

State of New Mexico

**Hatch Valley Public Schools
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON**

For The Fiscal Year Ended June 30, 2008

Hatch Valley Public Schools
TABLE OF CONTENTS
 June 30, 2008

	PAGE
INTRODUCTORY SECTION:	
Directory of officials	1
FINANCIAL SECTION:	
INDEPENDENT AUDITORS' REPORT	2-3
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets	4
Statement of Activities	5-6
<i>Fund Financial Statements:</i>	
Balance Sheet--Governmental Funds	7-8
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	9
Statement of Revenues, Expenditures, and Changes in Fund Balances--Governmental Funds	10-11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis) General fund	13
Statement of Fiduciary Assets and Liabilities-Agency Funds	14
Notes to Basic Financial Statements	15-29
OTHER SUPPLEMENTARY INFORMATION:	
Fund Descriptions	30-33
Combining Balance Sheet--Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures and	34-41

Changes in Fund Balances--Nonmajor Governmental Funds	42-49
Combining Balance Sheet--General Fund	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--General Fund	51
Statement of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis):	
General Fund:	
Operational	52
Transportation	53
Instructional Materials	54
Special Revenue Funds:	
Cafeteria	55
Athletics	56
Title I	57
Migrant Education	58
Entitlement	59
Discretionary	60
Preschool	61
Technology for Education	62
School Improvement	63
Rural Schools	64
Fruits and Vegetables	65
Enhancing Education Through Technology	66
Enhancing Education	67
Comprehensive School Reform	68
Libraries 301 GO Bond	69
Title III	70
Title II	71
Safe and Drug Free Schools	72
Headstart	73
Medicaid	74
Kindergarten	75
Technology for Education	76
NM Energy Minerals	77
Grads Childcare	78
TANF Grads	79
Physical Wellness	80
Incentives for School Improvement	81
Library Bonds	82
Teacher Mentoring	83
Elementary Breakfast	84
School Improvement	85
SB301 GO Bonds	86
Technology Adequacy	87
Child Health	88
Gear Up	89
Senate Bill 9	90
Capital Projects Funds:	
Special Capital Outlay Local	91
Special Capital Outlay State	92
PSCO 20%	93
Bond Building	94

PSCOC	95
Debt Service Fund	96

OTHER SUPPLEMENTAL DATA

Schedule of Changes in Assets and Liabilities--Agency Funds	97
Schedule of Depository Collateral	98
Schedule of Individual Deposit Accounts and Investments	99
Schedule of Cash Receipts and Disbursements--by School District Classification	100-103
Schedule of Joint Powers Agreement	104
Schedule of Expenditure of Federal Awards	105-106
Notes to Schedule of Expenditure of Federal Awards	107

ADDITIONAL REPORTING REQUIREMENTS:

Summary Schedule of Prior Audit Findings	108
Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	109-110
Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	111-112
Schedule of Findings and Questioned Costs	113-115

Hatch Valley Public Schools
DIRECTORY OF OFFICIALS
June 30, 2008

BOARD OF EDUCATION

David Franzoy	President
Nellie Bouvet	Vice-President
Greg Mitchell	Secretary
Lupe Castillo	Member
Scott Adams	Member

SCHOOL OFFICIALS

Dane Kennon	Superintendent
Rachel Altuna	Business Manager

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.

KELLEY WYATT, C.P.A.
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INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor
and
Board of Education
Hatch Valley Public Schools
Hatch, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hatch Valley Public Schools as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the District's nonmajor governmental funds presented as other supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, , each major fund, and the aggregate remaining fund information of Hatch Valley Public Schools as of June 30, 2008, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund 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 of Hatch Valley Public Schools as of June 30, 2008, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the components of the General fund, the nonmajor Special Revenue funds, the Capital Projects Fund, and the Debt Service fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2008, on our consideration of Hatch Valley Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Hatch Valley Public Schools has not presented Management's Discussion and Analysis that is required by accounting principles generally accepted on the Unites States of America to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements and on the combining, individual fund and budgetary comparisons statements presented as other supplementary information. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the District. In addition, the accompanying financial information listed as other supplemental data in the table of contents is also presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards and the other supplemental data have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Stone, McGee & Co., CPAs

November 13, 2008

Hatch Valley Public Schools
STATEMENT OF NET ASSETS
June 30, 2007

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 1,889,984
Property taxes receivable	363,258
Due from other governments	481,450
Inventory	10,381
Bond issue costs	26,490
Capital assets:	
Land	648,243
Buildings and improvements	44,493,226
Furniture and fixtures and equipment	2,863,940
Construction in progress	-
Less accumulated depreciation	<u>(7,058,703)</u>
Total capital assets, net of depreciation	<u>\$ 40,946,706</u>
Total assets	<u>\$ 43,718,269</u>
Liabilities	
Accounts payable	\$ 1,252,117
Deferred revenue	46,821
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	515,000
Accrued interest payable	44,621
Portion due or payable after one year:	
Bonds payable	3,365,000
Compensated absences	<u>15,324</u>
Total liabilities	<u>\$ 5,238,883</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 37,066,706
Restricted for:	
Capital projects	(311,939)
Debt service	921,514
Other purposes	295,668
Unrestricted	<u>507,437</u>
Total net assets	<u><u>\$ 38,479,386</u></u>

The accompanying notes are an integral part of these financial statements

Hatch Valley Public Schools
STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2007

	Program Revenues			Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions		Operating Grants and Contributions	Capital Grants and Contributions	
<u>Functions/Programs</u>							
Governmental activities:							
Instruction	\$ 7,968,865	\$ 1,618,513	\$ 5,906,847	\$ 36,799	\$ 1,618,513	\$ 5,906,847	\$ (406,706)
Support services - Students	1,286,782	306,608			306,608		(980,174)
Support services - Instruction	1,374,957	697,963			697,963		(676,994)
General administration	346,864						(346,864)
School administration	598,051	58,508					(539,543)
Central services	278,308						(278,308)
Operation of plant	2,225,596	4,296			4,296		(2,221,300)
Food services	860,508	846,008		14,974	846,008		474
Transportation	719,018	1,063,338			1,063,338		344,320
Unallocated interest expense	89,755						(89,755)
Total governmental activities	\$ 15,748,704	\$ 4,595,234	\$ 5,906,847	\$ 51,773	\$ 4,595,234	\$ 5,906,847	\$ (5,194,850)

General revenues:	
Property taxes:	
Levied for general purposes	\$ 34,866
Levied for debt service	884,552
Levied for capital improvements	-
State aid - formula grants	10,327,194
Recoveries and refunds	491,298
Unrestricted investment earnings	41,587
	<u>\$ 11,779,497</u>
Total general revenues and special items	
Change in net assets	<u>\$ 6,584,647</u>
Net assets - beginning, as originally stated	\$ 26,754,146
Restatement (Note 13)	<u>5,140,593</u>
Net assets - beginning, as restated	\$ 31,894,739
Change in net assets	<u>6,584,647</u>
Net assets - ending	<u>\$ 38,479,386</u>

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

Hatch Valley Public Schools
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2008

	General Fund	PSFA	Bond Building
Assets			
Cash and investments	\$ 120,193	\$ -	\$ 604,204
Property taxes receivable	13,722		
Due from other governments			
Interfund receivable	534,403		
Inventory			
Total assets	\$ 668,318	\$ -	\$ 604,204
Liabilities and Fund Balance			
Interfund payable	\$ -	\$ -	\$ -
Accounts payable	172,047		970,494
Deferred revenue	13,272		
Total liabilities	\$ 185,319	\$ -	\$ 970,494
Fund balance:			
Reserved for:			
Inventory	\$ -	\$ -	\$ -
Capital projects			(366,290)
Debt service			
Unreserved, reported in:			
General fund	482,999		
Special revenue funds			
Total fund balance	\$ 482,999	\$ -	\$ (366,290)
Total liabilities and fund balance	\$ 668,318	\$ -	\$ 604,204

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

<u>Debt Service</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 621,593	\$ 543,994	\$ 1,889,984
344,542	4,994	363,258
	481,450	481,450
	116,897	651,300
	10,381	10,381
<u>\$ 966,135</u>	<u>\$ 1,157,716</u>	<u>\$ 3,396,373</u>
\$ -	\$ 651,300	\$ 651,300
	109,576	1,252,117
328,892	51,815	393,979
<u>\$ 328,892</u>	<u>\$ 812,691</u>	<u>\$ 2,297,396</u>
\$ -	\$ 10,381	\$ 10,381
	49,357	(316,933)
637,243		637,243
		482,999
	285,287	285,287
<u>\$ 637,243</u>	<u>\$ 345,025</u>	<u>\$ 1,098,977</u>
<u>\$ 966,135</u>	<u>\$ 1,157,716</u>	<u>\$ 3,396,373</u>

Hatch Valley Public Schools
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
 TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**
 June 30, 2007

Total governmental fund balances	\$	1,098,977
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		40,946,706
Bond issue costs are capitalized and amortized over the life of the bonds		26,490
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds: Property taxes subject to the 60 day availability period		347,158
Long-term liabilities, including bonds payable, compensated absences, lease- purchases payable and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable		(3,880,000)
Accrued interest payable		(44,621)
Compensated absences payable		(15,324)
<i>Net Assets of Governmental Activities</i>	\$	<u>38,479,386</u>

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

Hatch Valley Public Schools
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**
June 30, 2008

	General Fund	PSFA	Bond Building
Revenues:			
Property taxes	\$ 23,570	\$ -	\$ -
Fees and charges			
State aid	11,505,176	5,751,685	
Federal aid			
Earnings on investments	26,367		6,622
Miscellaneous	171,429		
Total revenues	\$ 11,726,542	\$ 5,751,685	\$ 6,622
Expenditures:			
Current:			
Instruction	\$ 6,068,436	\$ -	\$ -
Support services - Students	917,148		
Support services - Intstruction	671,061		
General administration	335,868		
School administration	496,620		
Central services	278,308		
Operation of plant	1,888,016		128,019
Food service			
Transportation	644,691		
Capital outlay	699,019	5,751,685	1,913,135
Debt service:			
Principle			
Interest			
Total expenditures	\$ 11,999,167	\$ 5,751,685	\$ 2,041,154
Revenues over (under) expenditures	\$ (272,625)	\$ -	\$ (2,034,532)
Other financing sources (uses):			
Transfers in (out)	3,341		
Bond proceeds			1,350,000
Net change in fund balance	\$ (269,284)	\$ -	\$ (684,532)
Fund balance, July 1, 2007, as originally stated	\$ 688,465	\$ -	\$ 318,242
Restatement (Note 13)	63,818		
Fund balance, July 1, 2007, as restated	\$ 752,283	\$ -	\$ 318,242
Net change in fund balances	(269,284)	-	(684,532)
Fund balance, June 30, 2008	\$ 482,999	\$ -	\$ (366,290)

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

Debt Service	Other Funds	Governmental Funds Total
\$ 617,685	\$ 6,389	\$ 647,644
	51,773	51,773
	370,798	17,627,659
	3,117,116	3,117,116
4,069	4,529	41,587
	404,369	575,798
<u>\$ 621,754</u>	<u>\$ 3,954,974</u>	<u>\$ 22,061,577</u>
\$ -	\$ 1,508,456	\$ 7,576,892
	306,608	1,223,756
	636,552	1,307,613
6,021	1,173	343,062
	58,508	555,128
		278,308
	114,274	2,130,309
	818,361	818,361
	39,109	683,800
	502,411	8,866,250
485,000		485,000
81,608		81,608
<u>\$ 572,629</u>	<u>\$ 3,985,452</u>	<u>\$ 24,350,087</u>
\$ 49,125	\$ (30,478)	\$ (2,288,510)
	(3,341)	-
		1,350,000
<u>\$ 49,125</u>	<u>\$ (33,819)</u>	<u>\$ (938,510)</u>
\$ 588,118	\$ 205,423	\$ 1,800,248
	173,421	237,239
\$ 588,118	\$ 378,844	\$ 2,037,487
49,125	(33,819)	(938,510)
<u>\$ 637,243</u>	<u>\$ 345,025</u>	<u>\$ 1,098,977</u>

