

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
AUDITED FINANCIAL STATEMENTS AND  
OTHER FINANCIAL INFORMATION  
JUNE 30, 2011**

**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, 2011**

**BOARD OF EDUCATION**

<b>Joe Torrez</b>	<b>President</b>
<b>Dennis Nosker</b>	<b>Vice-President</b>
<b>Godfrey Gomez</b>	<b>Secretary</b>
<b>Jim Cooper</b>	<b>Member</b>
<b>Donna Brady</b>	<b>Member</b>

**SCHOOL OFFICIALS**

<b>Andrea Nieto</b>	<b>Superintendent</b>
<b>Mary Prudencio</b>	<b>Business Manager</b>

## **FINANCIAL SECTION**



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

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**Independent Auditors' Report**

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

We have audited the accompanying basic financial statements of the governmental activities, each major fund, the general fund and major special revenue funds, budgetary comparisons, and the aggregate remaining fund information of the Hondo Valley Public Schools, State of New Mexico (the District), as of and for the year ended June 30, 2011, 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, 2011, 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.

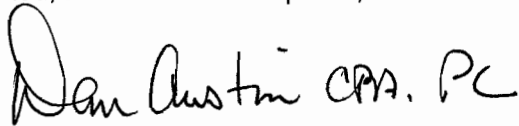
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan 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, 2011, 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, 2011, 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 11, 2011, 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 with a large initial "D".

November 11, 2011

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

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, 2011. All amounts, unless otherwise indicated, are expressed in dollars.

**USING THIS ANNUAL REPORT**

The financial report includes the sections described below.

**Management's Discussion and Analysis**

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

**District-Wide Financial Statements**

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

**Fund Financial Statements**

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

**Budgetary Comparisons**

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

**Notes to the Financial Statements**

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 36 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, 2011 and 2010. 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>2011</u>	<u>2010</u>
Current Assets	\$ 789,684	\$ 511,648
Capital Assets	4,427,901	4,585,895
<b>Total Assets</b>	<u>\$ 5,217,585</u>	<u>\$ 5,097,543</u>
Current Liabilities	\$ 178,446	\$ 128,352
Long-Term Liabilities	1,484,747	1,218,374
<b>Total Liabilities</b>	<u>\$ 1,663,193</u>	<u>\$ 1,346,726</u>
<b>Net Assets:</b>		
Invested in Capital Assets	\$ 2,793,154	\$ 3,367,416
Restricted	535,780	198,206
Unrestricted	225,458	185,165
<b>Total Net Assets</b>	<u>\$ 3,554,392</u>	<u>\$ 3,750,787</u>

**Statement of Activities:** The following represents the revenues and expenses for fiscal years June 30, 2011 and 2010. See page 14 for a more detailed look at the Statement of Activities.

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

	<u>2011</u>	<u>2010</u>
<b>Revenues:</b>		
Operating Grants	\$ 2,508,234	\$ 2,616,054
Capital Grants	-	-
Charges for Services	16,563	14,697
Property Taxes	231,373	272,989
Other	146	395
<b>Total Revenues</b>	<u>2,756,316</u>	<u>2,904,135</u>
<b>Expenses</b>	<u>2,952,711</u>	<u>3,113,762</u>
<b>Increase in Net Assets</b>	<u>(196,395)</u>	<u>(209,627)</u>
Net Assets-Beginning	3,750,787	3,960,414
Other Adjustments	-	-
<b>Net Assets-Ending</b>	<u>\$ 3,554,392</u>	<u>\$ 3,750,787</u>

**District-Wide Financial Analysis**

The District's overall financial condition remained static for the fiscal year as evidenced by the minimal decrease in District-Wide Net Assets of \$195,395. Significant changes in the District's assets and liabilities were the increase in cash as a result of the issuance of general obligation bonds for the improvement of the District's physical facilities.

Total revenues decreased by \$147,809 while expenses decreased \$161,504 resulting in a decrease in net assets for the fiscal year of \$196,395 as compared with an decrease in the prior year of \$209,627.

**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 \$759,944. Of this amount, \$703,657 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 \$250,294. The significant elements of this increase included \$450,000 in issuance of GO Bonds in the amount of \$450,000 from the Capital Outlay Bond Building Fund.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

There were no significant differences between the general fund original budget and the general fund final amended budget. During the year, however, revenues were less than budgetary estimates by \$44,473 and expenditures were less than budgetary estimates in the amount of \$145,013. The District's general fund operating budget for the year ended June 30, 2011 was 5.8% less than the previous year's budget due to decrease in State funding of School operations.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The District's investment in capital assets for its governmental activities as of June 30, 2011 amounts to \$4,427,901 (net of accumulated depreciation). This investment in capital assets consists of land, buildings and equipment. During the current year, the District acquired miscellaneous equipment and made improvements various school buildings.

Additional information on the District's capital assets can be found in Note 4B on page 33 of this report.

**Long-Term Debt:** At the end of the current fiscal year, the District had total long-term debt outstanding of \$1,750,000. The portion due within one year of \$150,000. .

The District's total long-term debt increased by \$450,000 due to the issuance of bonds in the current year.

Additional information on the District's long-term debt can be found in Note 3B on page 30 of this report.

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

The current economic indicators remain unsettled with New Mexico Department of Education funding expected to be less than the prior year. Possible increases in Federal funding may offset anticipated decreases in state funding.

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

## **REQUESTS FOR INFORMATION**

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

STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
STATEMENT OF NET ASSETS  
June 30, 2011

	<u>Primary Governmental Governmental Activities</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ 692,770
Grants Receivable	90,706
Textbook Credits	1,951
Inventory	<u>4,257</u>
Total Current Assets	<u>789,684</u>
<b>Noncurrent Assets</b>	
Net Capital Assets	<u>4,427,901</u>
Total Noncurrent Assets	<u>4,427,901</u>
Total Assets	<u>\$ 5,217,585</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Interest Payable	\$ 28,446
Current Portion Of Long Term Debt	<u>150,000</u>
Total Current Liabilities	<u>178,446</u>
<b>Noncurrent Liabilities</b>	
General Obligation Bonds Payable	<u>1,484,747</u>
Total Noncurrent Liabilities	<u>1,484,747</u>
Total Liabilities	<u>1,663,193</u>
<b>Net Assets</b>	
Invested In Capital Assets	2,793,154
Restricted For:	
Capital Projects	377,874
Debt Service	157,906
Other Purposes	-
Unrestricted	<u>225,458</u>
Total Net Assets	<u>3,554,392</u>
Total Liabilities And Net Assets	<u>\$ 5,217,585</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, 2011

	Expenses	Program Revenues		Net Program (Expense)Revenue and Changes In Net Assets
		Charges For Services	Operating Grants And Contributions	
<b>Governmental Activities:</b>				
Direct Instruction	\$ 1,220,195	\$ -	\$ 290,167	\$ (930,028)
Instructional Support	454,394	-	140,152	(314,242)
Administration	211,652	-	-	(211,652)
Business/Support Services	76,122	-	-	(76,122)
Operation Maintenance Plant	610,094	-	-	(610,094)
Food Services	127,223	4,134	69,675	(53,414)
Athletics	14,457	12,429	-	(2,028)
Pupil Transportation	177,366	-	139,374	(37,992)
Interest and Amortization On Long-Term Debt	61,208	-	-	(61,208)
<b>Total Primary Government</b>	<b>\$ 2,952,711</b>	<b>\$ 16,563</b>	<b>\$ 639,368</b>	<b>\$ (2,296,780)</b>

**General Revenues:**

Property Taxes	
Levied for General Purposes	12,799
Levied for Debt Service	199,230
Levied for Capital Projects	19,344
State Aid Not restricted	1,868,866
Investment Income	146
<b>Total General Revenues</b>	<b>2,100,385</b>
Change In Net Assets	(196,395)
Net Assets - Beginning	3,750,787
Net Assets - Ending	<b>\$ 3,554,392</b>

