

**STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
JUNE 30, 2009**

Dan Austin CPA, PC
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, 2009**

BOARD OF EDUCATION

Corinne Prudencio	President
Dennis Nosker	Vice-President
Joe Torrez	Secretary
Godfrey Gomez	Member
James Cooper	Member

SCHOOL OFFICIALS

Andrea Nieto	Superintendent
Mary Prudencio	Business Manager

FINANCIAL SECTION

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

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, 2009, 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, 2009, 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.

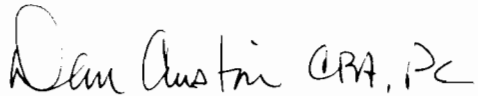
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan 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, 2009, 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, 2009, 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 5, 2009, 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 "Dan Austin CPA, PC". The signature is written in a cursive style.

November 5, 2009

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

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, 2009. 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 District's 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, 2009 and 2008. 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>2009</u>	<u>2008</u>
Current Assets	\$ 749,032	\$ 637,918
Capital Assets	4,467,336	4,424,955
Total Assets	<u>\$ 5,216,368</u>	<u>\$ 5,062,873</u>
Current Liabilities	\$ 151,091	\$ 98,161
Long-Term Liabilities	1,104,863	1,030,000
Total Liabilities	<u>\$ 1,255,954</u>	<u>\$ 1,128,161</u>
Net Assets:		
Invested in Capital Assets	\$ 3,187,336	\$ 3,309,955
Restricted	594,573	578,063
Unrestricted	178,505	46,694
Total Net Assets	<u>\$ 3,960,414</u>	<u>\$ 3,934,712</u>

Statement of Activities: The following represents the revenues and expenses for fiscal years June 30, 2009 and 2008. See page 14 for a more detailed look at the Statement of Activities.

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

	<u>2009</u>	<u>2008</u>
Revenues:		
Operating Grants	\$ 2,596,903	\$ 2,474,219
Capital Grants	19,468	-
Charges for Services	16,670	10,146
Property Taxes	211,165	235,470
Other	34,794	21,235
Total Revenues	2,879,000	2,741,070
Expenses	2,853,298	2,802,368
Increase in Net Assets	25,702	(61,298)
Net Assets-Beginning	3,934,712	3,996,010
Other Adjustments	-	-
Net Assets-Ending	<u>\$ 3,960,414</u>	<u>\$ 3,934,712</u>

District-Wide Financial Analysis

The District's overall financial condition remained static for the fiscal year as evidenced by the minimal increase in District-Wide Net Assets of \$25,702. Significant changes in the District's assets and liabilities were the increase in cash as a result of the issuance of bonds for the improvement of the District's physical facilities.

Total revenues increased by \$137,930 while expenses increased \$50,933 resulting in an increase in net assets for the fiscal year of \$25,702 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 \$630,430. Of this amount, \$501,684 is reserved for certain expenditures; see the balance sheet on page 15 for further detail.

The fund balance of governmental funds increased from the prior year by \$109,209. The significant elements of this increase included \$65,412 increase in the General Fund as a result of increased revenues for components of the General Fund. Various other funds experienced an increase in the amount of \$43,797.

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 \$47,268 and expenditures were less than budgetary estimates in the amount of \$71,935. The District's general fund operating budget for the year ended June 30, 2009 was 4.8 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, 2009 amounts to \$4,467,336 (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. The District recorded \$197,467 in depreciation and \$240,028 in fixed asset additions.

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 \$1,280,000, less the portion due within one year of \$135,000.

The District issued \$250,000 in General Obligation Bonds during the current year for the purpose of capital improvements.

The District's total long-term debt payments for the current year were \$85,000.

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 are uncertain due to the overall decline in the economic stability of the country. The New Mexico Department of Education funding is expected to decrease in the coming years as a result of this downturn. However, Federal resources are expected to increase resulting in minimal overall decreases in funding for the District.

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, 2009

	<u>Primary Government Governmental Activities</u>
ASSETS	
Current Assets	
Cash	\$ 655,166
Taxes Receivable	9,393
Grants Receivable	82,292
Inventory	2,181
Total Current Assets	<u>749,032</u>
Noncurrent Assets	
Net Capital Assets	<u>4,467,336</u>
Total Noncurrent Assets	<u>4,467,336</u>
Total Assets	<u>\$ 5,216,368</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ -
Interest Payable	16,091
Current Portion Of Long Term Debt	135,000
Total Current Liabilities	<u>151,091</u>
Noncurrent Liabilities	
General Obligation Bonds Payable	<u>1,104,863</u>
Total Noncurrent Liabilities	<u>1,104,863</u>
Total Liabilities	<u>1,255,954</u>
Net Assets	
Invested In Capital Assets	3,187,336
Restricted For:	
Capital Projects	445,214
Debt Service	88,234
Other Purposes	61,125
Unrestricted	178,505
Total Net Assets	<u>3,960,414</u>
Total Liabilities And Net Assets	<u>\$ 5,216,368</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, 2009

	Expenses	Program Revenues			Net Program (Expense)Revenue and Changes In Net Assets
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Governmental Activities:					
Direct Instruction	\$ 1,252,150	\$ -	\$ 188,258	\$ -	\$ (1,063,892)
Instructional Support	410,753	-	37,911	-	(372,842)
Administration	215,524	-	-	-	(215,524)
Business/Support Services	72,023	-	-	-	(72,023)
Operation Maintenance Plant	475,264	-	-	19,468	(455,796)
Food Services	132,106	3,009	63,903	-	(65,194)
Athletics	11,762	13,661	-	-	1,899
Non-Instructional Support	7,000	-	8,000	-	1,000
Pupil Transportation	215,863	-	227,409	-	11,546
Interest On Long-Term Debt	60,853	-	-	-	(60,853)
Total Primary Government	\$ 2,853,298	\$ 16,670	\$ 525,481	\$ 19,468	(2,291,679)

General Revenues:

Property Taxes:	-
Levied for General Purposes	12,979
Levied for Debt Service	149,034
Levied for Capital Projects	49,152
State Aid not Restricted	2,071,422
Investment income	339
Miscellaneous	34,455
Total General Revenues	2,317,381
Change In Net Assets	25,702
Net Assets - Beginning	3,934,712
Net Assets - Ending	\$ 3,960,414

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, 2009

		Special Revenue	Special Revenue	Capital Outlay	Debt Service	Other	Totals
	General Fund	IASA Title I Fund	SB-9 Fund	Bond Building Fund	Debt Service Fund	Governmental Funds	Governmental Funds
Assets							
Cash	\$ 156,326	\$ (22,485)	\$ 64,525	\$ 359,109	\$ 88,234	\$ 9,457	\$ 655,166
Taxes Receivable	550	-	2,193	-	6,650	-	9,393
Grants Receivable	-	39,324	-	-	-	42,968	82,292
Due From Other Funds	3,740	-	-	-	-	15,000	18,740
Inventory	-	-	-	-	-	2,181	2,181
Prepaid Interest	-	-	-	-	-	-	-
Total Assets	\$ 160,616	\$ 16,839	\$ 66,718	\$ 359,109	\$ 94,884	\$ 69,606	\$ 767,772
Liabilities And Fund Balances							
Liabilities							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	550	-	2,193	-	6,650	-	9,393
Due To Other Funds	15,000	-	-	-	-	3,740	18,740
Total Liabilities	15,550	-	2,193	-	6,650	3,740	28,133
Fund Balances							
Reserved For Inventory	-	-	-	-	-	2,181	2,181
Reserved For Capital Improvements	-	-	64,525	359,109	-	21,580	445,214
Reserved For Debt Service	-	-	-	-	88,234	-	88,234
Unreserved, reported in -							
General Fund	145,066	-	-	-	-	-	145,066
Special Revenue Funds	-	16,839	-	-	-	42,105	58,944
Total Fund Balances	145,066	16,839	64,525	359,109	88,234	65,866	739,639
Total Liabilities And Fund Balances	\$ 160,616	\$ 16,839	\$ 66,718	\$ 359,109	\$ 94,884	\$ 69,606	\$ 767,772

