



STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

ANNUAL FINANCIAL REPORT
June 30, 2010

De'Aun Willoughby CPA, PC
Certified Public Accountant
Melrose, New Mexico



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STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
Official Roster
For the Year Ended June 30, 2010

BOARD OF EDUCATION

Carl Parmer	President
Rachelle Moon	Vice-President
Bill Noland	Secretary
Hilous Hargrove	Member
Dwight Parker	Member

SCHOOL OFFICIALS

Lecil Richards	Superintendent
Marsha Stowe	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124
(575) 253-4313

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of House Municipal School District No. 50 (District), as of and for the year ended June 30, 2010, 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, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2010, and the respective changes in financial position, 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 District as of June 30, 2010, and the respective changes in financial position, thereof and the respective budgetary comparisons for all nonmajor funds 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 September 28, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

The District has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements and budgetary comparisons presented as supplemental information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

De'Ann Willoughby CPA PC

September 28, 2010

FINANCIAL SECTION

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
 Government-Wide Statement of Net Assets
 June 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 756,019
Taxes Receivable	539
Due from Grantors	15,359
Inventory	308
Total Current Assets	<u>772,225</u>
Noncurrent Assets	
Capital Assets	4,347,200
Less: Accumulated Depreciation	<u>(2,118,723)</u>
Total Noncurrent Assets	<u>2,228,477</u>
Total Assets	<u>3,000,702</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	5,513
Accrued Interest	831
Current Portion of Long-Term Debt	<u>25,000</u>
Total Current Liabilities	<u>31,344</u>
Noncurrent Liabilities	
Bonds and Notes, Net	<u>447,917</u>
Total Noncurrent Liabilities	<u>447,917</u>
Total Liabilities	<u>479,261</u>
NET ASSETS	
Invested in Capital Assets net of Related Debt	1,755,560
Restricted for Capital Projects	493,734
Unrestricted	<u>272,147</u>
Total Net Assets	<u>\$ 2,521,441</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
 Government-Wide Statement of Activities
 For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 1,461,137	\$ 3,064	\$ 86,126	\$ 0	\$ (1,371,947)
Support Services-Instruction	131,941	0	0	0	(131,941)
Support Services-Students	8,433	0	7,126	0	(1,307)
General Administration	111,265	0	0	0	(111,265)
Central Services	58,893	0	0	0	(58,893)
Operation of Plant	206,697	0	110,837	0	(95,860)
Student Transportation	190,275	0	190,275	0	0
Food Services Operations	58,756	12,164	17,399	0	(29,193)
Interest	27,403	0	0	0	(27,403)
Total Governmental Activities	<u>\$ 2,254,800</u>	<u>\$ 15,228</u>	<u>\$ 411,763</u>	<u>\$ 0</u>	<u>\$ (1,827,809)</u>
General Revenues					
Taxes					
				\$	4,290
					18,774
					59,698
					1,339,759
					2,472
					15,588
					<u>1,440,581</u>
					(387,228)
					<u>2,908,669</u>
				\$	<u>2,521,441</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2010

	General Fund		
	Operational 11000	Teacherage 12000	Transportation 13000
ASSETS			
Cash and Cash Equivalents	\$ 108,929	\$ 11,067	\$ 0
Receivables			
Taxes	27	0	0
Interfund Balances	15,359	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 124,315</u>	<u>\$ 11,067</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Accounts Payable	3,808	0	0
Total Liabilities	<u>3,808</u>	<u>0</u>	<u>0</u>
Fund Balances			
Reserved for:			
Inventory	0	0	0
Special Revenue	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Unreserved, Undesignated, reported in:			
General	120,507	11,067	0
Capital Outlay	0	0	0
Total Fund Balances	<u>120,507</u>	<u>11,067</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 124,315</u>	<u>\$ 11,067</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2010

	<u>Special Revenue Funds</u>		
	<u>General Fund</u>	State	
		Instructional Materials 14000	Equalization Guarantee Federal Stimulus 25250
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Interfund Balances	0	0	0
Due From Grantor	0	15,359	0
Inventory	0	0	0
Total Assets	\$ 0	\$ 15,359	\$ 0
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 15,359	\$ 0
Accounts Payable	0	0	0
Total Liabilities	0	15,359	0
Fund Balances			
Reserved for:			
Inventory	0	0	0
Special Revenue	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Unreserved, Undesignated, reported in:			
General	0	0	0
Capital Outlay	0	0	0
Total Fund Balances	0	0	0
Total Liabilities and Fund Balances	\$ 0	\$ 15,359	\$ 0

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2010

	Capital Projects Funds		Other Governmental Funds
	Bond Building 31100	SB-9 31700	
ASSETS			
Cash and Cash Equivalents	\$ 493,734	\$ 115,880	\$ 26,409
Receivables			
Taxes	0	120	392
Interfund Balances	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	308
Total Assets	<u>\$ 493,734</u>	<u>\$ 116,000</u>	<u>\$ 27,109</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	1,705
Total Liabilities	<u>0</u>	<u>0</u>	<u>1,705</u>
Fund Balances			
Reserved for:			
Inventory	0	0	308
Special Revenue	0	0	14,308
Capital Improvements	493,734	0	0
Debt Service	0	0	10,788
Unreserved, Undesignated, reported in:			
General	0	0	0
Capital Outlay	0	116,000	0
Total Fund Balances	<u>493,734</u>	<u>116,000</u>	<u>25,404</u>
Total Liabilities and Fund Balances	<u>\$ 493,734</u>	<u>\$ 116,000</u>	<u>\$ 27,109</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2010

	Total Governmental Funds
	<u> </u>
ASSETS	
Cash and Cash Equivalents	\$ 756,019
Receivables	
Taxes	539
Interfund Balances	15,359
Due From Grantor	15,359
Inventory	308
Total Assets	<u>\$ 787,584</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Interfund Balances	\$ 15,359
Accounts Payable	<u>5,513</u>
Total Liabilities	<u>20,872</u>
Fund Balances	
Reserved for:	
Inventory	308
Special Revenue	14,308
Capital Improvements	493,734
Debt Service	10,788
Unreserved, Undesignated, reported in:	
General	131,574
Capital Outlay	<u>116,000</u>
Total Fund Balances	<u>766,712</u>
Total Liabilities and Fund Balances	<u>\$ 787,584</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Assets
 June 30, 2010

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

Total Fund Balance - Governmental Funds	\$	766,712
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets	\$	4,347,200	
Accumulated depreciation		<u>(2,118,723)</u>	<u>2,228,477</u>

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of :

Bond payable		(515,000)	
Issue Costs		48,095	
Accumulated Amortization of Issue Costs		(6,012)	
Accrued Interest	\$	<u>(831)</u>	<u>(473,748)</u>

Total net assets - governmental activities	\$	<u><u>2,521,441</u></u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2010