Hatch Valley Public Schools
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Net change in fund balances- total governmental funds	\$ (938,510)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital outlay	8,866,250
Depreciation expense	(768,266)
Bond and loan proceeds are reported as financing sources in the funds, In the Statement of Activities, however, issuing debt increased long term liabilities	(1,350,000)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change during the year:	
Property taxes subject to the 60 day availability period	271,774
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	485,000
Bond issue costs are expenditures in the funds but are capitalized and amortized in the Statement of Activities:	
Bond issue costs	28,294
Amortization	(1,804)
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. This is the net change during the year.	(6,343)
Some expense reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change in compensated absences for the year.	(1,748)
<i>Change in Net Assets of Governmental Activities</i>	\$ 6,584,647

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

Hatch Valley Public Schools
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 20,024	\$ 20,024	\$ -	\$ (20,024)
State sources	11,112,469	11,504,989	11,505,176	187
Local sources	65,697	65,697	194,549	128,852
Interest income	25,000	25,000	25,352	352
Total revenues	\$ 11,223,190	\$ 11,615,710	\$ 11,725,077	\$ 109,367
Expenditures:				
Current:				
Instruction	\$ 5,902,238	\$ 6,096,020	\$ 6,017,834	\$ 78,186
Support services - Students	936,093	895,209	912,780	(17,571)
Support services - Instruction	547,847	538,744	624,918	(86,174)
General administration	326,092	326,092	325,526	566
School administration	525,245	508,245	496,620	11,625
Central services	341,699	331,699	278,308	53,391
Operation of plant	2,197,436	2,207,797	1,846,715	361,082
Transportation	600,979	694,775	646,824	47,951
Capital outlay	29,000	703,492	677,595	25,897
Non-operating	2,100	2,100	-	2,100
Total expenditures	\$ 11,408,729	\$ 12,304,173	\$ 11,827,120	\$ 477,053
Revenues over (under) expenditures	\$ (185,539)	\$ (688,463)	\$ (102,043)	\$ 586,420
Other financing sources (uses):				
Transfer in	-	-	3,341	3,341
Net change in fund balance after other financing sources (uses)	\$ (185,539)	\$ (688,463)	\$ (98,702)	\$ 589,761
Fund balance July 1, 2007	185,539	688,463	752,283	63,820
Fund balance June 30, 2008	\$ -	\$ -	\$ 653,581	\$ 653,581

The accompanying notes are an integral part of these financial statements

Hatch Valley Public Schools
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2008

	<u>Agency</u>
Assets	
Cash and investments	\$ 58,279
Liabilities and Fund Equity	
Deposits held for others	\$ 58,279
Total liabilities	\$ 58,279

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

Hatch Valley Public Schools
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2008

Note 1 **Summary of Significant Accounting Policies**

Hatch Valley Public Schools, organized under the laws of the State of New Mexico, operates under the school board-superintendent form of government. The System provides public education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
 - ** A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
 - ** Financial statements prepared using full accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The District implemented GASB 34 effective July 1, 2002. As a part of GASB's Statement No. 34, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, etc.). The District does not own any infrastructure assets and therefore is unaffected by this provision.

A. REPORTING ENTITY

These financial statements present the District (the primary government). As defined by GASBS No. 14, component units are legally separate entities that are included in the District's reporting entity because of the significance of their operating or financial

relationships with the District. Based on the criterion in GASBS No. 14, the District had no component units

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental, and fiduciary. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Included in this fund are State sources provided for Student Transportation, (Transportation Sub-Fund), Books (Instructional Material Sub-Fund), and Student Activities (Non-Instructional Support Sub-Fund). The operational subfund is the District's main operating fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Fund

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the District.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

Agency Funds account for assets held in a purely custodial capacity. Since agency funds are custodial in nature (i.e.) assets equal liabilities, they do not involve the measurements of results of operations.

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized into a single column.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated in to the government-wide statements.

Major Fund Descriptions

General – See above description.

PSFA accounts for the State funding to build the new elementary school, as well as District wide improvements and is a Capital Projects Fund.

Debt Service – See above description.

Bond Building accounts for bond proceeds along with other funding to be utilized for construction of facilities, and is a Capital Project Fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus is used.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements and Agency Funds utilize an “economic resources” measurement focus measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Substantially all governmental fund revenues are accrued. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year end are reported as deferred revenue.

In the government-wide Statement of Net Assets, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported

on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase use or directly benefit from the goods, services or privileges provided. Revenues in this category include fees charged for specific services, such as attendance at athletic events, food service, copies and auxiliary services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

D. BUDGETS

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are prepared by management and approved by the local school board and the Public Finance School Division of the Department of Education. The District has Capital Projects Funds where vendors are paid directly by the State of New Mexico. No budget statements are presented for these funds.

These budgets are prepared on the NON-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

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

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

E. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest-bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the District. The pledged securities remain in the name of the financial institution. Repurchase agreements are required to be collateralized 102%.

F. INVENTORIES

Except for U.S.D.A. commodities, which are shown at estimated value, inventories are valued at cost (first-in, first-out). Inventory in the Cafeteria Fund consists mainly of food items. Inventories, in other governmental fund types, consist primarily of supply-type assets.

G. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Software and library resources	3-5 years
Machinery and equipment	5-10 years
Improvements	10-20 years

The accounting treatment over property, plant and equipment depends on whether they are reported in the government-wide financial statements or fund financial statements. In the government-wide financial statements, capital assets are accounted for as capital assets. In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, accrued compensated absences, and lease purchases.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

I. COMPENSATED ABSENCES

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. These liabilities have typically been liquidated from general fund resources.

J. EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Equity is classified as fund balance and displayed in two components:

- a. Reserved – Consists of governmental fund balances that are not appropriable, legally segregated for specific usage, or commitments to outside third parties.
- b. Unreserved- Consists of designations of amounts representing tentative management plans for governmental fund balances, but subject to change (Designated), and undesignated, for which no restrictions or designations exist.

K. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal

semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the District by the County Treasurer, and are remitted to the District in the month following collection. Because the Treasurer of the County in which the District is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable county to the District.

The District is permitted to levy taxes for general operating purposes up to \$.50 per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the District is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the District, as well as a Two Mill Levy for District improvements. The District's total tax rate to finance general government services for the year ended June 30, 2008 was \$.478 per \$1,000 for non-residential property and \$.313 for residential property. The District's tax rate for debt service was \$10.795 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$-0- per \$1,000 for residential and \$-0- for nonresidential property.

L. INTERFUND ACTIVITY

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Interfund activity between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

M. USE OF ESTIMATES

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

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the government's deposits may not be returned to it. The government does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2008 \$-0- of the governments bank balance of \$2,751,580 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u> </u> -0-
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	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 200,000	\$ 200,000
Collateral held by the pledging bank's Agent in the District's name	2,551,580	1,747,881
Uninsured and uncollateralized	<u>-0-</u>	<u>-0-</u>
	<u>\$2,751,580</u>	<u>\$1,947,881</u>

Note 3 Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	<u>Balance July 1, 2007</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Capital assets not being depreciated:					
Land	\$ 648,243	\$	\$	\$	\$ 648,243
Construction in progress	<u>4,063,995</u>	<u>4,818,444</u>	<u>5,751,686</u>	<u>14,634,125</u>	<u>-0-</u>
Total assets not being depre- ciated	<u>\$ 4,712,238</u>	<u>\$ 4,818,444</u>	<u>\$ 5,751,686</u>	<u>\$ 14,634,125</u>	<u>\$ 648,243</u>
Other capital assets:					
Building and improvements	\$ 27,945,967	\$ 8,882,439	\$ 7,664,820	\$	\$ 44,493,226
Furniture and equipment	<u>1,662,510</u>	<u> </u>	<u>1,201,430</u>	<u> </u>	<u>2,863,940</u>
Total other capital assets at historical cost	<u>\$ 29,608,477</u>	<u>\$ 8,882,439</u>	<u>\$ 8,866,250</u>	<u>\$ -0-</u>	<u>\$ 47,357,166</u>
Less accumulated depreciation for:					
Buildings and improvements	\$ 5,428,506	\$	\$ 556,326	\$	\$ 5,984,832
Furniture and equipment	<u>861,931</u>	<u> </u>	<u>211,940</u>	<u> </u>	<u>1,073,871</u>
Total accumulated depreciation	<u>\$ 6,290,437</u>	<u>\$ -0-</u>	<u>\$ 768,266</u>	<u>\$ -0-</u>	<u>\$ 7,058,703</u>

Other capital assets, net	\$ 23,318,040	\$ 8,882,439	\$ 8,097,984	\$ -0-	\$ 40,298,463
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Total capital assets, net	\$ 28,030,278	\$ 13,700,883	\$ 13,849,670	\$ 14,634,125	\$ 40,946,706
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Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 390,225
Support Services - Students	63,026
Support Services - Instruction	67,344
General Administration	17,668
School Administration	42,923
Operation of plant	109,715
Food Services	42,147
Transportation	35,218
	<u>\$ 768,266</u>

The adjustments are restatements of beginning construction in progress, see note 13.

Note 4 Long-term Debt

Changes in long-term debt were as follows during the year end June 30, 2008:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Due In One Year
G.O. Bonds, series 2000	\$ 375,000	\$	\$ 175,000	\$ 200,000	\$ 200,000
G.O. Bonds, series 2001	290,000		75,000	215,000	75,000
G.O. Bonds, series 2002	530,000		70,000	460,000	55,000
Compensated absences payable	13,576	9,717	7,969	15,324	
G.O. Bonds, series 2003	385,000		50,000	335,000	50,000
G.O. Bonds, series 2004	410,000		40,000	370,000	40,000
G.O. Bonds, series 2005	375,000		50,000	325,000	50,000
G.O. Bonds, series 2006	650,000		25,000	625,000	15,000
G.O. Bonds, series 2007		750,000	-0-	750,000	30,000
G.O. Bonds, series 2008		600,000	-0-	600,000	-0-
	<u>\$3,028,576</u>	<u>\$ 1,359,717</u>	<u>\$ 492,969</u>	<u>\$ 3,895,324</u>	<u>\$ 515,000</u>

Annual debt service for bonds payable requirements are as follows:

Due in fiscal year ending June 30:

	Principal	Interest
2009	\$ 515,000	\$ 100,306
2010	505,000	86,584

2011	555,000	72,563
2012	545,000	59,080
2013	535,000	45,539
2014-2018	1,225,000	60,382
2019-2022	<u>-0-</u>	<u>-0-</u>
	<u>\$ 3,880,000</u>	<u>\$ 424,454</u>

No compensated absences are considered due and payable in the next fiscal year.

The bonds and bond interest for all bond issues are paid from property taxes levied. The general obligation bonds are direct obligations and pledge the full faith and credit of the District, and are to be retired through property tax levies. Interest rates range from 1.63% to 4% for individual scheduled retirements, and maturity dates range from 2009 through 2017. No restrictive covenants exist.

Note 5 Retirement Plan
Plan Description

Substantially all of the Hatch Valley Public Schools full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits and cost-of-living adjustments to plan members and beneficiaries. ERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ERA, P.O. Box 26129, Santa Fe, New Mexico 87502.

Funding Policy

Plan members are required to contribute 7.75% of their gross salary. The Hatch Valley Public Schools are required to contribute 10.15% of the gross covered salary. The contribution requirements of plan members and the Hatch Valley Public Schools are established in Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Hatch Valley Public Schools contributions to ERA for the years ending June 30, 2008, 2007, and 2006 were \$1,456,339 \$1,413,329, and \$1,317,224 respectively, equal to the amount of the required contributions for each year.

Note 6 Retiree Health Care Act Contributions

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

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state

agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

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

Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each employee contributes to the fund an employee contribution equal to .65 percent of the employee's salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

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

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

For the fiscal year ended June 30, 2008, the Hatch Valley Public Schools remitted \$104,471 in employer contributions and \$52,237 in employee contributions to the Retiree Health Care Authority.

Note 7 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Because the District was unable to obtain general liability insurance at a cost it considered to be economically justifiable, it joined together with other school districts in the State and obtained insurance coverage with New Mexico Public Schools Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred.

The New Mexico Public Schools Insurance Authority is self-insured for property and liability losses below \$250,000 and purchases excess insurance above the self-insured retention. The self-insured retention aggregate for property is set at \$2,000,000 with a \$1,000,000 stop loss. The self-insured retention aggregate for liability is \$3,000,000 with a \$1,000,000 stop loss.