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, 2009

Total Governmental Fund Balance	\$ 739,639
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.	4,467,336
Interest payable on GO bond debt is not recorded as liability on the governmental funds	(16,091)
Deferred property tax revenue on governmental funds is recognized as current income on government wide statements	9,393
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,239,863)</u>
Net Assets of Governmental Activities	<u>\$ 3,960,414</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, 2009

	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
Revenues							
Federal Sources	\$ 15,605	\$ 88,768	\$ -	\$ -	\$ -	\$ 121,712	\$ 226,085
State Sources	2,344,165	-	19,468	-	-	43,247	2,406,880
Local Sources	18,555	-	49,151	-	149,034	17,086	233,826
Investment Income	259	-	28	-	31	21	339
Bond Proceeds	-	-	-	250,000	-	-	250,000
Other	1,373	743	1,885	119	-	5,845	9,965
Total Revenues	2,379,957	89,511	70,532	250,119	149,065	187,911	3,127,095
Expenditures							
Current							
Direct Instruction	1,223,404	-	-	-	-	28,746	1,252,150
Instructional Support	255,353	88,824	-	-	-	66,576	410,753
Administration	215,524	-	-	-	-	-	215,524
Business Support Services	70,533	-	-	-	1,490	-	72,023
Operation Maintenance Plant	264,541	-	13,076	-	-	-	277,617
Food Services	69,327	-	-	-	-	62,779	132,106
Athletics	-	-	-	-	-	11,762	11,762
Non-Instructional Support	-	-	-	-	-	7,000	7,000
Pupil Transportation	215,863	-	-	-	-	-	215,863
Capital Outlay	-	-	40,355	199,673	-	-	240,028
Bond Issuance Costs	-	-	-	44,596	-	-	44,596
Debt Service:							
Principal	-	-	-	-	85,000	-	85,000
Interest	-	-	-	-	53,464	-	53,464
Total Expenditures	2,314,545	88,824	53,431	244,269	139,954	176,863	3,017,886
Excess (Deficiency) Of Revenues Over Expenditures	65,412	687	17,101	5,850	9,111	11,048	109,209
Other Financing Sources (Uses):							
Operating Transfers, Net	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
Net Change In Fund Balances	65,412	687	17,101	5,850	9,111	11,048	109,209
Fund Balances (Deficit)							
At Beginning Of Year	79,654	16,152	47,424	353,259	79,123	54,818	630,430
Fund Balances (Deficit)							
At End Of Year	\$ 145,066	\$ 16,839	\$ 64,525	\$ 359,109	\$ 88,234	\$ 65,866	\$ 739,639

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, 2009

Net Change in Fund Balances - Total Governmental Funds \$ 109,209

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	\$ 240,028	-
	Depreciation	<u>(197,647)</u>	42,381

Property taxes recorded as deferred revenue on the governmental funds are recognized as current revenue on the government wide statements			9,393
---	--	--	-------

Receivables adjusted in the Government Funds			(7,488)
--	--	--	---------

Bond Issuance Costs reported in the government funds			40,137
--	--	--	--------

Bond proceeds reported in the government funds			(250,000)
--	--	--	-----------

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.			85,000
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.			<u>(2,930)</u>
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Change in Net Assets of Governmental Activities		<u>\$</u>	<u>25,702</u>
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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, 2009

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Federal Sources	\$ -	\$ 14,456	\$ 15,605	\$ 1,149
State Sources	2,239,610	2,286,616	2,344,165	57,549
Local Sources	12,620	12,620	18,555	5,935
Investment Income	205	205	259	
Other	6,549	18,738	1,373	(17,365)
Total Revenues	2,258,984	2,332,635	2,379,957	47,268
Expenditures:				
Direct Instruction	1,186,535	1,232,430	1,223,404	9,026
Instructional Support	241,201	268,568	255,353	13,215
Administration	227,615	230,940	215,524	15,416
Business Support Services	65,298	70,544	70,533	11
Operation Maintenance Plant	258,431	279,698	264,541	15,157
Food Services	71,193	71,193	69,327	1,866
Athletics	-	-	-	-
Non-Instructional Support	-	-	-	-
Pupil Transportation	217,163	233,107	215,863	17,244
Capital Outlay	-	-	-	-
Total Expenditures	2,267,436	2,386,480	2,314,545	71,935
Excess (deficiency) of revenues over expenditures	(8,452)	(53,845)	65,412	119,203
Other Financing Sources (Uses) Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(8,452)	(53,845)	65,412	\$ 119,203
Prior Year End Cash	70,914	70,914		
End of Year Cash Balance	\$ 62,462	\$ 17,069		
Reconciliation to GAAP Basis				
Change in Due from Other Governments			-	
Excess (Deficiency) of revenues over expenditures			\$ 65,412	

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, 2009

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Federal Sources	\$ 91,563	\$ 96,581	\$ 100,533	\$ 3,952
Interest Income	-	-	-	-
Other	-	-	743	743
Total Revenues	<u>91,563</u>	<u>96,581</u>	<u>101,276</u>	<u>4,695</u>
Expenditures:				
Direct Instruction	91,563	96,581	88,824	7,757
Community Services	-	-	-	-
Total Expenditures	<u>91,563</u>	<u>96,581</u>	<u>88,824</u>	<u>7,757</u>
Excess (deficiency) of revenues over expenditures	-	-	12,452	12,452
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	12,452	<u>\$ 12,452</u>
Cash Balance at beginning of year	<u>(14,936)</u>	<u>(14,936)</u>		
Cash balance at end of year	<u>\$ (14,936)</u>	<u>\$ (14,936)</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			(11,765)	
Change in Due from Other Governments			-	
Excess (Deficiency) of revenues over expenditures			<u>\$ 687</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)
Special Revenue Fund-SB-9
For the Year Ended June 30, 2009

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
State Sources	\$ -	\$ 25,118	\$ 19,468	\$ (5,650)
Local Sources	50,961	50,961	49,151	(1,810)
Interest Income	100	100	28	(72)
Other	-	-	1,885	1,885
Total Revenues	<u>51,061</u>	<u>76,179</u>	<u>70,532</u>	<u>(5,647)</u>
Expenditures:				
Administration	-	-	-	-
Operation Maintenance Plant	94,646	119,764	53,431	66,333
Pupil Transportation	-	-	-	-
Capital Outlay	40,355	40,355	-	40,355
Total Expenditures	<u>135,001</u>	<u>160,119</u>	<u>53,431</u>	<u>106,688</u>
Excess (deficiency) of revenues over expenditures	<u>(83,940)</u>	<u>(83,940)</u>	<u>17,101</u>	<u>101,041</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(83,940)	(83,940)	17,101	\$ <u>101,041</u>
Cash Balance at beginning of year	<u>47,424</u>	<u>47,424</u>		
Cash Balance at end of year	<u>\$ (36,516)</u>	<u>\$ (36,516)</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			619	
Change in Deferred Property Taxes			<u>(619)</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 17,101</u>	

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, 2009

ASSETS

Cash	\$ 42,032
Total Assets	<u>\$ 42,032</u>

Liabilities

Liabilities:	
Due to School Groups	\$ 42,032
Total Liabilities	<u>\$ 42,032</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, 2009**

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, 2009**

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, 2009**

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, 2009**

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, 2009**

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, 2009**

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, 2009**

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, 2009, 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, 2009**

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, 2009**

- 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, 2009, 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, 2009**