	General Fund		
	Operational 11000	Teacherage 12000	Transportation 13000
Revenues			
Fees	\$ 1,200	\$ 0	\$ 0
Property Taxes	4,290	0	0
Interest Income	0	0	0
Federal Grants	0	0	0
State and Local Grants	1,339,759	0	190,275
Miscellaneous	10,007	3,200	0
Total Revenues	1,355,256	3,200	190,275
Expenditures			
Current			
Instruction	959,637	0	0
Support Service-Students	124,815	0	0
Support Service-Instruction	7,810	0	0
Support Services-General Administration	107,849	0	0
Central Services	58,893	0	0
Operation & Maintenance of Plant	93,392	0	0
Transportation	0	0	190,275
Food Services	26,158	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	1,378,554	0	190,275
Excess (Deficiency) of Revenues Over Expenditures	(23,298)	3,200	0
Fund Balances at Beginning of Year	143,805	7,867	0
Fund Balance End of Year	\$ 120,507	\$ 11,067	\$ 0

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2010

	<u>Special Revenue Funds</u>		
	<u>General Fund</u>	State	
		Instructional Materials 14000	Equalization Guarantee Federal Stimulus 25250
Revenues			
Fees	\$ 0	\$ 0	\$ 0
Property Taxes	0	0	0
Interest Income	0	0	0
Federal Grants	0	105,768	0
State and Local Grants	3,477	0	0
Miscellaneous	0	0	2,381
Total Revenues	<u>3,477</u>	<u>105,768</u>	<u>2,381</u>
Expenditures			
Current			
Instruction	3,188	0	279,530
Support Service-Students	0	0	0
Support Service-Instruction	343	0	0
Support Services-General Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	84,698	0
Transportation	0	0	0
Food Services	0	0	0
Capital Outlay	0	21,070	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>3,531</u>	<u>105,768</u>	<u>279,530</u>
Excess (Deficiency) of Revenues Over Expenditures	(54)	0	(277,149)
Fund Balances at Beginning of Year	<u>54</u>	<u>0</u>	<u>277,149</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2010

	<u>Capital Projects Funds</u>		Other Governmental Funds
	Bond Building 31100	SB-9 31700	
Revenues			
Fees	\$ 0	\$ 0	\$ 14,028
Property Taxes	0	18,774	59,698
Interest Income	2,000	472	0
Federal Grants	0	0	103,085
State and Local Grants	0	5,069	4,089
Miscellaneous	0	0	0
Total Revenues	<u>2,000</u>	<u>24,315</u>	<u>180,900</u>
Expenditures			
Current			
Instruction	0	0	86,723
Support Service-Students	0	0	7,126
Support Service-Instruction	0	0	280
Support Services-General Administration	0	187	593
Central Services	891	0	0
Operation & Maintenance of Plant	0	9,419	0
Transportation	0	0	0
Food Services	0	0	31,486
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	25,000
Interest	0	0	23,565
Total Expenditures	<u>891</u>	<u>9,606</u>	<u>174,773</u>
Excess (Deficiency) of Revenues Over Expenditures	1,109	14,709	6,127
Fund Balances at Beginning of Year	<u>492,625</u>	<u>101,291</u>	<u>19,277</u>
Fund Balance End of Year	<u>\$ 493,734</u>	<u>\$ 116,000</u>	<u>\$ 25,404</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
 GOVERNMENTAL FUNDS
 Statement of Revenues, Expenditures and Changes
 in Fund Balance
 For the Year Ended June 30, 2010

	<u>Total Governmental Funds</u>
Revenues	
Fees	\$ 15,228
Property Taxes	82,762
Interest Income	2,472
Federal Grants	208,853
State and Local Grants	1,542,669
Miscellaneous	15,588
Total Revenues	<u>1,867,572</u>
Expenditures	
Current	
Instruction	1,329,078
Support Service-Students	131,941
Support Service-Instruction	8,433
Support Services-General Administration	108,629
Central Services	59,784
Operation & Maintenance of Plant	187,509
Transportation	190,275
Food Services	57,644
Capital Outlay	21,070
Debt Service	
Principal	25,000
Interest	23,565
Total Expenditures	<u>2,142,928</u>
Excess (Deficiency) of Revenues Over Expenditures	(275,356)
Fund Balances at Beginning of Year	<u>1,042,068</u>
Fund Balance End of Year	<u>\$ 766,712</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

Reconciliation of the Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities

For the Year Ended June 30, 2010

Excess (Deficiency) of Revenues Over Expenditures \$ (275,356)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$ (154,104)		
Capital Outlays	<u>21,070</u>	<u>(133,034)</u>	

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 25,000

Bond issue costs are amortized in the Statement of Activities but are netted with proceeds of bond issues in the year of issue on the Statement of Revenues, Expenditures and Changes in Fund Balances. This is the amount of the amortized bond issue costs.

Amortization of Issue Costs this Year (3,006)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (832)

Change in Net Assets of Governmental Activities \$ (387,228)

The notes to the financial statements are an integral part of this statement..

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 0	\$ 0	\$ 1,200	\$ 1,200
Taxes	4,393	4,393	4,489	96
Other Revenue	6,338	6,338	10,008	3,670
State Grants	1,416,743	1,416,743	1,339,759	(76,984)
Total Revenues	<u>1,427,474</u>	<u>1,427,474</u>	<u>1,355,456</u>	<u>(72,018)</u>
Expenditures				
Instruction				
Personnel Services	757,678	757,649	707,155	50,494
Employee Benefits	233,421	233,450	208,764	24,686
Professional & Tech Services	6,000	30,108	18,995	11,113
Purchased Services	10,373	12,173	10,862	1,311
Supplies	5,500	16,200	15,878	322
Total Instruction	<u>1,012,972</u>	<u>1,049,580</u>	<u>961,654</u>	<u>87,926</u>
Support Services-Students				
Personnel Services	75,637	75,637	73,442	2,195
Employee Benefits	40,276	40,276	36,927	3,349
Professional & Tech Services	7,750	12,250	5,659	6,591
Purchased Services	500	2,000	1,902	98
Supplies	9,750	15,229	6,885	8,344
Support Services-Students	<u>133,913</u>	<u>145,392</u>	<u>124,815</u>	<u>20,577</u>
Support Services-Instruction				
Purchased Services	5,500	10,500	7,810	2,690
Support Services-Instruction	<u>5,500</u>	<u>10,500</u>	<u>7,810</u>	<u>2,690</u>
Support Services-General Administration				
Personnel Services	95,000	100,000	94,500	5,500
Employee Benefits	0	13,143	11,719	1,424
Professional & Tech Services	10,578	10,678	5,393	5,285
Purchased Services	7,650	7,650	1,885	5,765
Supplies	600	500	209	291
Total Support Services- General Administration	<u>113,828</u>	<u>131,971</u>	<u>113,706</u>	<u>18,265</u>
Central Services				
Personnel Services	48,027	48,027	48,026	1
Employee Benefits	9,612	9,612	9,538	74
Professional & Tech Services	750	1,350	1,329	21
Total Central Services	<u>\$ 58,389</u>	<u>\$ 58,989</u>	<u>\$ 58,893</u>	<u>\$ 96</u>