Note 8 Contingent Liabilities

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

Note 9 Budgetary Reconciliations

The Statements of Revenues, Expenditures and Changes in Net Assets Budget (NON-GAAP Budgetary Basis) and Actual, General and Major Special Revenue Funds present comparisons of legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of changes in net assets by General and Major Special Revenue Funds for the year ended June 30, 2008 is as follows:

	<u>General</u>
Changes in net assets GAAP basis	\$ (269,284)
Increases (decreases):	
Revenue accruals (net)	(1,465)
Expenditure accruals (net)	<u>172,047</u>
Changes in net assets (NON-GAAP budgetary basis)	<u>\$ (98,702)</u>

Note 10 Deficit Fund Balances

The District has the following deficit fund balances: Bond Building (\$366,290), and Technology Adequacy (\$18,888).

These deficits occur due to the accrual of accounts payable and the 60 day limitation on revenue recognition required by the modified accrual basis of accounting. As liabilities are paid and revenue collected in subsequent periods, the deficit will be reduced.

Note 11 Interfund Activity

Interfund balances at June 30, 2008, consisted of the following:

	<u>Interfund Payable</u>		
	<u>General</u>	<u>All Others</u>	<u>Total</u>
<u>Interfund Receivable</u>			
General	\$ 534,403	\$	\$
All others	<u>116,897</u>	<u>(651,300)</u>	<u>-0-</u>
Total	<u>\$ 651,300</u>	<u>\$ (651,300)</u>	<u>\$ -0-</u>

All amounts are expected to be repaid within one year. The purpose of the loan was to provide cash for operating purposes.

Transfers were made from other funds to the General Fund for operating purposes.

Note 12 Restricted Net Assets

At June 30, 2008, net assets restricted for other purposes included the following balances in special revenue funds:

Cafeteria	\$ 201,951
Technology for Education	53,800
Others	<u>39,917</u>
	<u>\$ 295,668</u>

Note 13 Restatements

The District restated the following funds due to error corrections at July 1, 2007:

Cafeteria-Restatement of Receivable	\$ 80,359
Reclassification of Deferred Revenue:	
TANF Kindergarten	17,337
Technology for Education	7
Improvement to Schools	26,546
Elementary Breakfast	7,938
Technology Adequacy	22
Local Capital Outlay Cash Restatement	41,212

General Fund Cash Restatement	<u>63,818</u>
Fund Restatements	\$ 237,239
Prior Years Construction in Progress not Recorded	4,818,444
Prior Year Overstatement of Compensated Absences	<u>84,910</u>
Restatement, Governmental Activities	<u>\$ 5,140,593</u>

Note 14 Budgetary Authority

The District exceeded budgetary authority in the following functional categories:

General Fund:	
Support Services – Students	\$ 17,571
Support Services – Instruction	86,174
General Fund/Operational:	
Support Services – Students	17,571
Support Services – Instruction	92,737
Entitlement:	
Support Services – Instruction	102
Rural Schools:	
Transportation	112
Enhancing Education through Technology:	
Instruction	1,613
Title III:	
Instruction	3,634
Title II:	
Instruction	11,678
Safe and Drug Free Schools:	
Instruction	1,126
Headstart:	
Support Services – Instruction	13,560
Operation of Plant	459
Transportation	214
Technology for Education:	
Support Services – Instruction	4,012
Physical Wellness:	
Support Services – Student	1,463
Incentives for School Improvement:	
Instruction	9,215
Senate Bill 9:	
Operation of Plant	25,979
Debt Service Fund:	
General Administration	221

The District has revisited its budget adjustment policy, and believes controls are now in place to alleviate these problems.

GENERAL FUNDS

General Fund – to account for resources traditionally associated with governments which are not required to be accounted for in another fund. Revenues and expenditures of the operational, transportation, and auxiliary student activity accounts are accounted for in this fund.

SPECIAL REVENUE FUNDS

Food Services – to account for revenues generated by the District as well as the federal assistance received and the related expenditures necessary to provide food services for the District. (Authority, NMSA 22-13-13).

Athletics – to account for the revenues received, and the related expenditures incurred, by the District related to athletic functions (PSAB, Supplement 3).

Title I – to account for the federal assistance provided to the District for the improvement of educational opportunities to deprived children. (Authority, PL 103- 382).

Title I Migrant – to account for funds received under Title I of the Elementary and Secondary Education Act of 1965 to improve the teaching and learning of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentration of migrant workers. (Authority, PL 103-382).

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

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

IDEA B Pre-School/Kindergarten – P.L. 94-142, Individuals with Disabilities Education Act – to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is individuals with Disabilities Act, Part B, Sec 611, as amended; Public Law 105-17.

Fresh Fruits and Vegetables USDA – the funds are used to combat childhood obesity. Funds will be used to provide fresh fruits and vegetables throughout the day to students at no charge. (Authority PED).

Enhancing Education through Technology – to account for the federal assistance provided to the District for the improvement of educational opportunities to deprived children. (Authority, PL 103-382).

Title V – to account for the federal assistance provided to the District for specialized improvements of educational opportunities to disadvantaged children. (Authority, PL 100-297).

Title III – Implement district-wide bilingual education programs or special alternative instruction programs to improve, reform, and upgrade relevant programs and operations, within an entire local educational agency, that serve a significant number of children and youth limited English proficiency in local educational agencies with significant concentrations of such children and youth. The program is authorized by Title III, PL 107-116.

Title II – to account for a federal grant restricted to the operation and maintenance of the Eisenhower Mathematics and Science Education state grant program to enhance math and science education in public schools. Authority for the creation of this fund is ESEA of 1965, Title II, Part A, Public Law 100-297, as amended; Public Law 101-589, reauthorized by Public Law 103-382.

Title IV - to account for a federal grant restricted to the establishment and implementation of substance abuse education and prevention programs in the elementary and secondary schools. Authority for fund creation DFS & C Act of 1986, Title V, Part B; ESEA as amended; Public Laws 99-750, 100-297, 100-690, 101-226 and 101-647, Public Law 103-382.

Rural Education Achievement Program – to account for monies received to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning. Authority for this program is contained in Title VI, Part B of the Elementary and Secondary Education Act of 1965, (ESEA), as amended by Public Law 107-110.

Title I, Improvement – to account for funds received to help districts reform their education systems through the development and implementation of comprehensive school improvement plans based on high standards and expectations for all students. (PL 103-382, Section 309A).

Immigrant Funding Title III – to account for monies received to obtain printed materials for ESL students. (Authority, Federal Grant Provision).

Carl Perkins – to account for a federal grant directed toward the program expansion of the REC IX Career Education efforts. The fund was created under the authority of the federal grant provisions.

Headstart – to account for federal resources administered by the New Mexico Department of Health and Human Services and administered by Las Cruces Public Schools to provide comprehensive health, educational, nutritional, social and other services primarily to economically disadvantaged preschool children, and to involve parents in activities with their children so that the children will attain overall social competence. (Community Opportunities, Accountability, and Training and Educational Services Act of 1998, Title I Sections 101-119).

Title XIX Medicaid – to account for federal resources administered by the New Mexico Department of Health and Human Services for the improvement of primary health care and to increase health education. (PL 105-33).

Wellness Program – funds are to be used for the wellness in students (Authority PED).

Technology for Education – to account for revenues received from the State for the purpose of expanding and improving the technology program. (Authority, NMSA 22-15A-1).

Incentives for School Improvement – to account for funds received from the Incentives for School Improvement Act (Section 22-2C-9, NMSA 1978) that is to provide financial incentive to individual schools that exceed expected academic progress.

Library Bonds 2004 – funds are to be used for the upgrade of library, books, and equipment. (Authority, NMPED, Laws of 2004).

Federal Relief Fund – to account for monies received from the State of New Mexico for Support Services for Urban American Indian Students during school year. Used to implement an effective tutoring program to increase academic achievement and provide culturally relevant learning experiences for Urban American Indian students.

Beginning Teacher Mentoring Program – to account for revenues received to enhance and improve skills for beginning teachers. (Authority, State Grant Provision and Hatch Valley Board of Education).

Breakfast in the Classroom – to account for funds received to provide breakfast for elementary students. (Authority, PED).

Technology Adequacy – to account for a grant designed to strengthen learning in the field of technology.

Coordinated Approach to Child Health – to account for revenues received to coordinate child health improvements. (Authority, State Grant Provision and Hatch Valley Board of Education).

New Mexico Gear Up – to account for funds received for the implementation of the Gaining and Early Awareness and Readiness for Undergraduate Programs. (Authority on New Mexico Commission on Higher Education Services Agreement No. 01-34).

GRADS Childcare -

New Mexico Energy Minerals – to account for the resources obtained by the New Mexico Department of Energy and Minerals for school enhancements. Authorization is the PED Manual of Procedures.

SB-9 Capital Improvements – to account for the receipt of local proceeds from a mill levy on ad valorem/property taxes and state matching funds. These are to be expended for capital outlay projects and maintenance.

CAPITAL PROJECTS FUNDS

Public School Capital Outlay 20% - to account for the revenue received from 20% of the local taxes collected to be used for improvements and additions to school owned property.

PSCOC – to account for state funding to build and/or improve various sites within the District.

Special Capital Outlay State – to account for the revenue and expenditures to be used for improvements and additions to school property.

Bond Building – to account for bond proceeds any interest earned thereon. Proceeds are restricted for the purpose of making additions to and furnishing of school building, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

Hatch Valley Public Schools
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2008

	Special Revenue Funds			
	Cafeteria	Athletics	Title I	Migrant Education
Assets				
Cash and investments	\$ 218,758	\$ 27	\$ -	\$ 3,058
Due from other governments			219,093	
Property taxes receivable				
Interfund receivable				
Inventory	10,381			
Total assets	\$ 229,139	\$ 27	\$ 219,093	\$ 3,058
Liabilities and Fund Balance				
Interfund payable	\$ -	\$ -	\$ 219,093	\$ -
Accounts payable	26,744			
Deferred revenue	444			3,058
Total liabilities	\$ 27,188	\$ -	\$ 219,093	\$ 3,058
Fund balances:				
Reserved for inventory	\$ 10,381	\$ -	\$ -	\$ -
Reserved for capital projects				
Unreserved	191,570	27		
Total fund balance	\$ 201,951	\$ 27	\$ -	\$ -
Total liabilities and fund balance	\$ 229,139	\$ 27	\$ 219,093	\$ 3,058

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

Special Revenue Funds

<u>Entitlement</u>	<u>Discretionary</u>	<u>Preschool</u>	<u>Fruits and Vegetables</u>	<u>Education Technology</u>	<u>Enhancing Education</u>
\$ - 47,006	\$ - 7,914	\$ - 2,253	\$ - 6,907	\$ 1,947	\$ - 70,020
<u>\$ 47,006</u>	<u>\$ 7,914</u>	<u>\$ 2,253</u>	<u>\$ 6,907</u>	<u>\$ 1,947</u>	<u>\$ 70,020</u>
\$ 47,006	\$ 7,914	\$ 2,253	\$ 6,907	\$ - 1,947	\$ 65,523 4,497
<u>\$ 47,006</u>	<u>\$ 7,914</u>	<u>\$ 2,253</u>	<u>\$ 6,907</u>	<u>\$ 1,947</u>	<u>\$ 70,020</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 47,006</u>	<u>\$ 7,914</u>	<u>\$ 2,253</u>	<u>\$ 6,907</u>	<u>\$ 1,947</u>	<u>\$ 70,020</u>

Hatch Valley Schools
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
 June 30, 2008

	Special Revenue Funds			
	School Reform	Title V	Title III	Title II
Assets				
Cash and investments	\$ 23,487	\$ 1,309	\$ -	\$ 16,144
Due from other governments			16,105	
Property taxes receivable				
Interfund receivable				
Inventory				
Total assets	\$ 23,487	\$ 1,309	\$ 16,105	\$ 16,144
Liabilities and Fund Balance				
Interfund payable	\$ -	\$ -	\$ 16,105	\$ -
Accounts payable				
Deferred revenue	23,487	1,309		16,144
Total liabilities	\$ 23,487	\$ 1,309	\$ 16,105	\$ 16,144
Fund balances:				
Reserved for inventory	\$ -	\$ -	\$ -	\$ -
Reserved for capital projects				
Unreserved				
Total fund balance	\$ -	\$ -	\$ -	\$ -
Total liabilities and fund balance	\$ 23,487	\$ 1,309	\$ 16,105	\$ 16,144