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

STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011

Fund #

	General Fund	Special Revenue IASA Title I Fund	Special Revenue SB-9 Fund	Capital Outlay Fund	Debt Service Fund	Other Governmental Funds	Totals Governmental Funds
<b>Assets</b>							
Cash	\$ 39,804	\$ 17,740	\$ 12,042	\$ 377,874	\$ 157,906	\$ 87,404	\$ 692,770
Grants Receivable	-	-	-	-	-	90,706	90,706
Due From Other Funds	94,560	-	-	-	-	-	94,560
Inventory	-	-	-	-	-	4,257	4,257
Textbook Credits	1,951	-	-	-	-	-	1,951
<b>Total Assets</b>	<b>\$ 136,315</b>	<b>\$ 17,740</b>	<b>\$ 12,042</b>	<b>\$ 377,874</b>	<b>\$ 157,906</b>	<b>\$ 182,367</b>	<b>\$ 884,244</b>
<b>Liabilities And Fund Balances</b>							
<b>Liabilities</b>							
Deferred Revenue	\$ -	\$ 17,740	\$ -	\$ -	\$ -	\$ 12,000	\$ 29,740
Due To Other Funds	-	-	-	-	-	94,560	94,560
<b>Total Liabilities</b>	<b>-</b>	<b>17,740</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,560</b>	<b>124,300</b>
<b>Fund Balances</b>							
Reserved For Inventory	-	-	-	-	-	4,257	4,257
Reserved For Capital Improvements	-	-	-	377,874	-	27,305	405,179
Reserved For Debt Service	-	-	-	-	157,906	-	157,906
Unreserved, reported in -							
General Fund	136,315	-	-	-	-	-	136,315
Special Revenue Funds	-	-	12,042	-	-	44,245	56,287
<b>Total Fund Balances</b>	<b>136,315</b>	<b>-</b>	<b>12,042</b>	<b>377,874</b>	<b>157,906</b>	<b>75,807</b>	<b>759,944</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 136,315</b>	<b>\$ 17,740</b>	<b>\$ 12,042</b>	<b>\$ 377,874</b>	<b>\$ 157,906</b>	<b>\$ 182,367</b>	<b>\$ 884,244</b>

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



**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
June 30, 2011**

Total Governmental Fund Balance	\$ 759,944
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.	4,427,901
Interest payable on GO bond debt is not recorded as liability on the governmental funds	(28,446)
Deferred revenue on governmental funds is recognized as current income on government wide statements	29,740
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,634,747)</u>
Net Assets of Governmental Activities	<u>\$ 3,554,392</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, 2011

Fund

	General Fund	Special Revenue IASA Title I Fund	Special Revenue SB-9 Fund	Capital Outlay Bond Building Fund	Debt Service Fund	Other Governmental Funds	Totals Governmental Funds
<b>Revenues</b>							
Federal Sources	\$ 12,780	\$ 95,768	\$ -	\$ -	\$ -	\$ 225,269	\$ 333,817
State Sources	2,032,758	-	-	-	-	38,183	2,070,941
Local Sources	26,121	-	78,197	19,344	199,230	17,356	340,248
Bond Proceeds	-	-	-	450,000	-	-	450,000
Investment Income	114	-	-	3	25	4	146
Total Revenues	<u>2,071,773</u>	<u>95,768</u>	<u>78,197</u>	<u>469,347</u>	<u>199,255</u>	<u>280,812</u>	<u>3,195,152</u>
<b>Expenditures</b>							
Current:							
Direct Instruction	1,134,446	-	-	-	-	85,749	1,220,195
Instructional Support	240,367	112,607	-	-	-	101,420	454,394
Administration	211,652	-	-	-	-	-	211,652
Business/Support Services	74,130	-	-	-	1,992	-	76,122
Operation Maintenance Plant	268,958	-	66,406	48,811	-	2,331	386,506
Food Services	56,853	-	-	-	-	70,370	127,223
Athletics	-	-	-	-	-	14,457	14,457
Pupil Transportation	177,366	-	-	-	-	-	177,366
Capital Outlay	-	-	-	82,202	-	-	82,202
Bond Issue Costs	-	-	-	43,695	-	-	43,695
Debt Service:							
Principal	-	-	-	-	105,000	-	105,000
Interest	-	-	-	-	46,046	-	46,046
Total Expenditures	<u>2,163,772</u>	<u>112,607</u>	<u>66,406</u>	<u>174,708</u>	<u>153,038</u>	<u>274,327</u>	<u>2,944,858</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(91,999)</u>	<u>(16,839)</u>	<u>11,791</u>	<u>294,639</u>	<u>46,217</u>	<u>6,485</u>	<u>250,294</u>
<b>Other Financing Sources (Uses):</b>							
Operating Transfers, Net	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
<b>Net Change In Fund Balances</b>	<b>(91,999)</b>	<b>(16,839)</b>	<b>11,791</b>	<b>294,639</b>	<b>46,217</b>	<b>6,485</b>	<b>250,294</b>
<b>Fund Balances (Deficit)</b>							
At Beginning Of Year	<u>228,314</u>	<u>16,839</u>	<u>251</u>	<u>83,235</u>	<u>111,689</u>	<u>69,322</u>	<u>509,650</u>
<b>Fund Balances (Deficit)</b>							
At End Of Year	<u>\$ 136,315</u>	<u>\$ -</u>	<u>\$ 12,042</u>	<u>\$ 377,874</u>	<u>\$ 157,906</u>	<u>\$ 75,807</u>	<u>\$ 759,944</u>

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

STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
June 30, 2011

Net Change in Fund Balances - Total Governmental Funds \$ 250,294

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  
as depreciation expense. This is the amount by which depreciation

was more than the capital outlay in the current period:	Capital Outlay	\$ 65,594	
	Depreciation	<u>(223,588)</u>	(157,994)

Deferred revenue on the governmental funds are recognized as current revenue on the government wide statements			27,772
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Amortization of Bond Premiums			(10,068)
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Bond Proceeds reported in the Government Funds			(450,000)
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Bond Issuance Costs Reported in the Government Funds			43,695
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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.			105,000
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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>(5,094)</u>
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Change in Net Assets of Governmental Activities			<u>\$ (196,395)</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, 2011**

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Local Sources	\$ 22,869	\$ 22,869	\$ 26,121	\$ 3,252
Federal Sources	14,356	14,356	12,780	(1,576)
State Sources	2,058,520	2,058,137	2,011,969	(46,168)
Other	95	95	114	19
Total Revenues	2,095,840	2,095,457	2,050,984	(44,473)
Expenditures:				
Direct Instruction	1,190,477	1,148,989	1,115,608	33,381
Instructional Support	260,885	260,885	240,367	20,518
Administration	200,268	216,389	211,652	4,737
Business Support Services	65,266	81,266	74,130	7,136
Operation Maintenance Plant	276,585	292,055	268,958	23,097
Food Services	57,114	57,114	56,853	261
Athletics	-	-	-	-
Non-Instructional Support	-	-	-	-
Pupil Transportation	184,506	233,249	177,366	55,883
Capital Outlay	-	-	-	-
Total Expenditures	2,235,101	2,289,947	2,144,934	145,013
Excess (deficiency) of revenues over expenditures	(139,261)	(194,490)	(93,950)	100,540
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(139,261)	(194,490)	(93,950)	\$ 100,540
Prior Year End Cash	189,345	189,345		
End of Year Cash Balance	\$ 50,084	\$ (5,145)	-	
Reconciliation to GAAP Basis				
Changes in Textbook Credits			1,951	
Change in Due from Other Governments			-	
Excess (Deficiency) of revenues over expenditures			\$ (91,999)	

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-IASA Title I**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 88,619	\$ 102,623	\$ 113,508	\$ 10,885
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>88,619</u>	<u>102,623</u>	<u>113,508</u>	<u>10,885</u>
Expenditures:				
Direct Instruction	-	-	-	-
Instructional Support	88,619	102,623	88,322	14,301
Community Services	-	-	-	-
Total Expenditures	<u>88,619</u>	<u>102,623</u>	<u>88,322</u>	<u>14,301</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>25,186</u>	<u>25,186</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>-</u>	<u>25,186</u>	<u>\$ 25,186</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				
Change in Deferred Revenue			(17,740)	
Change in Grants Receivable			<u>(24,285)</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ (16,839)</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, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ 38,030	\$ 38,030	\$ 22,660	\$ (15,370)
Local Sources	54,643	54,643	55,537	894
Interest Income	-	-	-	-
Total Revenues	<u>92,673</u>	<u>92,673</u>	<u>78,197</u>	<u>(14,476)</u>
Expenditures:				
Operation Maintenance Plant	92,673	105,029	66,406	38,623
Capital Outlay	-	-	-	-
Total Expenditures	<u>92,673</u>	<u>105,029</u>	<u>66,406</u>	<u>38,623</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(12,356)</u>	<u>11,791</u>	<u>24,147</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	(12,356)	11,791	<u>\$ 24,147</u>
Cash Balance at beginning of year	<u>251</u>	<u>251</u>		
Cash Balance at end of year	<u>\$ 251</u>	<u>\$ (12,105)</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			(402)	
Change in Deferred Property Taxes			<u>402</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 11,791</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, 2011**

**ASSETS**

Cash	<u>\$ 31,192</u>
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Total Assets	<u>\$ 31,192</u>
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**Liabilities**

Liabilities:	
Due to School Groups	<u>\$ 31,192</u>

Total Liabilities	<u>\$ 31,192</u>
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**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, 2011**

**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.

**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.



**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011**

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.

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, 2011**

*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.

**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.

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011**

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.

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

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011**

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.

**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, 2011, 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.

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011**

**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:

**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, 2011**

- 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 (\$1,000). 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, 2011, was properly amended by the Board through the year.

