

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
AUDITED FINANCIAL STATEMENTS AND  
OTHER FINANCIAL INFORMATION  
JUNE 30, 2008**

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Certified Public Accountant

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HONDO VALLEY PUBLIC SCHOOLS  
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# INTRODUCTORY SECTION

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
OFFICIAL ROSTER  
June 30, 2008**

**BOARD OF EDUCATION**

<b>Corinne Prudencio</b>	<b>President</b>
<b>Dennis Nosker</b>	<b>Vice-President</b>
<b>Joe Torrez</b>	<b>Secretary</b>
<b>Godfrey Gomez</b>	<b>Member</b>
<b>James Cooper</b>	<b>Member</b>

**SCHOOL OFFICIALS**

<b>John MacCallum</b>	<b>Superintendent</b>
<b>Mary Prudencio</b>	<b>Business Manager</b>

## **FINANCIAL SECTION**



**Dan Austin CPA, PC  
700 Mechem Drive Ste 15  
Ruidoso, NM 88345**

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**Independent Auditors' Report**

Members of the Board of Education  
Hondo Valley Public Schools and  
Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying basic financial statements of the governmental activities, each major fund, the general fund and major special revenue funds, budgetary comparisons, and the aggregate remaining fund information of the Hondo Valley Public Schools, State of New Mexico (the District), 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 also have audited the financial statements of each of the District's nonmajor governmental funds, the respective budgetary comparisons for the nonmajor governmental funds, the bond building fund, and debts service fund presented as 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 Hondo Valley Public School's management. Our responsibility is to express opinions on these financial statements based on our audit.

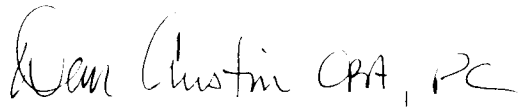
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, general fund and major special revenue, and the aggregate remaining fund information of the Hondo Valley Public Schools, State of New Mexico, as of June 30, 2008, and the respective changes in financial position, where applicable, thereof, and the respective budgetary comparisons for the general fund and major special revenue funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Hondo Valley Public Schools, State of New Mexico, as of June 30, 2008, and the respective changes in financial position thereof, and the budgetary comparisons for the respective nonmajor governmental funds, the capital project funds 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 14, 2008, on our consideration of the Hondo Valley Public School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages ten through twelve is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Statement of Changes in Account Balances-Agency Fund, Schedule of Deposits and Security Requirements, and the Bank Reconciliation are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Statement of Changes in Account Balances-Agency Fund, Schedule of Deposits and Security Requirements and Bank Reconciliation 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.

A handwritten signature in black ink that reads "Dean Austin CPA, PC". The signature is written in a cursive, flowing style.

November 14, 2008

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

As management of the Hondo Valley Public Schools, we offer readers of the Hondo Valley Public Schools' financial statements this narrative overview and analysis of the financial activities of the Hondo Valley Public Schools for the fiscal year ended June 30, 2008. All amounts, unless otherwise indicated, are expressed in dollars.

**USING THIS ANNUAL REPORT**

The financial report includes the sections described below.

**Management's Discussion and Analysis**

This section includes information on the use of the annual report, and management's analysis of the financial position and results of operations for the District.

**District-Wide Financial Statements**

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private sector businesses. The statement of net assets includes all of the Districts assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The financial statements report the District's net assets and how they have changed.

**Fund Financial Statements**

The Fund Financial Statements provide a more detailed look at the District's significant funds. The funds present sources and uses of liquid resources. This is the manner in which the financial plan (the budget) is typically developed. Funds are established for various purposes and the financial statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith.

**Budgetary Comparisons**

GASB 34 requires budgetary comparison schedules for the general fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedules should present both the original and the final appropriated budgets for the reporting period as well as the actual inflows, outflows and balances, stated on the government's budgetary basis. As required by the Office of the State Auditor under 2NMAC2.2, the budgetary comparison statement is presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

**Notes to the Financial Statements**

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 42 of this report.

**DISTRICT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Assets:** Below is a summary of the District's net assets for the fiscal years ending June 30, 2008 and 2006. The most significant change to assets, liabilities and net assets as compared to the prior year was the funds provided by the state for capital outlay projects. See page 13 for a more detailed look at the Statement of Net Assets.

**Hondo Valley Public Schools  
Net Assets  
Government Activities**

	<u>2008</u>	<u>2007</u>
Current Assets	\$ 637,918	\$ 942,799
Capital Assets	4,424,955	4,289,668
Total Assets	<u>\$ 5,062,873</u>	<u>\$ 5,232,467</u>
Current Liabilities	\$ 98,161	\$ 121,457
Long-Term Liabilities	1,030,000	1,115,000
Total Liabilities	<u>\$ 1,128,161</u>	<u>\$ 1,236,457</u>
Net Assets:		
Invested in Capital Assets	\$ 3,309,955	\$ 3,074,668
Restricted	578,063	642,459
Unrestricted	46,694	278,883
Total Net Assets	<u>\$ 3,934,712</u>	<u>\$ 3,996,010</u>

**Statement of Activities:** The following represents the revenues and expenses for fiscal years June 30, 2008 and 2006. See page 14 for a more detailed look at the Statement of Activities.

**Hondo Valley Public Schools  
Changes in Net Assets**

	<u>2008</u>	<u>2007</u>
Revenues:		
Operating Grants	\$ 2,474,219	\$ 2,477,676
Capital Grants	-	-
Charges for Services	10,146	20,713
Property Taxes	235,470	204,240
Other	21,235	15,301
Total Revenues	<u>2,741,070</u>	<u>2,717,930</u>
Expenses	<u>2,802,368</u>	<u>2,736,644</u>
Increase in Net Assets	(61,298)	(18,714)
Net Assets-Beginning	3,996,010	4,014,724
Other Adjustments	-	-
Net Assets-Ending	<u>\$ 3,934,712</u>	<u>\$ 3,996,010</u>

**District-Wide Financial Analysis**

The District's overall financial condition remained static for the fiscal year as evidenced by the minimal decrease in District-Wide Net Assets of \$61,298. Significant changes in the District's assets and liabilities were the decrease in cash as a result of the expenditure of bond proceeds for the improvement of the District's physical facilities.

Total revenues increased by \$23,140 while expenses increased \$65,724 resulting in a decrease in net assets for the fiscal year of \$61,298 as compared with an increase in the prior year.

**FUND FINANCIAL ANALYSIS**

**Governmental Funds:** The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. As of year-end, the governmental funds reported a fund balance of \$938,443. Of this amount, \$727,206 is reserved for certain expenditures; see the balance sheet on page 15 for further detail.

The fund balance of governmental funds decreased from the prior year by \$308,013. The significant elements of this decrease included \$228,553 in outlays from the Capital Outlay Bond Building Fund, and a decrease of \$78,552 in the various components of the General Fund.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

There were no significant differences between the general fund original budget and the general fund final amended budget. During the year, however, revenues were greater than budgetary estimates by \$12,860 and expenditures were less than budgetary estimates in the amount of \$47,424. The District's general fund operating budget for the year ended June 30, 2008 was 2.9 percent greater than the previous year's budget due to anticipated capital expenditures and the estimated increase in the cost of operations.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The District's investment in capital assets for its governmental activities as of June 30, 2008 amounts to \$4,424,955 (net of accumulated depreciation). This investment in capital assets consists of land, buildings and equipment. During the current year, the District acquired miscellaneous equipment and made improvements various school buildings.

Additional information on the District's capital assets can be found in Note 4C on page 35 of this report.

**Long-Term Debt:** At the end of the current fiscal year, the District had total long-term debt outstanding of \$1,115,000, less the portion due within one year of \$85,000. .

The District's total long-term debt decreased by principal payments of \$100,000.

Additional information on the District's long-term debt can be found in Note 3B on page 32 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The current economic indicators remain stable with New Mexico Department of Education funding expected to be comparable with prior year funding.

The information included in this discussion is considered currently known facts and the reader should be aware that facts and circumstances change, which may affect the outcome of future financial results.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Hondo Valley Public Schools' finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Hondo Valley Public Schools, PO Box 55, Hondo, NM 88336.

STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
STATEMENT OF NET ASSETS  
June 30, 2008

	Primary Government Governmental Activities
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ 535,246
Taxes Receivable	7,488
Grants Receivable	94,142
Inventory	1,042
Total Current Assets	<u>637,918</u>
<b>Noncurrent Assets</b>	
Net Capital Assets	<u>4,424,955</u>
Total Noncurrent Assets	<u>4,424,955</u>
Total Assets	<u>\$ 5,062,873</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ -
Interest Payable	13,161
Current Portion Of Long Term Debt	85,000
Total Current Liabilities	<u>98,161</u>
<b>Noncurrent Liabilities</b>	
General Obligation Bonds Payable	<u>1,030,000</u>
Total Noncurrent Liabilities	<u>1,030,000</u>
Total Liabilities	<u>1,128,161</u>
<b>Net Assets</b>	
Invested In Capital Assets	3,309,955
Restricted For:	
Capital Projects	374,095
Debt Service	79,123
Other Purposes	124,845
Unrestricted	46,694
Total Net Assets	<u>3,934,712</u>
Total Liabilities And Net Assets	<u>\$ 5,062,873</u>

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

STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2008

	Expenses	Program Revenues			Net (Expense)Revenue and Changes In Net Assets
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
<b>Governmental Activities:</b>					
Direct Instruction	\$ 1,228,658	\$ -	\$ 362,171	\$ -	\$ (866,487)
Instructional Support	404,814	-	-	-	(404,814)
Administration	234,723	-	-	-	(234,723)
Business/Support Services	63,158	-	-	-	(63,158)
Operation Maintenance Plant	480,887	-	-	-	(480,887)
Food Services	118,867	3,960	-	-	(114,907)
Athletics	14,008	6,186	-	-	(7,822)
Pupil Transportation	199,588	-	-	-	(199,588)
Interest On Long-Term Debt	57,665	-	-	-	(57,665)
<b>Total Primary Government</b>	<b>\$ 2,802,368</b>	<b>\$ 10,146</b>	<b>\$ 362,171</b>	<b>\$ -</b>	<b>(2,430,051)</b>

**General Revenues:**

State and Local Sources	2,112,048
Property Taxes	235,470
Miscellaneous	21,235
<b>Total General Revenues</b>	<b>2,368,753</b>
 Change In Net Assets	 (61,298)
 Net Assets - Beginning	 3,996,010
 Net Assets - Ending	 <b>\$ 3,934,712</b>