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Operation & Maintenance of Plant				
Personnel Services	\$ 47,098	\$ 47,098	\$ 47,098	\$ 0
Employee Benefits	19,898	18,766	15,959	2,807
Professional & Tech Services	300	300	0	300
Purchased Services	28,775	28,775	28,775	0
Supplies	1,000	8,132	1,895	6,237
Total Operation & Maintenance of Plant	97,071	103,071	93,727	9,344
Food Service Operations				
Personnel Services	20,747	20,747	17,705	3,042
Employee Benefits	14,312	14,316	7,313	7,003
Professional & Tech Services	500	1,100	675	425
Supplies	300	296	250	46
Total Food Services Operations	35,859	36,459	25,943	10,516
Total Expenditures	1,457,532	1,535,962	1,386,548	149,414
Excess (Deficiency) of Revenues Over Expenditures	(30,058)	(108,488)	(31,092)	77,396
Cash Balance Beginning of Year	155,380	155,380	155,380	0
Cash Balance End of Year	\$ 125,322	\$ 46,892	\$ 124,288	\$ 77,396
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (31,092)	
Net Change in Taxes Receivable			(200)	
Net Change in Accounts Payable			7,994	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ (23,298)	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
GENERAL FUND-TEACHERAGE-12000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Rentals	\$ 2,400	\$ 2,400	\$ 3,200	\$ 800
Total Revenues	<u>2,400</u>	<u>2,400</u>	<u>3,200</u>	<u>800</u>
Expenditures				
Operation & Maintenance of Plant				
Supplies	10,267	10,267	0	10,267
Total Operation & Maintenance of Plant	<u>10,267</u>	<u>10,267</u>	<u>0</u>	<u>10,267</u>
Total Expenditures	<u>10,267</u>	<u>10,267</u>	<u>0</u>	<u>10,267</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,867)	(7,867)	3,200	11,067
Cash Balance Beginning of Year	<u>7,867</u>	<u>7,867</u>	<u>7,867</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>11,067</u>	\$ <u>11,067</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>3,200</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>3,200</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
GENERAL FUND-TRANSPORTATION-13000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 198,575	\$ 198,575	\$ 190,275	\$ (8,300)
Total Revenues	<u>198,575</u>	<u>198,575</u>	<u>190,275</u>	<u>(8,300)</u>
Expenditures				
Pupil Transportation				
Personnel Services	37,310	35,496	35,496	0
Employee Benefits	43,115	40,924	40,924	0
Purchased Property Services	45,773	44,773	44,773	0
Other Purchased Services	67,777	75,596	67,296	8,300
Supplies	4,600	1,786	1,786	0
Total Pupil Transportation	<u>198,575</u>	<u>198,575</u>	<u>190,275</u>	<u>8,300</u>
Total Expenditures	<u>198,575</u>	<u>198,575</u>	<u>190,275</u>	<u>8,300</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
GENERAL FUND-INSTRUCTIONAL MATERIALS-14000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 3,912	\$ 3,912	\$ 3,477	\$ (435)
Total Revenues	<u>3,912</u>	<u>3,912</u>	<u>3,477</u>	<u>(435)</u>
Expenditures				
Instruction				
Supplies	3,477	3,477	3,188	289
Total Instruction	<u>3,477</u>	<u>3,477</u>	<u>3,188</u>	<u>289</u>
Support Services Instruction				
Supplies	435	489	343	146
Total Support Services Instruction	<u>435</u>	<u>489</u>	<u>343</u>	<u>146</u>
Total Expenditures	<u>3,912</u>	<u>3,966</u>	<u>3,531</u>	<u>146</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(54)	(54)	0
Cash Balance Beginning of Year	<u>54</u>	<u>54</u>	<u>54</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 54</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (54)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (54)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-STATE EQUILIZATION GUARANTEE FEDERAL STIMULAS-25250

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 83,375	\$ 105,768	\$ 90,409	\$ (15,359)
Total Revenues	<u>83,375</u>	<u>105,768</u>	<u>90,409</u>	<u>(15,359)</u>
Expenditures				
Operation & Maintenance of Plant				
Purchased Property Services	68,500	59,053	59,053	0
Supplies	14,875	46,715	25,645	21,070
Fixed Assets	0	0	21,070	(21,070)
Total Operation & Maintenance of Plant	<u>83,375</u>	<u>105,768</u>	<u>105,768</u>	<u>0</u>
Total Expenditures	<u>83,375</u>	<u>105,768</u>	<u>105,768</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(15,359)	(15,359)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (15,359)</u>	<u>\$ (15,359)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (15,359)	
Net change in Due from Grantor			<u>15,359</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-Florida Power & Light-29129

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 2,381	\$ 2,381	\$ 0
Total Revenues	<u>0</u>	<u>2,381</u>	<u>2,381</u>	<u>0</u>
Expenditures				
Instruction				
Other Purchased Services	<u>277,614</u>	<u>279,995</u>	<u>279,995</u>	<u>0</u>
Total Instruction	<u>277,614</u>	<u>279,995</u>	<u>279,995</u>	<u>0</u>
Total Expenditures	<u>277,614</u>	<u>279,995</u>	<u>279,995</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(277,614)	(277,614)	(277,614)	0
Cash Balance Beginning of Year	<u>277,614</u>	<u>277,614</u>	<u>277,614</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (277,614)	
Net Change in Accounts Payable			<u>465</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (277,149)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
Statement of Fiduciary Net Assets and Liabilities-Agency Funds
June 30, 2010

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ <u>349,756</u>
Total Assets	\$ <u><u>349,756</u></u>
Liabilities	
Deposits Held for Others	\$ <u>349,756</u>
Total Liabilities	\$ <u><u>349,756</u></u>

The notes to the financial statements are an integral part of this statement.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the House Municipal School District No. 50 (District) , has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

Financial Reporting Entity

The District has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

Governmental Funds

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets and the servicing of general long-term debt.

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other 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 Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the District.

Debt Service Fund - The Debt Service Fund is used to account for the resources for, and the payment of, principal, interest and related costs.

Fiduciary Fund Type

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

Major Funds

The District reports the following major governmental funds:

GENERAL FUND (11000)(12000)(13000)(14000)

The General Fund consist of four sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Teacherage Fund is to provide teachers affordable housing to entice them to teach there. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

SPECIAL REVENUE FUND

State Equalization Guarantee-Federal Stimulus(25250)

To account for Federal money that is not restricted and can be used for general spending purposes Funding authorized by the Recovery and Reinvestment Act (ARRA)(Public Law 111-5). The fund was created by grant provisions.

Florida Power & Light (29129)

To account for resources from a wind farm intended to be revenue in lieu of property taxes. The fund was created by grant provisions.

CAPITAL PROJECT FUNDS

Bond Building (31100)

The revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

Senate Bill Nine (31700)

The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for food service and 2) program-specific operating grants and contributions for instruction, administration, transportation and food service.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

Revenues

Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

Revenue Recognition for Grants.

Eligibility requirements for government-mandated and voluntary nonexchange transaction comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts and RECs).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).

3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.

4. Contingencies. The providers offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

Entitlement and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are paid prior to the end of the fiscal year and therefore are not accrued. Salaries for the twelve month employees payroll are accrued.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Basis of Budgeting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

The District follows the following procedures in establishing data reflected in the financial statements:

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.