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**B. LONG-TERM DEBT**

A summary in changes in long-term obligations follows:

	Balance 6/30/10	Additions	(Reductions)	Balance 6/30/11	Due Within One Year
\$450,000 2011 GO Bonds due in semi-annual interest payments, matures in June, 2019, interest rates 3.7 to 4.0.%	\$ -	\$ 450,000	\$ -	\$ 450,000	\$ -
\$250,000 2010 GO Bonds due in semi-annual interest payments, matures in June, 2019, interest rates 3.00 to 3.7.%	250,000	-	-	250,000	-
\$250,000 2009 GO Bonds due in semi-annual interest payments, matures in June, 2019, interest rates 3.25 to 4.1.%	225,000	-	(25,000)	200,000	25,000
\$400,000 2006 GO Bonds due in semi-annual interest payments, matures in October 2016, interest at 4.0 to 4.25%	380,000	-	(5,000)	375,000	15,000
\$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	-
\$165,000 2002 GO Bonds due in semi-annual interest payments, matures in July 2014, interest at 3.875 to 5.15%	155,000	-	(5,000)	150,000	85,000
\$135,000 2000 GO Bonds due in semi-annual interest payments, matures in November 2011, interest at 5.15 to 5.95%	45,000	-	(20,000)	25,000	25,000
\$75,000 1999 GO Bonds due in semi-annual interest payments, matures in September 2010, interest at 4.35 to 4.75%	50,000	-	(50,000)	-	-
<b>Total Long-Term Obligations</b>	<b><u>\$ 1,405,000</u></b>	<b><u>\$ 450,000</u></b>	<b><u>\$ (105,000)</u></b>	<b><u>\$ 1,750,000</u></b>	<b><u>\$ 150,000</u></b>

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The annual requirements to amortize all bonded debt outstanding as of June 30, 2011, 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 \$1,777,032.

Fiscal Year Ended	Principal	Interest	Total
June 30, 2011			
2012	\$ 150,000	\$ 56,046	\$ 206,046
2013	155,000	50,571	205,571
2014	160,000	45,415	205,415
2015	165,000	39,228	204,228
2016	195,000	32,676	227,676
2017-2022	<u>925,000</u>	<u>52,590</u>	<u>977,590</u>
	<u>\$ 1,750,000</u>	<u>\$ 276,526</u>	<u>\$ 2,026,526</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	\$ 1,750,000
Unamortized Bond Premium	(115,253)
Current Portion of Long-Term Debt	<u>(150,000)</u>
Long-Term Debt 6-30-2011	<u>\$ 1,484,747</u>

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

**A. CASH**

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

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



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

Statutes require depositories to pledge collateral against deposits in excess of the federal deposit insurance. Collateral is required in the amount of fifty percent of the uninsured deposits and requires securities to be delivered, or a joint safekeeping receipt be issued, to the local school district by the depository institution. The Schedule of Deposits and Security Requirements on **page 85** discloses the details deposits and securities of the district. Per the schedule noted above, total deposits not insured by the FDIC amounted to 570,860 requiring that depositories to pledge \$289,930 in securities. As of June 30, 2011, the fair market value of pledged securities amounted to \$503,457 or an excess of \$213,527.

At June 30, 2011 the carrying amount of the District's deposits with financial institutions were \$723,962 and the bank balances were \$861,870. 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, 2011, \$579,865 of the District's bank balances of \$861,870 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>579,865</u>
Total	<u>\$ 579,865</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 From</u>	<u>Due To</u>			<u>Totals</u>
	<u>General</u>	<u>Fund</u>	<u>Transportation</u>	
General Fund	\$ -	\$ -	\$ -	\$ -
Idea B Discretionary	(37,507)	37,507	-	-
Principle Training	(12,038)	12,038	-	-
Drug Free Schools	(114)	114	-	-
Idea B Stimulus Instruction	(36,793)	10,341	26,452	-
Idea B Preschool	(1,719)	-	1,719	-
Duel Credit	(1,322)	-	1,322	-
Tech for Education	(3,740)	3,740	-	-
Other Funds	(1,327)	-	1,327	-
<b>Totals</b>	<u>\$ (94,560)</u>	<u>\$ 63,740</u>	<u>\$ 30,820</u>	<u>\$ -</u>

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

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**B. Capital Assets**

Capital activity as of June 30, 2011 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 89,628	\$ -	\$ -	\$ 89,628
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>89,628</u>	<u>-</u>	<u>-</u>	<u>89,628</u>
Capital assets being depreciated:				
Buildings and improvements	5,578,197	-	-	5,578,197
Equipment	<u>1,417,322</u>	<u>65,594</u>	<u>-</u>	<u>1,482,916</u>
Total capital assets being depreciated	<u>6,995,519</u>	<u>65,594</u>	<u>-</u>	<u>7,061,113</u>
Less accumulated depreciation for:				
Buildings and improvements	1,641,564	137,474	-	1,779,038
Equipment	<u>857,688</u>	<u>86,114</u>	<u>-</u>	<u>943,802</u>
Total accumulated depreciation	<u>2,499,252</u>	<u>223,588</u>	<u>-</u>	<u>2,722,840</u>
Total capital assets being depreciated, net	<u>4,496,267</u>	<u>(157,994)</u>	<u>-</u>	<u>4,338,273</u>
Governmental activity capital assets, net	<u>\$ 4,585,895</u>	<u>\$ (157,994)</u>	<u>\$ -</u>	<u>\$ 4,427,901</u>

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

**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.

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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**

*Plan Description.* (Name of Agency) contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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 RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

**STATE OF NEW MEXICO  
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JUNE 30, 2011**

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

The District's contributions to RHCA for the years ended June 30, 2011, 2010 and 2009 were \$ 22,402, \$14,064, \$13,827, respectively, which equals the required contribution for each year.

**C. ERA Pension Plan**

*Plan Description.* Substantially all of the District's 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 (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

*Funding Policy.* Effective July 1, 2009, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The Hondo Valley Public Schools was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The employer contribution is increasing by .75% each year until effective July 1, 2011; the employer contribution will be 13.9% of the gross covered salary. The contribution requirements of plan members and the Hondo Valley Public Schools are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Hondo Valley Public Schools contributions to ERB for the fiscal years ending June 30, 2011, 2010, and 2009, were \$151,677, \$ 148,635, and \$ 128,548, respectively, which equal the amount of the required contributions for each fiscal 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. Memorandum of Understanding**

REC

Purpose: To allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the USDE under the Education of the Handicapped Act, Part B, PL 94-142 among others.

Participants: Regional Education Cooperative IX and Hondo valley Public Schools.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011**

Responsible Party for Operation and Audit: Regional Education Cooperative

Beginning and Ending Date of Agreement: July 1, 2010 until the end of any fiscal year during which the school give notice of intent to terminate.

Total Estimated Amount of Project and Actual Amount Contributed: The REC paid expenditures on behalf of the District in the amount of \$1,787.

Eastern New Mexico University - Ruidoso Dual Enrollment Agreement

Purpose: Eastern New Mexico University - Ruidoso will provide higher education to qualified Hondo Valley Public Schools High School junior and senior students in both technical and arts and science courses.

Participants: Eastern New Mexico University - Ruidoso and Hondo Valley Public Schools.

Responsibility: Hondo Valley Public Schools will be responsible for tuition and enrollment fees for the enrolled students.

Beginning and ending dates of agreement: July 1, 2010 to June 30, 2011

Estimated costs: Total costs are dependent on the number of enrolled students and is the sole responsibility of Hondo Valley Pubic Schools.

**NOTE 6. Subsequent Accounting Standard Pronouncements**

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. That Statement supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Statement 62 is effective for financial statements for periods beginning after December 15, 2011, with early application encouraged. The objective of this statement is to provide non-conflicting pronouncements between FASB and GASB. The District is reviewing the effects of the implementation of this statement.

In June 2011, the GASB issued Statement No. 63, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis— for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The District is reviewing the effects of the implementation of this statement.

**NOTE 7. Subsequent Events Review**

Hondo Valley Public Schools has evaluated subsequent events through November 4, 2011, which is the date the financial statements were dated.

**NOTE 8. Surety Bond**

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, and 1978 Compilation.