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

STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2008

	Special Revenue		Special Revenue	Capital Outlay	Debt Service	Totals	
	General Fund	IASA Title I Fund	SB-9 Fund	Bond Building Fund	Debt Service Fund	Other Governmental Funds	Governmental Funds
<b>Assets</b>							
Cash	\$ 70,914	\$ (14,937)	\$ 47,424	\$ 353,259	\$ 79,123	\$ (537)	\$ 535,246
Taxes Receivable	374	-	1,574	-	5,540	-	7,488
Grants Receivable	-	51,089	-	-	-	43,053	94,142
Due From Other Funds	23,740	-	-	-	-	15,000	38,740
Inventory	-	-	-	-	-	1,042	1,042
Prepaid Interest	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 95,028</b>	<b>\$ 36,152</b>	<b>\$ 48,998</b>	<b>\$ 353,259</b>	<b>\$ 84,663</b>	<b>\$ 58,558</b>	<b>\$ 676,658</b>
<b>Liabilities And Fund Balances</b>							
<b>Liabilities</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	374	-	1,574	-	5,540	-	7,488
Due To Other Funds	15,000	20,000	-	-	-	3,740	38,740
<b>Total Liabilities</b>	<b>15,374</b>	<b>20,000</b>	<b>1,574</b>	<b>-</b>	<b>5,540</b>	<b>3,740</b>	<b>46,228</b>
<b>Fund Balances</b>							
Reserved For Inventory	-	-	-	-	-	1,042	1,042
Reserved For Capital Improvements	-	-	47,424	353,259	-	20,836	421,519
Reserved For Debt Service	-	-	-	-	79,123	-	79,123
Unreserved, reported in -							
General Fund	79,654	-	-	-	-	-	79,654
Special Revenue Funds	-	16,152	-	-	-	32,940	49,092
<b>Total Fund Balances</b>	<b>79,654</b>	<b>16,152</b>	<b>47,424</b>	<b>353,259</b>	<b>79,123</b>	<b>54,818</b>	<b>630,430</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 95,028</b>	<b>\$ 36,152</b>	<b>\$ 48,998</b>	<b>\$ 353,259</b>	<b>\$ 84,663</b>	<b>\$ 58,558</b>	<b>\$ 676,658</b>

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



STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
June 30, 2008

Total Governmental Fund Balance	\$ 630,430
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,424,955
Interest payable on GO bond debt is not recorded as liability on the governmental funds	(13,161)
Deferred property tax revenue on governmental funds is recognized as current income on government wide statements	7,488
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,115,000)</u>
Net Assets of Governmental Activities	<u>\$ 3,934,712</u>

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

STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2008

	General Fund	Special Revenue IASA Title I Fund	Special Revenue SB-9 Fund	Capital Outlay Bond Building Fund	Debt Service Fund	Other Governmental Funds	Totals Governmental Funds
<b>Revenues</b>							
Federal Sources	\$ 1,149	\$ 105,344		\$ -	\$ -	\$ 193,515	\$ 300,008
State Sources	2,112,048	-	1,197	-	-	60,966	2,174,211
Local Sources	19,270	-	51,107	-	171,725	10,146	252,248
Other	10,831	21	69	483	54	13	11,471
Total Revenues	<u>2,143,298</u>	<u>105,365</u>	<u>52,373</u>	<u>483</u>	<u>171,779</u>	<u>264,640</u>	<u>2,737,938</u>
<b>Expenditures</b>							
Current:							
Direct Instruction	1,187,423	-	-	-	-	41,235	1,228,658
Instructional Support	237,256	98,856	-	-	-	68,702	404,814
Administration	232,495	-	511	-	1,717	-	234,723
Business/Support Services	63,158	-	-	-	-	-	63,158
Operation Maintenance Plant	237,353	-	51,712	-	-	1,140	290,205
Food Services	64,577	-	-	-	-	54,290	118,867
Athletics	-	-	-	-	-	14,008	14,008
Non-Instructional Support	-	-	-	-	-	-	-
Pupil Transportation	199,588	-	-	-	-	-	199,588
Capital Outlay	-	-	31,435	228,553	-	65,981	325,969
Debt Service:							
Principal	-	-	-	-	100,000	-	100,000
Interest	-	-	-	-	65,961	-	65,961
Total Expenditures	<u>2,221,850</u>	<u>98,856</u>	<u>83,658</u>	<u>228,553</u>	<u>167,678</u>	<u>245,356</u>	<u>3,045,951</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(78,552)</u>	<u>6,509</u>	<u>(31,285)</u>	<u>(228,070)</u>	<u>4,101</u>	<u>19,284</u>	<u>(308,013)</u>
<b>Other Financing Sources (Uses):</b>							
Operating Transfers Net	-	-	-	21,795	-	(21,795)	-
Total Other Financing Sources (Uses)	-	-	-	21,795	-	(21,795)	-
<b>Net Change In Fund Balances</b>	<u>(78,552)</u>	<u>6,509</u>	<u>(31,285)</u>	<u>(206,275)</u>	<u>4,101</u>	<u>(2,511)</u>	<u>(308,013)</u>
<b>Fund Balances (Deficit)</b>							
<b>At Beginning Of Year</b>	<u>158,206</u>	<u>9,643</u>	<u>78,709</u>	<u>559,534</u>	<u>75,022</u>	<u>57,329</u>	<u>938,443</u>
<b>Fund Balances (Deficit)</b>							
<b>At End Of Year</b>	<u>\$ 79,654</u>	<u>\$ 16,152</u>	<u>\$ 47,424</u>	<u>\$ 353,259</u>	<u>\$ 79,123</u>	<u>\$ 54,818</u>	<u>\$ 630,430</u>

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

STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
June 30, 2008

Net Change in Fund Balances - Total Governmental Funds \$ (308,013)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation was more than the capital outlay in the current period:

	Capital Outlay	\$ 325,969	
	Depreciation	<u>(190,682)</u>	135,287

Property taxes recorded as deferred revenue on the governmental funds are recognized as current revenue on the government wide statements 7,488

Receivables adjusted in the Government Funds (4,356)

Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 100,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 8,296

Change in Net Assets of Governmental Activities \$ (61,298)

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**General Fund**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 13,572	\$ 13,629	\$ 13,751	\$ 122
State Sources	2,073,315	2,096,677	2,099,446	2,769
Local Sources	15,913	17,862	19,270	1,408
Other	<u>167</u>	<u>2,270</u>	<u>10,831</u>	<u>8,561</u>
Total Revenues	<u>2,102,967</u>	<u>2,130,438</u>	<u>2,143,298</u>	<u>12,860</u>
Expenditures:				
Direct Instruction	1,189,828	1,193,270	1,187,423	5,847
Instructional Support	229,230	236,263	232,420	3,843
Administration	220,193	239,000	232,496	6,504
Business Support Services	58,326	65,286	63,158	2,128
Operation Maintenance Plant	234,450	237,616	237,353	263
Food Services	68,932	68,932	64,576	4,356
Athletics	-	-	-	-
Non-Instructional Support	-	-	-	-
Pupil Transportation	194,222	236,809	199,588	37,221
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,195,181</u>	<u>2,277,176</u>	<u>2,217,014</u>	<u>60,162</u>
Excess (deficiency) of revenues over expenditures	<u>(92,214)</u>	<u>(146,738)</u>	<u>(73,716)</u>	<u>73,022</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(92,214)	(146,738)	(73,716)	<u>\$ 73,022</u>
Prior Year End Cash	<u>164,631</u>	<u>164,631</u>		
End of Year Cash Balance	<u>\$ 72,417</u>	<u>\$ 17,893</u>		
Reconciliation to GAAP Basis				
Changes in Textbook Credits			(4,836)	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ (78,552)</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**IASA Title I**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Federal Sources	\$ 92,453	\$ 103,646	\$ 54,255	\$ (49,391)
Interest Income	-	-	21	21
Other	-	-	-	-
	92,453	103,646	54,276	(49,370)
Expenditures:				
Direct Instruction	-	-	-	-
Instructional Support	92,453	103,646	98,856	4,790
Community Services	-	-	-	-
	92,453	103,646	98,856	4,790
Excess (deficiency) of revenues over expenditures	-	-	(44,580)	(44,580)
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(44,580)	\$ (44,580)
Cash Balance at beginning of year	9,643	9,643		
Cash balance at end of year	\$ 9,643	\$ 9,643		
Reconciliation to GAAP Basis				
Changes in Receivables			51,089	
Change in Due from Other Governments			-	
Excess (Deficiency) of revenues over expenditures			\$ 6,509	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-SB-9**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
State Sources	\$ 32,361	\$ 68,604	\$ 1,197	\$ (67,407)
Local Sources	43,262	45,834	51,107	5,273
Interest Income	40	40	69	29
Total Revenues	75,663	114,478	52,373	(62,105)
Expenditures:				
Administration	600	600	511	89
Operation Maintenance Plant	55,000	55,000	51,712	3,288
Pupil Transportation	-	-	-	-
Capital Outlay	59,924	99,172	31,435	67,737
Total Expenditures	115,524	154,772	83,658	71,114
Excess (deficiency) of revenues over expenditures	(39,861)	(40,294)	(31,285)	9,009
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(39,861)	(40,294)	(31,285)	\$ 9,009
Cash Balance at beginning of year	78,709	78,709		
Cash Balance at end of year	\$ 38,848	\$ 38,415		
Reconciliation to GAAP Basis				
Changes in Receivables			643	
Change in Deferred Property Taxes			(643)	
Excess (Deficiency) of revenues over expenditures			\$ (31,285)	

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

State of New Mexico  
Hondo Valley Public Schools  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2008

**ASSETS**

Cash	\$ 42,608
	<u>          </u>
Total Assets	\$ 42,608
	<u>          </u>

**Liabilities**

Liabilities:	
Due to School Groups	\$ 42,608
	<u>          </u>
Total Liabilities	\$ 42,608
	<u>          </u>

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

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 1. FUNCTION OF THE ENTITY**

The Hondo Valley Public Schools (the District) is a public school district, the function of which is to provide primary and secondary educational services for all eligible children ages 3-21 within designated district boundaries. The powers and duties of the local school board are governed by the provisions of Article 5, Chapter 22 of New Mexico Statutes Annotated, 1978. The School District operates under a five member school board form of government.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

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*. This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phased implementation based on the size of the government.

In June, 2001, the GASB unanimously approved Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38 *Certain Financial Statement Note Disclosures*. Statement 37 clarifies and modifies Statements 34 and should be implemented simultaneously with Statement 34. Statement 38 modifies, establishes and rescinds certain financial statement disclosure requirements.

The District implemented the provisions of GASB Statement No. 34, 37 and 38 effective July 1, 2003. As part of this Statement, there is a new reporting requirement regarding the government's infrastructure (roads, bridges, etc.). The District does not own any infrastructure assets and therefore is unaffected by this requirement.