4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the District may be invested in :

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
Notes to the Financial Statements
June 30, 2010

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General Fund, Capital Projects Fund and Debt Service Fund. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Food Service Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are 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. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital expenditures made on the school district's building construction projects by the NM Public School Facilities Authority are appropriately included in the school district's capital assets disclosures and financial statements.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet. There are no outstanding Capital Leases.

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

Long-Term Liabilities

For district-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Reserved fund balance indicates that portion of fund equity which has been segregated for specific purposes.

Unreserved fund balance indicates that portion of fund equity which is available for budgeting in future periods.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
 Notes to the Financial Statements
 June 30, 2010

Deferred Revenue

The District reports deferred revenues on its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

Compensated Absences

The District contracts all employees on an annual basis. A terminated employee is paid through the date of dismissal in accordance with their contract. Due to this practice, there are no compensated absences accrued.

Estimates

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

NOTE B: DEPOSIT AND INVESTMENTS

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

Citizens Bank	Balance Per Bank 06-30-10	Reconciled Balance	Type
<u>Name of Account</u>	<u>06-30-10</u>	<u>Balance</u>	<u>Type</u>
Operational	\$ 225,849	\$ 205,939	Checking
Fund Accounts	15,664	12,836	Checking
Payroll Clearing	141,019	0	Checking
House Schools	450,000	450,000	CD
House Schools	37,000	37,000	CD
House Schools	90,000	90,000	CD
House Schools	300,000	300,000	CD
House Schools	10,000	10,000	CD
TOTAL Deposited	<u>1,269,532</u>	<u>\$ 1,105,775</u>	
Less: FDIC Coverage	<u>(632,532)</u>		
Uninsured Amount	637,000		
50% collateral requirement	318,500		
Pledged securities	<u>800,000</u>		
Over (Under) requirement	<u>\$ 481,500</u>		

The following securities are pledged at Citizens Bank:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLB	3183XVNU1	\$ 300,000 *	12/12/14	Frost National Bank at
FNMA	31398ACS9	500,000 *	06/07/22	San Antonio, TX
		<u>\$ 800,000</u>		

* Only a portion of the securities are pledged to the District. The pledged amounts total \$800,000.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
Notes to the Financial Statements
June 30, 2010

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 632,532
Collateralized:	
Collateral held by the pledging bank in District's name	637,000
Uninsured and uncollateralized	<u>0</u>
Total Deposits	<u>\$ 1,269,532</u>

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2010 none of the District's bank balance of \$1,269,532 was exposed to custodial credit risk.

NOTE C: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable</u>
	State Equalization Guarantee Federal Stimulus
General Fund	\$ 15,359
Totals	<u>\$ 15,359</u>

The above interfund balances resulted from reimbursement grants. The shortfalls were covered by the General Fund. All transactions will be repaid within one year.

NOTE D: TAXES RECEIVABLE

Following is a schedule of property taxes receivable as of the fiscal year end:

	<u>Operational</u>	<u>Senate Bill Nine</u>	<u>Non major Funds</u>	<u>Total</u>
Property Taxes Receivable:				
Available	\$ 27	120	392	539
Unavailable	0	0	0	0
TOTAL Property Taxes Receivable	<u>\$ 27</u>	<u>\$ 120</u>	<u>\$ 392</u>	<u>\$ 539</u>

NOTE E: DEFERRED REVENUES

For the fiscal year ended there were no deferred revenues.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
Notes to the Financial Statements
June 30, 2010

NOTE F: CAPITAL ASSETS

Capital Assets Balances and Activity for the fiscal year end is as follows:

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 7,875	\$ 0	\$ 0	\$ 7,875
Total Capital Assets not being Depreciated	<u>7,875</u>	<u>0</u>	<u>0</u>	<u>7,875</u>
Capital Assets, being Depreciated				
Buildings & Improvements	3,719,986	0	0	3,719,986
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	598,269	21,070	0	619,339
Total Capital Assets, being Depreciated	<u>4,318,255</u>	<u>21,070</u>	<u>0</u>	<u>4,339,325</u>
Total Capital Assets	<u>4,326,130</u>	<u>21,070</u>	<u>0</u>	<u>4,347,200</u>
Less Accumulated Depreciation				
Buildings & Improvements	1,601,377	147,864	0	1,749,241
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	363,242	6,240	0	369,482
Total Accumulated Depreciation	<u>1,964,619</u>	<u>154,104</u>	<u>0</u>	<u>2,118,723</u>
Capital Assets, net	<u>\$ 2,361,511</u>	<u>\$ (133,034)</u>	<u>\$ 0</u>	<u>\$ 2,228,477</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 132,059
Support Services-General Administration	1,745
Operation & Maintenance of Plant	19,188
Food Services Operations	1,112
Total depreciation expenses	<u>\$ 154,104</u>

NOTE G: LONG TERM DEBT

Long Term Debt

A summary of activity in the long term debt is as follows:

	Beginning Balance 6/30/09	Additions	Reductions	Ending Balance 6/30/10	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 540,000	\$ 0	\$ 25,000	\$ 515,000	\$ 25,000
Total Bonds	<u>\$ 540,000</u>	<u>\$ 0</u>	<u>\$ 25,000</u>	<u>\$ 515,000</u>	<u>\$ 25,000</u>

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
 Notes to the Financial Statements
 June 30, 2010

Payments on the general obligation bonds are made by the Debt Service Funds.

The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

<u>Series</u>	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance</u>
2009	5/15/09	\$ 540,000	3.4%-5%	\$ 515,000
				<u>\$ 515,000</u>

The annual requirements to amortize the general obligation bonds, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 25,000	\$ 20,600	\$ 45,600
2012	30,000	19,600	49,600
2013	30,000	18,400	48,400
2014	30,000	17,200	47,200
2015	30,000	16,000	46,000
2016-2020	180,000	60,000	240,000
2021-2025	190,000	21,800	211,800
	<u>\$ 515,000</u>	<u>\$ 173,600</u>	<u>\$ 688,600</u>

Reconciliation of Long-Term Debt disclosed in Note H to the Long-Term Debt reported in the Statement of Net Assets.

Note G	\$ 515,000
Issue Costs	(48,095)
Accumulated Amortization	6,012
Statement of Net Assets	<u>\$ 472,917</u>
Long-Term Per Government Wide Financial Statements	\$ 447,917
Current Portion	25,000
Statement of Net Assets	<u>\$ 472,917</u>

NOTE H: COMMITMENTS

The District has various construction commitments including a roofing project for most of the building at the District. Funding is provided by the bond issue.

NOTE I: PENSION PLAN

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.

Effective July 1, 2009, plan members were required by state statute to contribute 7.9% of their gross salary if they earn \$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 District 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 will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9% of the gross covered salary. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2010, 2009, and 2008, were \$201,647, \$190,707 and \$168,643 respectively, which equal the amount of the required contributions for each fiscal year.

