

**State of New Mexico  
Albuquerque Municipal  
School District No. 12**

**Financial Statements**

**June 30, 2006**

STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12

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**STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12**

**Official Roster**

**June 30, 2006**

<b>Name</b>	<b>School Board Members</b>	<b>Title</b>
Paula Maes	District 5	President
Miguel A. Acosta	District 1	Vice-President
Gordon Rowe	District 7	Secretary
Leonard De Layo	District 4	Member
Berna V. Facio	District 3	Member
Robert D. Lucero	District 2	Member
Mary Lee Martin	District 6	Member
<b>Administrative Officials</b>		
Dr. Elizabeth Everitt		Superintendent
Thomas Sivage		Deputy for District Resources
William Moffatt		Chief Business Officer
Lou Anne Boothe, CPA		Director of Accounting

## Independent Auditors' Report

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Albuquerque Municipal School District No. 12, New Mexico (District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the budgetary comparisons and the financial statements of each of the District's nonmajor governmental, and fiduciary funds presented in the accompanying combining and individual fund financial statements and information as supplementary schedules, as of and for the year ended June 30, 2006 as listed in the table of contents. We also have audited the financial statement as of each of the District's non-major governmental and fiduciary funds, including budgetary comparisons, and the component unit fund financial statements presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of Albuquerque Municipal School District No. 12, New Mexico'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 examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements of the District referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Albuquerque Municipal School District No. 12, New Mexico as of June 30, 2006, and the respective changes in financial position 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 fund, component unit and fiduciary fund of the Albuquerque Municipal School District No. 12, New Mexico, as of June 30, 2006, and the respective changes in the financial position and respective budgetary comparisons thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 21 to the financial statements, certain errors resulting in a overstatement of previously reported capital assets, as well as an understatement of general obligation bonds, insurance reserves and other bond related adjustments as of June 30, 2005, were discovered by management of the District during the current year. Accordingly, an adjustment has been made to net assets as of June 30, 2005, to correct the error.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations contracts, 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 Audit Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is 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, the combining, individual and discretely presented component unit financial statements and budgetary comparisons. The accompanying supplementary schedules listed in the table of contents and the Schedule of Expenditures of Federal Awards as required by US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*, are presented for purposes of additional analysis and are 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, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Moss Adams LLP*

Albuquerque, New Mexico  
October 19, 2007



## Albuquerque Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2006

The following management's discussion and analysis provides an overview of the Albuquerque Public School's (School District) financial activities for the fiscal year ended June 30, 2006. The discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the School District's financial activity, (c) identify changes in the School District's financial position, (d) identify any material deviations from the financial plan (approved budget), and (e) identify financial issues or concerns. Please read it in conjunction with the School District's financial statements, which begin following this analysis.

The Management's Discussion and Analysis is a required part of the School District's and the discretely presented component unit Charter Schools' financial reporting and is an objective and easily readable discussion of the School 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 School District. This discussion and analysis will provide a review of the School District's *overall* financial activities, using the accrual basis of accounting, for the year ending June 30, 2006. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the School 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 the notes to those statements. These statements and accompanying supplementary information were prepared by Albuquerque Public Schools Finance Department staff. 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.

**Forty Day Count Membership**

Year	Albuquerque Public Schools	Charter Schools	Total
1998-1999	85,847		
1999-2000	85,255		
2000-2001	85,039		
2001-2002	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	6,694	95,307

# **Albuquerque Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2006**

## **Financial Highlights**

The Albuquerque Public Schools District is the 31st largest school district in the United States and the only urban school district in New Mexico. Of the total student membership of 322,073 in the State of New Mexico, 29% attend the Albuquerque Public Schools and its charter schools. The School District encompasses the majority of Bernalillo County and a small section of Sandoval County. There are 159 school sites within the School District; 83 Elementary Schools, 26 middle Schools, 11 high schools and 9 alternative schools. In addition there are 34 charter schools chartered by the Albuquerque Public Schools Board of Education. Two new elementary schools were opened by the Albuquerque Public Schools in December 2006: Ventana Ranch Elementary (replacing a portable building school) and North Star Elementary School.

All charter school revenues are passed through the school districts to the charter schools within the school district. Two percent of the charter school revenues are retained by the school district for administration purposes. Because the revenues are passed through the school district to the charter schools, General Accounting Standards Board rules 14 and 39 require that the APS chartered charter schools be treated as "component units" and included within the scope of the School District's Independent Audit and financial statements. In addition the 2.2.2 NMAC State Auditor Rule requires each Charter School to be disclosed discretely as a significant component unit.

The Albuquerque Public Schools and the related charter schools have experienced continued and significant growth. Much of this growth has impacted the west side of the School District where school facilities are overcrowded. The preceding table of 40 day count information illustrates the student membership of the Albuquerque Public Schools and its charter schools from the period beginning in the 1998-99 school year.

The Albuquerque Public School District maintains a strong Moody's Aa2 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 Aa3; S&P AA) and Bernalillo County (Moody's Aa1; S&P AA). The School District also was given a "good" financial management rating from Standard and Poor's.

For the period ending June 30, 2006, the School District issued two series of bonds in the amount of \$7,375,000. The privately placed bond sales included a sale of General Obligation Qualified Zone Academy Bonds in the amount of \$7,160,000 and a \$215,000 sale to the New Mexico State Treasurer. These were the last portion of bonds authorized by the voters in 2003.

Discretely presented component units. The School District is responsible for elementary and secondary education within the government's jurisdiction. The members of the District's governing board are elected by the voters. However the government is financially accountable for the District because each government's council approves the District's budget, levies taxes (if necessary) and must approve any debt issuances. The District is presented as a governmental fund type.

# **Albuquerque Public Schools**

## **Management's Discussion and Analysis**

### **For the Fiscal Year Ended June 30, 2006**

Thirty four charter schools are responsible for providing elementary and secondary education to the District that includes the government's jurisdiction. Each charter school is managed by an independently by their own board appointed by their own government's council. The government is liable for any operating deficits (to date the charter schools have not experienced any material operating deficits). The charter schools are presented with the same fund types as the District.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

During the 2005-2006 school year the percentage of General Fund expenditures in the "Direct Instruction" budget category increased by 5.2% from 58.6 % to 63.8 %

#### **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 comprise three components: 1) government-wide financial statements, 2) fund 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 all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or 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 will only 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.

# **Albuquerque Public Schools**

## **Management's Discussion and Analysis**

### **For the Fiscal Year Ended June 30, 2006**

**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 can be divided into two categories: governmental 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. Both the governmental fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 10 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 General Fund, Debt Service Fund and all others. Individual account data for each of the District bonds and all other nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statements has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 3 and 5 of this report.

Starting with fiscal year ended June 30, 2006, the District has recorded estimated claims liabilities at the present value of claims and classifying them as liabilities, thereby eliminating the overstatement in net assets previously reported in the Workers' Compensation Self-Insurance Fund.

**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.

**Albuquerque Public Schools  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

The fiduciary fund financial statements can be found on page 13 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 20-53 of this report.

**Combining and Individual Fund Schedules and Statements.** The combining schedules and statements showing the individual District bond accounts and nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund schedules and statements can be found on pages 139-185 of this report.

The Statement of Activities includes a net prior period restatement of \$53,247,653. Of this total, one significant net asset reduction was made to adjust for prior period non-capital expenditures of \$31,790,198 that had previously been capitalized. The majority of this adjustment was caused by the capitalization of "maintenance" expenses. The second significant adjustment was to reclassify the School District's insurance reserves of \$15,280,620 from an "unrestricted net asset" to a "current liability". The remaining adjustments netted to \$6,176,835.

The two year comparison of the Statement of Activities shows that Total Net Assets, before prior period restatements, increased by \$6,435,744 from June 30, 2005 to June 30, 2006. Total Net Assets after the prior period restatements show an increase of \$59,683,397 for the same period.

The Statement of Net Assets shows the School District's total assets as of June 30, 2006 totaled \$868,096,916 including cash assets of \$224,542,623. High levels of cash assets are in place to fund ongoing and planned school facility construction projects.

As of June 30, 2006 the School District's self insurance reserve fund totaled \$33,553,761 which placed the medical reserve at a 90% actuarial confidence level and the risk reserve at an 90% actuarial confidence level.

The Public Education Department reported that the average Albuquerque Public Schools teacher salary and experience increased during the 2005-06 year. Average Teacher salaries increased from \$38,674 in 2004-05 to \$40,827 in 2005-06. Average years of experience increased from 12.3 years in 2004-05 to 13.18 years in 2005-06.

For the period ending June 30, 2005, as restated, four charter schools received a "qualification" of their component unit audit within the Independent Auditor's opinion letter. For the period ending June 30, 2006 no charter schools earned a "qualification" of the Independent Auditor's opinion.

During the period ending June 30, 2006, one charter school, Horizon High School, closed.



**Albuquerque Public Schools  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Statement of Net Assets (Excluding Charter Schools)**

This statement shows that as of June 30, 2006, the School District (excluding charter schools) has total net assets of \$622,185,598 as compared to net assets (as restated) of \$573,623,719 as of June 30, 2005. The School District had \$259,516,316 in cash and current assets on hand as of June 30, 2006, and accounts payable/current liabilities and current long term debt of \$130,087,579. Cash Assets decreased by \$20,695,690 while Other Current Assets increased by \$18,625,769. Collections from State sources were slower this year due to significant changes at the State level such as the new state-wide financial software conversion. Long Term Liabilities have decreased from \$124,901,929 as of June 30, 2005, as restated, to \$115,823,739 as of June 30, 2006. Restricted fund balance increased from \$131,782,953 to \$138,312,525. "Unrestricted" net capital assets decreased from \$18,273,141 as of June 30, 2005, as restated, to \$2,684,086 as of June 30, 2006. This change is due to the reclassification of the Insurance Reserves from "unrestricted" to "current liability."

	June 30, 2005, As Restated	June 30, 2006
<b>Assets</b>		
Cash Assets	\$245,238,313	\$ 224,542,623
Other Current Assets	16,200,368	34,826,137
Bond Issuance Costs	-	147,556
Capital Assets	968,618,389	1,045,027,778
Depreciation	(411,756,411)	(436,447,178)
<b>Total Assets</b>	<b>818,300,659</b>	<b>868,096,916</b>
<b>Liabilities</b>		
Accounts Payable	74,159,599	70,466,754
Other Current Liabilities	35,279,474	11,349,914
Insurance Reserves	-	33,553,761
Current Portion/Long Term	-	14,717,150
Long Term Liabilities	124,901,929	115,823,739
<b>Total Liabilities</b>	<b>234,341,002</b>	<b>245,911,318</b>
<b>Net Assets</b>		
Invested in Capital Assets	419,062,309	481,188,987
Restricted	131,782,953	138,312,525
Unrestricted	18,273,141	2,684,086
<b>Total Net Assets</b>	<b>\$573,623,719</b>	<b>\$ 622,185,598</b>



**Albuquerque Public Schools  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

**Statement of Activities (Excluding Charter Schools)**

The Statement of (Governmental) Activities is also a statement required by GASB 34 and is prepared using the accrual method of accounting. This report compliments the Statement of Net Assets by showing the overall change in the School District's net assets for the fiscal year ending June 30, 2006. As of June 30, 2005, the School District had net ending assets of \$562,502,201, as restated as compared to net assets of \$622,185,598 as of June 30, 2006.

	June 30, 2005, As Restated	June 30, 2006
<b>Governmental Activities</b>		
Total Governmental Activities	\$ 738,119,071	\$ 715,809,348
Less Charges for Services	(13,457,681)	(10,805,070)
Less Operating Grants and Contributions	(96,524,611)	(124,138,460)
Less Capital Grants and Contributions	(52,194,680)	(10,098,392)
<b>Net (expenses) Revenues</b>	<b>(575,942,099)</b>	<b>(570,767,426)</b>
<b>General Revenues</b>		
Taxes-General, Debt Service, Capital Projects	92,696,570	101,446,973
State Aid not Restricted to Specific Purposes	498,194,327	518,914,097
Interest and Earnings in Investments	3,738,658	7,467,802
Miscellaneous	16,643,282	2,621,953
<b>Subtotal, General Revenues</b>	<b>611,272,837</b>	<b>630,450,824</b>
<b>Changes in Net Assets</b>	<b>35,330,738</b>	<b>59,683,397</b>
Net Assets Beginning, prior to restatement	615,749,854	562,502,201
Prior Period restatements	53,247,653	-
<b>Net Assets Ending, as restated</b>	<b>\$ 562,502,201</b>	<b>\$622,185,598</b>

\*As noted in the "Highlights" of the MD&A, the School District included six prior period restatements in the period ending June 30, 2006 totaling \$53,247,653. The largest restatements were in the amount of \$31,790,198 to reduce capitalized assets for work that was deemed to be maintenance expense rather than capital expense and \$15,280,620 from moving Insurance Reserves from "unrestricted net assets" to "current liabilities". These actions have been taken by management to assure that fiscal activities from the 2005-06 fiscal year and future years are accurately reflected in the School District's Financial Statements.

