque Public Schools, prepares its financial statements in accordance with the accounting disclosure and reporting requirements under Governmental Accounting Standards Board (GASB) pronouncements, as the Foundation meets the criteria of a governmental entity for accounting purposes.

The Foundation's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized as soon as the liability is incurred. Operating revenues and expenses are those incurred by the Foundation and events and activities that relate directly to the Foundation's staff and programs. Revenues from investments and revenues from restricted Trusts are considered non-operating.

B. Net Assets

Unrestricted net assets represent resources whose use is not limited or restricted by donors. Unrestricted net assets have arisen from exchange transactions, receipt of unrestricted contributions, and expirations of existing restrictions. Restricted expendable contributions are recorded as unrestricted to the extent the restrictions expire in the same reporting period.

Restricted expendable net assets represent resources whose use is limited by donors for the support of student programs. Such restrictions are legally enforceable. Restricted expendable net assets are released from restriction as their purpose restrictions are met.

Restricted unexpendable net assets are subject to donor-imposed restrictions that they be maintained permanently by the Foundation. This class of net assets consists of Bennett Endowment fund investments to be held indefinitely, the income from which is expendable to support APS student vision care costs.

C. Cash and Cash Equivalents

The Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of cash on deposit with financial institutions and money market accounts.

D. Investments

Investments are reported at fair value. Unrestricted investments held by the Foundation have been classified as current based on the nature of the underlying investment securities. Other restricted investments have been classified as non current. The estimated fair value of investments is based on quoted market prices.

E. Revenue Recognition

The Foundation is accounted for as a governmental not-for-profit organization, and it follows revenue recognition rules as defined below:

Donations - The Foundation recognizes revenue on donations when all applicable eligibility requirements are met.

Pledges - Unconditional pledges, if any, are recognized as revenues in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits to be received. Conditional pledges are recognized as revenues when the conditions on which they depend are substantially met. An allowance for doubtful pledges is recorded when the pledge is recorded. The allowance is based on past pledge loss experience and other factors that management considers necessary in estimating pledge losses.

Contribution of Services and In-kind Revenues - Contributions of services are recognized in the financial statements of the Foundation only if the services received (a) create or enhance nonfinancial assets of the Foundation (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Use of office furniture and equipment is provided at no charge by APS. The Foundation recognizes the value of such use as an in-kind donation received and as non-capitalized equipment expense.

Beneficial Interests in Remainder Trusts - A charitable remainder trust is an arrangement in which a donor establishes and funds a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust's term. Upon termination of the trust, the Foundation receives a percentage of the assets remaining in the trust. Beneficial interests in remainder trusts represent the present value of estimated future cash receipts from the trust's assets. Contribution revenue is recognized in the period in which the trust is established. In subsequent years, income earned on trust assets, recognized gains and losses, and distributions paid will be recognized. Revaluation of the present value of the estimated future payments and changes in actuarial assumptions will be recognized in the Foundation's Statement of Revenues, Expenses and Change in Net Assets.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2011 are classified in the accompanying financial statements as follows:

	<u>Carrying Value</u>
Cash and cash equivalents, <i>unrestricted</i>	\$ 948,115
Cash and cash equivalents, <i>restricted</i>	
Held in Endowment fund	5,813
Subtotal, <i>restricted</i>	<u>5,813</u>
Total cash and cash equivalents	<u>\$ 953,928</u>

A detail of the cash accounts at June 30, 2010 is included below:

Name of Depository	Account		Bank Balance	Reconciling	Reconciled
	Name	Account Type		Items	Balance
Wells Fargo	Operating	Deposit	922,226	(2,536)	919,690
Bank of Albuquerque	Investments	Money Market	34,238	-	34,238
			<u>\$ 956,464</u>	<u>(2,536)</u>	<u>953,928</u>

Deposits

Cash deposits are subject to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits in financial institutions may not be returned to it. The Foundation's bank balance of deposits held in financial institutions at June 30, 2011 was \$1,137,373, including \$180,909 held in a fiscal agent capacity, and was fully insured by the Federal Deposit Insurance Corporation (FDIC) which provides insurance up to \$250,000 per depositor per

institution and unlimited coverage for noninterest-bearing transaction accounts at participating FDIC-insured institutions effective through December 31, 2012. The Foundation does not require collateral on its cash deposits. Money market funds are not subject to custodial credit risk.

INVESTMENTS

Investment Policy Statement (IPS): In December 2002, the Foundation Board of Directors adopted an IPS to assist in the supervising, monitoring and evaluating of the Foundation investments. The IPS is to provide financial stability for the Foundation operations and an increasing stream of income for future program growth.

The Foundation shall be responsible for:

- Overseeing the Foundation Investment Portfolio.
- Defining the investment objectives and policies of the portfolio.
- Directing the Investment Manager to make changes in investment policy and to oversee and to approve or disapprove Investment Manager recommendations with regard to policy, guidelines, objectives and specific investments
- Foundation shall provide Investment Manager with all relevant information on its financial conditions and risk tolerances and shall notify Investment Manager promptly of any changes to this information.