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

The District has elected not to apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, for the government (district)-wide financial statements.



**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

**A. REPORTING ENTITY**

The Board of Education is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District is not included in any other governmental reporting entity as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. There are no component units included within the reporting entity.

**B. BASIC FINANCIAL STATEMENTS – DISTRICT-WIDE STATEMENTS**

The basic financial statements include both district-wide (based on the District as a whole) and fund financial statements. The new reporting model focus is on either the District as whole or major individual funds (within the fund financial statements). The District is a public school district that engages in only governmental activities and has no component units. Both the district-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental activities. In the district-wide Statement of Net Assets, the governmental activities are presented on the full accrual basis, economic resources measurement focus, which incorporates 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, restricted net assets and unrestricted net assets.

The district-wide Statement of Activities reports the gross and net cost of the District's function. The function is also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Governmental activities include programs supported primarily by taxes, state and federal grants, and other intergovernmental revenues. The District has no business type activities that rely, to a significant extent, on fees and charges for support, and therefore does not have any proprietary funds.

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

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All Interfund transactions between governmental funds are eliminated on the district-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the district-wide Statement of Activities.

The funds financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the district-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

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

### **C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The financial transactions of the District are reported in various funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The District does not have any proprietary funds.

The funds of the District are described below:

Major Funds:

*General Fund* – The General Fund is the primary operating fund for the District, and it is reported as a major governmental fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*IASA Title I Special Revenue Fund* – To account for a project providing remedial instruction in language arts for educationally deprived students in low income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Act of 1965, Title 1, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

*SB9 Special Revenue Fund* – To account for 2.0 mill levy restricted by board resolution for erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, improving school grounds and maintenance of school buildings and grounds, exclusive of salary expense of employees.

*Bond Building Capital Projects Fund* - To account for the costs of capital improvements, such as erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, purchasing and improving school grounds funded by bond proceeds.

*Debt Service Fund* – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in the debt service fund.

Non-Major Funds:

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

*Capital Projects Funds* – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund, in addition to the major fund described above.

*Agency Funds* – The District accounts for resources held for others in a custodial capacity in agency (fiduciary) funds.

The governmental fund statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the District's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements, reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the district-wide presentation.

GASB Statement No. 34 eliminated the presentation of account groups, but provides for these records to be maintained and incorporates the information into the district-wide Statement of Net Assets.

#### **D. 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.

##### Accrual

Governmental activities in the district-wide financial statement are presented on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

**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 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Those revenues susceptible to accrual are property taxes. In accordance with GASB Statement 33, estimated taxes that are not available are recorded as both accounts receivable and deferred revenue. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received. The District received from Lincoln County all collected property taxes by year end. Estimated taxes that were not available at year end have been accrued as taxes receivable and also as deferred revenue liabilities.

**E. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

**G. FINANCIAL STATEMENT AMOUNTS**

**1. Cash**

For the purpose of the Statement of Net Assets, "cash" includes all petty cash, demand accounts, savings accounts and certificates of deposit of the District. See Note 4 A for additional cash disclosures.

**2. Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Prior to July 1, 2006, capital assets purchased or acquired with an original cost of \$1,000 or more were capitalized. Contributed assets are reported at fair market value as of the date received. Additions, improvements, computer software and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis with no salvage value. The estimated useful life for buildings is 30 to 50 years. The estimated useful life for equipment is 5 to 30 years.

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

Capital expenditures made on the District's building construction projects by the NM Public School Facilities Authority are appropriately included in the District's capital assets.

GASB Statement No. 34 requires the District to report and depreciate infrastructure assets. Infrastructure assets include roads, bridges, underground pipe, traffic signals, etc. The District does not own any infrastructure assets.

Library books are not reflected as capital assets because management believes the cumulative value of the library books is not of a material amount.

**3. Compensated Absences**

The District permits the administrative and non-administrative employees to accumulate earned but unused vacation and sick leave, however, the accrued amounts are not monetarily compensated to employees, and therefore, no accrual for compensated absences is recorded.

**4. Long-Term Debt**

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

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

**5. Inventories**

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories in the Special Revenue Fund consist of USDA commodities and other purchased food items. The cost is recorded as expenditure at the time individual inventory items are purchased. Any reported inventories would be equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

**6. Equity Classifications**

*District-Wide Statements*

Equity is classified as net assets. Net assets is the difference between assets and liabilities. Net assets invested in capital assets represents the historical costs of assets or fair value on date of receipt less accumulated depreciation on those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by the District or external restrictions by other governments, creditors or grantors. Unrestricted net assets are all other net assets that do not meet the definition of "restricted" or "invested in capital assets." It is the District's policy to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved with the unreserved further split between designated and undesignated. Reservations of fund balance are created to either satisfy legal covenants that require that a portion of the fund balance be segregated or identify the portion of the fund balance that is not appropriated for future expenditure.

**7. Revenues and Expenditures**

The primary source of revenue for the District is the New Mexico State Equalization Guarantee, paid to the District by the State of New Mexico, on a unit basis. In addition, the District also receives property tax revenue, and other state and federal grants.

The Lincoln County Treasurer bills and collects the District's tax levy, which is payable in two installments on November 10 and April 10. Property taxes attach as an enforceable lien on January 1. Collections by the County are remitted to the District monthly. No allowance for uncollectible taxes has been recorded since all taxes are considered collectible by the County Treasurer. As of June 30, 2008, all uncollected taxes are considered delinquent.

Expenditures are recognized when the related fund liability is incurred. The exception is that principal on long-term debt is recognized when due.

**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as a government unit, the District is subject to various laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows:

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

**A. BUDGETS AND BUDGETARY ACCOUNTING**

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

- (1) During the month of March, school administrators attend a pre-budget workshop sponsored by the State Department of Education, Public School Budget and Finance Analysis Unit. Necessary direction and budget forms are afforded those attending in preparation of the budget.
- (2) During the months of March and April, local budget workshops are conducted to obtain input in formulating the budget. These workshops are held with the budget committee each week during the entire budget preparation cycle.
- (3) Prior to June 20 of each year, the local school board and the State Superintendent of Public Instruction, at public hearing of which notice has been published by the local school board, fix and approve the estimated budgets for the School District for the ensuing fiscal year.
- (4) The State Department of Education, School Budget Planning Unit, should:
  - a. On or before July 1 of each year, approve and certify to the local school board the estimated operating budgets for use by the local school board pending approval by the State Department of Education, School Budget Planning Unit; and
  - b. Make corrections, revisions, and amendments to the estimated budgets fixed by the local school board and the director to conform the budgets to the requirements of the law and to the Manual of Procedures for Accounting and Budgeting of the State Department of Education; and
  - c. Before the first Monday of September of each year approve and certify to the local school board the operating budgets for use by the local school board based upon the estimated budgets fixed by the local school board and the director.
- (5) Operating budgets shall not be altered or amended after approval and certification by the State Department of Education except for the following purposes and according to the following procedures:
  - a. Upon written request of the local school board, the director of the State Department of Education, School Budget Planning Unit, may authorize transfers within the budget or provide for items not included, when the total amount of the budget will not be increased thereby;
  - b. Upon written request of the local school board, the director in conformance with the regulations of the State Department of Education and with the approval of the Superintendent, may authorize an increase in any budget if the increase is necessary because of the receipt of revenue that was not anticipated at the time the budget was fixed and if the increase is directly related to a special project or program for which the additional revenue was received;

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

- c. Upon written request of the local school board, the director may authorize an increase in a budget of not more than one thousand dollars (\$1000); or
- d. Upon written request of the local school board, the Administration, after notice and a public hearing, may authorize an increase in the budget in an amount exceeding one thousand dollars (\$1000). The notice of the hearing shall designate the District, which proposes to alter or amend its budget, together with the time, place and date of the hearing. The notice of the hearing shall be published at least once a week for two consecutive weeks in a newspaper of general circulation in the county in which the District is situated. The last publication of the notice shall be at least three days prior to the date set for the hearing.
- e. Budgeted adjustments were made during the year.

Expenditures may not legally exceed budgeted amounts at the function level. No funds exceeded budget in this current year.

- (6) Budgeted transfers may be made between accounts within a functional category without State Department of Education approval if the total budgeted expenditures of the function are not changed.
- (7) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue funds, Debt Service Fund, and the Capital Projects Funds.
- (8) Appropriation of funds unused during the fiscal year may be carried over to the next fiscal year by budgeting those funds in the subsequent year's budget.
- (9) To conform to the State Department of Education regulations, budgets for all funds of the District are adopted on the cash basis of accounting with the following exception:

Federal Projects – Federal categorical grants are budgeted on the grant's project year rather than the District's fiscal year and, therefore, may not reflect cash basis budgeting. Unexpended portions of prior year's programs are re-budgeted into the subsequent year's program budget. Because the programs may be incomplete at June 30, the schedules of budgeted and actual revenue and expenditures may present unrealized revenue and unexpended budget, rather than budget savings. Information included in the Schedule of Federal Awards may not fully agree with other federal award reports that the District submits directly to federal granting agencies because, among other reasons, the award reports (a) may be prepared for a different fiscal period and (b) may include cumulative (from prior years) data rather than data for the current year only.

Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis inconsistent with Generally Accepted Accounting Principles (GAAP). Budgetary comparisons presented for these funds in this report are on the Non-GAAP (Cash Basis) budgetary basis.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2008, was properly amended by the Board through the year.



**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

**B. LONG-TERM DEBT**

A summary in changes in long-term obligations follows:

	Balance 6/30/07	Additions	(Reductions)	Balance 6/30/08	Due Within One Year
\$150,000 1997 GO Bonds due in semi-annual interest payments, matures in May 2008, interest rates 5.4 to 5.5%	\$ 75,000	\$ -	\$ (75,000)	\$ -	\$ -
\$100,000 1998 GO Bonds due in semi-annual interest payments, matures in February 2010, interest at 4.75 to 4.85%	100,000	-	-	100,000	85,000
\$75,000 1999 GO Bonds due in semi-annual interest payments, matures in September 2010, interest at 4.35 to 4.75%	75,000	-	-	75,000	-
\$135,000 2000 GO Bonds due in semi-annual interest payments, matures in November 2011, interest at 5.15 to 5.95%	110,000	-	(15,000)	95,000	25,000
\$165,000 2002 GO Bonds due in semi-annual interest payments, matures in July 2014, interest at 3.875 to 5.15%	155,000	-	-	155,000	-
\$300,000 2005 GO Bonds due in semi-annual interest payments, matures in August 2017, interest at 4.1 to 4.25%	300,000	-	-	300,000	-
\$400,000 2006 GO Bonds due in semi-annual interest payments, matures in October 2016, interest at 4.0 to 4.25%	<u>400,000</u>	<u>-</u>	<u>(10,000)</u>	<u>390,000</u>	<u>65,000</u>
Total Long-Term Obligations	<u>\$ 1,215,000</u>	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ 1,115,000</u>	<u>\$ 175,000</u>

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The annual requirements to amortize all bonded debt outstanding as of June 30, 2008, are shown below:

The legal debt margin is specified by Article IX Section 11 of the Constitution of the State of New Mexico as not greater than 6% of the assessed value of the taxable property within the School District. Based on this criterion, the maximum general obligation debt permissible is \$670,330, including the current debt outstanding amount of \$440,000, based on the 2008 tax valuation.