**Albuquerque Public Schools  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

**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 \$756,067,738. With the addition of \$7,375,000 in general obligation bond proceeds (Other Financing Sources), total revenues increase to \$763,442,738. Total expenditures for the School District were \$786,880,846. The total ending Fund Balance was \$138,429,905; a decrease of \$23,438,108 from the prior year. The decrease in the fund balance reflects the increased expenditure of prior period fund balances for capital outlay purposes.

**Multi-Year District Revenues and Expenditures**

In the 2005-2006 fiscal year, revenues decreased and expenditures increased from prior year balances. These decreases were due to increased capital expenses incurred in 2005-2006 from revenues earned in 2004-2005.

In general, a multi-year view of overall School District revenues and expenditures indicates significant growth in both areas. The growth of both revenues and expenditures are commensurate with student growth, legislative initiatives to improve funding for teacher salaries, and student needs and other educational programs as well as state and local increases in revenues for capital outlay purposes.

Year	Total Revenues *	Increase %	Total Expenditures*	Increase %
2004/2005	\$ 776,321,790	10.5%	\$ 755,393,606	0.06%
2005/2006	\$ 763,442,738	(3.31%)	\$ 786,880,846	(4.1)%

\* Note: Revenues include proceeds from general obligation bonds sales (\$7,375,000) and exclude cash carryovers; 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). To enhance the process of developing a budget at the school district level and school site level, the Albuquerque Public Schools District utilizes goals and objectives defined by the Board of Education, community input meetings, site administrators, long term plans and input from various staff groups to develop the School District budget. School District priorities are well defined through this process. School sites are provided with a "unit value" and an estimated



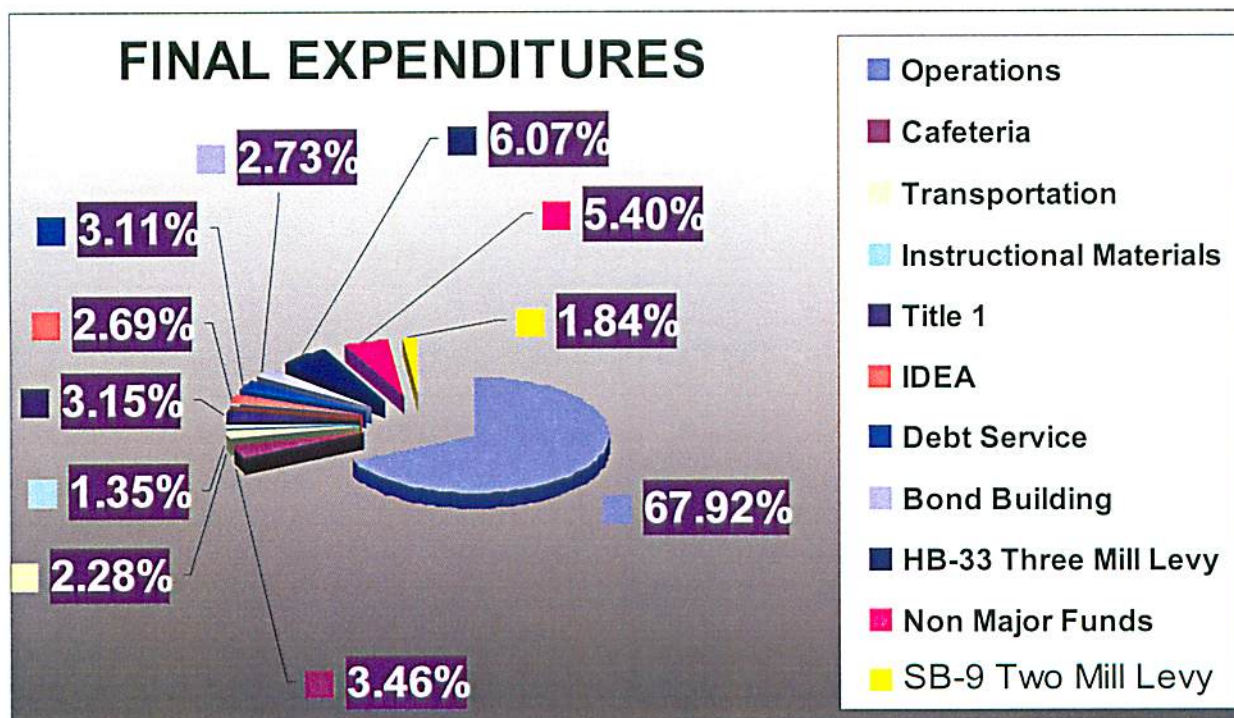
## Albuquerque Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2006

budget and each school site, with input from parents and site councils, develops detailed site budgets.

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 74 active major and non-major funds at June 30, 2006. Major budgetary funds in these reports are: The General Fund (Operating Fund), Transportation, Cafeteria, Instructional Materials, IASA Title 1, IDEA-B, Debt Service, Capital Improvements HB-33, Capital Improvements SB-9 and Bond Building. In addition, forty-one (41) active, non-major, Special Revenue Funds and three (3) non-major Capital Projects funds are also reported for their budgetary performance. Twenty five (25) non-major funds for state, local and private grants are detailed for the athletic activities funds and the remainder combined as "Non-Major State Local and Private Grants".

The following graphics and tables show the fiscal relationship of the major funds and the combined non-major funds presented on a budgetary basis.



The reader will note that the Operations Fund Final Expenditures represent 67.92% 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



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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 appropriated for education by the State Legislature. The Operations 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, 2006. 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	FINAL BUDGET	ACTUAL	VARIANCE
Operations	\$547,530,157	\$545,359,841	\$2,170,316
Cafeteria	\$26,150,290	\$27,275,421	(\$1,125,131)
Transportation	\$18,138,108	\$18,079,943	\$58,165
Instructional Materials	\$11,532,393	\$10,118,842	\$1,413,551
Title I	\$26,665,395	\$25,003,355	\$1,662,040
IDEA B	\$24,463,603	\$21,340,613	\$3,122,990
House Bill (HB-33) - Capital	\$100,411,527	\$44,203,194	\$56,208,333
Senate Bill (SB-9) - Capital	\$56,636,734	\$14,182,319	\$42,454,415
Bond Building-Capital	\$34,106,955	\$20,984,596	\$13,122,359
Debt Service-Capital	\$48,103,190	\$24,642,000	\$23,461,190

All major and non-major funds, except for the Cafeteria Fund, fell within the strict regulatory criteria set by the Public Education Department and New Mexico Statute that no funds may be over-expended at either the fund or function level. Both the Manual of Procedures for Public School Accounting and NMSA 8-22-5, 1978, Annotated, 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, because of their relative importance to the success of students we have elected to report the performance of the following non-major funds.

**SELECTED NON-MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE**

FUND TYPE	FINAL BUDGET	ACTUAL	VARIANCE
Teacher/Principal Training	\$7,302,284	\$4,345,963	\$2,956,321
Safe and Drug Free Schools	\$774,462	\$407,566	\$366,896
IDEA Preschool	\$810,516	\$762,120	\$48,396
Perkins (Voc Ed.)	\$1,180,184	\$1,026,648	\$153,536
English Lang, Acquisition	\$2,049,663	\$1,349,705	\$699,958
Non-Major State, local and Private Grants – combined	\$11,231,727	\$6,112,930	\$5,118,797



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Variations on the non-major funds vary from fund to funds and the performance of each fund may be found in the details of the Financial Statements. In 2005-2006, the District encountered difficulty in the allocation of all staff to some of the non-major funds. As a consequence, some of the non-major expenses were absorbed into the Operations Funds creating artificially high cash balances. This problem has been corrected.

**The General (Operating) Fund**

The Operations Fund is the School District's largest fund. Because the Operations Fund budget for the period ending June 30, 2006 was \$547,530,157, the significant impact of this fund on School District Operations must be kept in context.

The Operations Fund is predominately funded by revenues from the State of New Mexico Equalization Guarantee Formula. This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff and administrative staff. The Operations Fund also provides the predominant funding for athletics.

Due to the stronger economy, public school support funding for school district operations increased for the year ended June 30, 2006. As shown in the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget, the Operations Fund began the year with an initial expenditure budget of \$545,265,241 and had a final budget of \$547,530,157. This change represents an increase of \$2,264,916 or 0.4% which reflects a budget increase for additional unit value adjustments.

Because of the student growth experienced by the School District, an emphasis placed on schools by the New Mexico Legislature, and because the State Equalization Guarantee Formula is based upon student populations, the Operations Fund has seen significant increases in revenues, exclusive of capital outlays, as seen in the following table.

**GENERAL (OPERATING) FUND REVENUES**

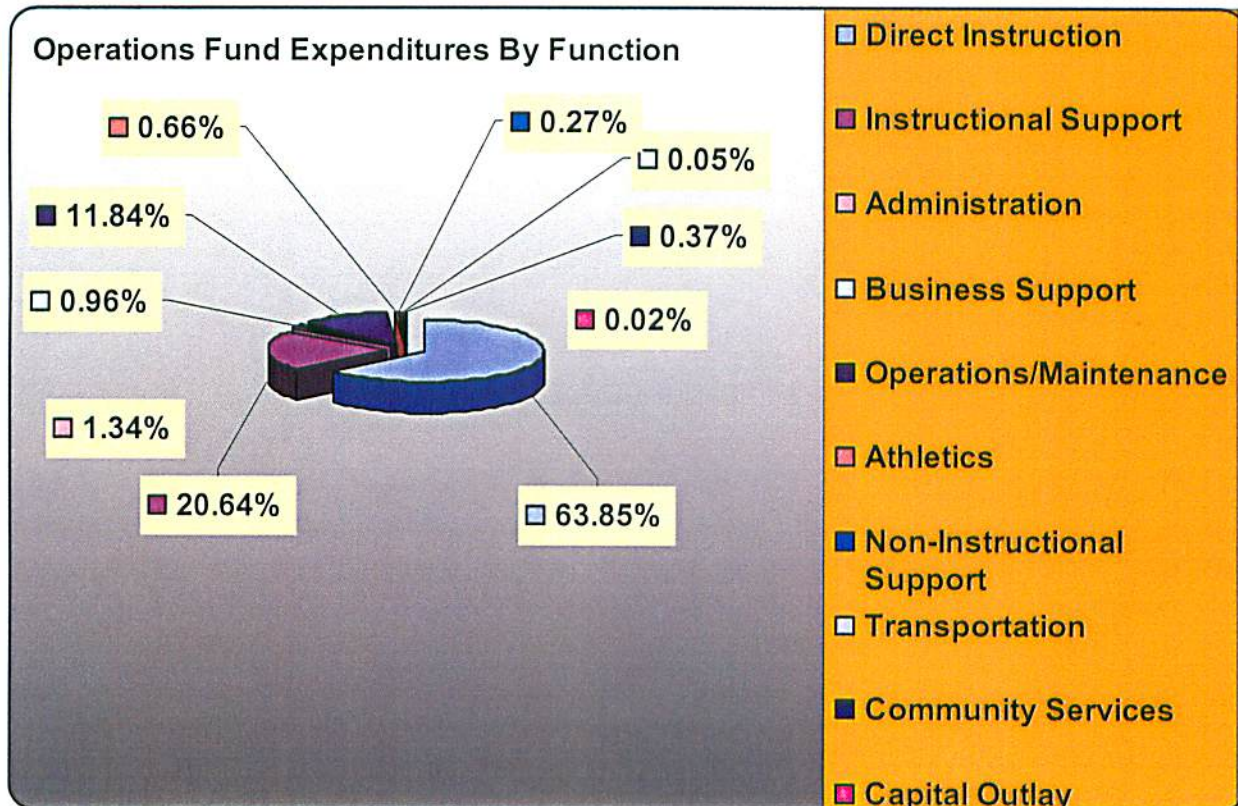
YEAR	REVENUES	INCREASE %
2004/2005	\$ 501,647,148	5.0%
2005/2006	\$ 532,698,024	6.2%

Because the Operations Fund is the main fund whose expenditures are significantly related to the educational process, \$545,359,841 was expended in the year ending June 30, 2006. The most significant inter-fund expense was for the function noted as "Direct Instruction". This expenditure was \$344,567,865 or 63.85% of all General (Operations) Fund expenditures. 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, \$111,217,239 or 20.64% was expended from the "Instructional Support" function. The



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expenditures made in this function are made directly in support of classroom and school activities. Charges to this function include the related expenditures for librarians, nurses, principals, social workers, counselors and special education support staff. 1.3% of the Operations budget was used for administration and 1% was used for business support.