NOTE J: RETIREE HEALTH CARE ACT CONTRIBUTIONS

The District 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 the 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.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
 Notes to the Financial Statements
 June 30, 2010

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.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the RHCA, Albuquerque State Government Center, 401 Roma, NW, Suite 200, Albuquerque, New Mexico 87102.

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, 2010, 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:

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

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
2011	1.666%	0.833%
2012	1.834%	0.917%
2013	2.000%	1.000%

Also, employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature

The District's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$19,370, \$19,463 and \$17,562 respectively, which equal the required contributions for each year.

NOTE K: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
Notes to the Financial Statements
June 30, 2010

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

Reconciliations are located at the bottom of each budget actual.

NOTE L: INSURANCE COVERAGE

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

- Workers Compensation
- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Contract School Bus Coverage; and
- Crime

NOTE M: SURETY BOND

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

NOTE N: JOINT POWERS AGREEMENTS

A joint powers agreement was entered into with the Regional Education Cooperative No. 6 (REC). The purpose of the agreement is 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 United States Department of Education under the Education of the Handicapped Act, Part B, PL 94-142 among others. The REC is the fiscal agent and responsible for the audit.

There are ten schools that participate in the REC, they are Dora, Elida, Floyd, Fort Sumner, Grady, House, Logan, Melrose, San Jon, and Texico. The agreement became effective on July 1, 1995 and is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The REC passed-through \$48,248, to the District for salaries and fringe benefits. As required by SAO 2.2.2.12 C (3) (d), the REC funds were reported as revenues and expenditures in the following special revenue funds:

24106	IDEA, Part B Entitlement
27200	State Directed

The audit report is available at the REC located at 1500 South Ave K, Station 9, Portales, New Mexico 88130.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

CAPITAL PROJECTS FUND-BOND BUILDING-31100

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Interest Income	\$ 0	\$ 0	\$ 2,000	\$ 2,000
Total Revenues	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>2,000</u>
Expenditures				
Debt Service				
Bond Issue Cost	891	891	891	0
Total Capital Outlay	<u>891</u>	<u>891</u>	<u>891</u>	<u>0</u>
Total Expenditures	<u>891</u>	<u>891</u>	<u>891</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(891)	(891)	1,109	2,000
Cash Balance Beginning of Year	<u>492,625</u>	<u>492,625</u>	<u>492,625</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 491,734</u>	<u>\$ 491,734</u>	<u>\$ 493,734</u>	<u>\$ 2,000</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,109	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,109</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

CAPITAL PROJECT FUND-SENATE BILL NINE-31700

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 18,283	\$ 18,283	\$ 18,690	\$ 407
Interest Income	500	500	472	(28)
State Grant	21,279	21,279	5,069	(16,210)
Total Revenues	<u>40,062</u>	<u>40,062</u>	<u>24,231</u>	<u>(15,831)</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	185	195	187	8
Total Support Services-General Administration	<u>185</u>	<u>195</u>	<u>187</u>	<u>8</u>
Operation and Maintenance of Plant				
Professional & Tech Services	25,000	25,000	1,024	23,976
Supplies	72,632	72,622	9,895	62,727
Total Operation and Maintenance of Plant	<u>97,632</u>	<u>97,622</u>	<u>10,919</u>	<u>86,703</u>
Capital Outlay				
Fixed Assets	45,000	45,000	0	45,000
Total Capital Outlay	<u>45,000</u>	<u>45,000</u>	<u>0</u>	<u>45,000</u>
Total Expenditures	<u>142,817</u>	<u>142,817</u>	<u>11,106</u>	<u>131,711</u>
Excess (Deficiency) of Revenues Over Expenditures	(102,755)	(102,755)	13,125	115,880
Cash Balance Beginning of Year	<u>102,755</u>	<u>102,755</u>	<u>102,755</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 115,880</u>	<u>\$ 115,880</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 13,125	
Net change in Taxes Receivables-Current			84	
Net change in Accounts Payable			1,500	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 14,709</u>	

The notes to the financial statements are an integral part of this statement.

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR FUNDS

Food Services (21000)

To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

Athletics (22000)

To account for revenue and expenditures associated with the District's budgeted athletic activities. The authority for creation of this fund is NMAC 6.20.2.

TITLE I (24101)

To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

IDEA Part B, Entitlement, Preschool, State Directed (24106) (24109) (27200).

To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

Title V-A (24150)

To account for monies received to improve elementary and secondary education for children attending both public and private schools. The fund was created by grant provisions. (PL 103-382).

Teacher & Principal Training & Recruiting (24154)

To provide a grant to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110). The fund was created by the authority of federal grant provisions.

Title I Recovery Act (24201)

To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701 and ARRA. Program regulations are found at 34 CFR part 200. The Education Department General Administrative Regulations (EDGAR) at 34 CFR parts 76, 77, 81, 82, 98, and 99 also apply to this program, as do certain requirements of 34 CFR part 299 (General Provisions). The fund was created by the authority of federal grant provisions.

NONMAJOR FUNDS

IDEA B Entitlement Recovery Act (24206)

To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420 and ARRA. Program regulations are found at 34 CFR part 200. The Education Department General Administrative Regulations (EDGAR) at 34 CFR parts 76, 77, 81, 82, 98, and 99 also apply to this program, as do certain requirements of 34 CFR part 299 (General Provisions). The fund was created by the authority of federal grant provisions.

IDEA Preschool (24209)

To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding these programs are authorized under the Individuals with Disabilities Education Act, Part B (IDEA-B) as amended on December 3, 2004 (Pub. L. No. 108-446; 20 USC 1400 et seq.) and ARRA. Implementing regulations for these programs are 34 CFR part 300. The fund was created by the authority of federal grant provisions.

Rural Education Achievement Program (REAP) (25233)

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. The fund was created by the authority of federal grant provisions.

Dual Credit Instructional Materials (27103)

To provide funding to the District to purchase college books for students attending college classes and obtaining dual credits. The fund was created by grant provisions.

Technology for Education (27117)

To account for funds received from the Technology for Education Grant created by the 1994 State Legislation to establish funding of any costs associated with educational technology. Funding provided by the State of New Mexico. (NMSA 22-15A-1-10). The fund was created by state grant provisions.

Breakfast for Elementary Students (27155).

To account for revenues and expenditures from a state grant for the purpose of providing a free breakfast to elementary students. The fund was created by state grant provisions.

School Library Material (27549)

To account for funds received from the New Mexico Public Education Department for purchasing library books. The fund was created by state grant provisions.