## SUPPLEMENTARY INFORMATION

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

<u>Assets</u>	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Total
Cash	\$ 60,099	\$ 27,305	\$ 87,404
Grants Receivable	90,706		90,706
Due From Other Funds	-		-
Inventory	<u>4,257</u>	<u>-</u>	<u>4,257</u>
<b>Total Assets</b>	<u>\$ 155,062</u>	<u>\$ 27,305</u>	<u>\$ 182,367</u>
<u>Liabilities</u>			
Deferred Income	\$ 12,000	\$ -	\$ 12,000
Due to Other Funds	<u>94,560</u>	<u>-</u>	<u>94,560</u>
Total Liabilities	<u>106,560</u>	<u>-</u>	<u>106,560</u>
<u>Fund Balance</u>			
Reserved for Inventory	4,257	-	4,257
Reserved for Capital Improvements	-	27,305	27,305
Unreserved	<u>44,245</u>	<u>-</u>	<u>44,245</u>
<b>Total Fund Balance</b>	<u>48,502</u>	<u>27,305</u>	<u>75,807</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 155,062</u>	<u>\$ 27,305</u>	<u>\$ 182,367</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, 2011**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Total
<b>Revenues:</b>			
Federal Sources	\$ 225,269	\$ -	\$ 225,269
State Sources	30,127	8,056	38,183
Local Sources	17,356	-	17,356
Investment Income	4	-	4
	<u>272,756</u>	<u>8,056</u>	<u>280,812</u>
<b>Total Revenues</b>			
<b>Expenditures:</b>			
Direct Instruction	85,749	-	85,749
Instructional Support	101,420	-	101,420
Administration	-	-	-
Business Support Services	-	-	-
Operation Maintenance Plant	-	2,331	2,331
Food Services	70,370	-	70,370
Athletics	14,457	-	14,457
Non-Instructional Support	-	-	-
Pupil Transportation	-	-	-
Capital Outlay	-	-	-
	<u>271,996</u>	<u>2,331</u>	<u>274,327</u>
<b>Total Expenditures</b>			
Excess (deficiency) of revenues over expenditures	<u>760</u>	<u>5,725</u>	<u>6,485</u>
Other Financing Sources (Uses)			
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	760	5,725	6,485
Fund Balance at beginning of year	<u>47,742</u>	<u>21,580</u>	<u>69,322</u>
Fund balance at end of year	<u>\$ 48,502</u>	<u>\$ 27,305</u>	<u>\$ 75,807</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.

## 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, 2011**

<u>Assets</u>	Operational Fund	Transportation Fund	Instructional Materials Fund	Total
Cash	\$ 13,248	\$ 25,197	\$ 1,359	\$ 39,804
Textbook Credits	-	-	1,951	1,951
Due From Other Funds	63,740	30,820	-	94,560
<b>Total Assets</b>	<b>\$ 76,988</b>	<b>\$ 56,017</b>	<b>\$ 3,310</b>	<b>\$ 136,315</b>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
Due to Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>Fund Balance</u>				
Unreserved for Future Expenditures	76,988	56,017	3,310	136,315
<b>Total Fund Balance</b>	<b>76,988</b>	<b>56,017</b>	<b>3,310</b>	<b>136,315</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 76,988</b>	<b>\$ 56,017</b>	<b>\$ 3,310</b>	<b>\$ 136,315</b>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**General Fund**  
**For the Year Ended June 30, 2011**

	Operational Fund	Transportation Fund	Instructional Materials Fund	Total
<b>Revenues:</b>				
Federal Sources	\$ 12,782	\$ -	\$ -	\$ 12,782
State Sources	1,868,886	136,371	27,501	2,032,758
Local Sources	26,119	-	-	26,119
Other	114	-	-	114
<b>Total Revenues</b>	<b>1,907,901</b>	<b>136,371</b>	<b>27,501</b>	<b>2,071,773</b>
<b>Expenditures:</b>				
Direct Instruction	1,096,115	-	38,331	1,134,446
Instructional Support	240,367	-	-	240,367
Administration	211,652	-	-	211,652
Business Support Services	74,130	-	-	74,130
Operation Maintenance Plant	268,958	-	-	268,958
Food Services	56,853	-	-	56,853
Athletics	-	-	-	-
Non-Instructional Support	-	-	-	-
Community Services	-	-	-	-
Pupil Transportation	-	177,366	-	177,366
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>1,948,075</b>	<b>177,366</b>	<b>38,331</b>	<b>2,163,772</b>
Excess (deficiency) of revenues over expenditures	(40,174)	(40,995)	(10,830)	(91,999)
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(40,174)	(40,995)	(10,830)	(91,999)
Fund Balance at beginning of year	117,162	97,012	14,140	228,314
Fund balance at end of year	\$ 76,988	\$ 56,017	\$ 3,310	\$ 136,315

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, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Local Sources	\$ 22,869	\$ 22,869	\$ 26,121	\$ 3,252
Federal Sources	14,356	14,356	12,780	(1,576)
State Sources	1,867,528	1,867,145	1,868,886	1,741
Other	<u>95</u>	<u>95</u>	<u>114</u>	<u>19</u>
<b>Total Revenues</b>	<u>1,904,848</u>	<u>1,904,465</u>	<u>1,907,901</u>	<u>3,436</u>
<b>Expenditures:</b>				
Direct Instruction	1,168,084	1,120,110	1,096,115	23,995
Instructional Support	260,885	260,885	240,367	20,518
Administration	200,268	216,389	211,652	4,737
Business Support Services	65,266	81,266	74,130	7,136
Operation Maintenance Plant	276,585	292,055	268,958	23,097
Food Services	57,114	57,114	56,853	56,853
Athletics	-	-	-	-
Pupil Transportation	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>2,028,202</u>	<u>2,027,819</u>	<u>1,948,075</u>	<u>136,336</u>
Excess (deficiency) of revenues over expenditures	<u>(123,354)</u>	<u>(123,354)</u>	<u>(40,174)</u>	<u>139,772</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(123,354)	(123,354)	(40,174)	<u>\$ 139,772</u>
Prior Year End Cash	<u>78,203</u>	<u>78,203</u>		
End of Year Cash Balance	<u>\$ (45,151)</u>	<u>\$ (45,151)</u>		
Reconciliation to GAAP Basis				
Accounts Receivable			-	
Capital Outlay			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ (40,174)</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**General Fund-Transportation**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Revenue	\$ 184,506	\$ 184,506	\$ 136,371	\$ (48,135)
Interest Income	-	-	-	-
Total Revenues	<u>184,506</u>	<u>184,506</u>	<u>136,371</u>	<u>(48,135)</u>
Expenditures:				
Transportation	184,506	233,249	177,366	55,883
Capital Outlay	-	-	-	-
Total Expenditures	<u>184,506</u>	<u>233,249</u>	<u>177,366</u>	<u>55,883</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(48,743)</u>	<u>(40,995)</u>	<u>7,748</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>-</u>	<u>(48,743)</u>	<u>(40,995)</u>	<u>\$ 7,748</u>
Prior Year End Cash	<u>97,012</u>	<u>97,012</u>		
End of Year Cash Balance	<u>\$ 97,012</u>	<u>\$ 48,269</u>		

Reconciliation to GAAP Basis

Changes in Receivables -

Excess (Deficiency) of revenues over expenditures \$ (40,995)

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, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
State Sources	\$ 6,486	\$ 6,486	\$ 6,712	\$ 226
Interest Income	-	-	-	-
<b>Total Revenues</b>	<u>6,486</u>	<u>6,486</u>	<u>6,712</u>	<u>226</u>
<b>Expenditures:</b>				
Direct Instruction	22,393	28,879	19,493	9,386
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>22,393</u>	<u>28,879</u>	<u>19,493</u>	<u>9,386</u>
Excess (deficiency) of revenues over expenditures	<u>(15,907)</u>	<u>(22,393)</u>	<u>(12,781)</u>	<u>9,612</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(15,907)	(22,393)	(12,781)	<u>\$ 9,612</u>
Prior Year End Cash	<u>14,140</u>	<u>14,140</u>		
End of Year Cash Balance	<u>\$ (1,767)</u>	<u>\$ (8,253)</u>		
<b>Reconciliation to GAAP Basis</b>				
Changes in Textbook Credits			1,951	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ (10,830)</u>	

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

## SPECIAL REVENUE FUNDS

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

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

**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.

**Teacher and 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 and 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 USC 71112-71143.

**Title I Federal Stimulus** - This fund's major objectives are to provide supplemental educational opportunities for academically disadvantaged children in the area where they reside. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; education need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for the creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

**Idea B-Federal Stimulus Instruction** - The objective of the Assistance to States for the Education of Preschool Children Program is to assist in providing free, appropriate public education to all 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.

**IDEA B Preschool** - The objective of the Assistance to States for the Education of Preschool Children Program is to assist in providing free, appropriate public education to all 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.

**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.

**English Language Acquisition** - The objective of the Assistance to States for the Education of non-english speakers is to assist in providing free, resources to enhance the acquisition of the English language by providing funding through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.



**Rural Education. Achievement Program** -. To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

**State Stabilization SEG Federal Stimulus-** The objective is to provide funding equal to the 2006 base year to assist with the budget crises. Authority is the American Recovery and Reinvestment Act of 2009.

**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 Hondo 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.

**Dual Credit** – The objective of the fund is to account for monies received from Eastern New Mexico University for the purpose of dual credit college enrollment for qualified high school seniors.