The following discussion on the General (Operating) Fund budget will relate functional expenditures for the year ending June 30, 2006, exclusive of Capital Outlay expenditures, for the General (Operating) Fund. Direct Instruction for APS represents 63.85% of all General (Operating) Fund expenditures and compares favorably with the remaining state-wide ratio for Direct Instruction of 58.73%. This 63.85% ratio also reflects an increase of 1.26% from the results of the prior year.



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**General (Operating) Fund Expenditures by Function**

Function	Final Budget	Expenditure	Variance	Percentage (Expenditure) note #1	Average State note #2
Direct Instruction	\$ 343,801,859	\$ 344,567,865	\$ (766,006)	63.85 %	58.73%
Instructional Support	115,229,094	111,217,239	4,011,855	20.64 %	19.8 %
Administration	9,889,958	7,231,769	2,658,189	1.34 %	2.9 %
Business Support	5,461,859	5,183,949	277,910	0.96 %	1.9 %
Operations and Maintenance	62,794,830	63,792,820	(997,990)	11.84 %	12.65%
Food Services	N/A	-	N/A	0 %	0.2%
Athletics	4,399,763	3,581,269	818,494	0.66 %	1.6%
Non-Instructional Support	1,789,921	1,447,450	342,471	0.27%	0.4%
Community Services	2,462,517	1,979,987	482,530	0.37 %	0.3%
Pupil Transportation Note #4	355,205	252,022	103,183	0.05%	0.02%
Capital Outlay	109,000	106,248	2,752	0.02%	0.8%
Non-Operating Note #5	1,236,151	599,923	4,763,072	0 %	0.7%
<b>Total</b>	<b>\$547,530,157</b>	<b>\$ 545,359,841</b>	<b>\$ 11,696,460</b>		

Note #1: Percentage of expenditures to total expenditures.

Note #2: Source: PED Statistical Data, New Mexico Financial Statistics –Estimated Actual 2005-06.

Note #3: Funding for Food Services from Fund 21000 and Pupil Transportation from Fund 13000. Operating costs not normally incurred by this fund.

Note #4: General (Operating) fund expenditure for pupil transportation only.

Note #5: Non-Operating includes emergency reserve and legal settlement budgets. Expenditures are generally not incurred within this function.

The following two tables expand the comparison between the ratios of APS and the rest of the state for the General (Operating) Fund budget 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.

	2004-2005		2005-2006	
	Albuquerque	Rest of State	Albuquerque (actual) 1	Rest of State (estimated actual) 2
Direct Instruction	\$333,930,688	\$833,668,819	\$ 344,567,865	\$909,840,664
Instructional Support	\$114,304,564	\$283,331,358	111,217,239	\$306,628,935
Administration	\$7,733,222	\$40,982,579	7,231,769	\$44,786,879
Business & Support	\$6,605,823	\$26,385,566	5,183,949	\$29,570,981
Oper/Maintenance of Plant	\$63,297,811	\$175,467,000	63,792,820	\$195,960,081
Food Services	\$68,868	\$1,812,142	-	\$2,332,168
Athletics	\$3,738,801	\$23,855,205	3,581,269	\$25,474,956
Non-Instructional Support	\$1,523,442	\$5,322,275	1,447,450	\$5,906,972
Community Services	\$1,505,868	\$3,507,467	1,979,987	\$4,845,206
Pupil Transportation	\$317,719	\$362,362	252,022	\$235,213
Capital Outlay	\$399,970	\$5,193,430	106,248	\$12,136,343
Non-Operating	\$62,090	\$107,737	5,999,223	\$11,486,829
<b>TOTALS</b>	<b>\$533,488,866</b>	<b>\$1,399,995,940</b>	<b>\$545,359,841</b>	<b>\$1,549,205,227</b>



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	2004-2005		2005-2006	
	Albuquerque	Rest of State	Albuquerque	Rest of State
	Percentage	Percentage	Percentage 1	Percentage 2
Direct Instruction	62.59%	59.55%	63.85%	58.73%
Instructional Support	21.43%	20.24%	20.64%	19.79%
Administration	1.45%	2.93%	1.34%	2.89%
Business & Support	1.24%	1.88%	0.96%	1.91%
Oper/Maintenance of Plant	11.86%	12.53%	11.84%	12.65%
Food Services	0.01%	0.13%	0.00%	0.15%
Athletics	0.70%	1.70%	0.66%	1.64%
Non-Instructional Support	0.29%	0.38%	0.27%	0.38%
Community Services	0.28%	0.25%	0.37%	0.31%
Pupil Transportation	0.06%	0.03%	0.05%	0.02%
Capital Outlay	0.07%	0.37%	0.02%	0.78%
Non-Operating	0.02%	0.01%	0.00%	0.75%
<b>TOTALS</b>	100.00%	100.00%	100.00%	100.00%

Source – Public Education Department statistical information

Note 1: Albuquerque 2005-2006 expenses are actual; taken from APS audited financial statements.

Note 2: Rest of State 2005-2006 expenses are estimated actual; taken from PED statistical information.

Instructional Support represents 20.64% of General (Operating) Fund expenditures and accounts for expenditures for school principals, 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. Administration and Business Support represents the overhead support for the entire operations of the School District; these programs combined represent 2.3% of the total General Fund. Maintenance and Operations account for 11.84% of the General 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. Additional support for maintenance supplies and projects comes from the voter approved Two-Mill Levy Fund. The SB-9 fund is a critical and integral fiscal component of the School District's Maintenance program. The General (Operating) Fund also supports expenditures for school athletics and summer school.

**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 General (Operating) Fund costs associated with Administration and Business to those of the state wide average and certain selected school districts. This information shows that the School District's performance in these functions is lower than the state wide average and the lowest of the selected group. The information used for this data is from Public Education Department final expenditure fiscal data for the period ending



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June 30, 2005. State wide final expenditure data for the period ending June 30, 2006 is not available.

### Comparative Administrative Costs 2004-05

School District	Administration	Business	Total
APS	1.45%	1.24%	2.69%
State Average	2.93%	1.88%	4.81%
Las Cruces Schools	1.46%	1.32%	2.78%
Santa Fe Schools	2.40%	1.58%	3.98%
Rio Rancho Schools	2.87%	0.83%	3.70%
Gadsden Schools	2.36%	1.19%	3.55%
Gallup Schools	1.77%	1.51%	3.28%

Source: PED – New Mexico Finance Statistics; Final Expenditure Report, June 30, 2005

Additional analysis of the Public Education Department's statistical data shows the School District administrative costs to be in a downward trend over a three year period. In 2003-04 the percentage directed towards administrative functions was 2.78%; in 2004-05 the percentage was 2.69%; in 2005-06 the percentage was 2.30%.

### Operating Budget Reserve Funds

The School District maintains a Non-Operating function within the General Fund as a reserve against unexpected emergency expenses or unexpected and unpredicted reductions in revenues. Most unexpected emergency expenses are those related to legal settlements or facility repairs. Facility issues can be addressed through the School District's Two-Mill Levy Fund or insurance coverage which lessens the need for the School District to maintain a high General (Operating) Fund reserve. At the end of the 2005/2006 fiscal year, the reserve balance was \$1,236,151; the initial budget for the 2006/2007 fiscal year also reflects a carry forward reserve fund of \$1,236,151. This amount has been deemed insufficient to meet emergency needs and will be increased as additional funds are made available.

### Self Insurance Benefits and Reserve Funds

Sections 22-29-1 thru 10, NMSA, mandate that school districts and charter schools are to 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 Insurance Authority programs. As a consequence, the School District funds and administers its own employee benefit and risk management programs as a self insured program. However, the charter schools are included in the NMPSIA program.

Because of an interest in providing lower cost insurance to school employees, state wide, an independent study was conducted to determine the feasibility of combining the APS programs with the Insurance Authority programs. The independent study, commissioned by APS and the Insurance Authority, was completed in January 2007 and concluded that the inclusion of APS



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into the Insurance Authority would lead to significant cost increases to the Insurance Authority, APS and a large number of APS employees.

As part of the self insurance program, the School District maintains reserve funds for Health Benefits, Risk and Workers Compensation based upon periodic actuarial studies. The School District considers these funds to be "restricted" and the funds are accounted for as a part of the General (Operating) Fund balance. Effective June 30, 2006, balances for the self insurance reserves were as follows:

<b>Fund</b>	<b>Reserve</b>	<b>Confidence level</b>
Health Benefit	\$5,833,496	90%
Risk/Workers Compensation	\$19,401,207	90%
Catastrophic	\$8,319,058	N/A

These reserves were carried forward into the 2006-07 fiscal year and are deemed sufficient to meet requirements.

**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 Albuquerque Public School 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 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 has been increased to \$5,000. All assets on the books as of July 1, 2006 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. After July 1, 2006, only those assets with a cost greater than \$5,000 will be added to the list of depreciable assets.

As of June 30, 2006, the School District capital assets were valued at \$608,580,600 after depreciation. This statement includes total accumulated depreciation of the School District's capital assets in the amount of \$436,447,178 (see Note 5).

Because of student growth and certain aging facilities, the School 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. This effort is evidenced by the substantial and continuous investment in the Capital Outlay account.

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

<b>CAPITAL ASSETS</b>			
<b>Capital Asset Type</b>	<b>Balance June 30, 2005</b>		<b>Balance June 30, 2006</b>
	<b>As Restated</b>		
Land	\$ 35,704,520	\$	35,704,520
Land Improvements	74,603,523		74,603,523
Buildings and Building Improvements	734,100,613		757,800,269
Furniture, Fixtures and Equipment	58,423,613		58,883,970
Vehicles	12,929,336		12,954,743
Construction in Progress	52,929,336		105,080,752
<b>Total Capital Assets</b>	<b>968,618,389</b>		<b>1,045,027,778</b>
Less Accumulated Depreciation	411,756,411		(436,447,178)
<b>Capital Assets – Net</b>	<b>556,861,978</b>		<b>608,580,600</b>
<b>Net Change in Assets</b>	<b>\$ 39,226,600</b>	<b>\$</b>	<b>51,718,622*</b>

\*Note: Net Additions=\$52,599,475; Net Deletions=\$880,853; Net change=\$51,718,622.

A prior period restatement of \$31,790,198 to capital assets was included in the statements for the period ending June 30, 2005. The restatement was necessitated by the capitalization of non-capital items in prior years. The significant portion of the prior year restatement was related to maintenance expenditures.

In the fiscal year ending June 30, 2006, the Statement of Revenues, Expenditures and Changes in Fund Balances shows the School District expended \$83,045,796 for the capital outlay expenditure function. \$18,442,161 was expended from the proceeds of Bond Building Fund, \$42,557,121 was expended from the HB-33 fund for capital improvements and \$13,749,998 was expended from SB-9 funds. All three of these funds are authorized by local election. An SB-9 reauthorization election is scheduled for February 6, 2007. Also, \$8,190,268 was expended from non-major funds and \$106,248 from the Operations Fund for capital outlays.

**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 School District can 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% of the assessed valuation of the taxable property within the School District. In accordance with the assessed valuation limitation calculation, APS long term debt may not exceed \$687,091,691. Currently, total Long Term Debt, including current portion approved on September 6, 2006, was \$163,400,000 or 23.7% of the legal debt limitation.



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To this point, the School 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 \$351 million dollar bond election on September 19, 2006. These bonds will be sold over a three year period and will increase the indebtedness by 2009 to an estimated 69.27 % of the maximum debt limit allowed for by law.

During the fiscal year ending June 30, 2006, the School District sold two series of bonds, totaling \$7,375,000. Most significantly, School District sold one issue as Qualified Zone Academy Bonds (QZAB) during the 2005-2006 fiscal year totaling \$7,160,000. These bonds are sold under specific Federal legislation that provided for the Federal Government through tax credits received by the owners of the bonds rather than essentially be obligated to pay interest charges. Similar to a General Obligation Bond, the School District and the taxpayer are obligated for the repayment of the principal. By using this program, the School District saved local taxpayers an estimated \$1,370,410 over the 16 year life of the bonds.