B. LONG-TERM DEBT

A summary in changes in long-term obligations follows:

	Balance 6/30/08	Additions	(Reductions)	Balance 6/30/09	Due Within One Year
\$250,000 2009 GO Bonds due in semi-annual interest payments, matures in May 2008, interest rates 3.25 to 4.1%	\$ -	\$ 250,000	\$ -	\$ 250,000	\$ 25,000
\$100,000 1998 GO Bonds due in semi-annual interest payments, matures in February 2010, interest at 4.75 to 4.85%	100,000	-	(50,000)	50,000	50,000
\$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	25,000
\$135,000 2000 GO Bonds due in semi-annual interest payments, matures in November 2011, interest at 5.15 to 5.95%	95,000	-	(25,000)	70,000	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	5,000
\$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%	390,000	-	(10,000)	380,000	5,000
Total Long-Term Obligations	<u>\$ 1,115,000</u>	<u>\$ 250,000</u>	<u>\$ (85,000)</u>	<u>\$ 1,280,000</u>	<u>\$ 135,000</u>

**STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

The annual requirements to amortize all bonded debt outstanding as of June 30, 2009, 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 \$1,491,000, including the current debt outstanding amount of \$1,280,000, based on the 2008 tax valuation. The following is an amortization of existing debt:

Fiscal Year Ended June 30, 2009	Principal	Interest	Total
2010	\$ 135,000	\$ 53,589	\$ 188,589
2011	95,000	47,221	142,221
2012	150,000	41,746	191,746
2013	155,000	36,591	191,591
2014	160,000	30,403	190,403
2015-2019	585,000	54,914	639,914
	<u>\$ 1,280,000</u>	<u>\$ 264,464</u>	<u>\$ 1,544,464</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	\$ 1,280,000
Current Portion of Long-Term Debt	<u>(135,000)</u>
Long-Term Debt 6-30-2009	1,145,000
Unamortized origination costs	<u>(40,137)</u>
Net Long-Term Debt	<u>\$ 1,104,863</u>

The District recorded bond acquisition cost during the current year in the amount of \$44,596. These costs will be amortized over a ten year period. Current year costs expensed during the current year were \$4,459. Remaining unamortized costs were \$40,137.

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

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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 85** discloses the details deposits and securities of the district. Per the schedule noted above, total deposits not insured by the FDIC amounted to 550,745 requiring that depositories to pledge \$275,373 in securities. As of June 30, 2009, the fair market value of pledged securities amounted to \$691,379 or an excess of \$416,007.

At June 30, 2009 the carrying amount of the District's deposits with financial institutions were \$697,198 and the bank balances were \$843,776. 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, 2009, \$550,745 of the District's bank balances of \$843,776 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>550,745</u>
Total	<u>\$ 550,745</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>			Totals
	<u>General Fund</u>	<u>Title I</u>	<u>Tech for Educaiton</u>	
General Fund	\$ 3,740	\$ -	\$ (3,740)	\$ -
Food Services	<u>15,000</u>	<u>(15,000)</u>	-	-
Totals	<u>\$ 18,740</u>	<u>\$ (15,000)</u>	<u>\$ (3,740)</u>	<u>\$ -</u>

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There were no interfund transfers for operational purposes during the current year.

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, 2009 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 89,628	\$ -	\$ -	\$ 89,628
Construction in progress	-	-	-	-
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	5,134,372	169,928	-	5,304,300
Equipment	<u>1,291,720</u>	<u>70,100</u>	<u>-</u>	<u>1,361,820</u>
Total capital assets being depreciated	<u>6,426,092</u>	<u>240,028</u>	<u>-</u>	<u>6,666,120</u>
Less accumulated depreciation for:				
Buildings and improvements	1,388,454	120,515	-	1,508,969
Equipment	<u>702,311</u>	<u>77,132</u>	<u>-</u>	<u>779,443</u>
Total accumulated depreciation	<u>2,090,765</u>	<u>197,647</u>	<u>-</u>	<u>2,288,412</u>
Total capital assets being depreciated, net	<u>4,335,327</u>	<u>42,381</u>	<u>-</u>	<u>4,377,708</u>
Governmental activity capital assets, net	<u>\$ 4,424,955</u>	<u>\$ 42,381</u>	<u>\$ -</u>	<u>\$ 4,467,336</u>

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

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HONDO VALLEY PUBLIC SCHOOLS
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JUNE 30, 2009**

NOTE 5. OTHER NOTES

A. 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.

The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2009, there have been no claims that have exceeded insurance coverage.

B. 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.

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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.

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, 2009 the Hondo Valley Public Schools remitted \$18,812 in employer contributions.

C. 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, 2009, 2008, and 2007 were \$159,689, \$133,497 and \$115,991, respectively, equal to the amount of the required contributions for each year.

D. 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.

E. 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, 2009, the District received from Region IX, \$20,689 in direct funding of student support programs. 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.

SUPPLEMENTARY INFORMATION

State of New Mexico
Roosevelt County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

<u>Assets</u>	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Total
Cash	\$ (12,123)	\$ 21,580	\$ 9,457
Grants Receivable	42,968		42,968
Due From Other Funds	15,000		15,000
Inventory	2,181	-	2,181
Total Assets	<u>\$ 48,026</u>	<u>\$ 21,580</u>	<u>\$ 69,606</u>
<u>Liabilities</u>			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	3,740	-	3,740
Total Liabilities	<u>3,740</u>	<u>-</u>	<u>3,740</u>
<u>Fund Balance</u>			
Reserved for Inventory	2,181	-	2,181
Reserved for Capital Improvements	-	21,580	21,580
Unreserved	42,105	-	42,105
Total Fund Balance	<u>44,286</u>	<u>21,580</u>	<u>65,866</u>
Total Liabilities and Fund Balance	<u>\$ 48,026</u>	<u>\$ 21,580</u>	<u>\$ 69,606</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, 2009

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Total
Revenues:			
Federal Sources	\$ 121,712	\$ -	\$ 121,712
State Sources	43,247	-	43,247
Local Sources	17,086	-	17,086
Investment Income	21	-	21
Other	5,101	744	5,845
	<u>187,167</u>	<u>744</u>	<u>187,911</u>
Total Revenues			
Expenditures:			
Direct Instruction	28,746	-	28,746
Instructional Support	66,576	-	66,576
Administration	-	-	-
Business Support Services	-	-	-
Operation Maintenance Plant	-	-	-
Food Services	62,779	-	62,779
Athletics	11,762	-	11,762
Non-Instructional Support	7,000	-	7,000
Capital Outlay	-	-	-
	<u>176,863</u>	<u>-</u>	<u>176,863</u>
Total Expenditures			
Excess (deficiency) of revenues over expenditures	<u>10,304</u>	<u>744</u>	<u>11,048</u>
Other Financing Sources (Uses)			
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	10,304	744	11,048
Fund Balance at beginning of year	<u>33,982</u>	<u>20,836</u>	<u>54,818</u>
Fund balance at end of year	<u>\$ 44,286</u>	<u>\$ 21,580</u>	<u>\$ 65,866</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, 2009

<u>Assets</u>	Operational Fund	Transportation Fund	Instructional Materials Fund	Total
Cash	\$ 54,332	\$ 79,601	\$ 22,393	\$ 156,326
Taxes Receivable	550	-	-	550
Due From Other Funds	3,740	-	-	3,740
Total Assets	\$ 58,622	\$ 79,601	\$ 22,393	\$ 160,616
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	550	-	-	550
Due to Other Funds	15,000	-	-	15,000
Total Liabilities	15,550	-	-	15,550
<u>Fund Balance</u>				
Unreserved for Future Expenditures	43,072	79,601	22,393	145,066
Total Fund Balance	43,072	79,601	22,393	145,066
Total Liabilities and Fund Balance	\$ 58,622	\$ 79,601	\$ 22,393	\$ 160,616