The Foundation agrees that investment discretion can be delegated to qualified, professional investment specialists or private portfolio managers (Investment Managers) that would be identified by the Foundation's Finance Committee resulting from an extensive quantitative and qualitative process of diligence.

Guidelines for the Investment Manager are that the investment of the Foundation's investment portfolio shall be limited to individual marketable securities or packaged products (e.g., mutual funds) in the following categories:

- Cash and cash equivalents
- Fixed income - Domestic bonds
- Fixed income - Non-U.S. Bonds
- Fixed income - High Yield
- Equities - U.S. & Non U.S. within an International portfolio

Custodial Credit Risk – For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer), the Foundation will not be able to recover the value of its investments that are in the possession of that outside party. None of the Foundation's investments are exposed to custodial credit risks as they are held in the name of the Foundation.

A summary of the Foundation's investments at June 30, 2011 is as follows:

Investments	Maturity	Ratings	Market Value
Equity Mutual Funds	N/A	Not Rated	\$ 2,489,522
Fixed Income Mutual Funds	N/A	Not Rated	<u>843,084</u>
			3,332,606
Less agency funds			<u>(2,286,170)</u>
			<u>\$ 1,046,436</u>

BENEFICIAL INTERSTS IN REMAINDER TRUSTS

On May 11, 2001, the Foundation was awarded an interest in the William H. and Lilian Dolde Charitable Trust for the purpose of funding fine arts programs in the Albuquerque Public Schools. The Bank of America administers the Trust. The Trust was originally funded in the amount of \$2,000,000. The Trust document calls for the annual distribution of an amount equal to 5% of the Trust's net assets. This annual distribution will expire on December 31, 2051. Upon termination of the Trust, the Foundation is entitled to a portion of the remaining assets in order to establish a permanent endowment for the fine arts. The Foundation is irrevocably entitled to 90% of all annual distributions and 90% of the remaining Trust net assets upon termination. The Foundation's interest in the Trust's assets is recorded at fair market value with adjustments made annually for increases or decreases in value. The present value of the Trust agreement was initially calculated using a discount rate of 5% with annual distributions to be received of \$90,000 (90% of \$100,000) for 49.5 years. The present value of the Trust net assets at termination was initially estimated using a value of \$1,800,000 in remaining net assets (90% of \$2,000,000) with a discount rate of 5% for 50 years. During the fiscal year ended June 30, 2011, the Trust distributed \$110,525 to the Foundation while \$99,733 was disbursed. The present value of the Trust increased by \$231,252 and the fair value of the

Trust's assets increased by \$511,126 for the fiscal year ended June 30, 2011, respectively. This resulted in the recording of a beneficial interest in the Trust in the amount of \$1,950,928 for the year ended June 30, 2011. The 2011 changes in present and fair values are reflected in the Foundation's Statement of Revenues, Expenses and Change in Net Assets.

In April of 2003, the Foundation was awarded an interest in the Guhl Charitable Trust for the purpose of funding programs in the Albuquerque Public Schools. The Bank of America administers the Trust. The Trust document calls for the distribution of an amount equal to 20% of the Trust's remaining assets to the Foundation upon termination on April 13, 2013. The Foundation's interest in the Trust's assets is recorded at fair market value with adjustments made annually for increases or decreases in value. The present value of the Trust agreement was calculated using a discount rate of 5%. The present value of the Trust net assets at termination was estimated using a value of \$408,006 in remaining Trust assets (20% of \$2,040,030 [market value of trust as of June 30, 2011]) with a discount rate of 5% for 1.8 years. This resulted in the recording of a beneficial interest in the Guhl trust in the amount of \$373,902 for the fiscal year ended June 30, 2011. The increase in beneficial interest of \$76,165 is reflected in the Foundation's Statement of Revenues, Expenses and Change in Net Assets.

RELATED PARTIES

District programs are the Secondary beneficiaries of funds donated to the Foundation. Certain District employees whose services were contributed to the Foundation also served as Foundation Board members in an ex-officio capacity. Certain voting Board members were affiliated with the District or with other entities served through the Foundation.

During the year ended June 30, 2011, the Foundation received in-kind contributions from the District with a market value of \$223,780. The contributions included employee services valued at \$202,986 and donated supplies, materials and contractual services valued at \$20,794.

The Foundation has no employees of its own. During the year ended June 30, 2011, all Foundation staff members were employees of the District, however the Foundation reimbursed the District for one-half of the bookkeeper's compensation package, one hundred percent of the Resource Specialists compensation package, eighteen percent of the Executive Director's compensation package and all Foundation employee benefits at a rate of 26%.

SUBSEQUENT EVENTS

As of October 31, 2011, the market value of the investment balance held declined in value by approximately \$400,000. Management believes these losses are recoverable.