The School District has maintained a Moody's Aa2 rating and an S&P AA rating for the September 6, 2006 bond sale. Effective July 1, 2003, School District bonds are also permitted to carry the *enhanced* State of New Mexico bond rating of Aa2. This action was authorized in Senate Bill 847. The effect of this bill will be to reduce the risk to bond holders and, as a consequence, reduce the interest costs to the taxpayer.

The School District has never defaulted on any of its debt or other obligations. Listed below is the School District's total general obligation debt as of June 30, 2006, inclusive of the Bond Sale on September 6, 2006 of \$63,980,000.

Series	Original Amount issued	Maturity	Principal Outstanding
2000	\$ 25,000,000	8/1/2015	\$ 17,600,000
2001	\$ 50,850,000	8/1/2016	\$ 3,512,000
2002	\$ 11,235,000	8/1/2007	\$ 2,595,000
2003	\$ 30,000,000	8/1/2018	\$ 18,000,000
2004	\$ 28,010,000	8/1/2019	\$ 21,260,000
2004 QZABs	\$ 4,625,000	8/1/2020	\$ 4,326,613
2005 Ref	\$ 21,375,000	8/1/2014	\$ 21,325,000
2006B QZAB	\$ 7,160,000	8/1/2020	\$ 7,160,000
Subtotal			\$ 127,391,613
2006C	\$ 63,980,000	8/1/2021	\$ 63,980,000
<b>Total</b>	<b>\$242,235,000</b>		<b>\$ 163,490,000</b>

Source: Official Statement Dated September 6, 2006; (Includes Bond Sale dated September 6, 2006 of \$63,980,000)



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The School District recommends the Official Statement dated September 6, 2006, to a reader wishing to know more about the School District's long term debt and community demographics. (Information is also available in the Statistical Section of this Financial Report.) This Official Statement may be obtained 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 School District is eligible to receive awards from the Public Schools Capital Outlay Council (PSCOC) in accordance with Senate Bill 513, Chapter 147 Section 10(b) NMSA. The impact of these various awards is discussed throughout this Management Discussion and Analysis.

**Charter Schools**

Because the operations of the charter schools is not material to the overall financial performance of the Albuquerque Public Schools, charter schools are only included in this section of the analysis. Charter school organization and management is set forth under Sections 22.8B.1 through 15, NMSA. 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; 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."

During the 2004-05 year, one charter school, Horizon Technology and Arts High School, was closed. Also during the 2005-06 year, 8 new charter schools began operations and 6 charter schools were approved by the Board of Education to begin operation in the 2006-2007 year. (Note: only 5 of the 6 schools approved actually opened.)

Because of 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 and the New Mexico Coalition of Charter Schools are working to provide support and training for these schools.

The following table lists all Charter Schools active during the fiscal year ending June 30, 2006 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, 2006. The statement shows the performance of each individual school's combined governmental funds on a GAAP basis.

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Charter School Name	Year Chartered	Grades	FY 05-06 Average Student Count	FY 05-06 Total Revenue	FY 05-06 Total Expenditures	Total Final EOY Fund Balance (adjusted)
21st Century Public Academy	2000	6-8	200	\$1,488,780	\$1,526,143	(\$127,839)
Academia de Lengua y Cultura	2003	6-8	122	\$1,168,100	\$1,178,887	\$24,513
Albuquerque Charter Vocational HS <i>note#1</i>	2002	9-12	151	\$2,903,329	\$3,094,646	\$328,692
Charter Vo-Tech Center <i>note#1</i>	2004	10-12	376	\$1,961,875	\$1,847,810	\$345,921
High Tech High Albuquerque <i>note #2</i>	2005	9-10	82	\$1,043,697	\$1,148,749	\$163,632
Amy Biehl Charter High School	2000	9-12	204	\$5,164,540	\$4,840,700	\$236,650
Cesar Chavez Community School	2004	9-12	135	\$1,378,827	\$1,339,365	\$238,388
Creative Education Preparatory Institute #1	2004	9-12	171	\$1,693,184	\$1,652,803	\$230,402
Creative Education Preparatory Institute #2	2004	9-12	150	\$1,477,546	\$1,517,630	\$217,278
East Mountain High School	2000	9-12	310	\$2,866,508	\$3,005,539	\$17,928
Horizon Academy South	2002	K-12	354	\$4,097,800	\$3,480,625	\$572,592
Horizon Academy West	2003	K-6	462	\$4,029,276	\$3,759,889	\$286,538
Horizon Academy Technology & Arts HS <i>note# 3</i>	2005	9-12	212	NA	NA	NA
La Academia de Esperanza	2003	6-12	196	\$2,769,126	\$2,640,916	\$299,238
La Luz del Monte Learning Center	2005	7	59	\$752,717	\$760,431	\$72,523
La Promesa Early Learning Center	2005	K-3	21	\$343,433	\$332,710	\$15,464
La Rosolena Charter School	2006			\$26,780	\$42,531	(\$751)
Los Puentes Charter School	2002	8-12	142	\$1,591,021	\$1,574,827	\$67,814
Montessori Elementary Charter School	2005	K-6	153	\$1,300,939	\$1,258,013	\$42,926
Montessori of the Rio Grande	2004	K-5	153	\$1,224,004	\$1,331,335	\$22,823
Mountain Mahogany Community School	2005	K-2	56	\$727,835	\$659,299	\$71,536



**Albuquerque Public Schools  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

			FY 05-06	FY 05-06	FY 05-06	Total Final EOY
	Year		Average	Total	Total	Fund Balance
Charter School Name	Chartered	Grades	Student Count	Revenue	Expenditures	(adjusted)
Horizon Northwest <i>note #4</i>	2003	K-8	405	\$3,876,957	\$3,715,057	\$328,081
Native American Community Academy	2006			\$102,716	\$36,159	\$66,557
North Albuquerque CO-OP	2006			\$70,408	\$67,998	\$2,410
Nuestros Valores Charter School	2001	9-12	114	\$1,667,112	\$1,494,582	\$301,353
Public Academy for Performing Arts	2001	6-12	326	\$2,256,635	\$2,349,770	\$90,895
Ralph J. Bunche	2006			\$260,000	\$154,479	\$105,521
Robert F Kennedy High School	2001	9-12	241	\$2,386,805	\$2,335,748	\$70,429
School for Integrated Academics & Technologies	2004	9-12	262	\$1,938,050	\$2,174,587	\$229,895
South Valley Academy	2000	9-12	201	\$2,396,193	\$2,334,889	\$312,430
Southwest Primary Learning Center	2005	4-6	105	\$957,074	\$845,569	\$111,505
Southwest Secondary Learning Center	2001	7-12	244	\$2,971,902	\$2,800,026	\$259,227
The Learning Community Charter School	2001	6-12	172	\$1,520,720	\$1,534,301	\$42,511
Youth Build Trade & Technology Community HS	2005	9-12	92	\$1,263,096	\$1,161,899	\$375,559
<b>TOTALS</b>			<b>5,859</b>	<b>\$59,676,985</b>	<b>\$57,997,912</b>	<b>\$5,422,641</b>

Note 1: Albuquerque Charter Vocational and Charter Vo-Tech Center merged for the 2006-07 year

Note 2: High Tech High changed it's name to Albuquerque Institute for Math and Science.

Note 3: Horizon Technology and Arts High School closed on March 22, 2005 due to financial difficulties.

Note 4: Horizon Northwest changed it's name to North Valley Academy in 2006-07.

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 2010 school year. Debate is currently ongoing as to how that mandate will be funded and implemented. Included in the options is the lease purchase financing of school facilities. The constitutional prohibition on lease purchase financing was removed by the voters



# Albuquerque Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2006

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 the 2007 State Legislature.

## Agency Funds

School sites, as a custodian, 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 \$4,990,441.

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 are in accordance with School District Policy 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 Independent Auditor and Internal Audit Department.

## Future Trends

**The Economy and Public School Funding:** Because of increased prices for oil and natural gas resources, state revenues have shown significant increases. State funding of public schools for the 2006/2007 school year was increased by approximately 7% and similar support is expected for the 2007-2008 year.

**Teacher Salaries:** In 2005/2006 teacher salaries increased with the phased implementation of the Three-Tiered Teacher Salary structure. In 2004/2005 Level Two minimum salaries increased to \$35,000. As discussed earlier, State appropriation estimates were inaccurate and the appropriation to school districts was under funded in 2004/2005. In 2005/2006, the legislature funded the increase of the Level Two teacher salary to \$40,000, minimum. It is believed that the appropriation represented an accurate reflection of the District's cost. Legislative action for the 2006/2007 school year appropriated funding for the implementation of the Level Three Master Teacher salary to \$45,000, minimum. It is anticipated that funds will be appropriated for the final phase of \$50,000 minimum for Level Three teachers in the 2007/2008 year. It is anticipated that these increase in salaries will attract and retain high quality teaching staff. The School District currently employs a total of 15,015 employees including hourly and substitutes. In this total, 6,308 full time teachers are employed with the School District. The following is a five year summary of average teacher salaries.

**Average Teacher Salaries 2001-02 to 2005-06**

Year	Salary	Experience
2005-06	\$40,827	13.18 years
2004-05	\$38,674	12.3 years
2003-04	\$38,464	12.6 years
2002-03	\$36,409	12.1 years
2001-02	\$36,671	12.1 years



# Albuquerque Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2006

Source: PED, New Mexico Finance Statistics

Public School Capital Outlay: The continued strength of oil and natural gas prices has provided the State of New Mexico with a windfall in mineral severance taxes. The legislature is tasked with appropriating from this revenue pool and a significant amount of the proceeds from this windfall were utilized to provide for capital projects, statewide, including facilities for public education. The State of New Mexico investment in educational facilities during both the 2001 and 2002 fiscal years has been approximately \$100 million per year, state wide. Despite the slow economy, nationwide, the 2003 state wide Public School Capital Outlay awards totaled \$84,733,500. In 2004, State Capital Outlay awards to public schools and public charter schools totaled \$198 million. In 2005, the State awarded \$239 million in current and future awards. In 2006, these awards were \$133 million. Because of strong pricing and demand for the State's natural resources, specifically oil and gas, it is anticipated that financial resources needed for State investment in public schools will remain at high levels.

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 Albuquerque School District, the School District has undertaken an aggressive expansion program to add additional classroom space in the School District. The following table illustrates the growth of the assessed valuation for the Albuquerque School District.

## VALUATION TABLE

TAX YEAR	ALBUQUERQUE PUBLIC SCHOOLS
2006	\$ 9,549,617,685
2005	\$ 9,796,788,763
2004	\$ 10,236,146,834
2003	\$ 11,451,528,185
2002	\$ 11,926,144,157

Source: Official Statement Dated September 6, 2006

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

Community Growth: In the past year, the community has seen the start of a number of residential growth areas. Most of the growth and homebuilding is focused on the west side of the District which has caused significant overcrowding at west side schools at all grade levels. In response to these needs the School District has begun a building program that completed two new elementary schools in December 2006 and will complete one high school, one middle school and

## **Albuquerque Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2006**

one elementary school by August 2008 as well as renovate and reopen one elementary school in 2008 and complete an additional high school by August 2009. The total costs for these schools are estimated to be \$300 million. These projects are funded with General Obligation bonds and grant funds through the Public Schools Facilities Authority.

- North Star Elementary School – 600 Students; cost \$12 Million; completed December 2006.
- Ventana Ranch Elementary School – 750 Students, cost \$12 million; completed December 2006.
- Northwest High School – 2,200 students; estimated cost \$103 million. The phase one, ninth grade academy, will be completed in August 2007. Facilities for grades 10-12 will be completed by August 2008. Construction on both phases is ongoing. \$34 million has been provided as a matching grant from the Public Schools Facilities Authority.
- Southwest High School – 2,200 students; estimated cost \$115 million. This school is currently in the design phase and is scheduled for completion in August 2009. \$17 million has been provided as a matching grant from the Public Schools Facilities Authority.
- Northwest Middle School - 1,200 students; estimated cost \$35 million. Proposed to be completed as a “design build” contract. Scheduled completion by August 2008.
- Northwest Elementary School – 750 students; estimated cost \$15 million. Scheduled completion by August 2008.
- Coronado Elementary School – 400 students; estimated cost \$8 million. Currently a retired school used for office space, this school will be renovated and reopened as an elementary school by August 2008. Staff located at this site will be moved into vacant space at the District Central Office.