Fiscal Year Ended June 30, 2008	Principal	Interest	Total
2009	\$ 85,000	\$ 48,664	\$ 133,664
2010	110,000	43,826	153,826
2011	70,000	38,271	108,271
2012	125,000	33,796	158,796
2013	130,000	29,641	159,641
2014-2018	<u>595,000</u>	<u>64,374</u>	<u>659,374</u>
	<u>\$ 1,115,000</u>	<u>\$ 258,572</u>	<u>\$ 1,373,572</u>

Property tax revenue recorded in the Debt Service Fund has been used to retire debt liabilities.

The reconciliation of Long-Term Debt above is reported in the Statement of Net Assets can be reconciled as follows:

Total Long-Term Debt	\$ 1,115,000
Current Portion of Long-Term Debt	<u>(85,000)</u>
Long-Term Debt 6-30-2008	<u>\$ 1,030,000</u>

**NOTE 4. DETAIL NOTES ON ACCOUNTS AND TRANSACTION CLASSES**

**A. CASH**

State statutes authorize the investment of school district funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations; however, they have never taken this opportunity. All funds of the District must follow the above investment policies.

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

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The rate of interest in non-demand interest-bearing accounts shall not be set by the State Board of Finance, but, in no case, shall the rate of interest be less than one hundred percent of the asked price on the United States treasury bills of the same maturity on the day of deposit. Excess of funds may be temporarily invested in securities which are issued by the state or by the United States government, or by their departments or agencies and which are either direct obligations for the state or the United States or are backed by the full faith and credit of those governments.

Statutes require depositories to pledge collateral against deposits in excess of the federal deposit insurance. Collateral is required in the amount of fifty percent of the uninsured deposits and requires securities to be delivered, or a joint safekeeping receipt be issued, to the local school district by the depository institution. The Schedule of Deposits and Security Requirements on **page 78** discloses the details deposits and securities of the district. Per the schedule noted above, total deposits not insured by the FDIC amounted to 690,326 requiring that depositories to pledge \$345,163 in securities. As of June 30, 2008, the fair market value of pledged securities amounted to \$774,562 or an excess of \$429,399.

At June 30, 2008 the carrying amount of the District's deposits with financial institutions were \$577,855 and the bank balances were \$833,357. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: a. Uncollateralized, b. Collateralized with securities held by the pledging financial institution, or c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. At June 30, 2008, \$690,326 of the District's bank balances of \$833,357 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 0
Uninsured and collateral held by pledging bank's trust Department not in the District's name	<u>690,326</u>
Total	<u>\$ 690,326</u>

**B. INTERFUND TRANSACTIONS**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year.

<u>Due To</u>	<u>Due From</u>			<b>Totals</b>
	<u>General Fund</u>	<u>Title I</u>	<u>Tech for Educaiton</u>	
General Fund	\$ 23,740	\$ -	\$ (20,000)	\$ (3,740)
Food Services	<u>15,000</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>
<b>Totals</b>	<u>\$ 38,740</u>	<u>\$ (15,000)</u>	<u>\$ (20,000)</u>	<u>\$ (3,740)</u>

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The following are interfund transfers for operational purposes which are considered permanent.

<u>Transfer In</u>		<u>Cap Out</u>	
		<u>Special Project</u>	<u>Totals</u>
Bond Building	\$ 21,795	\$ (21,795)	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Totals</b>	<u>\$ 21,795</u>	<u>\$ (21,795)</u>	<u>\$ -</u>

Transfers are used to move revenues from the fund that collects them to the fund that budgets them. Interfund transfers have been eliminated in the government-wide financial statements.

**B. Capital Assets**

Capital activity as of June 30, 2008 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 89,628	\$ -	\$ -	\$ 89,628
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>89,628</u>	<u>-</u>	<u>-</u>	<u>89,628</u>
Capital assets being depreciated:				
Buildings and improvements	4,874,384	259,988	-	5,134,372
Equipment	<u>1,225,739</u>	<u>65,981</u>	<u>-</u>	<u>1,291,720</u>
Total capital assets being depreciated	<u>6,100,123</u>	<u>325,969</u>	<u>-</u>	<u>6,426,092</u>
Less accumulated depreciation for:				
Buildings and improvements	1,275,087	113,367	-	1,388,454
Equipment	<u>624,996</u>	<u>77,315</u>	<u>-</u>	<u>702,311</u>
Total accumulated depreciation	<u>1,900,083</u>	<u>190,682</u>	<u>-</u>	<u>2,090,765</u>
Total capital assets being depreciated, net	<u>4,200,040</u>	<u>135,287</u>	<u>-</u>	<u>4,335,327</u>
Governmental activity capital assets, net	<u>\$ 4,289,668</u>	<u>\$ 135,287</u>	<u>\$ -</u>	<u>\$ 4,424,955</u>

Government activities depreciation expense was charged to the operation maintenance plant function.

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**NOTE 5. OTHER NOTES**

**A. Contingencies**

The District's Board of Education made representations to the purchaser of the 1994 General Obligation School Building bond issue that the Board would enter into binding obligations to commence with the project for which the bonds were issued within three years after the date of issue, June 1, 1994, as contained in the No-Arbitrage Certificate. The bond funds were encumbered subsequent to the June 1, 1997 due date which could enable the Internal Revenue Service to declare the bond issue taxable.

**B. Risk Management**

The Hondo Valley Public School District is subject to risk of loss through areas of general liability, workers compensation, and natural disaster. To minimize the risk of financial loss, the school participates in the New Mexico Public School Insurance Authority (a risk pool of all education agencies within the State of New Mexico). The New Mexico Public School Insurance Authority acts as a common carrier of insurance. The assumption of risk is upon the payment of premiums by the school to the New Mexico Public Insurance Authority and lies with the Authority. Premiums are reevaluated annually by the Authority and the District's risk is limited to premiums paid and respective deductibles.

**C. Retiree Health Care Act Contributions**

The Retiree Health Care Act (100-7C-16, 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 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; or (2) retirees defined by the Act who retired prior to July 1, 1990; and former legislators who served at least two years.

Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each employee contributes to the fund an employee contribution in an amount 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.

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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 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 retiree participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, Albuquerque State Government Center, 4308 Carlisle Blvd., NE, Suite 104, Albuquerque, NM 87107.

For the fiscal year ended June 30, 2008 the Hondo Valley Public Schools remitted \$17,408 in employer contributions.

**D. ERA Pension Plan**

*Plan Description.* Substantially all of the Hondo 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, PO Box 26129, Santa Fe, New Mexico 87502.

*Funding Policy.* Plan members are required to contribute 10.15% of their gross salary. The Hondo Valley Public Schools is required to contribute 7.775% of the gross covered salary. The contribution requirements of plan members and the Hondo Valley Public Schools are established in Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Hondo Valley Public Schools' contributions to ERA for the years ended June 30, 2008, 2007, and 2006 were \$133,497, \$133,497 and \$115,991, respectively, equal to the amount of the required contributions for each year.

**E. Federal Projects**

The District receives indirect cost allocations for the various federal programs it administers. These reimbursements are for costs incurred for administrative functions on behalf of the federal programs. Indirect costs are budgeted and reported as federal revenue in the general fund and revenue and expenditures in the federal project funds.

Unexpended portions of federal monies received for these programs are recognized as deferred grant revenue at year end. These funds are not realized as revenue until expended by the District. Amounts expended in excess of federal monies received are reported as accounts receivable.

**F. Joint Venture**

Legislation enacted in 1994 provided for the establishment of Regional Education Cooperatives as state agencies. Under the authority of the State Department of Education and the Region IX Education Cooperative Coordinating Council, the Region IX Cooperative Center transitioned to the Region IX Education Cooperative on July 1994.

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Region IX Education Cooperative, through the governing council, has established as its purpose the delivery to local districts and communities those services deemed critical to the ongoing success of regular and special education programs provided by the local agencies. These programs include, but are not limited to, the following services and activities.

- Individuals with Disabilities Education Act
- Safe & Drug-Free School and Communities Project
- Drug Abuse Resistance Education
- REC Consolidated Application-Coordinator's Positions
- Community Programs-Birth through Two-Year-Old
- Title II Math and Science Project
- PL 94-142-Preschool Project
- Head Start Project for Lincoln County
- Medicaid in the Schools

For the year ended June 30, 2008, the District received from Region IX, \$91,992 in direct funding of IDEA B programs. In addition, Region IX paid expenditures totaling \$45,058 for the other programs listed above, on behalf of the District. These amounts are reflected as revenue and expenditures in the District financial statements.

Region IX Educational Cooperative issues a separate, publicly available audited financial report that includes expenditures of federal awards and supplementary information. That report may be obtained by contacting Region IX Educational Cooperative at 1400 Sudderth Drive No. 3, Ruidoso, New Mexico, 88345.

**NOTE 6. FUND DEFICIT BALANCE**

The Technology for Education Fund has a negative fund balance of \$2,857. It is the intention of the School to permanently transfer funds to correct the deficit.