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, 2009

	Operational Fund	Transportation Fund	Instructional Materials Fund	Total
Revenues:				
Federal Sources	\$ 15,605	\$ -	\$ -	\$ 15,605
State Sources	2,084,029	227,409	32,727	2,344,165
Local Sources	18,555	-	-	18,555
Investment Income	231	28	-	259
Other	1,373	-	-	1,373
Total Revenues	<u>2,119,793</u>	<u>227,437</u>	<u>32,727</u>	<u>2,379,957</u>
Expenditures:				
Direct Instruction	1,223,404	-	-	1,223,404
Instructional Support	238,583	-	16,770	255,353
Administration	215,524	-	-	215,524
Business Support Services	70,533	-	-	70,533
Operation Maintenance Plant	264,541	-	-	264,541
Food Services	69,327	-	-	69,327
Athletics	-	-	-	-
Non-Instructional Support	-	-	-	-
Community Services	-	-	-	-
Pupil Transportation	-	215,863	-	215,863
Capital Outlay	-	-	-	-
Total Expenditures	<u>2,081,912</u>	<u>215,863</u>	<u>16,770</u>	<u>2,314,545</u>
Excess (deficiency) of revenues over expenditures	<u>37,881</u>	<u>11,574</u>	<u>15,957</u>	<u>65,412</u>
Other Financing Sources (Uses) Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	37,881	11,574	15,957	65,412
Fund Balance at beginning of year	<u>5,191</u>	<u>68,027</u>	<u>6,436</u>	<u>79,654</u>
Fund balance at end of year	<u>\$ 43,072</u>	<u>\$ 79,601</u>	<u>\$ 22,393</u>	<u>\$ 145,066</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, 2009

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Local Sources	\$ 12,620	\$ 12,620	\$ 18,555	\$ 5,935
State Sources	2,011,281	2,071,843	2,084,029	12,185
Federal Sources	-	14,456	15,605	1,149
Investment Income	205	205	231	26
Other	6,549	18,738	1,373	(17,365)
Total Revenues	2,030,655	2,117,862	2,119,793	1,931
Expenditures:				
Direct Instruction	1,186,535	1,232,430	1,223,404	9,026
Instructional Support	230,035	250,966	238,583	12,383
Administration	227,615	230,940	215,524	15,416
Business Support Services	65,298	70,544	70,533	11
Operation Maintenance Plant	258,431	279,698	264,541	15,157
Food Services	71,193	71,193	69,327	1,866
Athletics	-	-	-	-
Pupil Transportation	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	2,039,107	2,135,771	2,081,912	53,859
Excess (deficiency) of revenues over expenditures	(8,452)	(17,909)	37,881	55,790
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(8,452)	(17,909)	37,881	\$ 55,790
Prior Year End Cash	16,451	16,451		
End of Year Cash Balance	\$ 7,999	\$ (1,458)		
Reconciliation to GAAP Basis				
Capital Outlay			-	
Excess (Deficiency) of revenues over expenditures			\$ 37,881	

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, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ 217,163	\$ 203,607	\$ 227,409	\$ 23,802
Interest Income	-	-	28	28
Total Revenues	<u>217,163</u>	<u>203,607</u>	<u>227,437</u>	<u>23,830</u>
Expenditures:				
Transportation	217,163	233,107	215,863	17,244
Capital Outlay	-	-	-	-
Total Expenditures	<u>217,163</u>	<u>233,107</u>	<u>215,863</u>	<u>17,244</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(29,500)</u>	<u>11,574</u>	<u>41,074</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	(29,500)	11,574	<u>\$ 41,074</u>
Prior Year End Cash	<u>48,027</u>	<u>48,027</u>		
End of Year Cash Balance	<u>\$ 48,027</u>	<u>\$ 18,527</u>		
Reconciliation to GAAP Basis				
		Changes in Receivables	<u>-</u>	
		Excess (Deficiency) of revenues over expenditures	<u>\$ 11,574</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, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ 11,166	\$ 11,166	\$ 32,727	\$ 21,561
Interest Income	-	-	-	-
Total Revenues	<u>11,166</u>	<u>11,166</u>	<u>32,727</u>	<u>21,561</u>
Expenditures:				
Instructional Support	11,166	17,602	16,770	832
Capital Outlay	-	-	-	-
Total Expenditures	<u>11,166</u>	<u>17,602</u>	<u>16,770</u>	<u>832</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(6,436)</u>	<u>15,957</u>	<u>22,393</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>	<u>(6,436)</u>	<u>15,957</u>	<u>\$ 22,393</u>
Prior Year End Cash	<u>6,436</u>	<u>6,436</u>		
End of Year Cash Balance	<u>\$ 6,436</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>\$ 15,957</u>	

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

NON-MAJOR 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.

IDEA-B Head Start - The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

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.

Safe & Drug Free Schools – The purpose of this fund is to account for a federal grant restricted to the establishment and implementation of substance abuse education and prevention programs in the elementary and secondary schools. The Authority for the creation of this fund is ESEA 1965, Title IV, Part A as amended, 20 USC71112-7143.

Title XIX Medicaid – The objective of this program is to provide federal funds for the implementation of the Medical Assistance Program Medicaid providing payments for medical assistance to low-income persons who are age 65 or over, blind, disabled, or members of families with dependent children or qualified pregnant women or children. Authority for creation of the Title XIX Medical Assistance Program is the Medicaid Title XIX of the Social Security Act, as amended, (42 USC 1396, et seq.)

Microsoft Settlement Funds- Funds were disbursed to local school districts (LEA's) as a result of a legal settlement. This money was used to purchase technology upgrades for Logan Municipal Schools.

KEEP NEW MEXICO BEAUTIFUL- To account for funds received from the Keep New Mexico Beautiful, Inc. Grant. The fund was created by state provisions.

(Continued)

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..

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.

Beginning Teacher Mentoring- These funds were intended and used to help beginning (Level I) teachers become more proficient through the guidance of more experienced Level II and especially Level III professional staff.

Breakfast for Elementary Students- The purpose of this program is to account for revenues and expenditures used carrying out the provisions of the grant award. The fund was created by grant provisions.

Legislative Appropriation Laws of 2006- The purpose is to account for a special appropriation from the Legislature for the purpose of purchasing information technology and professional development. Authorization is a special appropriation by the 2007 Legislative Session.

Libraries SB 301 G.O. Bonds 2006- The objective of this initiative was to raise money for LEA's to enhance resources for needs of local libraries. Money was used for books and reference materials for our K-12 library.

State Directed Activities (27200). To account for funds received from the New Mexico Public Education Department for the support and direct services, including technical assistance, preparation and professional development and training. To support capacity building activities and improve the delivery of services by local agencies to improve results for children with disabilities. The fund was created by state provisions.

Student Support - To account for funds received from the New Mexico Public Education Department for the support and direct services to students, including technical assistance. The fund was created by state provisions.

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.