Because the average age of the existing APS School is 60 years, the School District has committed \$40 million to roofing reconstruction and \$100 million to school renovations throughout the School District. These projects are funded and scheduled to be completed or started within a five year period.

On September 6, 2006, the School District approved the sale of \$63,980,000 in bonds; \$50 million were first series of \$125 million in new bonds authorized by the voters on February 7, 2006 and \$13.980 million in existing bonds were refunded. The new bonds were sold to continue funding for new schools and making significant repairs to older schools and as part of a master planned capital outlay program.





STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
STATEMENT OF NET ASSETS  
JUNE 30, 2006

	<u>Primary Government</u> Governmental Activities 2006	Component Units
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 224,542,623	\$ 8,438,042
Receivables:		
Intergovernmental Grants	19,720,848	-
Property tax receivable	11,280,274	-
Due from other governments	-	531,733
Other	305,752	969,975
Bond issuance costs	147,556	-
Supply inventories	3,519,263	-
Total current assets	<u>259,516,316</u>	<u>9,939,750</u>
Noncurrent assets:		
Capital assets	1,045,027,778	16,306,854
Less:		
Accumulated depreciation	(436,447,178)	(3,540,978)
Total noncurrent assets	<u>608,580,600</u>	<u>12,765,876</u>
Total assets	<u>\$ 868,096,916</u>	<u>\$ 22,705,626</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable and other current liabilities	\$ 70,466,754	\$ 2,403,415
Unearned revenue	8,153,718	2,024,872
Accrued interest	2,502,053	-
Bond underwriter premiums	694,143	-
Insurance reserves, IBNR claims	33,553,761	-
Current portion of long-term obligations	14,717,150	225,864
Total current liabilities	<u>130,087,579</u>	<u>4,654,151</u>
Long-term obligations:		
Compensated absences	3,149,276	14,343
Bonds payable and long-term obligations	112,674,463	3,531,066
Total long-term obligations	<u>115,823,739</u>	<u>3,545,409</u>
Total liabilities	<u>245,911,318</u>	<u>8,199,560</u>
<b><u>NET ASSETS</u></b>		
Investment in capital assets, net of related debt	481,188,987	9,008,946
Restricted for:		
Debt service	24,563,628	-
Capital projects	110,229,634	763,361
Unrestricted	6,203,349	4,733,759
Total net assets	<u>\$ 622,185,598</u>	<u>\$ 14,506,066</u>

See notes to financial statements



STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

Functions/Programs	Primary Government					Net (Expenses) Revenues and Changes in Net Assets	Component Units
	Expenses	Program Revenues			Capital Grants and Contributions		
		Charges for Services	Operating Grants and Contributions	Operating Grants and Contributions			
<b>Governmental activities:</b>							
Instruction	\$ 383,840,336	\$ 1,247,301	\$ 88,408,811	\$ -	\$ -	\$ (294,184,224)	\$ (21,165,251)
Instructional support	136,600,761	-	224,524	-	-	(136,376,237)	(6,855,914)
Administration	9,936,432	-	-	-	-	(9,936,432)	(1,674,441)
Business/support services	8,426,444	-	-	-	-	(8,426,444)	(2,522,619)
Operation and maintenance	68,638,365	-	-	-	-	(68,638,365)	(5,580,891)
Food services	29,455,316	9,008,802	17,284,884	-	-	(3,161,630)	(103,679)
Athletics	3,944,969	548,967	-	-	-	(3,396,002)	(104,553)
Non-instructional support	841,766	-	-	-	-	(841,766)	(409,854)
Community services	7,413,520	-	-	-	-	(7,413,520)	(73,464)
Pupil transportation services	19,123,659	-	18,082,651	-	-	(1,041,008)	50,107
Facilities supplies, materials and other services	16,456,505	-	137,589	10,098,392	-	(6,220,524)	(403,325)
Bond amortization expense	14,761	-	-	-	-	(14,761)	-
Bond underwriter premiums	(84,251)	-	-	-	-	84,251	-
Depreciation - unallocated	28,406,036	-	-	-	-	(28,406,036)	(427,549)
Interest on long-term obligations	2,794,728	-	-	-	-	(2,794,728)	(628,299)
<b>Total governmental activities</b>	<b>715,809,348</b>	<b>10,805,070</b>	<b>124,138,460</b>	<b>10,098,392</b>	<b>-</b>	<b>(570,767,426)</b>	<b>(39,899,732)</b>
<b>General Revenues</b>							
<b>Taxes</b>							
Property taxes, levied for general purposes					\$ 3,743,763	-	-
Property taxes, levied for debt service					25,946,034	-	-
Property taxes, levied for capital projects					71,757,176	-	-
<b>Federal and State aid not restricted to specific purpose</b>							
<b>General and State</b>							
Equalization Guarantee					518,914,097	42,663,967	
Interest and investment earnings					7,467,801	12,101	
Gain (loss) on disposal of fixed assets					(302,440)	-	
Miscellaneous					2,924,393	1,362,233	
<b>Subtotal, general revenues</b>					<b>630,450,824</b>	<b>44,038,301</b>	
<b>Change in net assets</b>					<b>59,683,397</b>	<b>4,138,569</b>	
<b>Net assets - beginning</b>					<b>615,749,854</b>	<b>10,367,497</b>	
<b>Prior period restatement *</b>					<b>(53,247,653)</b>	<b>-</b>	
<b>Net assets - beginning as restated</b>					<b>562,502,201</b>	<b>10,367,497</b>	
<b>Net assets - ending</b>					<b>\$ 622,185,598</b>	<b>\$ 14,506,066</b>	

\* See Note 20.

STATE OF NEW MEXICO  
 ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 JUNE 30, 2006

	General Fund				IASA Title I	IDEA B	Debt Service	Capital Improvements HB33	Capital Improvements SB9	Bond Building	Non-Major Funds	Total Primary Government
	Operating Fund	Transportation Fund	Instructional Materials Fund	Cafeteria								
<b>ASSETS</b>												
Cash and cash equivalents	\$ 71,764,176	\$ 94,529	\$ 1,572,665	\$ 630,458	\$ 1,913,828	\$ -	\$ 23,920,944	\$ 61,042,161	\$ 41,176,761	13,451,670	\$ 8,975,431	\$ 224,542,623
Receivables:												
Intergovernmental	-	-	-	-	-	3,774,946	-	-	-	-	15,945,902	19,720,848
Property taxes receivable	488,614	-	-	-	-	-	2,993,774	5,350,043	2,447,843	-	-	11,280,274
Due from other funds	35,017,892	-	-	-	-	-	-	-	-	-	-	35,017,892
Other	-	-	-	12,972	-	-	-	292,781	-	-	-	305,753
Supply inventories	2,549,870	-	-	969,393	-	-	-	-	-	-	-	3,519,263
Prepays	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 109,820,552</b>	<b>\$ 94,529</b>	<b>\$ 1,572,665</b>	<b>\$ 1,612,823</b>	<b>\$ 1,913,828</b>	<b>\$ 3,774,946</b>	<b>\$ 26,914,718</b>	<b>\$ 66,684,985</b>	<b>\$ 43,624,604</b>	<b>\$ 13,451,670</b>	<b>\$ 24,921,333</b>	<b>\$ 294,386,652</b>
<b>LIABILITIES AND FUND BALANCES</b>												
Vouchers payable	\$ 5,372,936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,509,079	\$ -	\$ -	\$ -	\$ 12,882,015
Salaries and benefits payable	57,291,958	-	-	-	-	-	-	-	-	-	-	57,291,958
Deferred revenue	390,986	-	-	-	1,913,828	-	2,351,091	4,144,646	1,877,900	-	6,239,889	16,918,340
Insurance reserves, IBNR claims	33,553,761	-	-	-	-	-	-	-	-	-	-	33,553,761
Due to other funds	-	-	-	-	-	3,774,946	-	-	-	-	31,242,946	35,017,892
Other liabilities	292,781	-	-	-	-	-	-	-	-	-	-	292,781
<b>Total liabilities</b>	<b>96,902,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,913,828</b>	<b>3,774,946</b>	<b>2,351,091</b>	<b>11,653,725</b>	<b>1,877,900</b>	<b>-</b>	<b>37,482,835</b>	<b>155,956,747</b>
<b>FUND BALANCES</b>												
Reserved for:												
Inventories	2,549,870	-	-	969,393	-	-	-	-	-	-	-	\$ 3,519,263
Debt Service	-	-	-	-	-	-	24,563,627	-	-	-	-	24,563,627
Capital projects funds	-	-	-	-	-	-	-	55,031,260	41,746,704	13,451,670	-	110,229,634
Unreserved, reported in:												
Capital projects funds	-	-	-	-	-	-	-	-	-	-	(13,393,484)	(13,393,484)
General fund	10,368,260	94,529	1,572,665	-	-	-	-	-	-	-	-	12,035,454
Special revenue funds	-	-	-	643,430	-	-	-	-	-	-	831,982	1,475,412
<b>Total fund balances (deficit)</b>	<b>12,918,130</b>	<b>94,529</b>	<b>1,572,665</b>	<b>1,612,823</b>	<b>-</b>	<b>-</b>	<b>24,563,627</b>	<b>55,031,260</b>	<b>41,746,704</b>	<b>13,451,670</b>	<b>(12,561,502)</b>	<b>138,429,905</b>
<b>Total liabilities and fund balances</b>	<b>\$ 109,820,552</b>	<b>\$ 94,529</b>	<b>\$ 1,572,665</b>	<b>\$ 1,612,823</b>	<b>\$ 1,913,828</b>	<b>\$ 3,774,946</b>	<b>\$ 26,914,718</b>	<b>\$ 66,684,985</b>	<b>\$ 43,624,604</b>	<b>\$ 13,451,670</b>	<b>\$ 24,921,333</b>	<b>\$ 294,386,652</b>

See notes to financial statements

STATE OF NEW MEXICO  
 ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS  
 BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2006

Governmental Funds

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

Total fund balances - governmental funds	\$ 138,429,905
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of capital assets:	\$ 1,045,027,778	
Accumulated depreciation:	<u>(436,447,178)</u>	608,580,600

Property taxes receivable will be collected during the year ended June 30, 2006, but are not available soon enough to pay for the current period's expenditures, and therefore are unearned in the funds.

8,764,622

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long term and other liabilities at year end consist of:

Bonds payable	(127,391,613)	
Compensated absences	(3,149,276)	
Bond payable interest	(2,502,053)	
Bond issuance amortization expense	147,556	
Bond underwriter premium	<u>(694,143)</u>	
		<u>(133,589,529)</u>

Total Net Assets	<u>\$ 622,185,598</u>
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See notes to financial statements



STATE OF NEW MEXICO  
 ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO 12  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