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

Special Revenue Funds					
Drug Free	Rural Schools	School Improvement	Headstart	Medicaid	TANF Kindergarten
\$ - 9,172	\$ - 47,803	\$ - 6,444	\$ - 27,606	\$ - 13,983	\$ 17,337
<u>\$ 9,172</u>	<u>\$ 47,803</u>	<u>\$ 6,444</u>	<u>\$ 27,606</u>	<u>\$ 13,983</u>	<u>\$ 17,337</u>
\$ 9,172	\$ 47,595 208	\$ 6,444	\$ 22,231 5,375	\$ 13,983	\$ -
<u>\$ 9,172</u>	<u>\$ 47,803</u>	<u>\$ 6,444</u>	<u>\$ 27,606</u>	<u>\$ 13,983</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>17,337</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,337</u>
<u>\$ 9,172</u>	<u>\$ 47,803</u>	<u>\$ 6,444</u>	<u>\$ 27,606</u>	<u>\$ 13,983</u>	<u>\$ 17,337</u>

Hatch Valley Schools
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
June 30, 2008

	Special Revenue Funds			
	Technology for Education	NM Energy	Grads Chilcare	TANF Grads
Assets				
Cash and investments	\$ 53,800	\$ 414	\$ 227	\$ 205
Due from other governments				
Property taxes receivable				
Interfund receivable				
Inventory				
Total assets	<u>\$ 53,800</u>	<u>\$ 414</u>	<u>\$ 227</u>	<u>\$ 205</u>
Liabilities and Fund Balance				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Accounts payable				
Deferred revenue			227	205
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227</u>	<u>\$ 205</u>
Fund balances:				
Reserved for inventory	\$ -	\$ -	\$ -	\$ -
Reserved for capital projects				
Unreserved	53,800	414		
Total fund balance	<u>\$ 53,800</u>	<u>\$ 414</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 53,800</u>	<u>\$ 414</u>	<u>\$ 227</u>	<u>\$ 205</u>

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

Special Revenue Funds					
Improvements for Schools	Library Bonds	Teacher Mentoring	Elementary Breakfast	School Improvement	SB301 GO Bonds
\$ 17,331	\$ - 1,126	\$ 2,322	\$ 7,938	\$ 8,798	\$ - 6,018
<u>\$ 17,331</u>	<u>\$ 1,126</u>	<u>\$ 2,322</u>	<u>\$ 7,938</u>	<u>\$ 8,798</u>	<u>\$ 6,018</u>
\$ -	\$ 1,126	\$ -	\$ -	\$ -	\$ 6,018
<u>\$ -</u>	<u>\$ 1,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,018</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17,331	-	2,322	7,938	8,798	-
<u>\$ 17,331</u>	<u>\$ -</u>	<u>\$ 2,322</u>	<u>\$ 7,938</u>	<u>\$ 8,798</u>	<u>\$ -</u>
<u>\$ 17,331</u>	<u>\$ 1,126</u>	<u>\$ 2,322</u>	<u>\$ 7,938</u>	<u>\$ 8,798</u>	<u>\$ 6,018</u>

Hatch Valley Schools
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (concluded)
June 30, 2008

	Special Revenue Funds		
	Tech Adequacy	Child Health	Gear Up
Assets			
Cash and investments	\$ -	\$ 1	\$ 4,637
Due from other governments			
Property taxes receivable			
Interfund receivable	116,897		
Inventory			
Total assets	<u>\$ 116,897</u>	<u>\$ 1</u>	<u>\$ 4,637</u>
Liabilities and Fund Balance			
Interfund payable	\$ 63,033	\$ -	\$ -
Accounts payable	72,752		
Deferred revenue			
Total liabilities	<u>\$ 135,785</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Reserved for inventory	\$ -	\$ -	\$ -
Reserved for capital projects			
Unreserved	(18,888)	1	4,637
Total fund balance	<u>\$ (18,888)</u>	<u>\$ 1</u>	<u>\$ 4,637</u>
Total liabilities and fund balance	<u>\$ 116,897</u>	<u>\$ 1</u>	<u>\$ 4,637</u>

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

Capital Projects Funds

Local Special Capital Outlay	SB-9	PSCOC	Total
\$ 126,974	\$ 3,728	\$ 35,552	\$ 543,994
	4,994		481,450
			4,994
			116,897
			10,381
<u>\$ 126,974</u>	<u>\$ 8,722</u>	<u>\$ 35,552</u>	<u>\$ 1,157,716</u>
\$ 116,897	\$ -	\$ -	\$ 651,300
	4,994		109,576
			51,815
<u>\$ 116,897</u>	<u>\$ 4,994</u>	<u>\$ -</u>	<u>\$ 812,691</u>
\$ -	\$ -	\$ -	\$ 10,381
10,077	3,728	35,552	49,357
			285,287
<u>\$ 10,077</u>	<u>\$ 3,728</u>	<u>\$ 35,552</u>	<u>\$ 345,025</u>
<u>\$ 126,974</u>	<u>\$ 8,722</u>	<u>\$ 35,552</u>	<u>\$ 1,157,716</u>

Hatch Valley Public Schools
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2008

	Special Revenue Funds			
	Cafeteria	Athletics	Title I	Migrant Education
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal aid	836,544		928,203	22,239
State aid				
Fees and charges	14,974	36,799		
Miscellaneous				
Earnings	1,830			
Total revenues	\$ 853,348	\$ 36,799	\$ 928,203	\$ 22,239
Expenditures:				
Current:				
Instruction	\$ -	\$ 40,492	\$ 701,700	\$ -
Support services - Students			46,413	22,239
Support services - Instruction			121,582	
General administration				
School administration			58,508	
Operation of plant				
Food services	808,897			
Transportation				
Capital outlay				
Total expenditures	\$ 808,897	\$ 40,492	\$ 928,203	\$ 22,239
Revenues over (under) expenditures	\$ 44,451	\$ (3,693)	\$ -	\$ -
Other financing sources (uses):				
Transfers in (out)		3,000		
Net change in fund balance	\$ 44,451	\$ (693)	\$ -	\$ -
Fund balance, July 1, 2007, as originally stated	\$ 77,141	\$ 720	\$ -	\$ -
Restatement (Note 13)	80,359			
Fund balance, July 1, 2007, as restated	\$ 157,500	\$ 720	\$ -	\$ -
Net change in fund balances	44,451	(693)	-	-
Fund balance, June 30, 2008	\$ 201,951	\$ 27	\$ -	\$ -

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

Special Revenue Funds

Entitlement	Discretionary	Preschool	Education of Homeless	Education Technology	Enhancing Education
\$ - 233,638	\$ - 19,751	\$ - 15,772	\$ - 377	\$ - 1,613	\$ - 289,491
<hr/> \$ 233,638	<hr/> \$ 19,751	<hr/> \$ 15,772	<hr/> \$ 377	<hr/> \$ 1,613	<hr/> \$ 289,491
\$ 175,468 38,165 20,005	\$ - 19,751	\$ 15,772	\$ 377	\$ - 1,613	\$ - 69,648 204,649
					<hr/> 15,194
<hr/> \$ 233,638	<hr/> \$ 19,751	<hr/> \$ 15,772	<hr/> \$ 377	<hr/> \$ 1,613	<hr/> \$ 289,491
<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -
<hr/> <hr/> \$ -	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -
<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -
<hr/> -	<hr/> -	<hr/> -	<hr/> -	<hr/> -	<hr/> -
<hr/> <hr/> \$ -	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -

Hatch Valley Public Schools
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For The Fiscal Year Ended June 30, 2008

	Special Revenue Funds			
	Title V	Title III	Title II	Drug Free
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal aid	2,628	43,496	148,301	15,158
State aid				
Fees and charges				
Miscellaneous				
Earnings				
Total revenues	\$ 2,628	\$ 43,496	\$ 148,301	\$ 15,158
Expenditures:				
Current:				
Instruction	\$ 2,628	\$ 42,323	\$ 142,978	\$ 15,158
Support services - Students			894	
Support services - Instruction			4,429	
General administration		1,173		
School administration				
Operation of plant				
Food services				
Transportation				
Capital outlay				
Total expenditures	\$ 2,628	\$ 43,496	\$ 148,301	\$ 15,158
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers in (out)				
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007, as originally stated	\$ -	\$ -	\$ -	\$ -
Restatement (Note 13)				
Fund balance, July 1, 2007, as restated	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	-	-	-	-
Fund balance, June 30, 2008	\$ -	\$ -	\$ -	\$ -

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

Special Revenue Funds

<u>Rural Schools</u>	<u>School Improvement</u>	<u>Headstart</u>	<u>Medicaid</u>	<u>TANF Kindergarten</u>	<u>Technology for Education</u>
\$ - 82,051	\$ - 16,976	\$ - 362,881	\$ - 33,429	\$ -	\$ - 60,422
<u>\$ 82,051</u>	<u>\$ 16,976</u>	<u>\$ 362,881</u>	<u>\$ 33,429</u>	<u>\$ -</u>	<u>\$ 60,422</u>
\$ 81,939	\$ 16,976	\$ 200,127 69,584 47,295	\$ - 33,429	\$ -	\$ - 6,629
112		4,296 2,582 38,997			
<u>\$ 82,051</u>	<u>\$ 16,976</u>	<u>\$ 362,881</u>	<u>\$ 33,429</u>	<u>\$ -</u>	<u>\$ 6,629</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,793
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,793</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
				17,337	7
\$ -	\$ -	\$ -	\$ -	\$ 17,337	\$ 7
-	-	-	-	-	53,793
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,337</u>	<u>\$ 53,800</u>

Hatch Valley Public Schools
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For The Fiscal Year Ended June 30, 2008

	Special Revenue Funds			
	NM Energy	Grads Childcare	TANF Grads	Wellness
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal aid		24,773	39,795	
State aid	452			1,463
Fees and charges				
Miscellaneous				
Earnings				
Total revenues	\$ 452	\$ 24,773	\$ 39,795	\$ 1,463
Expenditures:				
Current:				
Instruction	\$ 38	\$ -	\$ 39,795	\$ -
Support services - Students		24,773		1,463
Support services - Instruction				
General administration				
School administration				
Operation of plant				
Food services				
Transportation				
Capital outlay				
Total expenditures	\$ 38	\$ 24,773	\$ 39,795	\$ 1,463
Revenues over (under) expenditures	\$ 414	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers in (out)				
Net change in fund balance	\$ 414	\$ -	\$ -	\$ -
Fund balance, July 1, 2007, as originally stated	\$ -	\$ -	\$ -	\$ -
Restatement (Note 13)				
Fund balance, July 1, 2007, as restated	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	414	-	-	-
Fund balance, June 30, 2008	\$ 414	\$ -	\$ -	\$ -

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

Special Revenue Funds					
Improvements for Schools	Teacher Mentoring	Elementary Breakfast	School Improvement	SB301 GO Bonds	Technology Adequacy
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	3,820	6,882	15,000	13,231	178,459
<u>\$ -</u>	<u>\$ 3,820</u>	<u>\$ 6,882</u>	<u>\$ 15,000</u>	<u>\$ 13,231</u>	<u>\$ 178,459</u>
\$ 9,215	\$ 1,498	\$ -	\$ 6,202	\$ -	\$ -
		6,882		13,231	197,368
<u>\$ 9,215</u>	<u>\$ 1,498</u>	<u>\$ 6,882</u>	<u>\$ 6,202</u>	<u>\$ 13,231</u>	<u>\$ 197,368</u>
\$ (9,215)	\$ 2,322	\$ -	\$ 8,798	\$ -	\$ (18,909)
<u>\$ (9,215)</u>	<u>\$ 2,322</u>	<u>\$ -</u>	<u>\$ 8,798</u>	<u>\$ -</u>	<u>\$ (18,909)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26,546		7,938			21
\$ 26,546	\$ -	\$ 7,938	\$ -	\$ -	\$ 21
(9,215)	2,322	-	8,798	-	(18,909)
<u>\$ 17,331</u>	<u>\$ 2,322</u>	<u>\$ 7,938</u>	<u>\$ 8,798</u>	<u>\$ -</u>	<u>\$ (18,888)</u>

Hatch Valley Public Schools
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)