**GO Library Bonds Laws of 2008** - The objective of this act is to acquire library books, equipment and library resources for public school libraries and juvenile detention libraries. Funds are acquired from General Obligation Bonds through the Public Education Department. Authority for creation of this fund is the Legislation in Chapter 117, Laws of 2008, Section 10C (3).

**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.

**State Directed Activities** - 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.

**Other Federal and State Grants** - To record miscellaneous Federal and State 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.

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

State of New Mexico  
Hondo Valley Public Schools  
Combining Balance Sheet  
Special Revenue Funds  
June 30, 2011

Assets	Food		Idea B		Principle		Title IV		Title I		Idea B		Elementary		Eng Language	
	Services	Athletics	Discretionary	Tuition	Drug Free Sch	Stimulus	Stimulus Inst.	Preschool	Breakfast	Acquisition						
Cash	\$ 33,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,001
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	37,507	12,038	-	-	36,793	1,719	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	4,257	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 37,505</b>	<b>\$ -</b>	<b>\$ 37,507</b>	<b>\$ 12,038</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 36,793</b>	<b>\$ 1,719</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,719</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,001</b>
<b>Liabilities</b>																
Deferred Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,001
Due to Other Funds	-	-	37,507	12,038	114	-	36,793	1,719	-	-	-	-	-	-	-	-
<b>Fund Balance</b>	<b>37,505</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(114)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>
<b>Total Fund Balance</b>	<b>37,505</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(114)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 37,505</b>	<b>\$ -</b>	<b>\$ 37,507</b>	<b>\$ 12,038</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 36,793</b>	<b>\$ 1,719</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,719</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,001</b>

(Continued)

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

State of New Mexico  
Hondo Valley Public Schools  
Combining Balance Sheet  
Special Revenue Funds  
June 30, 2011

Assets	Rural Ed	State Equal	Microsofft	Keep NM	Duel	2008 GO	Tech for	Library	State	Other	Nonmajor
	Achievement	Fed Stimulus	Settlement	Beautiful	Credit	Library	Education	GO Bonds	Directed	Grants	Total
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,740	\$ -	\$ 3,890	\$ 6,220	\$ 60,099
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	1,322	-	-	-	-	1,327	90,706
Due From Other Funds	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	4,257
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,322</b>	<b>\$ -</b>	<b>\$ 3,740</b>	<b>\$ -</b>	<b>\$ 3,890</b>	<b>\$ 7,547</b>	<b>\$ 155,062</b>
<b>Liabilities</b>											
Deferred Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,001
Due to Other Funds	-	-	-	-	1,322	-	3,740	-	-	1,327	94,560
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,322</b>	<b>-</b>	<b>3,740</b>	<b>-</b>	<b>-</b>	<b>1,327</b>	<b>106,561</b>
<b>Fund Balance</b>											
Unreserved	-	-	-	-	-	-	-	-	3,890	6,220	48,501
<b>Total Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,890</b>	<b>6,220</b>	<b>48,501</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,322</b>	<b>\$ -</b>	<b>\$ 3,740</b>	<b>\$ -</b>	<b>\$ 3,890</b>	<b>\$ 7,547</b>	<b>\$ 155,062</b>

(Continued)

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

State of New Mexico  
Hondo Valley Public Schools  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Special Revenue Funds  
For the Year Ended June 30, 2011

Revenues:	21000	22000	24106	24154	24157	24201	24206	24209	24290	25153
	Food	Athletics	Idea B Discretionary	Principle Training	Title IV Drug Free Sch	Title I Stimulus	Idea B Stimulus Inst	Idea B Pre-School	Elementary Breakfast	English Lang Acquisition
Federal Sources	\$ 69,675	\$ -	\$ 49,597	\$ 9,964	\$ -	\$ 19,223	\$ 36,793	\$ 1,719	\$ 2,000	\$ 8,999
State Sources	-	-	-	-	-	-	-	-	-	-
Local Sources	4,134	13,222	-	-	-	-	-	-	-	-
Investment Income	4	-	-	-	-	-	-	-	-	-
Total Revenues	73,813	13,222	49,597	9,964	-	19,223	36,793	1,719	2,000	8,999
<u>Expenditures:</u>										
Direct Instruction	-	-	-	9,964	-	19,223	36,793	1,719	-	-
Instructional Support	-	-	49,597	-	500	-	-	-	-	8,999
Administration	-	-	-	-	-	-	-	-	-	-
Business/Support Services	-	-	-	-	-	-	-	-	-	-
Operation Maintenance Plant	-	-	-	-	-	-	-	-	-	-
Food Services	67,622	-	-	-	-	-	-	-	2,000	-
Athletics	-	14,457	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	67,622	14,457	49,597	9,964	500	19,223	36,793	1,719	2,000	8,999
Excess (Deficiency) of Revenues Over Expenditures	6,191	(1,235)	-	-	(500)	-	-	-	-	-
Other Financing Sources (Uses)										
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	6,191	(1,235)	-	-	(500)	-	-	-	-	-
Fund Balances, Beginning	31,314	1,235	-	-	387	-	-	-	-	1,000
Fund Balances, Ending	\$ 37,505	\$ -	\$ -	\$ -	\$ (113)	\$ -	\$ -	\$ -	\$ -	\$ 1,000

(Continued)

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

State of New Mexico  
Hondo Valley Public Schools  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Special Revenue Funds  
For the Year Ended June 30, 2011

	25233	25250	26170	26178	27103	27105	27117	27145	27200	Total
	Rural Ed.	State Equal	Microsoft	Keep NM	Duel	2008 GO	Tech For	Library GO	State	Nonmajor
Revenues:	Achievement	Fed Stimulus	Settlement	Beau	Credit	Library	Education	Bonds	Disced	Total
Federal Sources	\$ 9,249	\$ 18,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,269
State Sources	-	-	-	-	1,322	-	-	-	27,479	30,127
Local Sources	-	-	-	-	-	-	-	-	-	17,356
Investment Income	-	-	-	-	-	-	-	-	-	4
Total Revenues	9,249	18,050	-	-	1,322	-	-	-	27,479	272,756
<b>Expenditures:</b>										
Direct Instruction	-	18,050	-	-	-	-	-	-	-	85,749
Instructional Support	9,249	-	1,071	-	1,322	-	730	1,280	23,589	101,420
Administration	-	-	-	-	-	-	-	-	-	-
Business/Support Services	-	-	-	-	-	-	-	-	-	-
Operation Maintenance Plant	-	-	-	-	-	-	-	-	-	-
Food Services	-	-	-	-	-	-	-	-	-	70,370
Athletics	-	-	-	-	-	-	-	-	-	14,457
Community Services	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	9,249	18,050	1,071	-	1,322	-	730	1,280	23,589	271,996
Excess (Deficiency) of Revenues Over Expenditures	-	-	(1,071)	-	-	-	(730)	(1,280)	3,890	760
<b>Other Financing Sources (Uses)</b>										
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	-	-	(1,071)	-	-	-	(730)	(1,280)	3,890	760
Fund Balances, Beginning	-	-	1,071	-	-	-	730	1,280	-	47,742
Fund Balances, Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,890	\$ 48,502

(Continued)