	General Fund			Cafeteria	IASA Title I	IDEA B	Debt Service	Capital Improvements HB33	Capital Improvements SB9	Bond Building	Non-Major Funds	Total
	Operating Fund	Transportation Fund	Instructional Materials Fund									
<b>REVENUES:</b>												
Local and county taxes	\$ 3,480,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,546,738	\$ 45,426,699	\$ 21,976,365	\$ -	\$ -	\$ 95,430,062
State grants	520,814,134	18,082,651	7,758,046	-	-	-	-	-	-	-	13,885,155	560,539,986
Federal grants	2,595,009	-	-	15,915,074	18,467,210	21,340,612	-	-	-	-	19,323,046	77,640,951
Charges for services	1,247,301	-	-	9,008,802	-	-	-	-	-	-	548,967	10,805,070
U S D A commodities	-	-	-	1,369,810	-	-	-	-	-	-	-	1,369,810
Miscellaneous	4,575,149	59,735	159,114	45,421	-	-	415,160	1,232,787	1,206,436	610,553	1,977,504	10,281,859
<b>Total revenues</b>	<b>532,711,853</b>	<b>18,142,386</b>	<b>7,917,160</b>	<b>26,339,107</b>	<b>18,467,210</b>	<b>21,340,612</b>	<b>24,961,898</b>	<b>46,659,486</b>	<b>23,182,801</b>	<b>610,553</b>	<b>35,734,672</b>	<b>756,067,738</b>
<b>EXPENDITURES</b>												
<b>Current -</b>												
Direct Instruction	342,853,578	-	9,958,466	-	13,475,016	6,412,437	-	-	-	-	11,127,323	383,826,820
Instruction Support	111,216,090	-	228,781	-	2,668,413	11,977,401	-	-	-	-	10,521,932	136,612,617
Administration	7,231,769	-	-	-	1,414,278	461,700	244,528	-	-	-	585,057	9,937,332
Business/support services	8,426,444	-	-	-	-	-	-	-	-	-	-	8,426,444
Operation/maintenance	68,607,444	-	-	-	2,510	-	-	-	-	-	-	68,638,366
Food services	-	-	-	29,328,244	-	-	-	-	-	-	-	29,455,316
Athletics	3,581,269	-	-	-	-	-	-	-	-	-	363,700	3,944,969
Non-Instructional student support	841,766	-	-	-	-	-	-	-	-	-	-	841,766
Community services	1,979,987	-	-	-	115,299	2,489,075	-	-	-	-	2,830,630	7,414,991
Transportation	252,022	18,079,943	-	-	791,694	-	-	-	-	-	-	19,123,659
Facilities supplies, materials and other services	292,781	-	-	-	-	-	-	8,749,687	-	2,542,435	1,949,752	13,534,655
Capital outlay	106,248	-	-	-	-	-	-	42,557,121	13,749,998	18,442,161	8,190,268	83,045,796
Debt service-principal	-	-	-	-	-	-	19,283,387	-	-	-	-	19,283,387
Debt service-interest	-	-	-	-	-	-	2,794,728	-	-	-	-	2,794,728
<b>Total expenditures</b>	<b>545,389,398</b>	<b>18,079,943</b>	<b>10,187,247</b>	<b>29,328,244</b>	<b>18,467,210</b>	<b>21,340,613</b>	<b>22,322,644</b>	<b>51,306,808</b>	<b>13,749,998</b>	<b>20,984,596</b>	<b>35,724,146</b>	<b>786,880,846</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(12,677,545)</b>	<b>62,443</b>	<b>(2,270,087)</b>	<b>(2,989,137)</b>	<b>-</b>	<b>-</b>	<b>2,639,254</b>	<b>(4,647,322)</b>	<b>9,432,803</b>	<b>(20,374,043)</b>	<b>10,526</b>	<b>(30,813,108)</b>
<b>OTHER FINANCING SOURCES:</b>												
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from bond issues	-	-	-	-	-	-	-	-	-	7,375,000	-	7,375,000
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>(12,677,545)</b>	<b>62,443</b>	<b>(2,270,087)</b>	<b>(2,989,137)</b>	<b>-</b>	<b>-</b>	<b>2,639,254</b>	<b>(4,647,322)</b>	<b>9,432,803</b>	<b>(12,999,043)</b>	<b>10,526</b>	<b>(23,438,108)</b>
Fund balances (deficit) - beginning as restated	40,876,294	32,086	3,842,752	4,601,960	-	-	21,488,614	59,678,583	32,313,901	26,450,713	(12,572,028)	176,712,875
Prior period adjustment	(15,280,620)	-	-	-	-	-	435,759	-	-	-	-	(14,844,861)
<b>Fund balances (deficit) - Ending</b>	<b>\$ 12,918,129</b>	<b>\$ 94,529</b>	<b>\$ 1,572,665</b>	<b>\$ 1,612,823</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,563,627</b>	<b>\$ 55,031,260</b>	<b>\$ 41,746,704</b>	<b>\$ 13,451,670</b>	<b>\$ (12,561,502)</b>	<b>\$ 138,429,905</b>

See notes to financial statement

STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2006

	<u>Governmental Units</u>
Total net change in fund balances-governmental funds	\$ (23,438,108)
Amounts reported for governmental activities in the statement of activities are different because:	
<p>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 capital outlays exceeds depreciation in the current period.</p>	
Depreciation expense	\$(30,446,321)
Capital outlays	<u>83,045,796</u>
	52,599,475
<p>Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.</p>	
	13,158,675
<p>Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities</p>	
	19,283,387
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>	
	5,404,301
<p>Issuance of bonds is a revenue in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities</p>	
	(7,375,000)
<p>Bond issuance amortization expense</p>	
	(14,761)
<p>Bond underwriter premiums</p>	
	84,251
<p>In the statement of activities, certain operating expenses - compensating absences, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount actually paid). The increase in the liability for the year is:</p>	
	<u>(18,823)</u>
Change in net assets of governmental activities	<u>\$ 59,683,397</u>

See notes to financial statements

STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (BUDGETARY BASIS) AND ACTUAL  
OPERATING FUND  
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Basis	Under or (Over) Variance	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES:</b>					
Local and county sources	\$ 8,363,377	\$ 8,363,377	\$ 9,288,882	\$ -	\$ 925,505
State sources	522,679,921	523,304,859	520,814,134	624,938	(2,490,725)
Federal sources	2,230,290	2,230,290	2,595,009	-	364,719
<b>Total revenues</b>	<b>533,273,588</b>	<b>533,898,526</b>	<b>532,698,024</b>	<b>624,938</b>	<b>(1,200,502)</b>
<b>OTHER FINANCING SOURCES:</b>					
Proceeds from general obligation bonds	-	-	-	-	-
Operating transfer in (out)	-	-	-	-	-
<b>Total revenues and other financing sources</b>	<b>533,273,588</b>	<b>533,898,526</b>	<b>532,698,024</b>	<b>624,938</b>	<b>(1,200,502)</b>
Beginning Cash Balance, Budgeted	11,991,653	13,631,631	-		
Beginning Cash Balance, Actual	-	-	84,425,992		
<b>Total revenues, other financing sources and beginning cash budgeted</b>	<b>\$ 545,265,241</b>	<b>\$ 547,530,157</b>			
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Instruction	\$ 346,409,697	\$ 343,801,859	\$ 344,567,865	\$ (2,607,838)	\$ (766,006)
Instructional support	113,955,188	115,229,094	111,217,239	1,273,906	4,011,855
Administration	9,571,189	9,889,958	7,231,769	318,769	2,658,189
Pupil transportation services	355,205	355,205	252,022	-	103,183
Operation and maintenance	60,456,581	62,794,830	63,792,820	2,338,249	(997,990)
Non-instructional support	1,796,226	1,789,921	1,447,450	(6,305)	342,471
Community services	1,811,158	2,462,517	1,979,987	651,359	482,530
Non operating	1,236,151	1,236,151	-	-	1,236,151
Business/support services	5,258,859	5,461,859	5,183,949	203,000	277,910
Instructional materials	-	-	-	-	-
Food services	-	-	168,818	-	(168,818)
Federal programs	-	-	-	-	-
Athletics	4,414,987	4,399,763	3,581,269	(15,224)	818,494
Facilities supplies, materials and other services	-	-	5,830,405	-	(5,830,405)
Debt service	-	-	-	-	-
Capital outlay	-	109,000	106,248	109,000	2,752
<b>Total expenditures</b>	<b>545,265,241</b>	<b>547,530,157</b>	<b>545,359,841</b>	<b>2,264,916</b>	<b>2,170,316</b>
<b>Other financing uses:</b>					
Operating transfers out	-	-	-	-	-
<b>Total expenditures and other financing uses</b>	<b>\$ 545,265,241</b>	<b>\$ 547,530,157</b>	<b>545,359,841</b>	<b>\$ 2,264,916</b>	<b>\$ 2,170,316</b>
Ending cash balance			71,764,175		
<b>Reconciliation from cash to modified accrual basis:</b>					
Receivables			35,506,506		
Supplies inventories			2,549,870		
Vouchers, salaries and benefits payable			(62,664,894)		
Unearned revenue			(390,986)		
Insurance reserves			(33,553,761)		
Other liabilities			(292,781)		
<b>GAAP fund balance</b>			<b>\$ 12,918,129</b>		

See notes to financial statements



STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (BUDGETARY BASIS) AND ACTUAL  
TRANSPORTATION FUND  
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Basis	Under or (Over) Variance	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES:</b>					
Local and county sources	\$ -	\$ -	\$ 59,735	\$ -	\$ 59,735
State sources	17,402,549	18,138,108	18,082,651	735,559	(55,457)
Federal sources	-	-	-	-	-
<b>Total revenues</b>	<b>17,402,549</b>	<b>18,138,108</b>	<b>18,142,387</b>	<b>735,559</b>	<b>4,279</b>
<b>OTHER FINANCING SOURCES:</b>					
Proceeds from general obligation bonds	-	-	-	-	-
Operating transfer in (out)	-	-	-	-	-
<b>Total revenues and other financing sources</b>	<b>17,402,549</b>	<b>18,138,108</b>	<b>18,142,387</b>	<b>735,559</b>	<b>4,279</b>
Beginning Cash Balance, Budgeted	-	-	-		
Beginning Cash Balance, Actual	-	-	32,086		
<b>Total revenues, other financing sources and beginning cash budgeted</b>	<b>\$ 17,402,549</b>	<b>\$ 18,138,108</b>			
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -
Instructional support	-	-	-	-	-
Administration	-	-	-	-	-
Pupil transportation services	17,402,549	18,138,108	18,079,943	735,559	58,165
Operation and maintenance	-	-	-	-	-
Non-instructional support	-	-	-	-	-
Community services	-	-	-	-	-
Non operating	-	-	-	-	-
Business/support services	-	-	-	-	-
Instructional materials	-	-	-	-	-
Food services	-	-	-	-	-
Federal programs	-	-	-	-	-
Athletics	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>17,402,549</b>	<b>18,138,108</b>	<b>18,079,943</b>	<b>735,559</b>	<b>58,165</b>
<b>Other financing uses:</b>					
Operating transfers out	-	-	-	-	-
<b>Total expenditures and other financing uses</b>	<b>\$ 17,402,549</b>	<b>\$ 18,138,108</b>	<b>18,079,943</b>	<b>\$ 735,559</b>	<b>\$ 58,165</b>
Ending cash balance			94,529		
Reconciliation from cash to modified accrual basis:					
N/A			-		
<b>GAAP fund balance</b>			<b>\$ 94,529</b>		

See notes to financial statements

STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (BUDGETARY BASIS) AND ACTUAL  
INSTRUCTIONAL MATERIALS FUND  
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Basis	Over or (Under) Variance	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES:</b>					
Local and county sources	\$ -	\$ -	\$ 159,114	\$ -	\$ 159,114
State sources	6,744,833	11,532,393	7,758,046	4,787,560	(3,774,347)
Federal sources	-	-	-	-	-
<b>Total revenues</b>	<b>6,744,833</b>	<b>11,532,393</b>	<b>7,917,160</b>	<b>4,787,560</b>	<b>(3,615,233)</b>
<b>OTHER FINANCING SOURCES:</b>					
Proceeds from general obligation bonds	-	-	-	-	-
Operating transfer in (out)	-	-	-	-	-
<b>Total revenues and other financing sources</b>	<b>6,744,833</b>	<b>11,532,393</b>	<b>7,917,160</b>	<b>4,787,560</b>	<b>(3,615,233)</b>
Beginning Cash Balance, Budgeted	3,774,347	3,774,347	-		
Beginning Cash Balance, Actual	-	-	3,774,347		
<b>Total revenues, other financing sources and beginning cash budgeted</b>	<b>\$ 10,519,180</b>	<b>\$ 15,306,740</b>			
<b>EXPENDITURES:</b>					
Current:					
Instruction	\$ 6,504,785	\$ 10,960,158	\$ 9,890,061	\$ 4,455,373	\$ 1,070,097
Instructional support	240,048	572,234	228,781	332,186	343,454
Administration	-	-	-	-	-
Pupil transportation services	-	-	-	-	-
Operation and maintenance	-	-	-	-	-
Non-instructional support	-	-	-	-	-
Community services	-	-	-	-	-
Non operating	-	-	-	-	-
Business/support services	-	-	-	-	-
Instructional materials	-	-	-	-	-
Food services	-	-	-	-	-
Federal programs	-	-	-	-	-
Athletics	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>6,744,833</b>	<b>11,532,393</b>	<b>10,118,842</b>	<b>4,787,560</b>	<b>1,413,551</b>
Other financing uses:					
Operating transfers out	-	-	-	-	-
<b>Total expenditures and other financing uses</b>	<b>\$ 6,744,833</b>	<b>\$ 11,532,393</b>	<b>10,118,842</b>	<b>\$ 4,787,560</b>	<b>\$ 1,413,551</b>
Ending cash balance	\$ 3,774,347	3,774,347	1,572,665		
Reconciliation from cash to modified accrued basis					
Receivables/payables			-		
GAAP fund balance			<u>\$ 1,572,665</u>		