For The Fiscal Year Ended June 30, 2008

	Special Revenue Funds		Capital Projects Funds	
	Child Health	Gear Up	Local Special Capital Outlay	State Special Capital Outlay
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal aid				
State aid		20,407		20,359
Fees and charges				
Miscellaneous			404,369	
Earnings			2,699	
Total revenues	\$ -	\$ 20,407	\$ 407,068	\$ 20,359
Expenditures:				
Current:				
Instruction	\$ -	\$ 15,770	\$ -	\$ -
Support services - Students				
Support services - Instruction				
General administration				
School administration				
Operation of plant				
Food services				
Transportation				
Capital outlay			438,203	20,359
Total expenditures	\$ -	\$ 15,770	\$ 438,203	\$ 20,359
Revenues over (under) expenditures	\$ -	\$ 4,637	\$ (31,135)	\$ -
Other financing sources (uses):				
Transfers in (out)				
Net change in fund balance	\$ -	\$ 4,637	\$ (31,135)	\$ -
Fund balance, July 1, 2007, as originally stated	\$ -	\$ -	\$ -	\$ -
Restatement (Note 13)	1		41,212	
Fund balance, July 1, 2007, as restated	\$ 1	\$ -	\$ 41,212	\$ -
Net change in fund balances	-	4,637	(31,135)	-
Fund balance, June 30, 2008	\$ 1	\$ 4,637	\$ 10,077	\$ -

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

Capital Projects Funds

SB-9	PSCO 20%	PSCOC	Total
\$ 6,389	\$ -	\$ -	\$ 6,389
13,109		37,194	3,117,116
			370,798
			51,773
			404,369
			4,529
<u>\$ 19,498</u>	<u>\$ -</u>	<u>\$ 37,194</u>	<u>\$ 3,954,974</u>
\$ -	\$ -	\$ -	\$ 1,508,456
			306,608
			636,552
			1,173
108,336		1,642	58,508
			114,274
			818,361
			39,109
<u>28,655</u>			<u>502,411</u>
<u>\$ 136,991</u>	<u>\$ -</u>	<u>\$ 1,642</u>	<u>\$ 3,985,452</u>
\$ (117,493)	\$ -	\$ 35,552	\$ (30,478)
	(6,341)		(3,341)
<u>\$ (117,493)</u>	<u>\$ (6,341)</u>	<u>\$ 35,552</u>	<u>\$ (33,819)</u>
\$ 121,221	\$ 6,341	\$ -	\$ 205,423
			173,421
\$ 121,221	\$ 6,341	\$ -	\$ 378,844
(117,493)	(6,341)	35,552	(33,819)
<u>\$ 3,728</u>	<u>\$ -</u>	<u>\$ 35,552</u>	<u>\$ 345,025</u>

Hatch Valley Public Schools
GENERAL FUND
COMBINING BALANCE SHEET
June 30, 2008

	Operational	Transportation	Instructional Materials	Total General Fund
Assets				
Cash and investments	\$ 72,562	\$ 14,753	\$ 32,878	\$ 120,193
Property taxes receivable	13,722			13,722
Interfund receivable	534,403			534,403
Total assets	\$ 620,687	\$ 14,753	\$ 32,878	\$ 668,318
Liabilities and Fund Balance				
Accounts payable	\$ 152,756	\$ 19,291	\$ -	\$ 172,047
Deferred revenue	13,272			13,272
Total liabilities	\$ 166,028	\$ 19,291	\$ -	\$ 185,319
Fund balance:				
Unreserved, reported in:				
General fund	\$ 454,659	\$ (4,538)	\$ 32,878	\$ 482,999
Total fund balance	\$ 454,659	\$ (4,538)	\$ 32,878	\$ 482,999
Total liabilities and fund balance	\$ 620,687	\$ 14,753	\$ 32,878	\$ 668,318

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

Hatch Valley Public Schools
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
June 30, 2008

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>General Fund Total</u>
Revenues:				
Property taxes	\$ 23,570	\$ -	\$ -	\$ 23,570
State aid	10,327,194	1,024,229	153,753	11,505,176
Earnings on investments	26,367			26,367
Miscellaneous	171,429			171,429
	<u>10,548,560</u>	<u>1,024,229</u>	<u>153,753</u>	<u>11,726,542</u>
Total revenues	\$ 10,548,560	\$ 1,024,229	\$ 153,753	\$ 11,726,542
Expenditures:				
Current:				
Instruction	\$ 5,945,778	\$ -	\$ 122,658	\$ 6,068,436
Support services - Students	917,148			917,148
Support services - Intstruction	660,901		10,160	671,061
General administration	335,868			335,868
School administration	496,620			496,620
Central services	278,308			278,308
Operation of plant	1,888,016			1,888,016
Transportation		644,691		644,691
Capital outlay	181,847	517,172		699,019
	<u>10,704,486</u>	<u>1,161,863</u>	<u>132,818</u>	<u>11,999,167</u>
Total expenditures	\$ 10,704,486	\$ 1,161,863	\$ 132,818	\$ 11,999,167
Revenues over (under) expenditures	\$ (155,926)	\$ (137,634)	\$ 20,935	\$ (272,625)
Other financing sources (uses):				
Transfers in	3,341			3,341
	<u>(152,585)</u>	<u>(137,634)</u>	<u>20,935</u>	<u>(269,284)</u>
Net change in fund balance	\$ (152,585)	\$ (137,634)	\$ 20,935	\$ (269,284)
Fund balance, July 1, 2007, as originally stated	\$ 543,426	\$ 133,096	\$ 11,943	\$ 688,465
Restatement (Note 13)	63,818	-	-	63,818
Fund balance, July 1, 2007, as restated	\$ 607,244	\$ 133,096	\$ 11,943	\$ 752,283
Net change in fund balance	<u>(152,585)</u>	<u>(137,634)</u>	<u>20,935</u>	<u>(269,284)</u>
Fund balance, June 30, 2008	<u>\$ 454,659</u>	<u>\$ (4,538)</u>	<u>\$ 32,878</u>	<u>\$ 482,999</u>

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

Hatch Valley Public Schools
GENERAL FUND/OPERATIONAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30,2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 20,024	\$ 20,024	\$ -	\$ (20,024)
State sources	10,396,778	10,328,214	10,327,193	(1,021)
Local sources	65,697	65,697	194,549	128,852
Interest income	25,000	25,000	25,352	352
Total revenues	\$ 10,507,499	\$ 10,438,935	\$ 10,547,094	\$ 108,159
Expenditures:				
Current:				
Instruction	\$ 5,779,352	\$ 5,966,453	\$ 5,895,176	\$ 71,277
Support services - Students	936,093	895,209	912,780	(17,571)
Support services - Instruction	537,021	522,021	614,758	(92,737)
General administration	326,092	326,092	325,526	566
School administration	525,245	508,245	496,620	11,625
Central services	341,699	331,699	278,308	53,391
Operation of plant	2,197,436	2,207,797	1,846,715	361,082
Transportation	19,000	15,000		15,000
Capital outlay	29,000	207,744	181,847	25,897
Non-operating	2,100	2,100		2,100
Total expenditures	\$ 10,693,038	\$ 10,982,360	\$ 10,551,730	\$ 430,630
Revenues over (under) expenditure	\$ (185,539)	\$ (543,425)	\$ (4,636)	\$ 538,789
Other financing sources (uses):				
Transfer in	-	-	3,341	3,341
Net change in fund balance after other financing sources (uses)	\$ (185,539)	\$ (543,425)	\$ (1,295)	\$ 542,130
Fund balance July 1, 2007	185,539	543,425	607,245	63,820
Fund balance June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 605,950</u>	<u>\$ 605,950</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ (152,586)
Revenue accruals (net)				(1,465)
Expenditure accruals (net)				<u>152,756</u>
Net change in fund balance, NON-GAAP budgetary basis				<u>\$ (1,295)</u>

Hatch Valley Public Schools
GENERAL FUND/TRANSPORTATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 581,979	\$ 1,042,427	\$ 1,024,229	\$ (18,198)
Expenditures:				
Current:				
Transportation	\$ 581,979	\$ 679,775	\$ 646,824	\$ 32,951
Capital outlay	-	495,748	495,748	-
Total expenditures	\$ 581,979	\$ 1,175,523	\$ 1,142,572	\$ 32,951
Net change in fund balance	\$ -	\$ (133,096)	\$ (118,343)	\$ 14,753
Fund balance, July 1, 2007	-	133,096	133,096	-
Fund balance, June 30, 2008	\$ -	\$ -	\$ 14,753	\$ 14,753
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (137,634)	
Revenue accruals (net)			-	
Expenditure accruals (net)			19,291	
Net change in fund balance, NON-GAAP budgetary basis			\$ (118,343)	

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

Hatch Valley Public Schools
GENERAL FUND/INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 133,712	\$ 134,348	\$ 153,754	\$ 19,406
 Expenditures:				
Current:				
Instruction	\$ 122,886	\$ 129,567	\$ 122,658	\$ 6,909
Support services - Instruction	10,826	16,723	10,160	6,563
Total expenditures	\$ 133,712	\$ 146,290	\$ 132,818	\$ 13,472
Net change in fund balance	\$ -	\$ (11,942)	\$ 20,936	\$ 32,878
Fund balance, July 1, 2007	-	11,942	11,942	-
Fund balance, June 30, 2008	\$ -	\$ -	\$ 32,878	\$ 32,878
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 20,936	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 20,936	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - CAFETERIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 737,480	\$ 759,284	\$ 881,434	\$ 122,150
Local sources	16,576	16,576	16,804	228
Total revenues	<u>\$ 754,056</u>	<u>\$ 775,860</u>	<u>\$ 898,238</u>	<u>\$ 122,378</u>
Expenditures:				
Current:				
Food services	\$ 821,017	\$ 842,821	\$ 730,315	\$ 112,506
Capital outlay	10,000	10,000		10,000
Total expenditures	<u>\$ 831,017</u>	<u>\$ 852,821</u>	<u>\$ 730,315</u>	<u>\$ 122,506</u>
Net change in fund balance	\$ (76,961)	\$ (76,961)	\$ 167,923	\$ 244,884
Fund balance, July 1, 2007	<u>76,961</u>	<u>76,961</u>	<u>50,835</u>	<u>(26,126)</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,758</u>	<u>\$ 218,758</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 44,451	
Revenue accruals (net)			44,890	
Expenditure accruals (net)			<u>78,582</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 167,923</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - ATHLETICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 42,500	\$ 42,500	\$ 36,799	\$ (5,701)
Total revenues	<u>\$ 42,500</u>	<u>\$ 42,500</u>	<u>\$ 36,799</u>	<u>\$ (5,701)</u>
Expenditures:				
Current:				
Instruction	\$ 42,527	\$ 43,220	\$ 40,492	\$ 2,728
Capital outlay				-
Total expenditures	<u>\$ 42,527</u>	<u>\$ 43,220</u>	<u>\$ 40,492</u>	<u>\$ 2,728</u>
Revenues over (under) expenditures	\$ (27)	\$ (720)	\$ (3,693)	\$ (2,973)
Other financing sources (uses):				
Transfer in	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ (27)	\$ 2,280	\$ (693)	\$ (2,973)
Fund balance July 1, 2007	<u>27</u>	<u>27</u>	<u>720</u>	<u>693</u>
Fund balance June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ 2,307</u></u>	<u><u>\$ 27</u></u>	<u><u>\$ (2,280)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ (693)
Revenue accruals (net)				-
Expenditure accruals (net)				<u>-</u>
Net change in fund balance, NON-GAAP budgetary basis				<u><u>\$ (693)</u></u>