## SUPPLEMENTARY INFORMATION



**State of New Mexico**  
**Roosevelt County**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2008**

<u>Assets</u>	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Total
Cash	\$ (21,373)	\$ 20,836	\$ (537)
Grants Receivable	43,053		43,053
Due From Other Funds	15,000		15,000
Inventory	<u>1,042</u>	<u>-</u>	<u>1,042</u>
<b>Total Assets</b>	<u>\$ 37,722</u>	<u>\$ 20,836</u>	<u>\$ 58,558</u>
<u>Liabilities</u>			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	<u>3,740</u>	<u>-</u>	<u>3,740</u>
Total Liabilities	<u>3,740</u>	<u>-</u>	<u>3,740</u>
<u>Fund Balance</u>			
Reserved for Inventory	1,042	-	1,042
Reserved for Capital Improvements	-	20,836	20,836
Unreserved	<u>32,940</u>	<u>-</u>	<u>32,940</u>
<b>Total Fund Balance</b>	<u>33,982</u>	<u>20,836</u>	<u>54,818</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 37,722</u>	<u>\$ 20,836</u>	<u>\$ 58,558</u>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2008**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Total
Revenues:			
Federal Sources	\$ 193,515	\$ -	\$ 193,515
State Sources	25,098	35,868	60,966
Local Sources	10,146	-	10,146
Other	<u>13</u>	<u>-</u>	<u>13</u>
Total Revenues	<u>228,772</u>	<u>35,868</u>	<u>264,640</u>
Expenditures:			
Direct Instruction	41,235	-	41,235
Instructional Support	68,702	-	68,702
Administration	-	-	-
Business Support Services	-	-	-
Operation Maintenance Plant	-	1,140	1,140
Food Services	54,290	-	54,290
Athletics	14,008	-	14,008
Non-Instructional Support	-	-	-
Pupil Transportation	-	-	-
Capital Outlay	<u>65,981</u>	<u>-</u>	<u>65,981</u>
Total Expenditures	<u>244,216</u>	<u>1,140</u>	<u>245,356</u>
Excess (deficiency) of revenues over expenditures	<u>(15,444)</u>	<u>34,728</u>	<u>19,284</u>
Other Financing Sources (Uses)			
Transfers In (Out)	<u>-</u>	<u>(21,795)</u>	<u>(21,795)</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(15,444)	56,523	(2,511)
Fund Balance at beginning of year	<u>49,426</u>	<u>7,903</u>	<u>57,329</u>
Fund balance at end of year	<u>\$ 33,982</u>	<u>\$ 64,426</u>	<u>\$ 54,818</u>

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

## General Fund

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Combining Balance Sheet**  
**General Fund**  
**June 30, 2008**

<u>Assets</u>	Operational Fund	Transportation Fund	Instructional Materials Fund	Total
Cash	\$ 16,451	\$ 48,027	\$ 6,436	\$ 70,914
Taxes Receivable	374	-	-	374
Due From Other Funds	<u>3,740</u>	<u>20,000</u>	<u>-</u>	<u>23,740</u>
<b>Total Assets</b>	<u>\$ 20,565</u>	<u>\$ 68,027</u>	<u>\$ 6,436</u>	<u>\$ 95,028</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	374	-	-	374
Due to Other Funds	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Total Liabilities	<u>15,374</u>	<u>-</u>	<u>-</u>	<u>15,374</u>
<u>Fund Balance</u>				
Unreserved for Future Expenditures	<u>5,191</u>	<u>68,027</u>	<u>6,436</u>	<u>79,654</u>
<b>Total Fund Balance</b>	<u>5,191</u>	<u>68,027</u>	<u>6,436</u>	<u>79,654</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 20,565</u>	<u>\$ 68,027</u>	<u>\$ 6,436</u>	<u>\$ 95,028</u>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**General Fund**  
**For the Year Ended June 30, 2008**

	Operational Fund	Transportation Fund	Instructional Materials Fund	Total
Revenues:				
Federal Sources	\$ 1,149	\$ -	\$ -	\$ 1,149
State Sources	1,891,095	208,351	12,602	2,112,048
Local Sources	19,270	-	-	19,270
Other	10,749	82	-	10,831
<b>Total Revenues</b>	<u>1,922,263</u>	<u>208,433</u>	<u>12,602</u>	<u>2,143,298</u>
Expenditures:				
Direct Instruction	1,177,815	-	9,608	1,187,423
Instructional Support	237,256	-	-	237,256
Administration	232,495	-	-	232,495
Business Support Services	63,158	-	-	63,158
Operation Maintenance Plant	237,353	-	-	237,353
Food Services	64,577	-	-	64,577
Athletics	-	-	-	-
Non-Instructional Support	-	-	-	-
Community Services	-	-	-	-
Pupil Transportation	-	199,588	-	199,588
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>2,012,654</u>	<u>199,588</u>	<u>9,608</u>	<u>2,221,850</u>
Excess (deficiency) of revenues over expenditures	<u>(90,391)</u>	<u>8,845</u>	<u>2,994</u>	<u>(78,552)</u>
Other Financing Sources (Uses) Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>(90,391)</u>	<u>8,845</u>	<u>2,994</u>	<u>(78,552)</u>
Fund Balance at beginning of year	<u>95,582</u>	<u>59,182</u>	<u>3,442</u>	<u>158,206</u>
Fund balance at end of year	<u>\$ 5,191</u>	<u>\$ 68,027</u>	<u>\$ 6,436</u>	<u>\$ 79,654</u>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**General Fund-Operational**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Local Sources	\$ 15,913	\$ 17,862	\$ 19,270	\$ 1,408
State Sources	1,879,093	1,889,459	1,891,095	1,636
Federal Sources	1,446	1,446	1,149	(297)
Other	<u>167</u>	<u>2,270</u>	<u>10,749</u>	<u>8,479</u>
Total Revenues	<u>1,896,619</u>	<u>1,911,037</u>	<u>1,922,263</u>	<u>11,226</u>
Expenditures:				
Direct Instruction	1,178,684	1,178,684	1,177,815	869
Instructional Support	229,230	236,263	232,420	3,843
Administration	220,193	233,262	232,496	766
Business Support Services	58,326	65,286	63,158	2,128
Operation Maintenance Plant	234,450	237,616	237,353	263
Food Services	68,932	68,932	64,576	4,356
Athletics	-	-	-	-
Pupil Transportation	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,989,815</u>	<u>2,020,043</u>	<u>2,007,818</u>	<u>12,225</u>
Excess (deficiency) of revenues over expenditures	<u>(93,196)</u>	<u>(109,006)</u>	<u>(85,555)</u>	<u>23,451</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(93,196)	(109,006)	(85,555)	<u>\$ 23,451</u>
Prior Year End Cash	68,688	68,688		
End of Year Cash Balance	<u>\$ (24,508)</u>	<u>\$ (40,318)</u>		
Reconciliation to GAAP Basis				
Changes in Textbook Credits			(4,836)	
Capital Outlay			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ (90,391)</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**General Fund-Transportation**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Revenue	\$ 194,222	\$ 207,218	\$ 208,351	\$ 1,133
Interest Income	<u>-</u>	<u>-</u>	<u>82</u>	<u>82</u>
Total Revenues	<u>194,222</u>	<u>207,218</u>	<u>208,433</u>	<u>1,215</u>
Expenditures:				
Transportation	194,222	236,809	199,588	37,221
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>194,222</u>	<u>236,809</u>	<u>199,588</u>	<u>37,221</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(29,591)</u>	<u>8,845</u>	<u>38,436</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	(29,591)	8,845	<u>\$ 38,436</u>
Prior Year End Cash	<u>59,182</u>	<u>59,182</u>		
End of Year Cash Balance	<u>\$ 59,182</u>	<u>\$ 29,591</u>		

Reconciliation to GAAP Basis

Changes in Receivables	<u>-</u>
Excess (Deficiency) of revenues over expenditures	<u>\$ 8,845</u>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**General Fund-Instructional Materials**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Revenue	\$ 12,126	\$ 12,183	\$ 12,602	\$ 419
Interest Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>12,126</u>	<u>12,183</u>	<u>12,602</u>	<u>419</u>
Expenditures:				
Direct Instruction	11,144	14,586	9,608	4,978
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>11,144</u>	<u>14,586</u>	<u>9,608</u>	<u>4,978</u>
Excess (deficiency) of revenues over expenditures	<u>982</u>	<u>(2,403)</u>	<u>2,994</u>	<u>5,397</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	982	(2,403)	2,994	<u>\$ 5,397</u>
Prior Year End Cash	<u>3,442</u>	<u>3,442</u>		
End of Year Cash Balance	<u>\$ 4,424</u>	<u>\$ 1,039</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 2,994</u>	

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



## SPECIAL REVENUE FUNDS

**FOOD SERVICES** -To account for financing for school hot lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12,60 stat. 230,42 U.S.C.'1751 et seq.;80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889,42 U>S>C> 1773,1779, Public Law 99-591,100 stat. 3341; Public Law 100-71,101 stat. 430.

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

**TITLE IV** - The Title IV project provides funding for safe and drug-free schools and communities. The project is funded by the Federal Government through the New Mexico State Department of Education, to the District as a sub-grant under Sections 4112 and 4115.

**IDEA-B Discretionary** - The IDEA-B Entitlement/Discretionary project provides funds for free appropriate public education to all children with disabilities. The program is funded by the Federal government and passed through the State Department of Education under the Individuals with Disabilities Education Act, Part B, Sections 611-617, and Part 0, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

**RELEARNING** - Relearning of New Mexico, funded by an appropriation by the legislature, reimburses the District for cost of substitute teachers and training stipends. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund.

**NUTRITION GRANT** - The Nutrition Grant provides funding from the New Mexico State Department of Education for lunches provided students. Authority for this fund comes from the local Board of Education.

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

**SDE INCENTIVES FOR SCHOOL IMPROVEMENTS** - To account for funds received for the Strengthening Quality Schools program, provided by SOPRIS West, a private foundation, to help schools with costs related to training. Required by the State Department of Education Manual of Procedures for New Mexico School districts to be accounted for as a separate fund.

**LIBRARY GO BONDS LAWS 2004** - To account for funds provided to acquire supplementary library books, equipment, and library resources for public schools, funded through the New Mexico Public Education Department, as authorized by the Laws 2004, Chapter 117.

(Continued)

**(Continued)**

**OTHER FEDERAL GRANTS** - To record miscellaneous Federal grant funds not recorded in other special revenue funds. The projects are funded by the Federal Government through the New Mexico State Department of Education, to the District as sub-grants under various sections. Authority for this fund comes from the local Board of Education.

**CAPITAL IMPROVEMENTS (S8-9)** - To account for 2.0 mill levy restricted by board resolution for erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, improving school grounds and maintenance of school buildings and grounds, exclusive of salary expense of employees. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10.

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

**TEACHER PRINCIPAL TRAINING** - To account for Title II funds used for professional development training and travel as an incentive to attract and retain highly qualified teachers. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Act of 1965.