See notes to financial statements

STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (BUDGETARY BASIS) AND ACTUAL  
CAFETERIA FUND  
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Basis	Under or (Over) Variance	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES:</b>					
Local and county sources	\$ 8,995,000	\$ 8,995,000	\$ 9,055,222	\$ -	\$ 60,222
State sources	-	-	-	-	-
Federal sources	14,800,000	14,800,000	16,508,339	-	1,708,339
<b>Total revenues</b>	<b>23,795,000</b>	<b>23,795,000</b>	<b>25,563,561</b>	<b>-</b>	<b>1,768,561</b>
<b>OTHER FINANCING SOURCES:</b>					
Proceeds from general obligation bonds	-	-	-	-	-
Operating transfer in (out)	-	-	-	-	-
<b>Total revenues and other financing sources</b>	<b>23,795,000</b>	<b>23,795,000</b>	<b>25,563,561</b>	<b>-</b>	<b>1,768,561</b>
Beginning Cash Balance, Budgeted	3,573,771	2,355,289	-		
Beginning Cash Balance, Actual	-	-	2,342,318		
<b>Total revenues, other financing sources and beginning cash budgeted</b>	<b>\$ 27,368,771</b>	<b>\$ 26,150,289</b>			
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -
Instructional support	-	-	-	-	-
Administration	-	-	-	-	-
Pupil transportation services	-	-	-	-	-
Operation and maintenance	-	-	-	-	-
Non-instructional support	-	-	-	-	-
Community services	-	-	-	-	-
Non operating	-	-	-	-	-
Business/support services	-	-	-	-	-
Instructional materials	-	-	-	-	-
Food services	27,368,772	26,150,290	27,275,421	(1,218,482)	(1,125,131)
Federal programs	-	-	-	-	-
Athletics	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>27,368,772</b>	<b>26,150,290</b>	<b>27,275,421</b>	<b>(1,218,482)</b>	<b>(1,125,131)</b>
<b>Other financing uses:</b>					
Operating transfers out	-	-	-	-	-
<b>Total expenditures and other financing uses</b>	<b>\$ 27,368,772</b>	<b>\$ 26,150,290</b>	<b>27,275,421</b>	<b>\$ (1,218,482)</b>	<b>\$ (1,125,131)</b>
Ending cash balance			630,458		
<b>Reconciliation from cash to modified accrued basis</b>					
Receivables			12,972		
Supplies inventories			969,393		
<b>GAAP fund balance</b>			<b>\$ 1,612,823</b>		

See notes to financial statements



STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (BUDGETARY BASIS) AND ACTUAL  
IASA TITLE I FUND  
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Basis	Under or (Over) Variance	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES:</b>					
Local and county sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	23,425,379	26,665,395	23,532,780	3,240,016	(3,132,615)
<b>Total revenues</b>	<b>23,425,379</b>	<b>26,665,395</b>	<b>23,532,780</b>	<b>3,240,016</b>	<b>(3,132,615)</b>
<b>OTHER FINANCING SOURCES:</b>					
Proceeds from general obligation bonds	-	-	-	-	-
Operating transfer in (out)	-	-	-	-	-
<b>Total revenues and other financing sources</b>	<b>23,425,379</b>	<b>26,665,395</b>	<b>23,532,780</b>	<b>3,240,016</b>	<b>(3,132,615)</b>
Beginning Cash Balance, Budgeted	-	-	-		
Beginning Cash Balance, Actual	-	-	3,384,397		
<b>Total revenues, other financing sources and beginning cash budgeted</b>	<b>\$ 23,425,379</b>	<b>\$ 26,665,395</b>			
<b>EXPENDITURES:</b>					
Current:					
Instruction	\$ 17,954,532	\$ 20,799,852	\$ 20,011,155	\$ 2,845,320	\$ 788,697
Instructional support	2,577,841	2,628,014	2,668,413	50,173	(40,399)
Administration	1,861,777	1,968,415	1,414,278	106,638	554,137
Pupil transportation services	1,005,800	1,144,857	791,694	139,057	353,163
Operation and maintenance	3,784	3,784	2,510	-	1,274
Non-instructional support	-	-	-	-	-
Community services	20,382	119,210	115,299	98,828	3,911
Non operating	-	-	-	-	-
Business/support services	-	-	-	-	-
Instructional materials	-	-	-	-	-
Food services	1,263	1,263	-	-	1,263
Federal programs	-	-	-	-	-
Athletics	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>23,425,379</b>	<b>26,665,395</b>	<b>25,003,349</b>	<b>3,240,016</b>	<b>1,662,046</b>
<b>Other financing uses:</b>					
Operating transfers out	-	-	-	-	-
<b>Total expenditures and other financing uses</b>	<b>\$ 23,425,379</b>	<b>\$ 26,665,395</b>	<b>25,003,349</b>	<b>\$ 3,240,016</b>	<b>\$ 1,662,046</b>
Ending cash balance			\$ 1,913,828		
Reconciliation from cash to modified accrued basis					
Deferred revenue			(1,913,828)		
GAAP fund balance			\$ -		

See notes to financial statements

STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (BUDGETARY BASIS) AND ACTUAL  
IDEA B FUND  
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Basis	Under or (Over) Variance	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES:</b>					
Local and county sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	20,383,751	24,463,603	14,446,541	4,079,852	(10,017,062)
<b>Total revenues</b>	<u>20,383,751</u>	<u>24,463,603</u>	<u>14,446,541</u>	<u>4,079,852</u>	<u>(10,017,062)</u>
<b>OTHER FINANCING SOURCES:</b>					
Proceeds from general obligation bonds	-	-	-	-	-
Operating transfer in (out)	-	-	-	-	-
<b>Total revenues and other financing sources</b>	<u>20,383,751</u>	<u>24,463,603</u>	<u>14,446,541</u>	<u>4,079,852</u>	<u>(10,017,062)</u>
Beginning Cash Balance, Budgeted	-	-	-		
Beginning Cash Balance, Actual	-	-	3,119,126		
<b>Total revenues, other financing sources and beginning cash budgeted</b>	<u>\$ 20,383,751</u>	<u>\$ 24,463,603</u>			
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Instruction	\$ 4,363,425	\$ 4,554,935	\$ 6,412,437	\$ 191,510	\$ (1,857,502)
Instructional support	13,994,778	17,074,634	11,977,401	3,079,856	5,097,233
Administration	445,308	532,044	461,700	86,736	70,344
Pupil transportation services	-	-	-	-	-
Operation and maintenance	-	-	-	-	-
Non-instructional support	-	-	-	-	-
Community services	1,580,240	2,301,990	2,489,075	721,750	(187,085)
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>20,383,751</u>	<u>24,463,603</u>	<u>21,340,613</u>	<u>4,079,852</u>	<u>3,122,990</u>
<b>Other financing uses:</b>					
Operating transfers out	-	-	-	-	-
<b>Total expenditures and other financing uses</b>	<u>\$ 20,383,751</u>	<u>\$ 24,463,603</u>	<u>21,340,613</u>	<u>\$ 4,079,852</u>	<u>\$ 3,122,990</u>
Ending cash balance (due to other funds)			\$ (3,774,945)		
Reconciliation from cash to modified accrued basis					
Receivables/payables			<u>3,774,945</u>		
GAAP fund balance			<u>-</u>		

See notes to financial statements

STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
STATEMENT OF FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 4,989,964</u>
<b>Total Assets</b>	<u><u>\$ 4,989,964</u></u>
<b>LIABILITIES</b>	
Deposits held for other	<u>\$ 4,989,964</u>
<b>Total Liabilities</b>	<u><u>\$ 4,989,964</u></u>

See notes to financial statements



STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
CHARTER SCHOOLS  
COMBINING STATEMENTS OF NET ASSETS  
JUNE 30, 2006

Exhibit A-1

	21st Century	Academia De Lengua Y Cultura	Albuquerque Institute for Math and Science	Amy Biehl	Cesar Chavez Community School	Charter Vocational High School	Charter Vo-Tech Center
<b>ASSETS</b>							
Cash and cash equivalents	\$ 55,084	\$ 32,598	\$ 325,739	\$ 240,211	\$ 289,358	\$ 228,477	\$ 565,592
Receivables (net of allowance for uncollectibles)							
Due from other governments	-	-	-	29,560	1,864	-	-
Other	97,858	48,704	15,965	59	-	119,466	737
Total current assets	152,942	81,302	341,704	269,830	291,222	347,943	566,329
Capital assets (net of accumulated depreciation):							
Furniture, fixtures and equipment	153,367	202,855	-	3,479,454	90,507	350,801	355,226
Less: accumulated depreciation	(40,015)	(91,727)	-	(167,016)	(9,565)	(156,525)	(47,646)
Total noncurrent assets	113,352	111,128	-	3,312,438	80,942	194,276	307,580
Total assets	\$ 266,294	\$ 192,430	\$ 341,704	\$ 3,582,268	\$ 372,164	\$ 542,219	\$ 873,909
<b>LIABILITIES AND NET ASSETS</b>							
Accounts payable	\$ 14,355	\$ 7,837	\$ -	\$ 6,364	\$ 1,472	\$ -	\$ 119,466
Accrued liabilities	239,329	9,288	-	23,070	-	19,251	12,089
Accrued salaries	-	-	-	3,746	1,122	-	-
Unearned revenue	27,097	39,665	178,072	-	50,240	-	88,853
Due to other funds	-	-	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-	4,253	2,885
Current portion of long-term debt	-	-	-	-	-	-	-
Total current liabilities	280,781	56,790	178,072	33,180	52,834	23,504	223,293
Noncurrent liabilities:							
Accrued compensated absences	-	-	-	-	-	-	-
Due in more than one year	-	-	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-	-	-
Total liabilities	280,781	56,790	178,072	33,180	52,834	23,504	223,293
Invested in capital assets, net of related debt	113,352	111,128	-	3,312,438	80,942	194,276	307,580
Restricted for:							
Debt service	-	-	-	-	-	-	-
Capital projects	190,406	-	-	15,207	-	112,274	-
Unrestricted	(318,245)	24,512	163,632	221,443	238,388	212,165	343,036
Total net assets (deficit)	(14,487)	135,640	163,632	3,549,088	319,330	518,715	650,616
Total liabilities and net assets	\$ 266,294	\$ 192,430	\$ 341,704	\$ 3,582,268	\$ 372,164	\$ 542,219	\$ 873,909

See notes to financial statements

STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
CHARTER SCHOOLS  
COMBINING STATEMENTS OF NET ASSETS  
JUNE 30, 2006

Exhibit A-1

	Creative Education Preparatory Institute #1	Creative Education Preparatory Institute #2	East Mountain	Horizon Academy South	Horizon Academy West	La Academia De Esperanza	La Luz Del Monte Learning Center	La Promesa Early Learning Center
<b>ASSETS</b>								
Cash and cash equivalents	\$ 204,309	\$ 252,178	\$ 99,328	\$ 520,061	\$ 447,296	\$ 412,334	\$ 197,226	\$ 9,855
Receivables (net of allowance for uncollectibles)								
Due from other governments	62,097	-	-	359,343	2,846	1,143	-	-
Other	-	-	4,100	77,194	135,964	-	-	66,678
Total current assets	266,406	252,178	103,428	956,598	586,106	413,477	197,226	76,533
Capital assets (net of accumulated depreciation):								
Furniture, fixtures and equipment	80,544	101,582	661,212	301,809	37,457	196,837	132,750	-
Less: accumulated depreciation	(17,107)	(17,075)	(508,382)	(148,071)	(7,770)	(50,806)	(33,375)	-
Total noncurrent assets	63,437	84,507	152,830	153,738	29,687	146,031	99,375	-
Total assets	\$ 329,843	\$ 336,685	\$ 256,258	\$ 1,110,336	\$ 615,793	\$ 559,508	\$ 296,601	\$ 76,533
<b>LIABILITIES AND NET ASSETS</b>								
Accounts payable	\$ 27,398	\$ -	\$ -	\$ 56,406	\$ -	\$ -	\$ -	\$ 7,242
Accrued liabilities	-	-	53,961	165,840	233,882	-	-	53,828
Accrued salaries	8,606	34,900	-	-	-	114,239	-	-
Unearned revenue	-	-	31,539	106,209	65,686	-	124,703	-
Due to other funds	-	-	-	55,551	-	-	-	-
Accrued compensated absences	-	-	42,058	-	-	-	-	-
Current portion of long-term debt	42,803	-	-	-	-	-	-	-
Total current liabilities	78,807	34,900	127,558	384,006	299,568	114,239	124,703	61,070
Noncurrent liabilities:								
Accrued compensated absences	10,824	-	-	-	-	3,517	-	-
Due in more than one year	-	-	-	-	-	-	-	-
Total noncurrent liabilities	10,824	-	-	-	-	3,517	-	-
Total liabilities	89,631	34,900	127,558	384,006	299,568	117,756	124,703	61,070
Invested in capital assets, net of related debt	63,437	84,507	152,830	153,738	29,687	146,031	99,375	-
Restricted for:								
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	325	7,129	-	-	-	-	-
Unrestricted	176,775	216,953	(31,259)	572,592	286,538	295,721	72,523	15,463
Total net assets (deficit)	240,212	301,785	128,700	726,330	316,225	441,752	171,898	15,463
Total liabilities and net assets	\$ 329,843	\$ 336,685	\$ 256,258	\$ 1,110,336	\$ 615,793	\$ 559,508	\$ 296,601	\$ 76,533

See notes to financial statements.

STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
CHARTER SCHOOLS  
COMBINING STATEMENTS OF NET ASSETS  
JUNE 30, 2006

Exhibit A-1

	La Rosolena Charter School	Los Puentes Charter School	Montessori Elementary	Montessori of the Rio Grande	Mountain Mahogany Community	Native American Community Academy	North Albuquerque Co-Op Charter	North Valley Academy
<b>ASSETS</b>								
Cash and cash equivalents	\$ 128,720	\$ 117,683	\$ 49,506	\$ 165,687	\$ 252,953	\$ 216,557	\$ 110,197	\$ 388,524
Receivables (net of allowance for uncollectibles)								
Due from other governments	-	-	-	2,343	32,950	-	-	1,500
Other	-	28,272	-	-	20,408	-	-	84,686
Total current assets	128,720	145,955	49,506	168,030	306,311	216,557	110,197	474,710
Capital assets (net of accumulated depreciation):								
Furniture, fixtures and equipment	-	228,141	-	199,987	44,424	-	-	65,382
Less: accumulated depreciation	-	(41,111)	-	(20,070)	(7,404)	-	-	(7,100)
Total noncurrent assets	-	187,030	-	179,917	37,020	-	-	58,282
Total assets	\$ 128,720	\$ 332,985	\$ 49,506	\$ 347,947	\$ 343,331	\$ 216,557	\$ 110,197	\$ 532,992
<b>LIABILITIES AND NET ASSETS</b>								
Accounts payable	\$ 6,251	\$ -	\$ 3,512	\$ -	\$ 5,543	\$ 6,838	\$ 10,078	\$ 42,100
Accrued liabilities	-	78,141	3,068	-	74,982	-	-	104,527
Accrued salaries	-	-	-	-	-	-	-	-
Unearned revenue	123,220	-	-	145,207	154,248	143,162	97,709	-
Due to other funds	-	-	-	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-	-	-	24,396
Current portion of long-term debt	-	-	-	-	-	-	-	-
Total current liabilities	129,471	78,141	6,580	145,207	234,773	150,000	107,787	171,023
Noncurrent liabilities:								
Accrued compensated absences	-	-	-	-	-	-	-	-
Due in more than one year	-	-	-	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-	-	-	-
Total liabilities	129,471	78,141	6,580	145,207	234,773	150,000	107,787	171,023
Invested in capital assets, net of related debt	-	187,030	-	179,917	37,020	-	-	58,282
Restricted for:								
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	235,903
Unrestricted	(751)	67,814	42,926	22,823	71,538	66,557	2,410	67,782
Total net assets (deficit)	(751)	254,844	42,926	202,740	108,558	66,557	2,410	361,967
Total liabilities and net assets	\$ 128,720	\$ 332,985	\$ 49,506	\$ 347,947	\$ 343,331	\$ 216,557	\$ 110,197	\$ 532,992

See notes to financial statements.

STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
CHARTER SCHOOLS  
COMBINING STATEMENTS OF NET ASSETS  
JUNE 30, 2006

Exhibit A-1

	Nuestros Valores	Public Academy for Performing Arts	Ralph Bunche Academy	Robert F. Kennedy	School for Integrated Academics & Tech	Southwest Primary Learning Center	Southwest Secondary Learning Center	South Valley Academy
<b>ASSETS</b>								
Cash and cash equivalents	\$ 423,318	\$ 271,942	\$ 23,215	\$ 171,778	\$ 413,004	\$ 390,759	\$ 273,287	\$ 437,726
Receivables (net of allowance for uncollectibles)								
Due from other governments	30,136	-	-	7,951	-	-	-	-
Other	-	28,466	82,306	-	8,641	-	-	149,834
Total current assets	<u>453,454</u>	<u>300,408</u>	<u>105,521</u>	<u>179,729</u>	<u>421,645</u>	<u>390,759</u>	<u>273,287</u>	<u>587,560</u>
Capital assets (net of accumulated depreciation):								
Furniture, fixtures and equipment	349,520	165,305	-	160,250	306,354	30,690	1,299,915	1,486,656
Less: accumulated depreciation	(155,612)	(135,695)	-	(117,011)	(148,450)	(7,219)	(543,956)	(329,711)
Total noncurrent assets	<u>193,908</u>	<u>29,610</u>	<u>-</u>	<u>43,239</u>	<u>157,904</u>	<u>23,471</u>	<u>755,959</u>	<u>1,156,945</u>
Total assets	<u>\$ 647,362</u>	<u>\$ 330,018</u>	<u>\$ 105,521</u>	<u>\$ 222,968</u>	<u>\$ 579,549</u>	<u>\$ 414,230</u>	<u>\$ 1,029,246</u>	<u>\$ 1,744,505</u>
<b>LIABILITIES AND NET ASSETS</b>								
Accounts payable	\$ -	\$ 50,937	\$ -	\$ 10,275	\$ 10,185	\$ -	\$ 13,832	\$ 51,109
Accrued liabilities	142,473	155,046	-	-	22,879	-	-	158,578
Accrued salaries	-	-	-	96,177	-	-	-	-
Unearned revenue	9,628	3,530	-	2,848	158,686	279,254	228	65,443
Due to other funds	-	-	-	-	-	-	-	-
Accrued compensated absences	18,165	-	-	-	-	-	-	-
Current portion of long-term debt	-	-	-	-	-	-	-	-
Total current liabilities	<u>170,266</u>	<u>209,513</u>	<u>-</u>	<u>109,300</u>	<u>191,750</u>	<u>279,254</u>	<u>14,060</u>	<u>275,130</u>
Noncurrent liabilities:								
Accrued compensated absences	-	-	-	-	-	-	-	-
Due in more than one year	-	-	-	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>170,266</u>	<u>209,513</u>	<u>-</u>	<u>109,300</u>	<u>191,750</u>	<u>279,254</u>	<u>14,060</u>	<u>275,130</u>
Invested in capital assets, net of related debt	193,908	29,610	-	(70,415)	157,904	23,471	755,959	1,156,946
Restricted for:								
Debt service	-	-	-	-	-	-	-	-
Capital projects	11,100	-	-	113,654	-	-	-	-
Unrestricted	<u>272,088</u>	<u>90,895</u>	<u>105,521</u>	<u>70,429</u>	<u>229,895</u>	<u>111,505</u>	<u>259,227</u>	<u>312,429</u>
Total net assets (deficit)	<u>477,096</u>	<u>120,505</u>	<u>105,521</u>	<u>113,668</u>	<u>387,799</u>	<u>134,976</u>	<u>1,015,186</u>	<u>1,469,375</u>
Total liabilities and net assets	<u>\$ 647,362</u>	<u>\$ 330,018</u>	<u>\$ 105,521</u>	<u>\$ 222,968</u>	<u>\$ 579,549</u>	<u>\$ 414,230</u>	<u>\$ 1,029,246</u>	<u>\$ 1,744,505</u>

See notes to financial statements.



STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
CHARTER SCHOOLS  
COMBINING STATEMENTS OF NET ASSETS  
JUNE 30, 2006

Exhibit A-1

	The Learning Community Charter School	Youth Build	Total	Component Units	Grand Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 47,328	\$ 270,295	\$ 8,032,125	405,917	\$ 8,438,042
Receivables (net of allowance for uncollectibles)					
Due from other governments	-	-	531,733	-	531,733
Other	-	-	969,338	637	969,975
Total current assets	47,328	270,295	9,533,196	406,554	9,939,750
Capital assets (net of accumulated depreciation):					
Furniture, fixtures and equipment	511,327	73,692	11,066,044	5,240,810	16,306,854
Less: accumulated depreciation	(328,076)	(2,008)	(3,138,503)	(402,475)	(3,540,978)
Total noncurrent assets	183,251	71,684	7,927,541	4,838,335	12,765,876
Total assets	\$ 230,579	\$ 341,979	\$ 17,460,737	\$ 5,244,889	\$ 22,705,626
<b>LIABILITIES AND NET ASSETS</b>					
Accounts payable	\$ -	\$ 8,826	\$ 460,026	39,467	\$ 499,493
Accrued liabilities	-	-	1,550,232	(70,850)	1,479,382
Accrued salaries	4,817	13,627	277,234	-	277,234
Unearned revenue	-	129,645	2,024,872	-	2,024,872
Due to other funds	-	-	55,551	-	55,551
Accrued compensated absences	-	-	91,757	-	91,757
Current portion of long-term debt	-	-	42,803	183,061	225,864
Total current liabilities	4,817	152,098	4,502,475	151,678	4,654,151
Noncurrent liabilities:					
Accrued compensated absences	-	-	14,343	-	14,343
Due in more than one year	-	-	-	3,531,066	3,531,066
Total noncurrent liabilities	-	-	14,341	3,531,066	3,545,409
Total liabilities	4,817	152,098	4,516,818	3,682,744	8,199,560
Invested in capital assets, net of related debt	183,251	71,684	7,813,888	1,195,058	9,008,946
Restricted for:					
Debt service	-	-	-	-	-
Capital projects	77,361	-	763,361	-	763,361
Unrestricted	(34,850)	118,197	4,366,672	367,087	4,733,759
Total net assets (deficit)	225,762	189,881	12,943,919	1,562,145	14,506,066
Total liabilities and net assets	\$ 230,579	\$ 341,979	\$ 17,460,737	\$ 5,244,889	\$ 22,705,624

See notes to financial statements.

STATE OF NEW MEXICO  
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12  
CHARTER SCHOOLS COMBINED  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

Exhibit A-2

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Direct instruction	\$ 27,608,270	\$ 482,158	\$ 5,960,861	\$ -	\$ (21,165,251)
Support services:					
Instructional support	12,832,187	214,409	1,540,985	4,220,879	(6,855,914)
Administration	1,804,140	-	-	129,699	(1,674,441)
Business & support services	2,522,619	-	-	-	(2,522,619)
Operations/maintenance	7,974,999	-	8,125	2,385,983	(5,580,891)
Athletics	104,553	-	-	-	(104,553)
Non-instructional support	409,854	-	-	-	(409,854)
Instructional Materials	-	-	44,799	-	44,799
Transportation services	121,087	-	126,395	-	5,308
Health:					
Food services	628,070	38,832	485,559	-	(103,679)
Community services	73,464	-	-	-	(73,464)
-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Facilities supplies, materials and other services	546,079	-	-	-	(546,079)
Capital outlay:					
Depreciation - unallocated	427,549	-	-	-	(427,549)
Total governmental activities	55,052,871	735,399	8,166,724	6,736,561	(39,414,187)
Component Units					
Foundations	1,258,601	-	773,056	-	(485,545.00)
	<u>\$ 56,311,472</u>	<u>\$ 735,399</u>	<u>\$ 8,939,780</u>	<u>\$ 6,736,561</u>	<u>\$ (39,899,732)</u>

General Revenues:	
Property taxes:	\$ -
Levied for general purposes	-
Levied for debt service	-
Levied for capital projects	-
Federal & State Aid	25,156,895
State Equalization Guarantee	17,507,072
Interest & Investments Earnings	7,643
Unrestricted investment earnings	4,519
Gain on sale of fixed assets	-
Miscellaneous	1,362,232
Total general revenues	<u>44,038,361</u>
Change in net assets	<u>4,138,569</u>
	-
Net assets - beginning	<u>10,367,497</u>
Net assets - ending	<u>\$ 14,506,066</u>