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, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 58,788	\$ 58,788	\$ 69,675	\$ 10,887
State Sources	-	-	-	-
Local Sources	1,500	1,500	4,134	2,634
Interest Income	-	-	4	4
Other	-	-	-	-
Total Revenues	<u>60,288</u>	<u>60,288</u>	<u>73,813</u>	<u>13,525</u>
Expenditures:				
Food Services	61,387	74,319	68,496	5,823
Capital Outlay	-	-	-	-
Total Expenditures	<u>61,387</u>	<u>74,319</u>	<u>68,496</u>	<u>5,823</u>
Excess (deficiency) of revenues over expenditures	<u>(1,099)</u>	<u>(14,031)</u>	<u>5,317</u>	<u>19,348</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(1,099)	(14,031)	5,317	<u>\$ 19,348</u>
Cash Balance at beginning of year	<u>12,932</u>	<u>12,932</u>		
Cash Balance at end of year	<u>\$ 11,833</u>	<u>\$ (1,099)</u>		
Reconciliation to GAAP Basis				
Changes in Inventory			\$ 874	
Change in Receivables			-	
Excess (Deficiency) of revenues over expenditures			<u>\$ 6,191</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Athletics**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ -	\$ -	\$ -	\$ -
Local Sources	13,812	13,812	13,222	(590)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>13,812</u>	<u>13,812</u>	<u>13,222</u>	<u>(590)</u>
Expenditures:				
Athletics	16,284	16,284	14,457	1,827
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>16,284</u>	<u>16,284</u>	<u>14,457</u>	<u>1,827</u>
Excess (deficiency) of revenues over expenditures	<u>(2,472)</u>	<u>(2,472)</u>	<u>(1,235)</u>	<u>1,237</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(2,472)	(2,472)	(1,235)	<u>\$ 1,237</u>
Cash Balance at beginning of year	<u>1,235</u>	<u>1,235</u>		
Cash Balance at end of year	<u>\$ (1,237)</u>	<u>\$ (1,237)</u>		
Reconciliation to GAAP Basis				
Change in Receivables			\$ -	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ (1,235)</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, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:				
Federal Sources	\$ 47,925	\$ 94,046	\$ 12,089	\$ (81,957)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>47,925</u>	<u>94,046</u>	<u>12,089</u>	<u>(81,957)</u>
Expenditures:				
Direct Instruction	-	-	-	-
Instructional support	<u>47,925</u>	<u>94,046</u>	<u>49,597</u>	<u>44,449</u>
Total Expenditures	<u>47,925</u>	<u>94,046</u>	<u>49,597</u>	<u>44,449</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(37,508)</u>	<u>(37,508)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(37,508)	<u>\$ (37,508)</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			37,508	
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-Principle Training**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 15,099	\$ 30,172	\$ 9,964	\$ (20,208)
State Sources				-
Local Sources	-	-	-	-
Interest Income				-
Other	-	-	-	-
Total Revenues	<u>15,099</u>	<u>30,172</u>	<u>9,964</u>	<u>(20,208)</u>
Expenditures:				
Instructional Support	15,099	30,172	9,964	20,208
Capital Outlay	-	-	-	-
Total Expenditures	<u>15,099</u>	<u>30,172</u>	<u>9,964</u>	<u>20,208</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	-	<u>\$ -</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			-	
Excess (Deficiency) of revenues over expenditures			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Title IV -Drug Free Schools**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 1,092	\$ 1,092	\$ -	\$ (1,092)
State Sources				-
Local Sources	-	-	-	-
Interest Income				-
Other	-	-	-	-
Total Revenues	<u>1,092</u>	<u>1,092</u>	<u>-</u>	<u>(1,092)</u>
Expenditures:				
Instructional Support	1,092	1,092	500	592
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,092</u>	<u>1,092</u>	<u>500</u>	<u>592</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(500)</u>	<u>(500)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(500)	<u>\$ (500)</u>
Cash Balance at beginning of year	<u>386</u>	<u>386</u>		
Cash Balance at end of year	<u>\$ 386</u>	<u>\$ 386</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Change in Due from Other Governments			-	
Excess (Deficiency) of revenues over expenditures			<u>\$ (500)</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 I - Stimulus**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ 19,223	\$ 19,223	\$ -
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>19,223</u>	<u>19,223</u>	<u>-</u>
Expenditures:				
Direct Instruction	-	19,223	19,223	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>19,223</u>	<u>19,223</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	-	<u>\$ -</u>
Cash Balance at beginning of year	<u>-</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>\$ -</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 - Stimulus Instruction**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 40,760	\$ 40,760	\$ 3,967	\$ (36,793)
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>40,760</u>	<u>40,760</u>	<u>3,967</u>	<u>(36,793)</u>
Expenditures:				
Direct Instruction	40,760	40,760	36,793	3,967
Capital Outlay	-	-	-	-
Total Expenditures	<u>40,760</u>	<u>40,760</u>	<u>36,793</u>	<u>3,967</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(32,826)</u>	<u>(32,826)</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>-</u>	<u>(32,826)</u>	<u>\$ (32,826)</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			32,826	
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 - Preschool**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 1,719	\$ 1,719	\$ -	\$ (1,719)
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>1,719</u>	<u>1,719</u>	<u>-</u>	<u>(1,719)</u>
Expenditures:				
Direct Instruction	1,719	1,719	1,719	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,719</u>	<u>1,719</u>	<u>1,719</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(1,719)</u>	<u>(1,719)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>-</u>	<u>-</u>	<u>(1,719)</u>	<u>\$ (1,719)</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			1,719	
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-Elementary Breakfast**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Expenditures:				
Food Services	2,000	2,000	2,000	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	-	<u>\$ -</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>\$ -</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-English Language Acquisition**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 8,000	\$ 8,000	\$ 21,000	\$ 13,000
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>21,000</u>	<u>13,000</u>
Expenditures:				
Instructional Support	9,000	9,000	8,999	1
Capital Outlay	-	-	-	-
Total Expenditures	<u>9,000</u>	<u>9,000</u>	<u>8,999</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	<u>(1,000)</u>	<u>(1,000)</u>	<u>12,001</u>	<u>13,001</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(1,000)	(1,000)	12,001	<u>\$ 13,001</u>
Cash Balance at beginning of year	<u>1,000</u>	<u>1,000</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Reconciliation to GAAP Basis				
			-	
			-	
			<u>(12,001)</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-Rural Education Achievement**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 10,772	\$ 10,772	\$ 11,136	\$ 364
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>10,772</u>	<u>10,772</u>	<u>11,136</u>	<u>364</u>
Expenditures:				
Instructional Support	10,772	10,772	9,249	1,523
Capital Outlay	-	-	-	-
Total Expenditures	<u>10,772</u>	<u>10,772</u>	<u>9,249</u>	<u>1,523</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,887</u>	<u>1,887</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	1,887	<u>\$ 1,887</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			(1,887)	
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-Stabilization SEG Fed Stimulus**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 17,785	\$ 18,050	\$ 18,050	\$ -
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>17,785</u>	<u>18,050</u>	<u>18,050</u>	<u>-</u>
Expenditures:				
Direct instruction	17,785	18,050	18,050	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>17,785</u>	<u>18,050</u>	<u>18,050</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	-	\$ -
Cash Balance at beginning of year	-	-	-	-
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	-	-
Changes in Receivables			-	-
Change in Due from Other Governments			-	-
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-Microsoft Settlement**  
**For the Year Ended June 30, 2011**

	<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	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Instructional Support	1,072	1,072	1,072	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,072</u>	<u>1,072</u>	<u>1,072</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,072)</u>	<u>(1,072)</u>	<u>(1,072)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(1,072)	(1,072)	(1,072)	<u>\$ -</u>
Cash Balance at beginning of year	<u>1,072</u>	<u>1,072</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Change in Due from Other Governments			-	
Excess (Deficiency) of revenues over expenditures			<u>\$ (1,072)</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 NM Beautiful**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	564	564	564	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
<b>Total Revenues</b>	<u>564</u>	<u>564</u>	<u>564</u>	<u>-</u>
<b>Expenditures:</b>				
Direct instruction	-	-	-	-
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>564</u>	<u>564</u>	<u>564</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	564	564	564	<u>\$ -</u>
Cash Balance at beginning of year	-	-		
Cash Balance at end of year	<u>\$ 564</u>	<u>\$ 564</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			(564)	
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-Dual Credit**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	1,322	1,322	-	(1,322)
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>1,322</u>	<u>1,322</u>	<u>-</u>	<u>(1,322)</u>
Expenditures:				
Instruction Support	1,322	1,322	1,322	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,322</u>	<u>1,322</u>	<u>1,322</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(1,322)</u>	<u>(1,322)</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>-</u>	<u>(1,322)</u>	<u>\$ (1,322)</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			1,322	
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-2008 Library GO Bond**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	6,234	6,234	6,234	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>6,234</u>	<u>6,234</u>	<u>6,234</u>	<u>-</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>6,234</u>	<u>6,234</u>	<u>6,234</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	6,234	6,234	6,234	<u>\$ -</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ 6,234</u>	<u>\$ 6,234</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			(6,234)	
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-Technology For Education**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ 4,050	\$ 5,733	\$ -	\$ (5,733)
Other	-	-	-	-
Total Revenues	<u>4,050</u>	<u>5,733</u>	<u>-</u>	<u>(5,733)</u>
Expenditures:				
Instructional Support	4,050	6,153	730	5,423
Capital Outlay	-	-	-	-
Total Expenditures	<u>4,050</u>	<u>6,153</u>	<u>730</u>	<u>5,423</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(420)</u>	<u>(730)</u>	<u>(310)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	(420)	(730)	<u>\$ (310)</u>
Cash Balance at beginning of year	<u>4,470</u>	<u>4,470</u>		
Cash Balance at end of year	<u>\$ 4,470</u>	<u>\$ 4,050</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			\$ -	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ (730)</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-GO Library Bonds 2004**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Instructional Support	1,280	1,280	1,280	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,280</u>	<u>1,280</u>	<u>1,280</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,280)</u>	<u>(1,280)</u>	<u>(1,280)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(1,280)	(1,280)	(1,280)	<u>\$ -</u>
Cash Balance at beginning of year	<u>1,280</u>	<u>1,280</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Reconciliation to GAAP Basis				
			\$ -	
			-	
			<u>\$ (1,280)</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**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ 4,050	\$ 30,644	\$ 50,962	\$ 20,318
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>4,050</u>	<u>30,644</u>	<u>50,962</u>	<u>20,318</u>
Expenditures:				
Instructional Support	23,589	23,589	23,589	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>23,589</u>	<u>23,589</u>	<u>23,589</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(19,539)</u>	<u>7,055</u>	<u>27,373</u>	<u>20,318</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(19,539)	7,055	27,373	<u>\$ 20,318</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ (19,539)</u>	<u>\$ 7,055</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			\$ (23,483)	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 3,890</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 and State Grants**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 1,987	\$ 2,036	\$ -	\$ (2,036)
State Sources	<u>-</u>	<u>-</u>	<u>1,326</u>	<u>1,326</u>
Total Revenues	<u>1,987</u>	<u>2,036</u>	<u>1,326</u>	<u>(710)</u>
Expenditures:				
Direct Instruction	-	-	-	-
Instructional Support	7,070	7,119	5,083	2,036
Food Services	<u>748</u>	<u>748</u>	<u>748</u>	<u>-</u>
Total Expenditures	<u>7,818</u>	<u>7,867</u>	<u>5,831</u>	<u>2,036</u>
Excess (deficiency) of revenues over expenditures	<u>(5,831)</u>	<u>(5,831)</u>	<u>(4,505)</u>	<u>1,326</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(5,831)	(5,831)	(4,505)	<u>\$ 1,326</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ (5,831)</u>	<u>\$ (5,831)</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ (4,505)</u>	

