



**State of New Mexico**  
**OFFICE OF THE STATE AUDITOR**

**Hector H. Balderas, State Auditor**

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Contact: Caroline Buerkle  
(505) 553-5307

**State Auditor Balderas' Special Audit Reveals Over \$3.3 Million Embezzled from the Jemez Mountain School District**

*Balderas' special audit uncovers sophisticated embezzlement scheme*

(Santa Fe, NM)--"Today, State Auditor Hector Balderas released the staggering findings of his office's special audit of the Jemez Mountain School District (District). The audit concluded the District's former business manager, Kathy Borrego, embezzled \$3,378,701.27 from the District's bank accounts from January 8, 2002 through June 4, 2009.

"I am outraged that public money for kids ended up in personal accounts," Balderas stated. "I have directed my auditors to assist with the criminal investigation and prosecution of these appalling acts."

Balderas' special audit found that 538 checks were removed from the District's blank check stock and made payable to the District's former business manager Kathy Borrego, and other persons. The authorized signatures on the checks were forged and checks were cashed or deposited into various personal bank accounts. Also, the special audit found that data in the District's accounting system was altered to conceal the unauthorized cash disbursements and expenditures.

State Auditor Balderas immediately engaged in the special audit after the District's Superintendent, Adan Delgado, reported to the Balderas' office in early June 2009 that Ms. Borrego appeared to have embezzled funds from the District. The Rio Arriba County Sheriff Department and the First Judicial District Attorney also received notification of the suspected embezzlement.

"I support stronger measures and increased resources to protect New Mexico's school districts and their communities," Balderas said. "The students and their parents of the District deserve nothing less."

Due to the ongoing criminal investigation and the sensitive nature of the some of the information in the final report, the OSA released only an executive summary of the

special audit report to the District, the Secretary of Finance and Administration, the Legislative Finance Committee, the Public Education Department and the public. The OSA provided the final special audit report, which includes comments regarding OSA's analysis of the bank account activity, confidentially to the following state and federal agencies: the First Judicial District Attorney; the Rio Arriba County Sheriff Department; the New Mexico State Police, the New Mexico Attorney General; the Tax Fraud Investigations Division of the New Mexico Taxation and Revenue Department; the U.S. District Attorney; the U.S Federal Bureau of Investigation; the U.S. Department of Education Office of Inspector General; and the U.S. Internal Revenue Service.

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