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - TITLE I
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 938,434	\$ 989,204	\$ 757,263	\$ (231,941)
Expenditures:				
Current:				
Instruction	\$ 670,733	\$ 721,503	\$ 701,700	\$ 19,803
Support services - Students	46,525	46,525	46,413	112
Support services - Instruction	128,073	128,073	121,582	6,491
General administration	15,484	15,484		15,484
School administration	77,619	77,619	58,508	19,111
Total expenditures	<u>\$ 938,434</u>	<u>\$ 989,204</u>	<u>\$ 928,203</u>	<u>\$ 61,001</u>
Net change in fund balance	\$ -	\$ -	\$ (170,940)	\$ (170,940)
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>(47,138)</u>	<u>(47,138)</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (218,078)</u>	<u>\$ (218,078)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(170,940)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (170,940)</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - MIGRANT EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 44,281	\$ 44,281	\$ 21,822	\$ (22,459)
Expenditures:				
Current:				
Support services - Students	\$ 44,281	\$ 44,281	\$ 22,239	\$ 22,042
School administration				-
Total expenditures	<u>\$ 44,281</u>	<u>\$ 44,281</u>	<u>\$ 22,239</u>	<u>\$ 22,042</u>
Net change in fund balance	\$ -	\$ -	\$ (417)	\$ (417)
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>3,475</u>	<u>3,475</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,058</u>	<u>\$ 3,058</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(417)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (417)</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - ENTITLEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 244,354	\$ 230,148	\$ (14,206)
Expenditures:				
Current:				
Instruction	\$ -	\$ 186,063	\$ 175,468	\$ 10,595
Support services - Students		38,388	38,165	223
Support services - Instruction		19,903	20,005	(102)
General administration				-
School administration				-
Total expenditures	<u>\$ -</u>	<u>\$ 244,354</u>	<u>\$ 233,638</u>	<u>\$ 10,716</u>
Net change in fund balance	\$ -	\$ -	\$ (3,490)	\$ (3,490)
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>(43,516)</u>	<u>(43,516)</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,006)</u>	<u>\$ (47,006)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(3,490)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (3,490)</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - DISCRETIONARY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 19,880	\$ 18,353	\$ (1,527)
Expenditures:				
Current:				
Support services - Instruction	-	19,880	19,751	129
Net change in fund balance	\$ -	\$ -	\$ (1,398)	\$ (1,398)
Fund balance, July 1, 2007	-	-	(6,516)	(6,516)
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,914)</u>	<u>\$ (7,914)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(1,398)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (1,398)</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - PRESCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 16,047	\$ 16,173	\$ 126
Expenditures:				
Current:				
Instruction	\$ -	\$ 16,047	\$ 15,772	\$ 275
General administration				-
Total expenditures	\$ -	\$ 16,047	\$ 15,772	\$ 275
Net change in fund balance	\$ -	\$ -	\$ 401	\$ 401
Fund balance, July 1, 2007			(2,654)	(2,654)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (2,253)	\$ (2,253)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			401	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 401	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - TECHNOLOGY FOR EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 17,000	\$ 6,507	\$ (10,493)
Expenditures:				
Current:				
Instruction	-	17,000	377	16,623
Net change in fund balance	\$ -	\$ -	\$ 6,130	\$ 6,130
Fund balance, July 1, 2007	-	-	(6,130)	(6,130)
Fund balance, June 30, 2008	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			6,130	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 6,130	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - SCHOOL IMPROVEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 18,031	\$ 18,031	\$ 150	\$ (17,881)
Expenditures:				
Current:				
Instruction	<u>18,031</u>	<u>18,031</u>	<u>16,976</u>	<u>1,055</u>
Net change in fund balance	\$ -	\$ -	\$ (16,826)	\$ (16,826)
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>10,382</u>	<u>10,382</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,444)</u>	<u>\$ (6,444)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(16,826)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (16,826)</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - RURAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 39,048	\$ 91,255	\$ 53,759	\$ (37,496)
Expenditures:				
Current:				
Instruction	\$ 39,048	\$ 91,255	\$ 81,731	\$ 9,524
Transportation			112	(112)
Total expenditures	\$ 39,048	\$ 91,255	\$ 81,843	\$ 9,412
Net change in fund balance	\$ -	\$ -	\$ (28,084)	\$ (28,084)
Fund balance, July 1, 2007	-	-	(19,511)	(19,511)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (47,595)	\$ (47,595)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(28,292)	
Expenditure accruals (net)			208	
Net change in fund balance, NON-GAAP budgetary basis			\$ (28,084)	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - FRUITS AND VEGETABLES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Food services	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	-	-	(6,907)	(6,907)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (6,907)	\$ (6,907)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - ENHANCING EDUCATION THROUGH TECHNOLOGY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Instruction			1,613	(1,613)
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,613</u>	<u>\$ (1,613)</u>
Net change in fund balance	\$ -	\$ -	\$ (1,613)	\$ (1,613)
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>3,560</u>	<u>3,560</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,947</u>	<u>\$ 1,947</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(1,613)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (1,613)</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - ENHANCING EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 299,430	\$ 128,733	\$ (170,697)
Expenditures:				
Current:				
Support services - Students	\$ -	\$ 70,000	\$ 69,648	\$ 352
Support services - Instruction		210,000	200,152	9,848
Capital outlay		19,430	15,194	4,236
Total expenditures	\$ -	\$ 299,430	\$ 284,994	\$ 14,436
Net change in fund balance	\$ -	\$ -	\$ (156,261)	\$ (156,261)
Fund balance, July 1, 2007	-	-	90,738	90,738
Fund balance, June 30, 2008	\$ -	\$ -	\$ (65,523)	\$ (65,523)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(160,758)	
Expenditure accruals (net)			4,497	
Net change in fund balance, NON-GAAP budgetary basis			\$ (156,261)	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - COMPREHENSIVE SCHOOL REFORM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Food services	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	-	-	23,487	23,487
Fund balance, June 30, 2008	\$ -	\$ -	\$ 23,487	\$ 23,487
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - LIBRARIES 301 GO BOND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 1,927	\$ 2,628	\$ 2,009	\$ (619)
Expenditures:				
Current:				
Instruction	1,927	2,628	2,628	-
Net change in fund balance	\$ -	\$ -	\$ (619)	\$ (619)
Fund balance, July 1, 2007	-	-	1,928	1,928
Fund balance, June 30, 2008	\$ -	\$ -	\$ 1,309	\$ 1,309
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(619)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (619)	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - TITLE III
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 51,883	\$ 43,390	\$ 27,391	\$ (15,999)
Expenditures:				
Current:				
Instruction	\$ 47,182	\$ 38,689	\$ 42,323	\$ (3,634)
General administration	2,856	2,856	1,173	1,683
Transportation	1,845	1,845		1,845
Total expenditures	\$ 51,883	\$ 43,390	\$ 43,496	\$ (106)
Net change in fund balance	\$ -	\$ -	\$ (16,105)	\$ (16,105)
Fund balance, July 1, 2007	-	-	-	-
Fund balance, June 30, 2008	\$ -	\$ -	\$ (16,105)	\$ (16,105)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(16,105)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (16,105)	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - TITLE II
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 139,800	\$ 139,800	\$ 209,507	\$ 69,707
Expenditures:				
Current:				
Instruction	\$ 131,300	\$ 131,300	\$ 142,978	\$ (11,678)
Support services - Students	-	-	894	(894)
Support services - Instruction	8,500	8,500	4,429	4,071
Total expenditures	<u>\$ 139,800</u>	<u>\$ 139,800</u>	<u>\$ 148,301</u>	<u>\$ (8,501)</u>
Net change in fund balance	\$ -	\$ -	\$ 61,206	\$ 61,206
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>(45,062)</u>	<u>(45,062)</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,144</u>	<u>\$ 16,144</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			61,206	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 61,206</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - SAFE AND DRUG FREE SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 14,032	\$ 14,032	\$ 10,416	\$ (3,616)
Expenditures:				
Current:				
Instruction	<u>14,032</u>	<u>14,032</u>	<u>15,158</u>	<u>(1,126)</u>
Net change in fund balance	\$ -	\$ -	\$ (4,742)	\$ (4,742)
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>(4,430)</u>	<u>(4,430)</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,172)</u>	<u>\$ (9,172)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(4,742)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (4,742)</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - HEADSTART
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 378,064	\$ 395,001	\$ 16,937
Expenditures:				
Current:				
Instruction	\$ -	\$ 206,219	\$ 194,752	\$ 11,467
Support services - Students		92,114	69,584	22,530
Support services - Instruction		33,735	47,295	(13,560)
Operation of plant		3,837	4,296	(459)
Transportation		38,783	38,997	(214)
Food services		3,376	2,582	794
Total expenditures	\$ -	\$ 378,064	\$ 357,506	\$ 20,558
Net change in fund balance	\$ -	\$ -	\$ 37,495	\$ 37,495
Fund balance, July 1, 2007	-	-	(59,726)	(59,726)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (22,231)	\$ (22,231)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			32,120	
Expenditure accruals (net)			5,375	
Net change in fund balance, NON-GAAP budgetary basis			\$ 37,495	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - MEDICAID
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 33,482	\$ 22,745	\$ (10,737)
Expenditures:				
Current:				
Support services - Students	-	33,482	33,429	53
Net change in fund balance	\$ -	\$ -	\$ (10,684)	\$ (10,684)
Fund balance, July 1, 2007	-	-	(3,299)	(3,299)
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,983)</u>	<u>\$ (13,983)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(10,684)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (10,684)</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - KINDERGARTEN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Support services - Students	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	-	-	17,337	17,337
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,337</u>	<u>\$ 17,337</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - TECHNOLOGY FOR EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 25,948	\$ 60,422	\$ 34,474
Expenditures:				
Current:				
Instruction	\$ -	\$ 23,331	\$ -	\$ 23,331
Support services - Instruction		2,617	6,629	(4,012)
Total expenditures	\$ -	\$ 25,948	\$ 6,629	\$ 19,319
Net change in fund balance	\$ -	\$ -	\$ 53,793	\$ 53,793
Fund balance, July 1, 2007	-	-	7	7
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,800</u>	<u>\$ 53,800</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 53,793	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 53,793</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - NM ENERGY MINERALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 452	\$ 452	\$ -
Expenditures:				
Current:				
Instruction	-	452	38	414
Net change in fund balance	\$ -	\$ -	\$ 414	\$ 414
Fund balance, July 1, 2007	-	-	-	-
Fund balance, June 30, 2008	\$ -	\$ -	\$ 414	\$ 414
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			414	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 414	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - GRADS CHILDCARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 25,000	\$ 25,000	\$ -
Expenditures:				
Current:				
Support services - Students	-	25,000	24,773	227
Net change in fund balance	\$ -	\$ -	\$ 227	\$ 227
Fund balance, July 1, 2007	-	-	-	-
Fund balance, June 30, 2008	\$ -	\$ -	\$ 227	\$ 227
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			227	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 227	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - TANF GRADS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 40,000	\$ 40,000	\$ -
Expenditures:				
Current:				
Instruction	-	40,000	39,795	205
Net change in fund balance	\$ -	\$ -	\$ 205	\$ 205
Fund balance, July 1, 2007	-	-	-	-
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205</u>	<u>\$ 205</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			205	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 205</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - PHYSICAL WELLNESS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ 3,427	\$ 3,427
Expenditures:				
Current:				
Support services - Students	-	-	1,463	(1,463)
Net change in fund balance	\$ -	\$ -	\$ 1,964	\$ 1,964
Fund balance, July 1, 2007	-	-	(1,964)	(1,964)
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			1,964	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 1,964</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - INCENTIVES FOR SCHOOL IMPROVEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	9,215	(9,215)
Net change in fund balance	\$ -	\$ -	\$ (9,215)	\$ (9,215)
Fund balance, July 1, 2007	-	-	26,546	26,546
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,331</u>	<u>\$ 17,331</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(9,215)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (9,215)</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - LIBRARY BONDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	-	-	(1,126)	(1,126)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (1,126)	\$ (1,126)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - TEACHER MENTORING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 5,574	\$ 7,302	\$ 1,728
Expenditures:				
Current:				
Instruction	-	5,574	1,498	4,076
Net change in fund balance	\$ -	\$ -	\$ 5,804	\$ 5,804
Fund balance, July 1, 2007	-	-	(3,482)	(3,482)
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,322</u>	<u>\$ 2,322</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 2,322	
Revenue accruals (net)			3,482	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 5,804</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - ELEMENTARY BREAKFAST
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 6,882	\$ 6,882	\$ 6,882	\$ -
Expenditures:				
Current:				
Instruction	<u>6,882</u>	<u>6,882</u>	<u>6,882</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>7,938</u>	<u>7,938</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,938</u>	<u>\$ 7,938</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - SCHOOL IMPROVEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 15,000	\$ 15,000	\$ -
Expenditures:				
Current:				
Instruction	-	15,000	6,202	8,798
Net change in fund balance	\$ -	\$ -	\$ 8,798	\$ 8,798
Fund balance, July 1, 2007	-	-	-	-
Fund balance, June 30, 2008	\$ -	\$ -	\$ 8,798	\$ 8,798
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 8,798	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 8,798	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - SB301 GO BONDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 17,223	\$ 7,213	\$ (10,010)
Expenditures:				
Current:				
Support services - Instruction	-	17,223	13,231	3,992
Net change in fund balance	\$ -	\$ -	\$ (6,018)	\$ (6,018)
Fund balance, July 1, 2007	-	-	-	-
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,018)</u>	<u>\$ (6,018)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(6,018)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (6,018)</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - TECHNOLOGY ADEQUACY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 445,754	\$ 61,562	\$ (384,192)
Expenditures:				
Current:				
Support services - Instruction	-	445,754	124,616	321,138
Net change in fund balance	\$ -	\$ -	\$ (63,054)	\$ (63,054)
Fund balance, July 1, 2007	-	-	21	21
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (63,033)</u>	<u>\$ (63,033)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (18,909)	
Revenue accruals (net)			(116,897)	
Expenditure accruals (net)			<u>72,752</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (63,054)</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - CHILD HEALTH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Support services - Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	-	-	1	1
Fund balance, June 30, 2008	\$ -	\$ -	\$ 1	\$ 1
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - GEAR UP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 45,359	\$ 24,125	\$ (21,234)
Expenditures:				
Current:				
Instruction	-	45,359	15,770	29,589
Net change in fund balance	\$ -	\$ -	\$ 8,355	\$ 8,355
Fund balance, July 1, 2007	-	-	(3,718)	(3,718)
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,637</u>	<u>\$ 4,637</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 4,637	
Revenue accruals (net)			3,718	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 8,355</u>	