NONMAJOR DEBT SERVICE FUND

DEBT SERVICE FUND (41000)

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2010

	Special Revenue		
	Food Service 21000	Athletics 22000	Title I 24101
ASSETS			
Cash and Cash Equivalents	\$ 9,400	\$ 4,507	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	0	0
Inventory	308	0	0
Total Assets	<u>\$ 9,708</u>	<u>\$ 4,507</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Deferrd Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for:			
Inventory	308	0	0
Special Revenue	9,400	4,507	0
Debt Service	0	0	0
Total Fund Balance	<u>9,708</u>	<u>4,507</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 9,708</u>	<u>\$ 4,507</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2010

	Special Revenue		
	IDEA B, Entitlement 24106	IDEA B, Preschool 24109	Title V-A 24150
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Deferrd Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for:			
Inventory	0	0	0
Special Revenue	0	0	0
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2010

	Special Revenue		
	Teacher Principal Training 24154	Title I Recovery Act 24201	IDEA B Entitlement Recovery Act 24206
ASSETS			
Cash and Cash Equivalents	\$ 1,705	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 1,705</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Deferrd Revenue	1,705	0	0
Total Liabilities	<u>1,705</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for:			
Inventory	0	0	0
Special Revenue	0	0	0
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 1,705</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2010

	Special Revenue		
	IDEA Preschool 24209	REAP 25233	Dual Credit Instructional Materials 27103
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Deferrd Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for:			
Inventory	0	0	0
Special Revenue	0	0	0
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2010

	Special Revenue		
	Technology For Education 27117	Breakfast For Elem Student 27155	State Directed Activities 27200
ASSETS			
Cash and Cash Equivalents	\$ 401	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 401</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Deferrd Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for:			
Inventory	0	0	0
Special Revenue	401	0	0
Debt Service	0	0	0
Total Fund Balance	<u>401</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 401</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2010

	<u>Special Revenue</u>	<u>Debt Service</u>	
	School Library Material 27549	Debt Service 41000	Total
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 10,396	\$ 26,409
Receivables			
Property Taxes	0	392	392
Due From Grantor	0	0	0
Inventory	0	0	308
Total Assets	<u>\$ 0</u>	<u>\$ 10,788</u>	<u>\$ 27,109</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Deferrd Revenue	0	0	1,705
Total Liabilities	<u>0</u>	<u>0</u>	<u>1,705</u>
Fund Balance			
Reserved for:			
Inventory	0	0	308
Special Revenue	0	0	14,308
Debt Service	0	10,788	10,788
Total Fund Balance	<u>0</u>	<u>10,788</u>	<u>25,404</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 10,788</u>	<u>\$ 27,109</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended June 30, 2010

	Special Revenue		
	Food Service 21000	Athletics 22000	Title I 24101
Revenues			
Fees	\$ 12,164	\$ 1,864	\$ 0
Taxes	0	0	0
Interest Income	0	0	0
Federal Grants	15,088	0	8,538
State and Local Grants	0	0	0
Total Revenues	<u>27,252</u>	<u>1,864</u>	<u>8,538</u>
Expenditures			
Current			
Instruction	0	4,137	8,538
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Operation & Maintenance of Plant	0	0	0
Food Service	29,175	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>29,175</u>	<u>4,137</u>	<u>8,538</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,923)	(2,273)	0
Fund Balances at Beginning of Year	<u>11,631</u>	<u>6,780</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 9,708</u>	<u>\$ 4,507</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended June 30, 2010

	Special Revenue		
	IDEA B, Entitlement 24106	IDEA B, Preschool 24109	Title V-A 24150
Revenues			
Fees	\$ 0	\$ 0	\$ 0
Taxes	0	0	0
Interest Income	0	0	0
Federal Grants	23,417	4,366	0
State and Local Grants	0	0	0
Total Revenues	<u>23,417</u>	<u>4,366</u>	<u>0</u>
Expenditures			
Current			
Instruction	23,417	4,366	0
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Operation & Maintenance of Plant	0	0	0
Food Service	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>23,417</u>	<u>4,366</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended June 30, 2010

	Special Revenue		
	Teacher Principal Training 24154	Title I Recovery Act 24201	IDEA B Entitlement Recovery Act 24206
Revenues			
Fees	\$ 0	\$ 0	\$ 0
Taxes	0	0	0
Interest Income	0	0	0
Federal Grants	1,157	9,360	8,807
State and Local Grants	0	0	0
Total Revenues	<u>1,157</u>	<u>9,360</u>	<u>8,807</u>
Expenditures			
Current			
Instruction	1,157	9,360	1,681
Support Services-Students	0	0	7,126
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Operation & Maintenance of Plant	0	0	0
Food Service	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>1,157</u>	<u>9,360</u>	<u>8,807</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended June 30, 2010

	Special Revenue		
	IDEA Preschool 24209	REAP 25233	Dual Credit Instructional Materials 27103
	<u>24209</u>	<u>25233</u>	<u>27103</u>
Revenues			
Fees	\$ 0	\$ 0	\$ 0
Taxes	0	0	0
Interest Income	0	0	0
Federal Grants	333	7,188	0
State and Local Grants	0	0	95
Total Revenues	<u>333</u>	<u>7,188</u>	<u>95</u>
Expenditures			
Current			
Instruction	333	7,188	95
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Operation & Maintenance of Plant	0	0	0
Food Service	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>333</u>	<u>7,188</u>	<u>95</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended June 30, 2010

	Special Revenue		
	Technology For Education 27117	Breakfast For Elem Student 27155	State Directed Activities 27200
Revenues			
Fees	\$ 0	\$ 0	\$ 0
Taxes	0	0	0
Interest Income	0	0	0
Federal Grants	0	0	24,831
State and Local Grants	1,683	2,311	0
Total Revenues	<u>1,683</u>	<u>2,311</u>	<u>24,831</u>
Expenditures			
Current			
Instruction	1,620	0	24,831
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Operation & Maintenance of Plant	0	0	0
Food Service	0	2,311	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>1,620</u>	<u>2,311</u>	<u>24,831</u>
Excess (Deficiency) of Revenues Over Expenditures	63	0	0
Fund Balances at Beginning of Year	<u>338</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 401</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended June 30, 2010