State of New Mexico  
Hondo Valley Public Schools  
Combining Balance Sheet  
Special Revenue Funds  
June 30, 2008

Assets	Food Services	Athletics	Idea B Discretionary	Title IV	Relearning	Nutrition Grant	Technology		Incentives		Go Bond Laws	Beginning Teacher	Student Support	SB 301 Libraries	Other		Total
							For Education	For School Imp	Federal Grants	Nonmajor							
Cash	\$ 3,236	\$ 573	\$ (11,657)	\$ 100	\$ 2	\$ 5,740	\$ 883	\$ 91	\$ 145	\$ 818	\$ (21,000)	\$ (3,678)	\$ 3,374	\$ (21,373)			
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Grants receivable	-	-	11,657	-	-	-	-	-	-	-	21,000	3,678	6,718	43,053	-	-	
Due From Other Funds	15,000	-	-	-	-	-	-	-	-	-	-	-	-	15,000	-	-	
Inventory	1,042	-	-	-	-	-	-	-	-	-	-	-	-	1,042	-	-	
<b>Total Assets</b>	<b>\$ 19,278</b>	<b>\$ 573</b>	<b>\$ -</b>	<b>\$ 100</b>	<b>\$ 2</b>	<b>\$ 5,740</b>	<b>\$ 883</b>	<b>\$ 91</b>	<b>\$ 145</b>	<b>\$ 818</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,092</b>	<b>\$ 37,722</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Liabilities</b>																	
Deferred Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	3,740	-	-	-	-	-	-	-	-	-	3,740
Total Liabilities	-	-	-	-	-	-	3,740	-	-	-	-	-	-	-	-	-	3,740
<b>Fund Balance</b>																	
Unreserved	19,278	573	-	100	2	5,740	(2,857)	91	145	818	-	-	-	-	10,092	-	33,982
Total Fund Balance	19,278	573	-	100	2	5,740	(2,857)	91	145	818	-	-	-	10,092	-	-	33,982
<b>Total Liabilities and Fund Balance</b>	<b>\$ 19,278</b>	<b>\$ 573</b>	<b>\$ -</b>	<b>\$ 100</b>	<b>\$ 2</b>	<b>\$ 5,740</b>	<b>\$ 883</b>	<b>\$ 91</b>	<b>\$ 145</b>	<b>\$ 818</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,092</b>	<b>\$ 37,722</b>	<b>\$ -</b>	<b>\$ -</b>	

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

State of New Mexico  
Hondo Valley Public Schools  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Special Revenue Funds  
For the Year Ended June 30, 2008

	Food Services		Athletics		Idea B		Title IV		Relearning		Nutrition Grant		Technology For Education		Incentives For School Imp		Library Go Bond Laws		Beginning Teacher Support		SB 301 Libraries		Other Federal Grants		Total Nonmajor Total		
Revenues:																											
Federal Sources	\$ 44,445	\$ -	\$ 91,992	\$ 611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,000	\$ -	\$ 5,985	\$ 35,467	\$ -	\$ 193,515		
State Sources	-	-	-	-	-	-	-	-	-	-	-	8,451	-	7,875	-	-	-	-	-	2,787	-	-	-	-	25,098		
Local Sources	3,960	6,186	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,146		
Other	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-	13		
Total Revenues	48,414	6,186	91,992	611	-	-	-	-	-	-	8,451	-	7,875	-	-	-	-	-	2,787	21,000	5,985	35,471	-	228,772			
Expenditures:																											
Direct Instruction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,000	-	-	20,235	-	41,235		
Instructional Support	-	-	26,011	511	-	-	-	-	-	-	-	-	7,102	16,676	-	-	-	-	-	1,969	-	5,985	10,448	-	68,702		
Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Business/Support Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Operation Maintenance Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Food Services	50,492	-	-	-	-	-	-	-	-	-	2,711	-	-	-	-	-	-	-	-	-	-	-	1,087	-	54,290		
Athletics	-	14,008	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,008		
Community Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Capital Outlay	-	-	65,981	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65,981		
Total Expenditures	50,492	14,008	91,992	511	-	-	-	-	-	2,711	-	7,102	16,676	-	-	-	-	-	1,969	21,000	5,985	31,770	-	244,216			
Excess (Deficiency) of Revenues Over Expenditures	(2,078)	(7,822)	-	100	-	-	-	-	-	5,740	-	773	(16,676)	-	-	-	-	-	818	-	-	-	3,701	-	(15,444)		
Other Financing Sources (Uses)																											
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Transfers (Out)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Net Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Net Change in Fund Balances	(2,078)	(7,822)	-	100	-	-	-	-	-	5,740	-	773	(16,676)	-	-	-	-	-	818	-	-	-	3,701	-	(15,444)		
Fund Balances, Beginning	21,356	8,395	-	-	2	-	-	-	-	-	-	(3,630)	16,767	145	-	-	-	-	-	-	-	-	6,391	-	49,426		
Fund Balances, Ending	\$ 19,278	\$ 573	\$ -	\$ 100	\$ 2	\$ 2	\$ 5,740	\$ (2,857)	\$ 91	\$ 145	\$ 145	\$ 818	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 818	\$ -	\$ -	\$ 10,092	\$ -	\$ 33,982			

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

State of New Mexico  
Hondo Valley Public Schools  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Non-GAAP)  
Special Revenue Fund-Food Services  
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 44,437	\$ 44,437	\$ 44,445	\$ 8
State Sources	-	-	-	-
Local Sources	2,925	2,925	3,960	1,035
Interest Income	-	-	-	-
Other	-	-	9	9
Total Revenues	<u>47,362</u>	<u>47,362</u>	<u>48,414</u>	<u>1,052</u>
Expenditures:				
Food Services	50,350	50,350	50,332	18
Capital Outlay	-	-	-	-
Total Expenditures	<u>50,350</u>	<u>50,350</u>	<u>50,333</u>	<u>18</u>
Excess (deficiency) of revenues over expenditures	<u>(2,988)</u>	<u>(2,988)</u>	<u>(1,919)</u>	<u>1,070</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(2,988)	(2,988)	(1,919)	<u>\$ 1,070</u>
Cash Balance at beginning of year	<u>5,154</u>	<u>5,154</u>		
Cash Balance at end of year	<u>\$ 2,166</u>	<u>\$ 2,166</u>		
Reconciliation to GAAP Basis				
Changes in Inventory			\$ (159)	
Change in Receivables			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ (2,078)</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Athletics**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ -	\$ -	\$ -	\$ -
Local Sources	9,513	9,513	6,186	(3,327)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>9,513</u>	<u>9,513</u>	<u>6,186</u>	<u>(3,327)</u>
Expenditures:				
Athletics	9,607	9,607	5,121	4,486
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>9,607</u>	<u>9,607</u>	<u>5,121</u>	<u>4,486</u>
Excess (deficiency) of revenues over expenditures	<u>(94)</u>	<u>(94)</u>	<u>1,065</u>	<u>1,159</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(94)	(94)	1,065	<u>\$ 1,159</u>
Cash Balance at beginning of year	<u>8,395</u>	<u>8,395</u>		
Cash Balance at end of year	<u>\$ 8,301</u>	<u>\$ 8,301</u>		
Reconciliation to GAAP Basis				
Transfer to Agency Fund			\$ (8,887)	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ (7,822)</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Idea B Discretionary**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:				
Federal Sources	\$ 24,043	\$ 37,943	\$ 14,353	\$ (23,590)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>24,043</u>	<u>37,943</u>	<u>14,353</u>	<u>(23,590)</u>
Expenditures:				
Instructional support	24,043	37,943	26,010	11,933
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>24,043</u>	<u>37,943</u>	<u>26,010</u>	<u>11,933</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(11,657)</u>	<u>(11,657)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(11,657)	<u>\$ (11,657)</u>
Cash Balance at beginning of year	<u>9,643</u>	<u>9,643</u>		
Cash Balance at end of year	<u>\$ 9,643</u>	<u>\$ 9,643</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			11,657	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Title IV**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal Sources	\$ 946	\$ 1,447	\$ 611	\$ (836)
State Sources				-
Local Sources	-	-	-	-
Interest Income				-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>946</u>	<u>1,447</u>	<u>611</u>	<u>(836)</u>
Expenditures:				
Instructional Support	946	1,447	511	936
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>946</u>	<u>1,447</u>	<u>511</u>	<u>936</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	100	<u>\$ 100</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Reconciliation to GAAP Basis				
Changes in Receivables				-
Change in Due from Other Governments				<u>-</u>
Excess (Deficiency) of revenues over expenditures			<u>\$ 100</u>	

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



**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Relearning**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources				-
Local Sources	-	-	-	-
Interest Income				-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Food Services	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	-	<u>\$ -</u>
Cash Balance at beginning of year	<u>2</u>	<u>2</u>		
Cash Balance at end of year	<u>\$ 2</u>	<u>\$ 2</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Nutrition Fund**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance-
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Favorable (Unfavorable)
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	7,000	9,813	8,451	(1,362)
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>7,000</u>	<u>9,813</u>	<u>8,451</u>	<u>(1,362)</u>
Expenditures:				
Food Services	7,000	9,813	2,711	7,102
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>7,000</u>	<u>9,813</u>	<u>2,711</u>	<u>7,102</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>5,740</u>	<u>5,740</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	5,740	<u>\$ 5,740</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Reconciliation to GAAP Basis				
Changes in Receivables				-
Change in Due from Other Governments				<u>-</u>
Excess (Deficiency) of revenues over expenditures			<u>\$ 5,740</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Technology For Education**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	3,375	9,325	7,875	(1,450)
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>3,375</u>	<u>9,325</u>	<u>7,875</u>	<u>(1,450)</u>
Expenditures:				
Instructional Support	3,750	9,325	7,102	2,223
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>3,750</u>	<u>9,325</u>	<u>7,102</u>	<u>2,223</u>
Excess (deficiency) of revenues over expenditures	<u>(375)</u>	<u>-</u>	<u>773</u>	<u>773</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(375)	-	773	<u>\$ 773</u>
Cash Balance at beginning of year	<u>(3,727)</u>	<u>(3,727)</u>		
Cash Balance at end of year	<u>\$ (4,102)</u>	<u>\$ (3,727)</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	-
Change in Due from Other Governments			<u>-</u>	<u>-</u>
Excess (Deficiency) of revenues over expenditures			<u>\$ 773</u>	<u>\$ 773</u>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Incentives for School Improvement**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 16,691	\$ 16,691	\$ -	\$ (16,691)
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>16,691</u>	<u>16,691</u>	<u>-</u>	<u>(16,691)</u>
Expenditures:				
Instructional Support	16,691	16,691	16,676	15
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>16,691</u>	<u>16,691</u>	<u>16,676</u>	<u>15</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(16,676)</u>	<u>(16,676)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(16,676)	<u>\$ (16,676)</u>
Cash Balance at beginning of year	<u>16,324</u>	<u>16,324</u>		
Cash Balance at end of year	<u>\$ 16,324</u>	<u>\$ 16,324</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	-
Change in Due from Other Governments			<u>-</u>	<u>-</u>
Excess (Deficiency) of revenues over expenditures			<u>\$ (16,676)</u>	<u>\$ (16,676)</u>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Library GO Bond**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Instructional Support	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	-	<u>\$ -</u>
Cash Balance at beginning of year	<u>145</u>	<u>145</u>		
Cash Balance at end of year	<u>\$ 145</u>	<u>\$ 145</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue-Beginning Teacher**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ 2,787	\$ 2,787	\$ -
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>2,787</u>	<u>2,787</u>	<u>-</u>
Expenditures:				
Direct Instruction	-	-	-	-
Instructional Support	<u>-</u>	<u>2,787</u>	<u>1,969</u>	<u>818</u>
Total Expenditures	<u>-</u>	<u>2,787</u>	<u>1,969</u>	<u>818</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>818</u>	<u>818</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	818	818
Cash Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>818</u>	<u>\$ 818</u>
Reconciliation to GAAP Basis				
Changes in Receivables			\$ -	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 818</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue-Student Support**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ 21,000	\$ -	\$ (21,000)
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>21,000</u>	<u>-</u>	<u>(21,000)</u>
Expenditures:				
Direct Instruction	-	21,000	21,000	-
Instructional Support	-	-	-	-
Total Expenditures	<u>-</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(21,000)</u>	<u>(21,000)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(21,000)	(21,000)
Cash Balance at beginning of year	<u>-</u>	<u>-</u>	-	-
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	(21,000)	<u>\$ (21,000)</u>
Reconciliation to GAAP Basis				
Changes in Receivables			\$ 21,000	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue-SB 310 Libraries**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ -	\$ 8,201	\$ 2,307	\$ (5,894)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>8,201</u>	<u>2,307</u>	<u>(5,894)</u>
Expenditures:				
Direct Instruction	-	6,201	5,985	216
Instructional Support	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>6,201</u>	<u>5,985</u>	<u>216</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2,000</u>	<u>(3,678)</u>	<u>(5,678)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	2,000	(3,678)	(5,678)
Cash Balance at beginning of year	<u>-</u>	<u>-</u>	-	-
Cash Balance at end of year	<u>\$ -</u>	<u>\$ 2,000</u>	(3,678)	<u>\$ (5,678)</u>
Reconciliation to GAAP Basis				
Changes in Receivables			\$ 3,678	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ -</u>	