State of New Mexico
Hondo Valley Public Schools
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2009

Assets	Food Services	Athletics	Idea B Discretionary	Idea B Head Start	Teacher/Princ Training	Drug Free Schools	Title IX Medicaid	Microsoft Settlement	Keep NM Beautiful
Cash	\$ 1,099	\$ 2,472	\$ (10,790)	\$ (1,916)	\$ (7,255)	\$ 411	\$ 1,000	\$ 2,725	\$ (800)
Taxes receivable	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	10,790	1,916	7,255	191	-	-	800
Due From Other Funds	15,000	-	-	-	-	-	-	-	-
Inventory	2,181	-	-	-	-	-	-	-	-

Total Assets \$ 18,280 \$ 2,472 \$ - \$ - \$ - \$ 602 \$ 1,000 \$ 2,725 \$ -

Liabilities

Deferred Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	-

Fund Balance

Unreserved	18,280	2,472	-	-	-	602	1,000	2,725	-
Total Fund Balance	18,280	2,472	-	-	-	602	1,000	2,725	-

Total Liabilities and Fund Balance \$ 18,280 \$ 2,472 \$ - \$ - \$ - \$ 602 \$ 1,000 \$ 2,725 \$ -

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

(Continued)

State of New Mexico
Hondo Valley Public Schools
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2009

Assets	Tech For Education	Go Bond Laws	Beginning Teacher	Breakfast Elementary	Legislative Appropriation	SB 301 Library	State Direct Activities	Student Support	Other	
									Federal Grants	Nonmajor Total
Cash	\$ 3,776	\$ 1,280	\$ 826	\$ 5,560	\$ -	\$ (1,327)	\$ (20,689)	\$ -	\$ 11,505	\$ (12,123)
Taxes receivable	-	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	1,327	20,689	-	-	42,968
Due From Other Funds	-	-	-	-	-	-	-	-	-	15,000
Inventory	-	-	-	-	-	-	-	-	-	2,181
Total Assets	\$ 3,776	\$ 1,280	\$ 826	\$ 5,560	\$ -	\$ -	\$ -	\$ -	\$ 11,505	\$ 48,026
<u>Liabilities</u>										
Deferred Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	3,740	-	-	-	-	-	-	-	-	3,740
Total Liabilities	3,740	-	-	-	-	-	-	-	-	3,740
<u>Fund Balance</u>										
Unreserved	36	1,280	826	5,560	-	-	-	-	11,505	44,286
Total Fund Balance	36	1,280	826	5,560	-	-	-	-	11,505	44,286
Total Liabilities and Fund Balance	\$ 3,776	\$ 1,280	\$ 826	\$ 5,560	\$ -	\$ -	\$ -	\$ -	\$ 11,505	\$ 48,026

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
Non-Major Special Revenue Funds
For the Year Ended June 30, 2009

Revenues:	Food Services	Athletics	Idea B Discretionary	Idea B Head Start	Teacher/Princ Training	Drug Free Schools	Title IX Medicaid	Microsoft Settlement	Keep NM Beautiful
Federal Sources	\$ 58,343	\$ -	\$ 39,763	\$ 1,916	\$ 8,956	\$ 4,734	\$ 8,000	\$ -	\$ -
State Sources	-	-	-	-	-	-	-	-	800
Local Sources	3,425	13,661	-	-	-	-	-	-	-
Investment Income	13	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	5,101	-
Total Revenues	61,781	13,661	39,763	1,916	8,956	4,734	8,000	5,101	800
<u>Expenditures:</u>									
Direct Instruction	-	-	19,074	-	-	-	-	-	-
Instructional Support	-	-	20,689	1,916	13,486	4,132	-	2,376	800
Administration	-	-	-	-	-	-	-	-	-
Business/Support Services	-	-	-	-	-	-	-	-	-
Operation Maintenance Plant	-	-	-	-	-	-	-	-	-
Food Services	62,779	-	-	-	-	-	-	-	-
Athletics	-	11,762	-	-	-	-	-	-	-
Non-Instructional Support	-	-	-	-	-	-	7,000	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	62,779	11,762	39,763	1,916	13,486	4,132	7,000	2,376	800
Excess (Deficiency) of Revenues Over Expenditures	(998)	1,899	-	-	(4,530)	602	1,000	2,725	-
<u>Other Financing Sources (Uses)</u>									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(998)	1,899	-	-	(4,530)	602	1,000	2,725	-
Fund Balances, Beginning	19,278	573	-	-	4,530	-	-	-	-
Fund Balances, Ending	\$ 18,280	\$ 2,472	\$ -	\$ -	\$ -	\$ 602	\$ 1,000	\$ 2,725	\$ -

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

State of New Mexico
Hondo Valley Public Schools
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended June 30, 2009

Revenues:	Library		Beginning Teacher	Breakfast Elementary	Legislative Appropriation	SB 310 Library	State Direct Activities	Student Support	Other		Total
	Tech For Education	Go Bond Laws							Federal Grants	Nonmajor Total	
Federal Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,712
State Sources	4,388	1,135	1,003	5,560	-	-	20,689	9,672	-	-	43,247
Local Sources	-	-	-	-	-	-	-	-	-	-	17,086
Investment Income	-	-	-	-	-	-	-	-	-	8	21
Other	-	-	-	-	-	-	-	-	-	-	5,101
Total Revenues	4,388	1,135	1,003	5,560	-	-	20,689	9,672	8	8	187,167
Expenditures:											
Direct Instruction	-	-	-	-	-	-	-	9,672	-	-	28,746
Instructional Support	1,495	-	993	-	-	-	20,689	-	-	-	66,576
Administration	-	-	-	-	-	-	-	-	-	-	-
Business/Support Services	-	-	-	-	-	-	-	-	-	-	-
Operation Maintenance Plant	-	-	-	-	-	-	-	-	-	-	-
Food Services	-	-	-	-	-	-	-	-	-	-	62,779
Athletics	-	-	-	-	-	-	-	-	-	-	11,762
Non-Instructional Support	-	-	-	-	-	-	-	-	-	-	7,000
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	1,495	-	993	-	-	-	20,689	9,672	-	-	176,863
Excess (Deficiency) of Revenues Over Expenditures	2,893	1,135	10	5,560	-	-	-	-	8	-	10,304
Other Financing Sources (Uses)											
Transfers In	-	-	-	-	-	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	2,893	1,135	10	5,560	-	-	-	-	8	-	10,304
Fund Balances, Beginning	(2,857)	145	816	-	-	-	-	-	11,497	-	33,982
Fund Balances, Ending	\$ 36	\$ 1,280	\$ 826	\$ 5,560	\$ -	\$ -	\$ -	\$ -	\$ 11,505	\$ 8	\$ 44,286

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, 2009

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Federal Sources	\$ 37,702	\$ 20,641	\$ 58,343	\$ 37,702
State Sources	-	-	-	-
Local Sources	2,900	2,900	3,425	525
Interest Income	14	14	13	(1)
Other	-	-	-	-
Total Revenues	40,616	23,555	61,781	38,226
Expenditures:				
Food Services	40,616	64,493	63,918	575
Capital Outlay	-	-	-	-
Total Expenditures	40,616	64,493	63,918	575
Excess (deficiency) of revenues over expenditures	-	(40,938)	(2,137)	38,801
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	(40,938)	(2,137)	\$ 38,801
Cash Balance at beginning of year	3,236	3,236		
Cash Balance at end of year	\$ 3,236	\$ (37,702)		
Reconciliation to GAAP Basis				
Changes in Inventory			\$ 1,139	
Change in Receivables			-	
Excess (Deficiency) of revenues over expenditures			\$ (998)	

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, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ -	\$ -	\$ -	\$ -
Local Sources	6,183	13,271	13,661	390
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>6,183</u>	<u>13,271</u>	<u>13,661</u>	<u>390</u>
Expenditures:				
Athletics	7,042	13,844	11,762	2,082
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>7,042</u>	<u>13,844</u>	<u>11,762</u>	<u>2,082</u>
Excess (deficiency) of revenues over expenditures	<u>(859)</u>	<u>(573)</u>	<u>1,899</u>	<u>2,472</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(859)	(573)	1,899	<u>\$ 2,472</u>
Cash Balance at beginning of year	<u>573</u>	<u>573</u>		
Cash Balance at end of year	<u>\$ (286)</u>	<u>\$ -</u>		
Reconciliation to GAAP Basis				
Change in Due from Other Governments			\$ -	
Excess (Deficiency) of revenues over expenditures			<u>\$ 1,899</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, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 26,568	\$ 40,102	\$ 19,941	\$ (20,161)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>26,568</u>	<u>40,102</u>	<u>19,941</u>	<u>(20,161)</u>
Expenditures:				
Direct Instruction	26,568	40,102	19,074	21,028
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>26,568</u>	<u>40,102</u>	<u>19,074</u>	<u>21,028</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>867</u>	<u>867</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	867	<u>\$ 867</u>
Cash Balance at beginning of year	<u>(11,657)</u>	<u>(11,657)</u>		
Cash Balance at end of year	<u>\$ (11,657)</u>	<u>\$ (11,657)</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			(867)	
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-Idea B Head Start
For the Year Ended June 30, 2009