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

Hatch Valley Public Schools
SPECIAL REVENUE FUND - SENATE BILL 9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ 13,109	\$ 13,109
Local sources	106,880	106,880	6,389	(100,491)
Total revenues	<u>\$ 106,880</u>	<u>\$ 106,880</u>	<u>\$ 19,498</u>	<u>\$ (87,382)</u>
Expenditures:				
Current:				
Operation of plant	\$ 82,874	\$ 82,357	\$ 108,336	\$ (25,979)
Capital outlay	145,744	145,744	28,655	117,089
Total expenditures	<u>\$ 228,618</u>	<u>\$ 228,101</u>	<u>\$ 136,991</u>	<u>\$ 91,110</u>
Net change in fund balance	\$ (121,738)	\$ (121,221)	\$ (117,493)	\$ 3,728
Fund balance, July 1, 2007	<u>121,738</u>	<u>121,221</u>	<u>121,221</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,728</u></u>	<u><u>\$ 3,728</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (117,493)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (117,493)</u></u>	

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

Hatch Valley Public Schools
CAPITAL PROJECTS FUND - SPECIAL CAPITAL OUTLAY LOCAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ -	\$ 404,369	\$ 404,369	\$ -
Earnings	-	-	2,699	2,699
Total revenues	\$ -	\$ 404,369	\$ 407,068	\$ 2,699
Expenditures:				
Current:				
Operation of plant	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	445,581	438,203	7,378
Total expenditures	\$ -	\$ 445,581	\$ 438,203	\$ 7,378
Net change in fund balance	\$ -	\$ (41,212)	\$ (31,135)	\$ 10,077
Fund balance, July 1, 2007	-	41,212	158,109	116,897
Fund balance, June 30, 2008	\$ -	\$ -	\$ 126,974	\$ 126,974
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (31,135)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (31,135)	

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

Hatch Valley Public Schools
CAPITAL PROJECTS FUND - SPECIAL CAPITAL OUTLAY STATE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 20,359	\$ 20,359	\$ 20,359	\$ -
Expenditures:				
Capital outlay	<u>20,359</u>	<u>20,359</u>	<u>20,359</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Hatch Valley Public Schools
CAPITAL PROJECTS FUND - PSCO 20%
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30,2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Interest income				-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Current:				
Operation of plant	\$ -	\$ -	\$ -	\$ -
Capital outlay				-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer out	<u>(6,341)</u>	<u>(6,341)</u>	<u>(6,341)</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ (6,341)	\$ (6,341)	\$ (6,341)	\$ -
Fund balance July 1, 2007	<u>6,341</u>	<u>6,341</u>	<u>6,341</u>	<u>-</u>
Fund balance June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ (6,341)
Revenue accruals (net)				-
Expenditure accruals (net)				<u>-</u>
Net change in fund balance, NON-GAAP budgetary basis				<u><u>\$ (6,341)</u></u>

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

Hatch Valley Public Schools
CAPITAL PROJECTS FUND - BOND BUILDING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Interest income	20,330	20,330	6,240	(14,090)
Total revenues	\$ 20,330	\$ 20,330	\$ 6,240	\$ (14,090)
Expenditures:				
Current:				
Operation of plant	\$ 135,000	\$ 135,000	\$ 128,019	\$ 6,981
Capital outlay	948,419	953,572	942,641	10,931
Total expenditures	\$ 1,083,419	\$ 1,088,572	\$ 1,070,660	\$ 17,912
Revenues over (under) expenditures	\$ (1,063,089)	\$ (1,068,242)	\$ (1,064,420)	\$ 3,822
Other financing sources (uses):				
Bond proceeds	750,000	750,000	1,350,000	600,000
Net change in fund balance after other financing sources (uses)	\$ (313,089)	\$ (318,242)	\$ 285,580	\$ 603,822
Fund balance July 1, 2007	318,242	318,242	318,242	-
Fund balance June 30, 2008	<u>\$ 5,153</u>	<u>\$ -</u>	<u>\$ 603,822</u>	<u>\$ 603,822</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ (684,532)
Revenue accruals (net)				(382)
Expenditure accruals (net)				<u>970,494</u>
Net change in fund balance, NON-GAAP budgetary basis				<u>\$ 285,580</u>

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

Hatch Valley Public Schools
CAPITAL PROJECTS FUND - PSCOC
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 6,156,515	\$ 6,908,743	\$ 391,524	\$ (6,517,219)
Local sources				-
	<u>\$ 6,156,515</u>	<u>\$ 6,908,743</u>	<u>\$ 391,524</u>	<u>\$ (6,517,219)</u>
Total revenues				
	<u>\$ 6,156,515</u>	<u>\$ 6,908,743</u>	<u>\$ 391,524</u>	<u>\$ (6,517,219)</u>
Expenditures:				
Current:				
Operation of plant	\$ -	\$ 40,228	\$ 1,642	\$ 38,586
Capital outlay	6,156,515	6,868,515		6,868,515
	<u>\$ 6,156,515</u>	<u>\$ 6,908,743</u>	<u>\$ 1,642</u>	<u>\$ 6,907,101</u>
Total expenditures				
	<u>\$ 6,156,515</u>	<u>\$ 6,908,743</u>	<u>\$ 1,642</u>	<u>\$ 6,907,101</u>
Net change in fund balance	\$ -	\$ -	\$ 389,882	\$ 389,882
Fund balance, July 1, 2007			(354,330)	(354,330)
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,552</u>	<u>\$ 35,552</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 35,552	
Revenue accruals (net)			354,330	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 389,882</u>	

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

Hatch Valley Public Schools
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 566,608	\$ 566,608	\$ 602,035	\$ 35,427
Earnings			4,069	4,069
	\$ 566,608	\$ 566,608	\$ 606,104	\$ 39,496
Total revenues				
Expenditures:				
Current:				
General administration	\$ 5,800	\$ 5,800	\$ 6,021	\$ (221)
Principle	485,000	485,000	485,000	-
Interest	81,608	81,608	81,608	-
Reserve	567,962	582,318		582,318
	\$ 1,140,370	\$ 1,154,726	\$ 572,629	\$ 582,097
Total expenditures				
Net change in fund balance	\$ (573,762)	\$ (588,118)	\$ 33,475	\$ 621,593
Fund balance, July 1, 2007	588,118	588,118	588,118	-
Fund balance, June 30, 2008	\$ 14,356	\$ -	\$ 621,593	\$ 621,593
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 49,125	
Revenue accruals (net)			(15,650)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 33,475	

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

Hatch Valley Public Schools
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2008</u>
Assets				
Cash and investments:				
Hatch Elementary School	\$ 669	\$ 9,467	\$ 8,880	\$ 1,256
Garfield Elementary	563	21,027	18,601	2,989
Rio Grande	16,638	24,726	27,396	13,968
Hatch Middle School	9,070	15,776	17,658	7,188
Hatch High School	<u>32,601</u>	<u>50,646</u>	<u>50,369</u>	<u>32,878</u>
 Total Assets	 <u>\$ 59,541</u>	 <u>\$ 121,642</u>	 <u>\$ 122,904</u>	 <u>\$ 58,279</u>
 Liabilities				
Deposits held for others:				
Hatch Elementary School	\$ 669	\$ 9,467	\$ 8,880	\$ 1,256
Garfield Elementary	563	21,027	18,601	2,989
Rio Grande	16,638	24,726	27,396	13,968
Hatch Middle School	9,070	15,776	17,658	7,188
Hatch High School	<u>32,601</u>	<u>50,646</u>	<u>50,369</u>	<u>32,878</u>
 Total Liabilities	 <u>\$ 59,541</u>	 <u>\$ 121,642</u>	 <u>\$ 122,904</u>	 <u>\$ 58,279</u>

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

Hatch Valley Public Schools
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2008

	Bank of the West	Wells Fargo	Total
Checking and CD's	\$ 216,391	\$ 150,000	\$ 366,391
Repurchase Deposits	1,786,622	598,567	2,385,189
Total on deposit	\$ 2,003,013	\$ 748,567	\$ 2,751,580
Less: FDIC insurance	(100,000)	(100,000)	(200,000)
Total uninsured public funds	\$ 1,903,013	\$ 648,567	\$ 2,551,580
102% collateralization requirement	\$ 1,822,354	\$ 610,538	\$ 2,432,893
50% collateralization requirement (Section 6-10-17 NMSA)	58,196	25,000	83,196
Total collateralization requirement	\$ 1,880,550	\$ 635,538	\$ 2,516,088
Pledged Securities:			
FNCL 31409X623 5-1-36		\$ 548,484	\$ 548,484
FNCL 31414S3V3 3-1-38		55,025	55,025
WFBS 31409YM87 5-1-36		336,696	336,696
GFORC 36170UBX8 7-1-08	202,722		202,722
GMAC 76112BKN9 3-18-35	799,029		799,029
JPMO 466247YJ6 11-25-35	89,403		89,403
PRETSL 74043AAJ0 12-22-36	47,790		47,790
GMAC 76112BKN9 3-18-35	625,364		625,364
FNMA 31395JR65 12-15-11	58,047		58,047
FNMA 31404EJW7 2-1-19	67,910		67,910
UNMHG 914684CK9 8-1-13	160,859		160,859
FNMA 31409EH95 4-1-36	108,775		108,775
STHWT 843789CZ9 9-26-07	122,636		122,636
FHLMC 3128G2BT0 4-1-28	2,500		2,500
Total pledged securities	\$ 2,285,035	\$ 940,205	\$ 3,225,240
Pledged securities over (under) requirement	\$ 404,485	\$ 304,667	\$ 709,152

Securities pledged for Wells Fargo are held by the Wells Fargo trust department in Minneapolis, Minnesota. Bank of the West pledged securities are held by the Federal Home Loan Bank in Dallas, TX. Safekeeping receipts are held by the District.