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



**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Other Federal Grants**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:				
Federal Sources	\$ 11,907	\$ 13,592	\$ 28,749	\$ 15,157
Interest Income	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
Total Revenues	<u>11,907</u>	<u>13,592</u>	<u>28,753</u>	<u>15,161</u>
Expenditures:				
Direct Instruction	14,741	21,748	20,235	1,513
Instructional Support	10,724	11,675	10,448	1,227
Food Services	<u>2,174</u>	<u>2,908</u>	<u>1,087</u>	<u>1,821</u>
Total Expenditures	<u>27,639</u>	<u>36,331</u>	<u>31,770</u>	<u>4,561</u>
Excess (deficiency) of revenues over expenditures	<u>(15,732)</u>	<u>(22,739)</u>	<u>(3,017)</u>	<u>19,722</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(15,732)	(22,739)	(3,017)	<u>\$ 19,722</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ (15,732)</u>	<u>\$ (22,739)</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			6,718	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 3,701</u>	

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

## **Debt Service Fund**

This fund is established to receive revenue for the payment of interest and principal on outstanding general obligation school bond issues.

**State of New Mexico**  
**Roosevelt County**  
**Balance Sheet**  
**Debt Service Fund**  
**June 30, 2008**

<b><u>Assets</u></b>	
Cash	\$ 79,123
Taxes Receivable	<u>5,540</u>
<b>Total Assets</b>	<b>\$ <u>84,663</u></b>
<b><u>Liabilities</u></b>	
Deferred Revenue	\$ 5,540
Due to Other Funds	<u>-</u>
Total Liabilities	<u>5,540</u>
<b><u>Fund Balance</u></b>	
Reserved for Debt Service	<u>79,123</u>
<b>Total Fund Balance</b>	<b><u>79,123</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>84,663</u></b>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Debt Service Fund**  
**For the Year Ended June 30, 2008**

Revenues:	
Local Sources	\$ 171,725
Interest	<u>54</u>
Total Revenues	<u>171,779</u>
Expenditures:	
Administrative	1,717
Debt Service:	
Principal	100,000
Interest and Fiscal Charge	<u>65,961</u>
Total Expenditures	<u>167,678</u>
Excess (deficiency) of revenues over expenditures	<u>4,101</u>
Other Financing Sources (Uses)	
Transfers In (Out)	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	4,101
Fund Balance at beginning of year	<u>75,022</u>
Fund balance at end of year	<u>\$ 79,123</u>

**The accompanying notes are an integral part of the financial statements.**

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)-**  
**Debt Service Fund**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$ 168,810	\$ 153,796	\$ 171,725	\$ 17,929
Interest Income	<u>45</u>	<u>45</u>	<u>54</u>	<u>9</u>
Total Revenues	<u>168,855</u>	<u>153,841</u>	<u>171,779</u>	<u>17,938</u>
Expenditures:				
Administrative	1,800	1,800	1,717	83
Debt Service:				
Principal	100,000	100,000	100,000	-
Interest	<u>163,031</u>	<u>148,017</u>	<u>62,019</u>	<u>85,998</u>
Total Expenditures	<u>264,831</u>	<u>249,817</u>	<u>163,736</u>	<u>86,081</u>
Excess (deficiency) of revenues over expenditures	<u>(95,976)</u>	<u>(95,976)</u>	<u>8,043</u>	<u>104,019</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(95,976)	(95,976)	8,043	<u>\$ 104,019</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ (95,976)</u>	<u>\$ (95,976)</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			2,336	
Changes in Deferred Income			(2,336)	
Change in Prepaid Interest			<u>(3,942)</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 4,101</u>	

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

## Capital Projects Funds

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

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

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Combining Balance Sheet**  
**Capital Project Funds**  
**June 30, 2008**

<u>Assets</u>	Special Capital Outlay State	Public School Capital Outlay 20%	Total
Cash	\$ 18,288	\$ 2,548	\$ 20,836
Due From Other Funds	-	-	-
<b>Total Assets</b>	<u>\$ 18,288</u>	<u>\$ 2,548</u>	<u>\$ 20,836</u>
<u>Liabilities</u>			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Total Liabilities	-	-	-
<u>Fund Balance</u>			
Reserved for Capital Projects	18,288	2,548	20,836
Unreserved for Future Expenditures	-	-	-
<b>Total Fund Balance</b>	<u>18,288</u>	<u>2,548</u>	<u>20,836</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 18,288</u>	<u>\$ 2,548</u>	<u>\$ 20,836</u>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Capital Project Funds**  
**For the Year Ended June 30, 2008**

	Special Capital Outlay Fund	Public School Capital Outlay 20%	Total
Revenues:			
Federal Sources	\$ -	\$ -	\$ -
State Sources	35,868	-	35,868
Local Sources	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>35,868</u>	<u>-</u>	<u>35,868</u>
Expenditures:			
Operation Maintenance Plant	-	1,140	1,140
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>1,140</u>	<u>1,140</u>
Excess (deficiency) of revenues over expenditures	<u>35,868</u>	<u>(1,140)</u>	<u>34,728</u>
Other Financing Sources (Uses) Transfers In (Out)	<u>(21,795)</u>	<u>-</u>	<u>(21,795)</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	14,073	(1,140)	12,933
Fund Balance at beginning of year	<u>4,215</u>	<u>3,688</u>	<u>7,903</u>
Fund balance at end of year	<u>\$ 18,288</u>	<u>\$ 2,548</u>	<u>\$ 20,836</u>

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



**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Major Fund-Capital Projects Fund-Bond Building**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest Income	\$ 400	\$ 400	\$ 483	\$ 83
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>400</u>	<u>400</u>	<u>483</u>	<u>83</u>
Expenditures:				
Operation Maintenance Plant	-	-	-	-
Capital Outlay	<u>558,883</u>	<u>558,883</u>	<u>228,553</u>	<u>330,330</u>
Total Expenditures	<u>558,883</u>	<u>558,883</u>	<u>228,553</u>	<u>330,330</u>
Excess (deficiency) of revenues over expenditures	<u>(558,483)</u>	<u>(558,483)</u>	<u>(228,070)</u>	<u>330,413</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>21,795</u>	<u>21,795</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(558,483)	(558,483)	(206,275)	<u>\$ 308,618</u>
Cash Balance at beginning of year	<u>559,534</u>	<u>559,534</u>		
Cash Balance at end of year	<u>\$ 1,051</u>	<u>\$ 1,051</u>		
Reconciliation to GAAP Basis:				
Changes in Accounts Payable			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ (206,275)</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Capital Projects Fund-Special Capital Outlay State**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ 250,000	\$ 291,500	\$ 35,868	\$ (255,632)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>250,000</u>	<u>291,500</u>	<u>35,868</u>	<u>(255,632)</u>
Expenditures:				
Operation Maintenance Plant	-	-	-	-
Capital Outlay	<u>254,215</u>	<u>295,784</u>	<u>-</u>	<u>295,784</u>
Total Expenditures	<u>254,215</u>	<u>295,784</u>	<u>-</u>	<u>295,784</u>
Excess (deficiency) of revenues over expenditures	<u>(4,215)</u>	<u>(4,284)</u>	<u>35,868</u>	<u>40,152</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>(21,795)</u>	<u>(21,795)</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(4,215)	(4,284)	14,073	<u>\$ 61,947</u>
Cash Balance at beginning of year	<u>4,215</u>	<u>4,215</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ (69)</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	-
Change in Due from Other Governments			<u>-</u>	<u>-</u>
Excess (Deficiency) of revenues over expenditures			<u>\$ 14,073</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Capital Projects Fund-Public Schools Capital Outlay State 20%**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ -	\$ -	\$ -	\$ -
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Operation Maintenance Plant	3,688	3,688	1,140	2,548
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>3,688</u>	<u>3,688</u>	<u>1,140</u>	<u>2,548</u>
Excess (deficiency) of revenues over expenditures	<u>(3,688)</u>	<u>(3,688)</u>	<u>(1,140)</u>	<u>2,548</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(3,688)	(3,688)	(1,140)	<u>\$ 2,548</u>
Cash Balance at beginning of year	<u>3,688</u>	<u>3,688</u>		
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Reconciliation to GAAP Basis				
				-
				-
			<u>\$ (1,140)</u>	

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

## **Fiduciary Fund**

AGENCY FUND – To account for assets held by the school district in a trustee capacity for individuals, private organizations, other governments and/or other funds.