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

## **Debt Service Fund**

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

**State of New Mexico**  
**Roosevelt County**  
**Balance Sheet**  
**Debt Service Fund**  
**June 30, 2011**

<b><u>Assets</u></b>	
Cash	\$ 157,906
Taxes Receivable	-
<b>Total Assets</b>	<b>\$ 157,906</b>
<b><u>Liabilities</u></b>	
Deferred Revenue	\$ -
Due to Other Funds	-
<b>Total Liabilities</b>	<b>-</b>
<b><u>Fund Balance</u></b>	
Reserved for Debt Service	157,906
<b>Total Fund Balance</b>	<b>157,906</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 157,906</b>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Debt Service Fund**  
**For the Year Ended June 30, 2011**

Revenues:	
Local Sources	\$ 199,230
Interest	<u>25</u>
Total Revenues	<u>199,255</u>
Expenditures:	
Administrative	1,992
Debt Service:	
Principal	105,000
Interest and Fiscal Charge	<u>46,046</u>
Total Expenditures	<u>153,038</u>
Excess (deficiency) of revenues over expenditures	<u>46,217</u>
Other Financing Sources (Uses)	
Transfers In (Out)	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	46,217
Fund Balance at beginning of year	<u>111,689</u>
Fund balance at end of year	<u>\$ 157,906</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, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$ 236,047	\$ 236,047	\$ 199,230	\$ (36,817)
Interest Income	<u>20</u>	<u>20</u>	<u>25</u>	<u>5</u>
Total Revenues	<u>236,067</u>	<u>236,067</u>	<u>199,255</u>	<u>(36,812)</u>
Expenditures:				
Administrative	1,500	1,500	1,992	(492)
Debt Service:				
Principal	105,000	105,000	105,000	-
Interest	<u>46,046</u>	<u>46,046</u>	<u>46,046</u>	<u>-</u>
Total Expenditures	<u>152,546</u>	<u>152,546</u>	<u>153,038</u>	<u>(492)</u>
Excess (deficiency) of revenues over expenditures	<u>83,521</u>	<u>83,521</u>	<u>46,217</u>	<u>(37,304)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	83,521	83,521	46,217	<u>\$ (37,304)</u>
Cash Balance at beginning of year	<u>111,689</u>	<u>111,689</u>		
Cash Balance at end of year	<u>\$ 195,210</u>	<u>\$ 195,210</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Deferred Income			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 46,217</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, 2011**

<u>Assets</u>	Special Capital Outlay State	Public School Capital Outlay 20%	Total
Cash	\$ 26,344	\$ 961	\$ 27,305
Due From Other Funds	-	-	-
<b>Total Assets</b>	<b>\$ 26,344</b>	<b>\$ 961</b>	<b>\$ 27,305</b>
<u>Liabilities</u>			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Total Liabilities	-	-	-
<u>Fund Balance</u>			
Reserved for Capital Projects	26,344	961	27,305
Unreserved for Future Expenditures	-	-	-
<b>Total Fund Balance</b>	<b>26,344</b>	<b>961</b>	<b>27,305</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 26,344</b>	<b>\$ 961</b>	<b>\$ 27,305</b>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Capital Project Funds**  
**For the Year Ended June 30, 2011**

	Special Capital Outlay Fund	Public School Capital Outlay 20%	Total
<b>Revenues:</b>			
Federal Sources	\$ -	\$ -	\$ -
State Sources	8,056	-	8,056
Local Sources	-	-	-
Other	-	-	-
<b>Total Revenues</b>	<u>8,056</u>	<u>-</u>	<u>8,056</u>
<b>Expenditures:</b>			
Operation Maintenance Plant	-	2,331	2,331
Capital Outlay	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>2,331</u>	<u>2,331</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>8,056</u>	<u>(2,331)</u>	<u>5,725</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In (Out)	-	-	-
<b>Excess (deficiency) of revenues over Expenditures &amp; Other Uses</b>	8,056	(2,331)	5,725
<b>Fund Balance at beginning of year</b>	<u>18,288</u>	<u>3,292</u>	<u>21,580</u>
<b>Fund balance at end of year</b>	<u>\$ 26,344</u>	<u>\$ 961</u>	<u>\$ 27,305</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, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Bond Proceeds	\$ 450,000	\$ 450,000	\$ 450,000	\$ -
Local Sources	200	200	19,344	
Interest Income	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Total Revenues	<u>450,200</u>	<u>450,200</u>	<u>469,347</u>	<u>3</u>
Expenditures:				
Operation Maintenance Plant	136,430	100,000	48,811	51,189
Bond Issue Costs	-	43,695	43,695	-
Capital Outlay	<u>40,000</u>	<u>482,735</u>	<u>82,202</u>	<u>400,533</u>
Total Expenditures	<u>176,430</u>	<u>626,430</u>	<u>174,708</u>	<u>451,722</u>
Excess (deficiency) of revenues over expenditures	<u>273,770</u>	<u>(176,230)</u>	<u>294,639</u>	<u>451,725</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	273,770	(176,230)	294,639	<u>\$ 451,725</u>
Cash Balance at beginning of year	<u>83,235</u>	<u>83,235</u>		
Cash Balance at end of year	<u>\$ 357,005</u>	<u>\$ (92,995)</u>		

Reconciliation to GAAP Basis:

    Changes in Accounts Payable

-

Excess (Deficiency) of revenues over expenditures

\$ 294,639

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, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ 248,500	\$ 248,500	\$ 8,056	\$ (240,444)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>248,500</u>	<u>248,500</u>	<u>8,056</u>	<u>(240,444)</u>
Expenditures:				
Operation Maintenance Plant	-	-	-	-
Capital Outlay	<u>248,500</u>	<u>248,500</u>	<u>-</u>	<u>248,500</u>
Total Expenditures	<u>248,500</u>	<u>248,500</u>	<u>-</u>	<u>248,500</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>8,056</u>	<u>8,056</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	8,056	<u>\$ 8,056</u>
Cash Balance at beginning of year	<u>18,288</u>	<u>18,288</u>		
Cash Balance at end of year	<u>\$ 18,288</u>	<u>\$ 18,288</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Change in Due from Other Governments			<u>-</u>	
Excess (Deficiency) of revenues over expenditures			<u>\$ 8,056</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, 2011**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Operation Maintenance Plant	3,292	3,292	2,331	961
Capital Outlay	-	-	-	-
Total Expenditures	<u>3,292</u>	<u>3,292</u>	<u>2,331</u>	<u>961</u>
Excess (deficiency) of revenues over expenditures	<u>(3,292)</u>	<u>(3,292)</u>	<u>(2,331)</u>	<u>961</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(3,292)	(3,292)	(2,331)	<u>\$ 961</u>
Cash Balance at beginning of year	<u>3,292</u>	<u>3,292</u>		
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Change in Due from Other Govt.			-	
Excess (Deficiency) of revenues over expenditures			<u>\$ (2,331)</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, 2011