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Federal Sources	\$ 1,965	\$ 1,965	\$ -	\$ (1,965)
Other	-	-	-	-
Total Revenues	1,965	1,965	-	(1,965)
Expenditures:				
Instructional Support	1,965	1,965	1,916	49
Capital Outlay	-	-	-	-
Total Expenditures	1,965	1,965	1,916	49
Excess (deficiency) of revenues over expenditures	-	-	(1,916)	(1,916)
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(1,916)	\$ (1,916)
Cash Balance at beginning of year	-	-		
Cash Balance at end of year	\$ -	\$ -		
Reconciliation to GAAP Basis				
Changes in Receivables			1,916	
Change in Due from Other Governments			-	
Excess (Deficiency) of revenues over expenditures			\$ -	

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-Teacher/Principal Training
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 15,346	\$ 16,467	\$ 7,448	\$ (9,019)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>15,346</u>	<u>16,467</u>	<u>7,448</u>	<u>(9,019)</u>
Expenditures:				
Instructional Support	15,346	16,467	13,486	2,981
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>15,346</u>	<u>16,467</u>	<u>13,486</u>	<u>2,981</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(6,038)</u>	<u>(6,038)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(6,038)	<u>\$ (6,038)</u>
Cash Balance at beginning of year	<u>(1,217)</u>	<u>(1,217)</u>		
Cash Balance at end of year	<u>\$ (1,217)</u>	<u>\$ (1,217)</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			1,508	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ (4,530)</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-Drug Free Schools
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:				
Federal Sources	\$ 1,154	\$ 4,154	\$ 5,514	\$ 1,360
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
	<u>1,154</u>	<u>3,000</u>	<u>5,514</u>	<u>1,360</u>
Total Revenues				
Expenditures:				
Instructional Support	1,154	4,154	4,132	22
Capital Outlay	-	-	-	-
	<u>1,154</u>	<u>4,154</u>	<u>4,132</u>	<u>22</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,154)</u>	<u>1,382</u>	<u>1,382</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>	<u>(1,154)</u>	<u>1,382</u>	<u>\$ 1,382</u>
Cash Balance at beginning of year	<u>(971)</u>	<u>(971)</u>		
Cash Balance at end of year	<u>\$ (971)</u>	<u>\$ (2,125)</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			(780)	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 602</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 IX Medicaid
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:				
Federal Sources	\$ -	\$ 7,000	\$ 8,000	\$ 1,000
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>7,000</u>	<u>8,000</u>	<u>1,000</u>
Total Revenues				
Expenditures:				
Non-Instructional Support	-	7,000	7,000	-
Capital Outlay	-	-	-	-
	<u>-</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	1,000	<u>\$ 1,000</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>\$ 1,000</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-Microsoft Settlement
For the Year Ended June 30, 2009

	<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>5,101</u>	<u>5,101</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>5,101</u>	<u>5,101</u>	<u>-</u>
Expenditures:				
Instructional Support	-	5,101	2,376	2,725
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>5,101</u>	<u>2,376</u>	<u>2,725</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,725</u>	<u>2,725</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	2,725	<u>\$ 2,725</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>\$ 2,725</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-Keep New Mexico Beautiful
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	800	-	(800)
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>800</u>	<u>-</u>	<u>(800)</u>
Expenditures:				
Instructional Support	-	800	800	-
Capital Outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>800</u>	<u>800</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(800)</u>	<u>(800)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(800)	<u>\$ (800)</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			800	
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-Technology For Education
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	4,388	4,388	4,388	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>4,388</u>	<u>4,388</u>	<u>4,388</u>	<u>-</u>
Expenditures:				
Instructional Support	4,388	4,388	1,495	2,893
Capital Outlay	-	-	-	-
Total Expenditures	<u>4,388</u>	<u>4,388</u>	<u>1,495</u>	<u>2,893</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,893</u>	<u>2,893</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	2,893	<u>\$ 2,893</u>
Cash Balance at beginning of year	<u>883</u>	<u>883</u>		
Cash Balance at end of year	<u>\$ 883</u>	<u>\$ 883</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Change in Due from Other Governments			-	
Excess (Deficiency) of revenues over expenditures			<u>\$ 2,893</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-GO Bond Library
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	660	1,134	474
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>660</u>	<u>1,134</u>	<u>474</u>
Expenditures:				
Instructional Support	-	145	-	145
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>145</u>	<u>-</u>	<u>145</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>515</u>	<u>1,134</u>	<u>619</u>
Other Financing Sources (Uses) Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	515	1,134	<u>\$ 619</u>
Cash Balance at beginning of year	<u>146</u>	<u>146</u>		
Cash Balance at end of year	<u>\$ 146</u>	<u>\$ 661</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 1,134</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-Beginning Teacher
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	1,003	1,003	1,003	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
	<u>1,003</u>	<u>1,003</u>	<u>1,003</u>	<u>-</u>
Total Revenues				
Expenditures:				
Instructional Support	1,003	1,003	993	10
Capital Outlay	-	-	-	-
	<u>1,003</u>	<u>1,003</u>	<u>993</u>	<u>10</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	10	<u>\$ 10</u>
Cash Balance at beginning of year	<u>816</u>	<u>816</u>		
Cash Balance at end of year	<u>\$ 816</u>	<u>\$ 816</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 10</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-Breakfast for Elementry
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	5,560	5,560	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>5,560</u>	<u>5,560</u>	<u>-</u>
Expenditures:				
Food Services	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>5,560</u>	<u>5,560</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	5,560	5,560	<u>\$ -</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ 5,560</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 5,560</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-Legislative Appropriation
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	21,000	(21,000)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>21,000</u>	<u>(21,000)</u>
Expenditures:				
Instructional Support	-	-	-	-
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>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	<u>\$ (21,000)</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			(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 Library
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
Other	<u>-</u>	<u>-</u>	<u>2,351</u>	<u>2,351</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>2,351</u>	<u>2,351</u>
Expenditures:				
Direct Instruction	-	-	-	-
Instructional Support	<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>2,351</u>	<u>2,351</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	2,351	2,351
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>2,351</u>	<u>\$ 2,351</u>
Reconciliation to GAAP Basis				
Changes in Receivables			\$ (2,351)	
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-State Directed Activities
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ -	\$ 20,689	\$ -	\$ (20,689)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>20,689</u>	<u>-</u>	<u>(20,689)</u>
Expenditures:				
Instructional Support	-	20,689	20,689	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>20,689</u>	<u>20,689</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(20,689)</u>	<u>(20,689)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(20,689)	(20,689)
Cash Balance at beginning of year	<u>-</u>	<u>-</u>	-	-
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	(20,689)	<u>\$ (20,689)</u>
Reconciliation to GAAP Basis				
Changes in Receivables			\$ 20,689	
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-Student Support
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ -	\$ 10,000	\$ 9,672	\$ (328)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>10,000</u>	<u>9,672</u>	<u>(328)</u>
Expenditures:				
Direct Instruction	-	10,000	9,672	328
Instructional Support	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>10,000</u>	<u>9,672</u>	<u>328</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	-	-	-	-
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>-</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>\$ -</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, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
Interest Income	<u>-</u>	<u>-</u>	<u>8</u>	<u>8</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>8</u>	<u>8</u>
Expenditures:				
Direct Instruction	-	-	-	-
Instructional Support	-	-	-	-
Food Services	<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>8</u>	<u>8</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	8	<u>\$ 8</u>
Cash Balance at beginning of year	<u>11,497</u>	<u>11,497</u>		
Cash Balance at end of year	<u>\$ 11,497</u>	<u>\$ 11,497</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 8</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
Hondo Valley Public Schools
Balance Sheet
Debt Service Fund
June 30, 2009