	<u>Special Revenue</u>	<u>Debt Service</u>	
	School		
	Library		
	Material	Debt Service	
	<u>27549</u>	<u>41000</u>	<u>Total</u>
Revenues			
Fees	\$ 0	\$ 0	\$ 14,028
Taxes	0	59,698	59,698
Interest Income	0	0	0
Federal Grants	0	0	103,085
State and Local Grants	0		4,089
Total Revenues	<u>0</u>	<u>59,698</u>	<u>180,900</u>
Expenditures			
Current			
Instruction	0	0	86,723
Support Services-Students	0	0	7,126
Support Services-Instruction	280	0	280
Support Services-General Administration	0	593	593
Operation & Maintenance of Plant	0	0	0
Food Service	0	0	31,486
Debt Service			
Principal	0	25,000	25,000
Interest	0	23,565	23,565
Total Expenditures	<u>280</u>	<u>49,158</u>	<u>174,773</u>
Excess (Deficiency) of Revenues Over Expenditures	(280)	10,540	6,127
Fund Balances at Beginning of Year	<u>280</u>	<u>248</u>	<u>19,277</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 10,788</u>	<u>\$ 25,404</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
SPECIAL REVENUE FUND-FOOD SERVICE-21000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 9,002	\$ 9,002	\$ 12,164	\$ 3,162
Federal Grant	10,660	10,660	12,890	2,230
Total Revenues	<u>19,662</u>	<u>19,662</u>	<u>25,054</u>	<u>5,392</u>
Expenditures				
Food Service Operations				
Supplies	27,237	27,237	26,295	942
Total Food Service Operations	<u>27,237</u>	<u>27,237</u>	<u>26,295</u>	<u>942</u>
Total Expenditures	<u>27,237</u>	<u>27,237</u>	<u>26,295</u>	<u>942</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,575)	(7,575)	(1,241)	6,334
Cash Balance Beginning of Year	<u>10,641</u>	<u>10,641</u>	<u>10,641</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 3,066</u>	<u>\$ 3,066</u>	<u>\$ 9,400</u>	<u>\$ 6,334</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,241)	
Net Change in Inventory			(681)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (1,922)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
SPECIAL REVENUE FUND-ATHLETICS-22000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 3,000	\$ 3,000	\$ 1,864	\$ (1,136)
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>1,864</u>	<u>(1,136)</u>
Expenditures				
Instruction				
Purchased Services	9,482	9,482	4,137	5,345
Total Instruction	<u>9,482</u>	<u>9,482</u>	<u>4,137</u>	<u>5,345</u>
Total Expenditures	<u>9,482</u>	<u>9,482</u>	<u>4,137</u>	<u>5,345</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,482)	(6,482)	(2,273)	4,209
Cash Balance Beginning of Year	<u>6,780</u>	<u>6,780</u>	<u>6,780</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 298</u>	<u>\$ 298</u>	<u>\$ 4,507</u>	<u>\$ 4,209</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,273)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (2,273)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
SPECIAL REVENUE FUND-TITLE I-24101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 13,692	\$ 8,544	\$ 8,541	\$ (3)
Total Revenues	<u>13,692</u>	<u>8,544</u>	<u>8,541</u>	<u>(3)</u>
Expenditures				
Instruction				
Personnel Services	7,780	3,592	3,592	0
Employee Benefits	1,709	728	728	0
Supplies	4,200	4,221	4,218	3
Total Instruction	<u>13,689</u>	<u>8,541</u>	<u>8,538</u>	<u>3</u>
Total Expenditures	<u>13,689</u>	<u>8,541</u>	<u>8,538</u>	<u>3</u>
Excess (Deficiency) of Revenues Over Expenditures	3	3	3	0
Cash Balance Beginning of Year	<u>(3)</u>	<u>(3)</u>	<u>(3)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3	
Net Change in Due from Grantor			<u>(3)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-IDEA B, ENTITLEMENT-24106

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 23,417	\$ 23,417	\$ 0
Total Revenues	<u>0</u>	<u>23,417</u>	<u>23,417</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	0	11,238	11,238	0
Employee Benefits	0	9,979	9,979	0
Professional & Tech Services	0	320	320	0
Supplies	0	1,880	1,880	0
Total Instruction	<u>0</u>	<u>23,417</u>	<u>23,417</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>23,417</u>	<u>23,417</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-IDEA B, PRESCHOOL-24109

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 4,366	\$ 4,366	\$ 0
Total Revenues	<u>0</u>	<u>4,366</u>	<u>4,366</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	4,366	4,366	0
Total Instruction	<u>0</u>	<u>4,366</u>	<u>4,366</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>4,366</u>	<u>4,366</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-TITLE V-A-24150

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 30	\$ 30	\$ 30	\$ 0
Total Revenues	<u>30</u>	<u>30</u>	<u>30</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	0	0	0
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	30	30	30	0
Cash Balance Beginning of Year	<u>(30)</u>	<u>(30)</u>	<u>(30)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 30	
Net change in Due from Grantor			<u>(30)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-TEACHER/PRINCIPAL TRAINING-24154

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 8,498	\$ 13,005	\$ 10,855	\$ (2,150)
Total Revenues	<u>8,498</u>	<u>13,005</u>	<u>10,855</u>	<u>(2,150)</u>
Expenditures				
Instruction				
Professional & Tech Services	505	5,012	1,157	3,855
Total Instruction	<u>505</u>	<u>5,012</u>	<u>1,157</u>	<u>3,855</u>
Total Expenditures	<u>505</u>	<u>5,012</u>	<u>1,157</u>	<u>3,855</u>
Excess (Deficiency) of Revenues Over Expenditures	7,993	7,993	9,698	1,705
Cash Balance Beginning of Year	<u>(7,993)</u>	<u>(7,993)</u>	<u>(7,993)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,705</u>	<u>\$ 1,705</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 9,698	
Net change in Due from Grantor			(7,993)	
Net change in Deferred Revenue			(1,705)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-TITLE I RECOVERY ACT-24201

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 4,704	\$ 9,360	\$ 9,360	\$ 0
Total Revenues	<u>4,704</u>	<u>9,360</u>	<u>9,360</u>	<u>0</u>
Expenditures				
Instruction				
Professional & Tech Services	2,000	797	797	0
Supplies	2,704	8,563	8,563	0
Total Instruction	<u>4,704</u>	<u>9,360</u>	<u>9,360</u>	<u>0</u>
Total Expenditures	<u>4,704</u>	<u>9,360</u>	<u>9,360</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-IDEA B ENTITLEMENT RECOVERY ACT-24206

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 8,807	\$ 8,807	\$ 0
Total Revenues	<u>0</u>	<u>8,807</u>	<u>8,807</u>	<u>0</u>
Expenditures				
Instruction				
Professional & Tech Services	0	1,575	1,575	0
Supplies	0	106	106	0
Total Instruction	<u>0</u>	<u>1,681</u>	<u>1,681</u>	<u>0</u>
Support Services-Students				
Personnel Services	0	5,415	5,415	0
Employee Benefits	0	1,711	1,711	0
Total Support Services-Students	<u>0</u>	<u>7,126</u>	<u>7,126</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>8,807</u>	<u>8,807</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-IDEA PRESCHOOL-24209

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 333	\$ 333	\$ 0
Total Revenues	<u>0</u>	<u>333</u>	<u>333</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	333	333	0
Total Instruction	<u>0</u>	<u>333</u>	<u>333</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>333</u>	<u>333</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-REAP-25233

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 29,437	\$ 29,437	\$ 7,188	\$ (22,249)
Total Revenues	<u>29,437</u>	<u>29,437</u>	<u>7,188</u>	<u>(22,249)</u>
Expenditures				
Instruction				
Supplies	29,437	29,437	7,188	22,249
Total Instruction	<u>29,437</u>	<u>29,437</u>	<u>7,188</u>	<u>22,249</u>
Total Expenditures	<u>29,437</u>	<u>29,437</u>	<u>7,188</u>	<u>22,249</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-DUAL CREDIT INSTRUCTIONAL MATERIALS-27103

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 5,000	\$ 5,000	\$ 95	\$ (4,905)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>95</u>	<u>(4,905)</u>
Expenditures				
Instruction				
Supplies	5,000	5,000	95	4,905
Total Instruction	<u>5,000</u>	<u>5,000</u>	<u>95</u>	<u>4,905</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>95</u>	<u>4,905</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Net change in Due from Grantor			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-TECHNOLOGY FOR EDUCATION-27117