	Balance 6/30/2010	Additions	Deductions	Balance 6/30/2011
Glencoe Rural Events	\$ -	\$ -	\$ -	\$ -
Elementary	806	1,114	1,188	732
Kindergarten	-	146	48	98
First Grade	-	147	69	78
Second Grade	-	152	54	98
Third Grade	10	77	24	63
Fourth Grade	4	136	24	116
Fifth Grade	164	178	125	217
Sixth Grade	150	374	-	524
Seventh Grade	237	178	-	415
Eight Grade	306	193	-	499
Fiesta	13,245	7,308	19,043	1,510
Fiesta Decorating	62	-	-	62
Cheerleaders	1,268	166	483	951
Senior Class	2,662	7,019	9,681	-
Junior Class	1,745	2,368	3,363	750
Sophomore Class	1,181	650	118	1,713
Freshman Class	1,100	372	100	1,372
Yearbook	1,116	896	716	1,296
National Honor Society	-	-	-	-
Student Council	11	-	-	11
Football	-	343	292	51
FFA	-	886	756	130
H-Club	170	21,227	21,397	-
Shop	175	-	-	175
Rodeo Club	241	-	-	241
Art	-	-	-	-
Knowledge Bowl	595	200	-	795
Clement Scholarship	11,129	-	-	11,129
Clement School Int	462	72	-	534
Counselors Fund	417	-	-	417
Qualls Scholarship	123	-	-	123
Sunshine Committee	31	80	50	61
Library Fund	1,241	1,298	1,879	660
General Fund	1,153	2,453	1,385	2,221
Drivers Ed	330	-	-	330
Girls Basketball	179	-	179	-
Halloween 1	48	-	-	48
Boys Basketball	446	-	446	-
JH Girls Basketball	74	-	74	-
PTSO	-	1,498	-	1,498
Girls Volleyball	49	92	141	-
Halloween 2	690	-	384	306
Character Counts	53	-	-	53
Soldier Care Packages	1,118	1,004	207	1,915
	<u>\$ 42,791</u>	<u>\$ 50,627</u>	<u>\$ 62,226</u>	<u>\$ 31,192</u>

## Other Reports

State of New Mexico  
Hondo Valley Public Schools  
Schedule of Deposits and Pledged Collateral Under State Requirements  
June 30, 2011

Institution	Financial	Account Name	Account Type	Reconciled Balance	O/S		Balance Not On Deposit 05-30-10	FDIC or Other Insurance	Not Insured By FDIC	Required Collateral	FMV of Collateral	Pledged Over(Short)
					Deposits Balance	Checks Balance						
Wells Fargo		Operations	Checking	529,889	-	137,094	\$ 666,983	250,000	-	-	-	-
		Debt Service	Checking	157,906	-	-	157,906	-	-	-	-	-
		Cafeteria	Checking	4,976	-	-	4,976	-	-	-	-	-
		Activity Fund	Checking	19,941	-	814	20,755	20,755	-	-	-	-
		Activity Fund	CD	11,250	-	-	11,250	11,250	-	-	-	-
			<u>723,962</u>		<u>137,908</u>	<u>861,870</u>	<u>282,005</u>	<u>\$ 579,865</u>	<u>\$ 289,933</u>	<u>\$ 503,457</u>	<u>\$ 213,525</u>	

Pledged Collateral

Description	Custodian	Maturity	Par	Rate	Market Value	SK Rec #	Cusp
FGIOH 00895	WFBNW	6/1/2037	\$ 98,600	5.50%	\$ 106,435	4501 3128MS7G9	
FNMA 256349	WFBNW	7/1/2036	90,060	6.00%	99,690	2232 31371MWJ2	
FNMA 867437	WFBNW	5/1/2036	261,845	6.00%	289,844	4552 31406CY69	
FNMA 545274	WFBNW	11/1/2031	6,721	6.00%	7,488	7623 31385HXB3	
			<u>\$ 457,226</u>		<u>\$ 503,457</u>		

State of New Mexico  
Hondo Valley Public Schools  
Bank Reconciliation  
June 30, 2011

	11000	13000	14000	Operational	Transport	Instructional Materials	Food Serv.	Athletics	Non Instruction	Federal Flow through	Federal Direct	Local	State Flow through	State Direct	Bond Building	Special Capital Outlay State	Capital Imp. SB-9	FSCOC 20%	Debt Service	Total
Audited Net Cash 6-30-10	\$ 78,193	\$ 97,013	\$ 14,140	\$ 12,932	\$ 1,235	\$ 42,791	\$ 31,431	\$ (886)	\$ 508	\$ (19,669)	\$ 2	\$ 83,235	\$ 18,288	\$ 251	\$ 3,292	\$ 111,689	\$ 474,445			
Outstanding Loans (Net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash 6-30-10	78,193	97,013	14,140	12,932	1,235	42,791	31,431	(886)	508	(19,669)	2	83,235	18,288	251	3,292	111,689	474,445			
Revenues to Date	1,904,287	136,236	6,649	73,749	12,429	48,479	159,884	98,817	563	53,410	-	464,277	8,066	78,197	-	199,256	3,244,289			
Loan Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Year Warrants Voided	-	-	63	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	63
Total Resources to Date Current Yr	1,982,480	233,249	20,852	86,681	13,664	91,270	191,315	97,931	1,071	33,741	2	547,512	26,344	78,448	3,292	310,945	3,718,797			
Expenditures to Date	1,948,064	177,366	19,493	68,496	13,664	60,079	208,861	83,158	1,071	26,921	-	169,638	-	66,406	2,332	153,039	2,988,608			
Loan Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Date (In) Out	(15,000)	-	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash	48,396	55,883	1,359	3,185	-	31,191	(17,546)	14,773	-	6,820	2	377,874	26,344	12,042	960	157,906	720,189			
Outstanding Loans (Out) In	(36,148)	(30,686)	-	30,063	-	-	35,881	(1,772)	-	6,435	-	-	-	-	-	-	-	-	-	3,773
Investments on Hand	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash	\$ 13,248	\$ 25,197	\$ 1,359	\$ 33,248	\$ -	\$ 31,191	\$ 18,335	\$ 13,001	\$ -	\$ 13,255	\$ 2	\$ 377,874	\$ 26,344	\$ 12,042	\$ 960	\$ 157,906	\$ 723,962			
Cash in Bank	\$ 117,028	\$ 31,163	\$ 1,951	\$ 33,331	\$ 77	\$ 32,008	\$ 42,990	\$ 13,001	\$ -	\$ 15,194	\$ 2	\$ 377,874	\$ 26,344	\$ 12,042	\$ 961	\$ 157,906	\$ 861,870			
Outstanding Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Checks	103,778	5,966	592	83	77	814	24,659	-	-	1,939	-	-	-	-	-	-	-	-	-	137,908
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash	\$ 13,248	\$ 25,197	\$ 1,359	\$ 33,248	\$ -	\$ 31,194	\$ 18,331	\$ 13,001	\$ -	\$ 13,255	\$ 2	\$ 377,874	\$ 26,344	\$ 12,042	\$ 961	\$ 157,906	\$ 723,962			



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

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

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

We have audited the financial statements of the governmental activities, each major fund, the general fund and major special revenue funds budgetary comparisons, and the aggregate remaining fund information of Hondo Valley Public Schools as of and for the year ended June 30, 2011, which collectively comprise Hondo Valley Public Schools' basic financial statements and have issued our report thereon dated November 11 2011. 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, 2011, as listed in the table of contents, and have issued our report thereon dated November 11, 2011. 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 the School's internal control over financial reporting as a basis for designing the auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

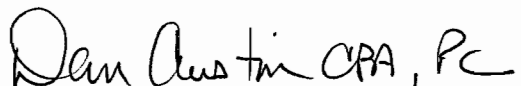
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of it's 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying Schedule of Audit Findings, Other Disclosures and Exit Conference as finding 11-A.

The *School's* responses to the finding identified in our audit are described in the accompanying Schedule of Audit Findings, Other Disclosures and Exit Conference. We did not audit *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.

Handwritten signature of Dan Austin CPA, PC in cursive script.

November 11, 2011

**State of New Mexico  
Hondo Valley Public Schools  
Schedule of Audit Findings, Other Disclosures and Exit conference  
June 30, 2011**

**RESOLUTION OF PRIOR YEAR FINDINGS**

None

**CURRENT YEAR FINDINGS**

**11-A. Interfund Loan Accounting**

**Condition:** Audit procedures noted inconsistencies in the accounting for various loans between funds to cover cash shortfalls in various funds.

**Criteria:** Per GASB 34 Paragraph 112, interfund loans should be accounted for and loans and receivables within the fund statements. Internal control procedures should reconcile on a monthly basis.

**Effect:** Inaccurate financial reports and cash balances.

**Cause:** Lack of formal procedures to approve and record interfund loans

**Recommendation:** Develop monthly reconciliation and approval procedures for interfund loans.

**Response:** The District will develop a procedure for reconciliation and approval of interfund loans.

**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 do not have the time to prepare them. Therefore, the outside auditor per the contract agreement between the auditor and the School, 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 school management.

**EXIT CONFERENCE**

On November 15, 2011, an exit conference was held at the District's administrative offices. Present were Andrea Nieto, Superintendent, Mary Prudencio, Business Manager, Corrine Prudencio, Joe Torrez, Board Member, and Dan Austin, CPA, representing the audit firm. The report for the year ended June 30, 2011, was discussed as well as other financial reporting considerations.