<u>Assets</u>	
Cash	\$ 88,234
Taxes Receivable	<u>6,650</u>
Total Assets	\$ <u>94,884</u>
<u>Liabilities</u>	
Deferred Revenue	\$ 6,650
Due to Other Funds	<u>-</u>
Total Liabilities	<u>6,650</u>
<u>Fund Balance</u>	
Reserved for Debt Service	<u>88,234</u>
Total Fund Balance	<u>88,234</u>
Total Liabilities and Fund Balance	\$ <u>94,884</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
Debt Service Fund
For the Year Ended June 30, 2009

Revenues:	
Local Sources	\$ 149,034
Interest	<u>31</u>
Total Revenues	<u>149,065</u>
Expenditures:	
Administrative	1,490
Debt Service:	
Principal	85,000
Interest and Fiscal Charge	<u>53,464</u>
Total Expenditures	<u>139,954</u>
Excess (deficiency) of revenues over expenditures	<u>9,111</u>
Other Financing Sources (Uses)	
Transfers In (Out)	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	9,111
Fund Balance at beginning of year	<u>79,123</u>
Fund balance at end of year	<u><u>\$ 88,234</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)-
Debt Service Fund
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance-
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Favorable
				(Unfavorable)
Revenues:				
Property Taxes	\$ 133,464	\$ 133,464	\$ 149,034	\$ 15,570
Interest Income	<u>42</u>	<u>42</u>	<u>31</u>	<u>(11)</u>
Total Revenues	<u>133,506</u>	<u>133,506</u>	<u>149,065</u>	<u>15,559</u>
Expenditures:				
Administrative	1,335	1,334	1,490	(156)
Debt Service:				
Principal	134,964	134,964	85,000	49,964
Interest	<u>53,464</u>	<u>53,464</u>	<u>53,464</u>	<u>-</u>
Total Expenditures	<u>189,763</u>	<u>189,762</u>	<u>139,954</u>	<u>49,808</u>
Excess (deficiency) of revenues over expenditures	<u>(56,257)</u>	<u>(56,256)</u>	<u>9,111</u>	<u>65,367</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(56,257)	(56,256)	9,111	<u>\$ 65,367</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ (56,257)</u>	<u>\$ (56,256)</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			1,109	
Changes in Deferred Income			<u>(1,109)</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 9,111</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, 2009

<u>Assets</u>	Special Capital Outlay State	Public School Capital Outlay 20%	Total
Cash	\$ 18,288	\$ 3,292	\$ 21,580
Due From Other Funds	-	-	-
Total Assets	<u>\$ 18,288</u>	<u>\$ 3,292</u>	<u>\$ 21,580</u>
<u>Liabilities</u>			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Total Liabilities	-	-	-
<u>Fund Balance</u>			
Reserved for Capital Projects	18,288	3,292	21,580
Unreserved for Future Expenditures	-	-	-
Total Fund Balance	<u>18,288</u>	<u>3,292</u>	<u>21,580</u>
Total Liabilities and Fund Balance	<u>\$ 18,288</u>	<u>\$ 3,292</u>	<u>\$ 21,580</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, 2009

	Special Capital Outlay Fund	Public School Capital Outlay 20%	Total
Revenues:			
Federal Sources	\$ -	\$ -	\$ -
State Sources	-	-	-
Local Sources	-	-	-
Other	-	744	744
	<u>-</u>	<u>744</u>	<u>744</u>
Total Revenues	<u>-</u>	<u>744</u>	<u>744</u>
Expenditures:			
Operation Maintenance Plant	-	-	-
Capital Outlay	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>744</u>	<u>744</u>
Other Financing Sources (Uses)			
Transfers In (Out)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	744	744
Fund Balance at beginning of year	<u>18,288</u>	<u>2,548</u>	<u>20,836</u>
Fund balance at end of year	<u>\$ 18,288</u>	<u>\$ 3,292</u>	<u>\$ 21,580</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, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest Income	\$ -	\$ 118	\$ 119	\$ 1
Bond Proceeds	-	250,000	250,000	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>250,118</u>	<u>250,119</u>	<u>1</u>
Expenditures:				
Operation Maintenance Plant	15,000	15,000	1,912	13,088
Bond Issuance Costs	-	50,000	44,596	5,404
Capital Outlay	<u>327,349</u>	<u>538,077</u>	<u>197,761</u>	<u>340,316</u>
Total Expenditures	<u>342,349</u>	<u>603,077</u>	<u>244,269</u>	<u>358,808</u>
Excess (deficiency) of revenues over expenditures	<u>(342,349)</u>	<u>(352,959)</u>	<u>5,850</u>	<u>358,809</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(342,349)	(352,959)	5,850	<u>\$ 358,809</u>
Cash Balance at beginning of year	<u>353,259</u>	<u>353,259</u>		
Cash Balance at end of year	<u>\$ 10,910</u>	<u>\$ 300</u>		
Reconciliation to GAAP Basis:				
Changes in Due from Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 5,850</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, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
Expenditures:				
Operation Maintenance Plant	-	-	-	-
Capital Outlay	<u>254,215</u>	<u>254,215</u>	<u>-</u>	<u>254,215</u>
Total Expenditures	<u>254,215</u>	<u>254,215</u>	<u>-</u>	<u>254,215</u>
Excess (deficiency) of revenues over expenditures	<u>(4,215)</u>	<u>(4,215)</u>	<u>-</u>	<u>4,215</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(4,215)	(4,215)	-	<u>\$ 4,215</u>
Cash Balance at beginning of year	<u>18,288</u>	<u>18,288</u>		
Cash Balance at end of year	<u>\$ 14,073</u>	<u>\$ 14,073</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)
Capital Projects Fund-Public Schools Capital Outlay State 20%
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ -	\$ -	\$ -	\$ -
Other	<u>744</u>	<u>744</u>	<u>744</u>	<u>-</u>
Total Revenues	<u>744</u>	<u>744</u>	<u>744</u>	<u>-</u>
Expenditures:				
Operation Maintenance Plant	3,292	3,292	-	3,292
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>3,292</u>	<u>3,292</u>	<u>-</u>	<u>3,292</u>
Excess (deficiency) of revenues over expenditures	<u>(2,548)</u>	<u>(2,548)</u>	<u>744</u>	<u>3,292</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(2,548)	(2,548)	744	<u>\$ 3,292</u>
Cash Balance at beginning of year	<u>3,292</u>	<u>3,292</u>		
Fund balance at end of year	<u>\$ 744</u>	<u>\$ 744</u>		
Reconciliation to GAAP Basis				
				-
				-
Excess (Deficiency) of revenues over expenditures			<u>\$ 744</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, 2009