Hatch Valley Public Schools
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
 June 30, 2008

	Type of Account	Bank Balance	Reconciled Balance
<u>Wells Fargo</u>			
Debt Service	Checking	\$ 621,593	\$ 621,593
FEMA	Checking	126,974	126,974
Total Wells Fargo		\$ 748,567	\$ 748,567
<u>Bank of the West</u>			
Operational	Checking	\$ 86,908	\$ 86,908
Cafeteria	Checking	218,758	218,758
Capital Projects	Checking	643,102	643,102
Activities	Checking	58,279	58,279
Insurance	Checking	7,436	7,436
Payroll	Checking	813,362	73,926
Budgetary	Checking	97,650	33,387
Federal	Checking	76,853	76,853
Athletics	Checking	27	27
Flood	Checking	638	638
Total Bank of the West		\$ 2,003,013	\$ 1,199,314
Cash on deposit with paying agent			382
Total cash and investments			\$ 1,948,263

Hatch Valley Public Schools
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
 For The Fiscal Year Ended June 30, 2008

	Operational	Transportation	Instructional Materials	Food Services	Athletics
Total cash and investments as of July 1, 2007	\$ 607,243	\$ 133,096	\$ 11,942	\$ 50,835	\$ 720
Add: Current year receipts	10,547,096	1,024,230	153,754	898,239	36,799
Less: Current year expenditures	(10,551,729)	(1,142,573)	(132,817)	(730,315)	(40,492)
Chargebacks/(Overdrafts)					
Receivables/payables	(538,000)				
Transfers	3,341				3,000
Total cash and investments as of June 30, 2008	\$ 67,951	\$ 14,753	\$ 32,879	\$ 218,759	\$ 27

Hatch Valley Public Schools
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2008

	Public School Capital Outlay	Special Capital Outlay Local	Special Capital Outlay State	SB-9	PSCOC 20%
Total cash and investments as of July 1, 2007	\$ (354,330)	\$ 41,212	\$ -	\$ 121,221	\$ 6,341
Add: Current year receipts	391,525	407,069	20,359	19,499	
Prior year warrants voided					
Less: Current year expenditures	(1,643)	(438,203)	(20,359)	(136,991)	
Abatements					
Receivables/payables		116,897			
Transfers					(6,341)
Total cash and investments as of June 30, 2008	\$ 35,552	\$ 126,975	\$ -	\$ 3,729	\$ -

Hatch Valley Public Schools
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2008

	Federal Flowthrough	Federal Direct	State Flowthrough	State Direct	Bond Building
Total cash and investments as of July 1, 2007	\$ (72,236)	\$ (63,025)	\$ 31,742	\$ (3,718)	\$ 318,242
Add: Current year receipts	1,506,173	482,747	175,344	24,577	1,356,240
Less: Current year expenditures	(1,814,990)	(455,509)	(169,737)	(15,808)	(1,070,660)
Abatements					
Receivables/payables	538,000				
Transfers					
Total cash and investments as of June 30, 2008	\$ 156,947	\$ (35,787)	\$ 37,349	\$ 5,051	\$ 603,822

Hatch Valley Public Schools
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (concluded)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2008

	Debt Service	Agency	Total
Total cash and investments as of July 1, 2007	\$ 588,118	\$ 59,541	\$ 1,476,944
Add: Current year receipts	606,105	121,642	17,771,398
Prior year warrants voided			-
Less: Current year expenditures	(572,628)	(122,904)	(17,417,358)
Abatements			-
Receivables/payables			116,897
Transfers			-
 Total cash and investments as of June 30, 2008	 \$ 621,595	 \$ 58,279	 \$ 1,947,881

Hatch Valley Public Schools
SCHEDULE OF JOINT POWERS AGREEMENTS
June 30, 2007

Participants-	Hatch Valley Public Schools and the Southwest Regional Education Center # 10
Responsible party for operations-	The District as well as the Southwest Regional Education Center # 10
Description-	Participants agree to work together to establish and maintain cooperative programs of educational services under various federal and state authorizing statutes
Beginning and ending dates-	To be renewed each fiscal year
Total estimated amount of project and amount applicable to agency-	Varies year to year and is based upon program awards
Amount agency contributed in current fiscal year-	Based upon programs awarded
Audit responsibility-	Southwest Regional Education Center # 10
Name of agency where revenues and expenditures are reported-	Southwest Regional Education Center # 10

Hatch Valley Public Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2008

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through Southwest Regional Education Center #10:			
Title I Grants to LEA's	84.010	24.101	\$ 928,203
Special Education - Grants to States	84.027	24.106	253,389
Migrant Education-Basic State Grant Program	84.011	24.103	22,239
Special Education - Preschool Grants	84.173	24.109	15,772
Education of the Homeless	84.196	24.113	377
Innovative Strategies - Title VI	84.299	24.150	2,628
English Language Acquisition	84.365	24.153	43,496
Teacher Quality State Grants	84.367	24.154	148,301
Safe and Drug-Free Schools and Communities	84.186	24.157	15,158
Rural Education	84.358	24.160	82,051
Title I School Improvements	84.256	24.162	16,976
Technology Literacy Challenge Funds	84.318	24.149	<u>291,104</u>
Total U.S. Department of Education			<u>\$ 1,819,694</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through N.M. Department of Education:			
National School Lunch Program	10.555	N/A	\$ 481,813
School Breakfast Program	10.553	N/A	283,978
Passed through N.M. Department of Human Svc's:			
Emergency Food Assistance Program	10.569	N/A	35,913
Passed through N.M. Department of Children, Youth & Families:			
Summer Lunch Program		3105	<u>34,840</u>
Total U.S. Department of Agriculture			<u>\$ 836,544</u>

Hatch Valley Public Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (concluded)
 For The Fiscal Year Ended June 30, 2008

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Direct:			
Head Start	93.600	N/A	\$ 362,881
Childcare and Development Block Grant	93.575	N/A	64,563
Passed through N.M. Dept. of Human Services:			
Medical Assistance Program	93.778	N/A	<u>33,429</u>
Total U.S. Department of Health and Human Services			<u>\$ 460,873</u>
Total expenditures of federal awards			<u><u>\$ 3,117,111</u></u>

See the accompanying notes to Schedule of Expenditures of Federal Awards.

Hatch Valley Public Schools
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2008

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Hatch Valley Public Schools and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 Emergency Food Assistance Program

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The District received \$35,913 in food commodities during the 2007-2008 fiscal year.

Note 3 Insurance Coverage

The District had the following insurance coverages during the year ended June 30, 2008:

Worker's compensation	\$ 1,050,000
Property	500,000,000
Liability	10,000,000
Auto	10,000,000

Hatch Valley Public Schools
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2008

Findings - Financial Statement Audit

None

Findings - Major Federal Awards Programs Audit

None

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

Hector H. Balderas, State Auditor
and
Board of Education
Hatch Valley Public Schools
Hatch, New Mexico

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hatch Valley Public Schools as of and for the year ended June 30, 2008, which collectively comprise Hatch Valley Public Schools' basic financial statements and have issued our report thereon dated November 13, 2008. We have also audited the financial statements of each of the District's nonmajor governmental funds presented as other supplementary information as of and for the year ended June 30, 2008 and have issued our report thereon dated November 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control

deficiencies, that adversely affects Hatch Valley Public Schools' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood that a misstatement of Hatch Valley Public Schools' financial statements that is more than inconsequential will not be prevented or detected by Hatch Valley Public Schools' internal control. We consider deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. The findings are identified in the accompanying Schedule of Findings and Questioned Costs as 08-1 and 08-2.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, of the significant deficiencies described above, we consider finding 08-1 to be a material weakness.

Compliance And Other Matters

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

We noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16 and Section 12-6-5, NMSA 1978, which are described in the accompanying Schedule of Findings and Questioned Costs as findings 08-3 through 08-5.

Hatch Valley Public Schools' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Hatch Valley Public Schools' responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Education, management, others within the organization, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stone, McGee & Co., CPAs

November 13, 2008

Stone, McGee & Co.
Certified Public Accountants

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

Hector H. Balderas, State Auditor
and
Board of Education
Hatch Valley Public Schools
Hatch, New Mexico

Compliance

We have audited the compliance of the Hatch Valley Public Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Hatch Valley Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hatch Valley Public Schools' management. Our responsibility is to express an opinion on Hatch Valley Public Schools' compliance based on our audit.

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

In our opinion, Hatch Valley Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

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

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

This report is intended solely for the information and use of management, the Board of Education, others within the organization, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stone, McGee & Co., CPAs

November 13, 2008

Hatch Valley Public Schools
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2008

Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of Hatch Valley Public Schools.
2. Two significant deficiencies disclosed during the audit of the financial statements is reported in the "Findings-Financial Statement Audit" section of this report. One condition is considered a material weakness.
3. No instances of noncompliance material to the financial statements of the Hatch Valley Public Schools, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal awards programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance for the major federal awards programs for the Hatch Valley Public Schools expresses an unqualified opinion on all major programs.
6. No findings required to be reported in accordance with section 510(a) of OMB Circular A-133 were noted.
7. The programs tested as major programs included: Head Start, CFDA No. 93.600, and the school lunch cluster consisting of the National School Lunch Program, CFDA No. 10.555, the School Breakfast Program, CFDA No. 10.553, and Emergency Food Assistance, CFDA No. 10.569.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. The Hatch Valley Public Schools qualified as a low-risk auditee.

Findings – Financial Statement Audit

Significant Deficiencies

08-1 Procurement Code Violations

Condition –The District awarded a construction contract through an RFP rather than the appropriate bid process. The contract was for \$1,240,115. The documentation related to the award process was not available.

Criteria – Sections 13-1-1 through 13-1-199 NMSA 1978, commonly called the Procurement Code, require that purchases of this magnitude be awarded only through the sealed bid process.

Effect – The District may not have received the best price for these construction services, and the New Mexico Procurement Code has been violated.

Cause – The District's Superintendent felt this was the best way to award the contract.

Recommendation – We recommend that the District follow the Procurement Code and establish purchasing procedures which will require sealed bids when necessary.

Agency Response – The District will follow the Procurement Code for future purchases.

08-2 Bank Reconciliations

Condition – The District has not reconciled individual bank accounts to general ledger amounts.

Criteria – Sound financial controls require monthly reconciliations between cash in banks and the general ledger.

Effect – The School's cash reports are not accurate, making management of the District's budget is more difficult.

Cause – Computer account balances have been used without comparison to some actual cash amounts.

Recommendation – We recommend that cash in bank be reconciled to general ledger amounts monthly, and that the appropriate journal entries be made to general ledger accounts.

Agency Response – The recommendation will be adopted.

Other Instances of Noncompliance

08-3 Cash Deposits of Agency funds

Condition – Cash received by personnel in the Middle School have been held for extended periods of time prior to depositing such funds with the Central Office.

Criteria – Sound cash controls require the depositing of cash as soon as is practical.

Effect – There is an increased risk of loss of the un-deposited cash.

Cause – The Middle School personnel were unaware of the need to deposit cash timely.

Recommendation – We recommend that the District establish a policy, in writing, which can be forwarded to individual school personnel, detailing the procedures to be followed relating to the receipting of agency cash. We further recommend that this policy require prompt deposits of cash.

Agency Response – The recommendation will be followed, and a policy will be established.

08-4 Payment of Gross Receipts Tax on Goods

Condition – The District paid gross receipts tax on goods related to a construction contract awarded to Honeywell for HVAC.

Criteria – Governmental agencies in New Mexico are not required to pay gross receipts tax on goods purchased.

Effect – The District has overpaid Honeywell. The amount is as yet not determined, because the Honeywell billing does not separate goods from services under the contract.

Cause – Honeywell invoices were paid according to invoices, and District personnel did not note that goods were included in the contract.

Recommendation – We recommend that the District request request detailed invoices from Honeywell to determine the amount of the overpayment, and then collect the overpayment from the contractor.

Agency Response – The District is in the process of collecting the required information, and demand will be made on the contractor for the excess billings.

08-5 Budgetary Controls

Condition – The District incurred expenditures in excess of budgetary authority in several functions as disclosed in Note 14 to the financial statements. These excess expenditures totaled \$182,696 for all funds and functions.

Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part that expenditures not exceed budgetary authority.

Effect – The internal controls established by adherence to budgets has been compromised, and excess spending could result. In addition, New Mexico statutes have been violated.

Cause – The District did not request the budget adjustment at year end to alleviate these budget overruns.

Recommendation: We recommend that the District establish a policy of reviewing year end expenditures, and requesting budget adjustments where necessary.

Agency Response – The Policy recommended is already in place. These overruns were unusual circumstances caused by expenditures late in the fiscal year. We believe this problem is isolated, and will not occur in the future.

Findings and Questioned Costs – Major Federal Awards Programs

None

Other – Financial Statement Preparation

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s with substantial assistance from District personnel.

Exit Conference

The contents of this report were discussed October 16, 2008. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
David Franzoy	Board President	Hatch Valley Public Schools
Bill Coker	Superintendent	Hatch Valley Public Schools
Rachel Altuna	Business Manager	Hatch Valley Public Schools
Mike Stone	Shareholder	Stone, McGee & Co., C.P.A.'s
Kay Stone	Shareholder	Stone, McGee & Co., C.P.A.'s