State of New Mexico  
Hondo Valley Public Schools  
Statement of Changes in Account Balances-Agency Funds  
For the Year Ended June 30, 2008

	Balance 6/30/2007	Additions	Deductions	Balance 6/30/2008
Glencoe Rural Events	\$ -	\$ 310	\$ -	\$ 310
Elementary	763	-	-	763
Kindergarten	-	-	-	-
First Grade	50	67	50	67
Second Grade	112	67	62	117
Third Grade	181	45	71	155
Fourth Grade	200	45	19	226
Fifth Grade	246	-	2	244
Sixth Grade	254	775	783	246
Seventh Grade	496	-	-	496
Eight Grade	220	417	-	637
Fiesta	12,695	8,747	19,674	1,768
Fiesta Decorating	62	-	-	62
Cheerleaders	501	3,236	3,195	542
Senior Class	2,484	11,366	8,253	5,597
Junior Class	3,507	4,384	7,208	683
Sophomore Class	380	581	3,418	670
Freshman Class	370	300	408	262
Yearbook	-	1,164	543	621
National Honor Society	1,094	558	1,167	485
Student Council	11	-	-	11
Football	154	2,277	2,348	83
FFA	438	1,886	2,213	111
H-Club	301	15,543	6,676	9,168
Shop	58	-	-	58
Rodeo Club	348	-	-	348
Art	2,595	255	-	2,850
Knowledge Bowl	477	60	-	537
Clement Scholarship	11,264	127	-	11,391
Clement School Int	643	239	328	554
Counselors Fund	534	-	-	534
Qualls Scholarship	123	-	-	123
Upward bound	-	-	-	-
Crimestoppers	-	-	-	-
Sunshine Committee	82	170	252	-
Library Fund	841	1,359	1,378	822
General Fund	279	2,026	2,161	144
Drivers Ed	139	191	-	330
Girls Basketball	179	-	-	179
Halloween Carnival	-	-	-	-
Boys Basketball	304	78	19	363
JH Girls Basketball	74	-	-	74
Film Class	54	62	-	116
Girls Volleyball	50	-	-	50
Character Counts	-	200	151	49
Soldier Care Packages	-	762	-	762
	<u>\$ 42,563</u>	<u>\$ 57,297</u>	<u>\$ 60,379</u>	<u>\$ 42,608</u>

## Other Reports

State of New Mexico  
Hondo Valley Public Schools  
Schedule of Deposits and Pledged Collateral Under State Requirements  
June 30, 2008

Institution	Financial	Account Name	Account Type	Reconciled Balance	O/S Deposits Balance	O/S Checks Balance	Balance Not On Deposit 06-30-07	FDIC or Other Insurance	Not Insured By FDIC	Required Collateral	FMV of Collateral	Pledged Over(Short)
Wells Fargo		Operations	Checking	\$ 357	361	152,861	\$ 152,857	100,000	-	-	-	-
		Federal Projects	Checking	(23,473)	-	28,030	4,557	-	-	-	-	-
		Cafeteria and Athletics	Checking	9,549	-	706	10,255	-	-	-	-	-
		Bond Building	Checking	353,259	-	36,686	389,945	-	-	-	-	-
		Transportation	Checking	48,029	-	10,548	58,577	-	-	-	-	-
		Debt Service	Checking	79,123	9,307	-	69,816	-	-	-	-	-
		SB-9	Checking	68,403	-	35,916	104,319	-	-	-	-	-
		Activity Fund	Checking	31,358	-	423	31,781	-	-	-	-	-
		Activity Fund	CD	11,250	-	-	11,250	-	-	-	-	-
				<u>577,855</u>	<u>9,668</u>	<u>265,170</u>	<u>835,357</u>	<u>143,031</u>	<u>\$ 690,326</u>	<u>\$ 345,163</u>	<u>\$ 774,562</u>	<u>\$ 429,399</u>

Pledged Collateral

Description	Custodian	Maturity	Par	Rate	Market Value	SK	Rec #	Cusip
Wells Fargo	WFBNW	6/1/1937	\$ 213,995	5.50%	\$ 209,280	4501	3128MS7G9	
FGIOH 00895	WFBNW	11/1/1931	15,416	6.00%	15,687	2232	31385HXB3	
FNCL 545274	WFBNW	5/1/1936	543,355	6.00%	546,595	7623	31409CV69	
FCNL 867437			<u>\$ 772,766</u>		<u>\$ 771,562</u>			

	Operational	Transport	Instructional Materials	Food Serv.	Athletics	Non Instruction	Federal Flow through	Federal Direct	State Flow-Through	State Direct	Bond Building	Special Capital Outlay State	Capital Imp. SB-9	PSCOC 20%	Debt Service	Total
Audited Net Cash 6-30-07	\$ 102,006	\$ 59,182	\$ 3,442	\$ 5,154	\$ 8,395	\$ 42,563	\$ 32,800	\$ 2	\$ 146	\$ 110	\$ 559,534	\$ 4,215	\$ 78,708	\$ 3,688	\$ 71,080	\$ 971,025
Outstanding Loans (Net)																
Investments	102,006	59,182	3,442	5,154	8,395	42,563	32,800	2	146	110	559,534	4,215	78,708	3,688	71,080	971,025
Total Cash 6-30-08	1,920,302	208,863	12,602	48,432	6,186	47,649	88,542	4,895	6,092	8,451	483	35,868	52,373		171,779	2,612,517
Revenues to Date																
Loan Repayments							20,000									20,000
Prior Year Warrants Voided	1,045															1,045
Total Resources to Date Current Ye	2,023,353	268,045	16,044	53,586	14,581	90,212	141,342	4,897	6,238	8,561	560,017	40,083	131,081	3,688	242,859	3,604,587
Expenditures to Date	2,006,902	200,019	9,608	50,350	14,008	47,603	164,463	4,897	28,977	2,819	228,552		83,657	1,140	163,736	3,006,731
Loan Repayments																
Transfers to Date (In) Out		20,000									(21,794)	21,794				20,000
Net Cash	16,451	48,026	6,436	3,236	573	42,609	(23,121)		(22,739)	5,742	353,259	18,289	47,424	2,548	79,123	577,856
Outstanding Loans (Out) In																
Investments on Hand																
Total Cash	\$ 16,451	\$ 48,026	\$ 6,436	\$ 3,236	\$ 573	\$ 42,609	\$ (23,121)	\$	\$ (22,739)	\$ 5,742	\$ 353,259	\$ 18,289	\$ 47,424	\$ 2,548	\$ 79,123	\$ 577,856
Cash in Bank	\$ 163,535	\$ 58,579	\$ 6,436	\$ 3,917	\$ 598	\$ 43,032	\$ (16,664)	\$ 4,897	\$ (639)	\$ 5,742	\$ 389,945	\$ 18,288	\$ 82,593	\$ 3,282	\$ 69,816	\$ 833,357
Outstanding Deposits	361														9,307	9,668
Outstanding Checks	147,445	10,550		681	25	423	6,457	4,897	22,100		36,686		35,169	734		265,167
Adjustments																
Total Cash	\$ 16,451	\$ 48,029	\$ 6,436	\$ 3,236	\$ 573	\$ 42,609	\$ (23,121)	\$	\$ (22,739)	\$ 5,742	\$ 353,259	\$ 18,288	\$ 47,424	\$ 2,548	\$ 79,123	\$ 577,858



**Dan Austin CPA, PC**  
**700 Mechem Drive Ste. 15**  
**Ruidoso, NM 88345**

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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 Balderas, State Auditor,  
Board of Education, Hondo Valley Public Schools  
Hondo, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the general fund and major special revenue funds budgetary comparisons, and the aggregate remaining fund information of Hondo Valley Public Schools as of and for the year ended June 30, 2008, which collectively comprise Hondo Valley Public School's basic financial statements and have issued our report thereon dated November 14, 2008. We have also audited the financial statements of each of the School's Nonmajor governmental funds and respective budgetary comparisons and the debt service and capital project funds budgetary comparisons presented as 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, and have issued our report thereon dated November 14, 2008. We conducted the 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 Hondo Valley Public Schools, New Mexico's 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 Hondo Valley Public School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hondo Valley Public School's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the agency's 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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hondo Valley Public Schools, New Mexico's 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 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 responses as findings 07-1.

The agency's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Hondo Valley Public School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Board of Education, New Mexico Public Education Department, the State Auditor, the New Mexico Legislature and is not intended to be and should not be used by anyone other than these specified parties.



November 14, 2008

**State of New Mexico  
Hondo Valley Public Schools  
Schedule of Audit Findings, Other Disclosures and Exit conference  
June 30, 2008**

**RESOLUTION OF PRIOR YEAR FINDINGS**

**07-1 Budget Transfers and Fund Loan Accounting-Repeated  
07-2 Financial Statement Preparation-Repeated**

**CURRENT YEAR FINDINGS**

**Condition: 07-1 Budget Transfers and Fund Loan Accounting**

Condition: Inconsistencies were noted in how transfers between funds for operational purposes and loans between funds were accounted for in the accounting system.

Criteria: Fund transfers and loans should be reconciled and correctly reported on budget reports.

Effect: Inaccurate Financial Reporting

Cause: Lack of accounting procedures to reconcile these types of accounts.

Recommendation: Board policy to approve all Fund transfers and loans should be followed.

Response: The District will reconcile interfund transfers and payables on a monthly basis.

**Condition: 07-2 Financial Statement Preparation**

Condition: The District staff does not have the training or technical experience needed to prepare the financial statements for audit.

Criteria: SAS 112 and SAO Rule 2.2.2.8 J (4) requires the Auditor to assess the technical capability of District Staff to prepare the District's financial statements.

Effect: The District relies and contracts with the IPA in the SAO prepared contract to prepare and audit the District's financial statements.

Cause: Lack of technical financial training of the staff and financial concerning in retaining or contractors to prepare the financial statements.

Recommendation: Review SAO Rule and SAS 112 requirements and determine if the District can resolve the issue.

Response: Management will investigate the possibility of hiring an accounting firm to prepare the District's financial statements prior to audit.

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Schedule of Audit Findings, Other Disclosures and Exit conference**  
**June 30, 2008**

**FINANCIAL STATEMENT PREPARATION**

Although it would be preferred and desirable for the District to prepare its own GAAP-based financial statements, it is felt that the District's personnel have neither the time nor the expertise to prepare them. Therefore, the outside auditor per the contract agreement between the auditor and the District, and approved by the Office of the State Auditor has prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report. However, the responsibility for the content of the report remains with District management.

**EXIT CONFERENCE**

On November 17, 2008, an exit conference was held at the District's administrative offices. Present were Andrea Nieto, Superintendent, Mary Prudencio, Business Manager, Corrine Prudencio, Board Member, and Dan Austin, CPA, representing the audit firm. Reportable conditions for the year ended June 30, 2008, were discussed as well as financial reporting considerations.