	Balance 6/30/2008	Additions	Deductions	Balance 6/30/2009
Glencoe Rural Events	\$ 310	\$ -	\$ -	\$ 310
Elementary	763	128	-	891
First Grade	67	-	-	67
Second Grade	117	-	113	4
Third Grade	155	45	36	164
Fourth Grade	226	60	22	264
Fifth Grade	244	45	53	236
Sixth Grade	246	164	-	410
Seventh Grade	496	393	-	889
Eight Grade	637	261	387	511
Fiesta	1,768	7,325	1,731	7,362
Fiesta Decorating	62	-	-	62
Cheerleaders	542	5,814	5,189	1,167
Senior Class	5,597	576	6,173	-
Junior Class	683	3,502	2,660	1,525
Sophomore Class	670	2,440	1,040	2,070
Freshman Class	262	928	300	890
Yearbook	621	298	85	834
National Honor Society	485	-	-	485
Student Council	11	-	-	11
Football	83	295	25	353
FFA	111	2,227	2,301	37
H-Club	9,168	10,627	16,153	3,642
Shop	58	118	-	176
Rodeo Club	348	-	106	242
Art	2,850	-	-	2,850
Knowledge Bowl	537	58	-	595
Clement Scholarship	11,391	-	-	11,391
Clement School Int	554	150	300	404
Counselors Fund	534	-	116	418
Qualls Scholarship	123	-	-	123
Library Fund	822	917	880	859
General Fund	144	2,260	2,122	282
Drivers Ed	330	-	-	330
Girls Basketball	179	-	-	179
Boys Basketball	363	83	-	446
Girls Volleyball	50	-	-	50
JH Girls Basketball	74	-	-	74
Spirit Club II	-	213	-	213
Film Class	116	15	78	53
Character Counts	48	-	-	48
Spirit Club	-	150	-	150
Soldier Care Packages	762	429	226	965
	<u>\$ 42,607</u>	<u>\$ 39,521</u>	<u>\$ 40,096</u>	<u>\$ 42,032</u>

Other Reports

State of New Mexico
Hondo Valley Public Schools
Schedule of Deposits and Pledged Collateral Under State Requirements
June 30, 2009

Institution	Financial	Account Name	Account Type	Reconciled Balance	O/S Deposits Balance	O/S Checks Balance	Balance Not On Deposit 06-30-09	FDIC or Other Insurance	Not Insured By FDIC	Required Collateral	FMV of Collaterals	Pledged Over/Short
Wells Fargo		Operations	Checking	\$ 348,591	-	146,578	\$ 495,169	250,000	-	-	-	-
		Federal Projects	Checking	13,545	-	-	13,545	-	-	-	-	-
		Cafeteria and Athletics	Checking	3,340	-	-	3,340	-	-	-	-	-
		Bond Building	Checking	200,408	-	-	200,408	-	-	-	-	-
		Debt Service	Checking	88,234	-	-	88,234	-	-	-	-	-
		Activity Fund	Checking	31,830	-	-	31,830	31,781	-	-	-	-
		Activity Fund	CD	11,250	-	-	11,250	11,250	-	-	-	-
				697,198	-	146,578	843,776	293,031	550,745	275,373	691,379	416,007

Pledged Collateral

Description	Custodian	Maturity	Par	Rate	Market Value	SK	Rec #	Cusip
Wells Fargo								
FGIOH 00895	WFBNW	6/1/1537	\$ 183,348	5.50%	\$ 188,818	4501	3128MS7G9	
FNCL 545274	WFBNW	11/1/193*	12,647	6.00%	13,342	2232	31385HXB3	
FNCL 867437	WFBNW	5/1/1536	467,025	6.00%	489,219	7623	31409CV69	
			\$ 663,021		\$ 691,379			

	Operational	Transport	Instructional	Materials	Food Serv	Athletics	Non	Federal	Flow Through	Direct	Federal	Local	State	Flow Through	State	Direct	Bond	Building	Special Capital	Outlay/State	Capital Imp	PSCDC	Debt	Service	Total
							Instruction					Grants									SB 9	20%			
Audited Net Cash 6-30-08	\$ 16,451	\$ 48,029	\$ 6,436	\$ 3,236	\$ 573	\$ 42,608	\$ (23,121)	\$ 5,742	\$ 353,259	\$ 18,288	\$ 47,424	\$ 2,548	\$ 79,123	\$ 577,857											
Outstanding Loans (Net)		20,000					(20,000)																		
Investments																									
Total Cash 6-30-08	16,451	68,029	6,436	3,236	573	42,608	(43,121)	5,742	353,259	18,288	47,424	2,548	79,123	577,857											
Revenues to Date	2,118,420	207,436	32,727	61,365	13,661	39,521	134,192	8,000	5,101	45,108															
Loan Repayments		20,000																							
Prior Year Warrants Voided	1,992																								
Total Resources to Date Current Yr:	2,136,863	295,465	39,163	64,601	14,234	82,129	91,071	8,000	5,101	22,369	5,742	603,378	18,288	3,735,839											
Expenditures to Date	2,082,531	215,864	16,770	63,502	11,762	40,097	107,434	7,000	3,176	32,851															
Loan Repayments																									
Transfers to Date (In) Out																									
Net Cash	54,332	79,601	22,393	1,099	2,472	42,032	(36,363)	1,000	1,925	(10,482)	5,742	359,109	18,288	88,234	697,198										
Outstanding Loans (Out) In																									
Investments on Hand																									
Total Cash	\$ 54,332	\$ 79,601	\$ 22,393	\$ 1,099	\$ 2,472	\$ 42,032	\$ (36,363)	\$ 1,000	\$ 1,925	\$ (10,482)	\$ 5,742	\$ 359,109	\$ 18,288	\$ 88,234	\$ 697,198										
Cash in Bank	\$ 155,227	\$ 92,630	\$ 24,749	\$ 1,195	\$ 2,538	\$ 43,080	\$ (23,435)	\$ 1,000	\$ 1,925	\$ (10,482)	\$ 5,742	\$ 375,269	\$ 18,288	\$ 88,234	\$ 843,776										
Outstanding Deposits																									
Outstanding Checks	100,895	13,029			66	1,048	15,380																		
Adjustments																									
Total Cash	\$ 54,332	\$ 79,601	\$ 24,749	\$ 1,195	\$ 2,472	\$ 42,032	\$ (38,815)	\$ 1,000	\$ 1,925	\$ (10,482)	\$ 5,742	\$ 359,109	\$ 18,288	\$ 88,234	\$ 697,198										

Dan Austin CPA, PC
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Ruidoso, NM 88345

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, 2009, which collectively comprise Hondo Valley Public School's basic financial statements and have issued our report thereon dated November 5, 2009. 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, 2009, as listed in the table of contents, and have issued our report thereon dated November 5, 2009. 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.

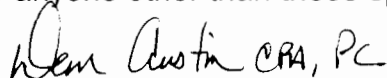
Compliance and Other Matters

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 07-02 and 09-1.

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.

Ken Austin CPA, PC

November 5, 2009

**State of New Mexico
Hondo Valley Public Schools
Schedule of Audit Findings, Other Disclosures and Exit conference
June 30, 2009**

RESOLUTION OF PRIOR YEAR FINDINGS

07-1 Budget Transfers and Fund Loan Accounting-Resolved

07-2 Financial Statement Preparation-Repeated

CURRENT YEAR FINDINGS

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.

Condition: 09-1 1099 Reporting

Condition: Audit tests noted one disbursement to a contractor were a 1099 should have been prepared for the payee

Criteria: IRS regulations require that all payments in excess of \$600 to independent contractors and other service providers be issued a Form 1099 to report income to the IRS.

Effect: The District failed to comply with reporting standards.

Cause: Financial staff

Recommendation: The District should review IRS reporting procedures to insure compliance.

Response: The District will review policies and procedures in this area.

**State of New Mexico
Hondo Valley Public Schools
Schedule of Audit Findings, Other Disclosures and Exit conference
June 30, 2009**

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 13, 2009, an exit conference was held at the District's administrative offices. Present were Andrea Nieto, Superintendent, Mary Prudencio, Business Manager, Joe Torrez, Board Member, and Dan Austin, CPA, representing the audit firm. Reportable conditions for the year ended June 30, 2009, were discussed as well as financial reporting considerations.