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 3,712	\$ 1,282	\$ 1,683	\$ 401
Total Revenues	<u>3,712</u>	<u>1,282</u>	<u>1,683</u>	<u>401</u>
Expenditures				
Instruction				
Supplies	4,050	1,620	1,620	0
Total Instruction	<u>4,050</u>	<u>1,620</u>	<u>1,620</u>	<u>0</u>
Total Expenditures	<u>4,050</u>	<u>1,620</u>	<u>1,620</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(338)	(338)	63	401
Cash Balance Beginning of Year	<u>338</u>	<u>338</u>	<u>338</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 401</u>	<u>\$ 401</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 63	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 63</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-BREAKFAST FOR ELEM STUDENTS-27155

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 2,311	\$ 2,311	\$ 0
Total Revenues	<u>0</u>	<u>2,311</u>	<u>2,311</u>	<u>0</u>
Expenditures				
Food Service				
Supplies	0	2,311	2,311	0
Total Food Service	<u>0</u>	<u>2,311</u>	<u>2,311</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>2,311</u>	<u>2,311</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-STATE DIRECTED ACTIVITIES-27200

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 2,164	\$ 26,995	\$ 26,995	\$ 0
Total Revenues	<u>2,164</u>	<u>26,995</u>	<u>26,995</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	0	11,122	11,122	0
Employee Benefits	0	6,903	6,903	0
Professional & Tech Services	0	5,000	5,000	0
Supplies	0	1,806	1,806	0
Total Instruction	<u>0</u>	<u>24,831</u>	<u>24,831</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>24,831</u>	<u>24,831</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	2,164	2,164	2,164	0
Cash Balance Beginning of Year	<u>(2,164)</u>	<u>(2,164)</u>	<u>(2,164)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,164	
Net change in Due from Grantor			<u>(2,164)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

SPECIAL REVENUE FUND-SCHOOL LIBRARY MATERIAL-27549

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	280	280	280	0
Total Instruction	<u>280</u>	<u>280</u>	<u>280</u>	<u>0</u>
Total Expenditures	<u>280</u>	<u>280</u>	<u>280</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(280)	(280)	(280)	0
Cash Balance Beginning of Year	<u>280</u>	<u>280</u>	<u>280</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (280)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (280)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

DEBT SERVICE-41000

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 46,818	\$ 48,933	\$ 59,306	\$ 10,373
Total Revenues	<u>46,818</u>	<u>48,933</u>	<u>59,306</u>	<u>10,373</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	466	616	593	23
Total Operation and Maintenance of Plant	<u>466</u>	<u>616</u>	<u>593</u>	<u>23</u>
Debt Service				
Principal	25,000	25,000	25,000	0
Interest	21,600	23,565	23,565	0
Total Debt Service	<u>46,600</u>	<u>48,565</u>	<u>48,565</u>	<u>0</u>
Total Expenditures	<u>47,066</u>	<u>49,181</u>	<u>49,158</u>	<u>23</u>
Excess (Deficiency) of Revenues Over Expenditures	(248)	(248)	10,148	10,396
Cash Balance Beginning of Year	<u>248</u>	<u>248</u>	<u>248</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,396</u>	<u>\$ 10,396</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 10,148	
Net change in Taxes Receivables			<u>392</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 10,540</u>	

The notes to the financial statements are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION

Activity Trust Fund

To account for funds of various student groups that are custodial in nature.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
 AGENCY FUNDS - ACTIVITY
 Statement of Fiduciary Net Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2010

	Balance 06/30/09	Additions	Deletions	Balance 06/30/10
ASSETS				
General	\$ 7,572	\$ 29,347	\$ 4,716	\$ 32,203
Class of 2011	1,746	3,340	3,629	1,457
Class of 2014	697	328	30	995
Class of 2015	0	276	0	276
Class of 2013	998	315	0	1,313
Publications	1,350	3,031	2,884	1,497
Future Farmers of America	4,136	5,421	6,668	2,889
Future Homemakers of America	12,204	6,546	6,936	11,814
Business Professionals of America	2,140	1,910	1,971	2,079
Student Council	806	0	77	729
Class of 2012	1,024	991	366	1,649
TLC Book Deposit	1,922	5,149	3,498	3,573
Elementary Athletics	2,373	748	1,579	1,542
Athletics	4,214	551	0	4,765
Class of 2010	684	276	684	276
Accelerated Reader	1,225	252	167	1,310
Honor Society	1,021	276	247	1,050
Technology	0	25,000	0	25,000
Achievement	0	25,000	0	25,000
Student Travel	0	107,893	19,216	88,677
Florida Power & Light	0	69,043	0	69,043
Leadership	0	25,000	0	25,000
Scholarship	0	50,000	2,381	47,619
Total Assets	\$ 44,112	\$ 360,693	\$ 55,049	\$ 349,756
LIABILITIES				
Deposits Held for Others	\$ 44,112	\$ 360,693	\$ 55,049	\$ 349,756
Total Liabilities	\$ 44,112	\$ 360,693	\$ 55,049	\$ 349,756

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50
Cash Reconciliations - All Funds
For the Year Ended June 30, 2010

		Beginning Cash Balance 6/30/09	Revenue	Expenditures	Ending Cash Balance 6/30/10
Operational	11000	\$ 155,380	\$ 1,355,456	\$ 1,386,548	\$ 124,288
Teacherage	12000	7,867	3,200	0	11,067
Transportation	13000	0	190,275	190,275	0
Instructional Materials	14000	54	3,477	3,531	0
Food Service	21000	10,641	25,054	26,295	9,400
Athletics	22000	6,780	1,864	4,137	4,507
Activities	23000	44,112	360,693	55,050	349,756
Federal Flowthrough	24000	(8,026)	65,709	55,978	1,705
Federal Direct	25000	0	97,597	112,956	(15,359)
State Flowthrough	27000	(1,547)	31,084	29,137	401
Local	29000	277,614	2,381	279,995	0
Bond Building	31100	492,625	2,000	891	493,735
SB9	31700	102,755	24,231	11,106	115,879
Debt Service	41000	248	59,306	49,158	10,396
		<u>\$ 1,088,503</u>	<u>\$ 2,222,328</u>	<u>\$ 2,205,057</u>	<u>\$ 1,105,774</u>

The notes to the financial statements are an integral part of this statement.

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*

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of HOUSE MUNICIPAL SCHOOL DISTRICT NO. 50, (District), as of and for the year ended June 30, 2010, and have issued our report thereon dated September 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency or a combination deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency as 2010-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2010-1.

The District's response to the finding identified in our audit are described in the accompany schedule of findings and responses. We did not audit districts response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

 CPA PC

September 28, 2010

Prior Year Audit Findings

There were no prior year audit findings

Current Year Audit Findings

10-1 Issuing W-2 and 1099 to Bus Drivers

Condition

The District has bus owner operators who are employees and also bus contractors. The contractors received both a W-2 for wages earned and a 1099 for bus lease and operating expenses all totaling \$57,487.00. The Internal Revenue has specifically addressed this issue and has determined that an employee can not receive both a W-2 and 1099.

Criteria

Federal Law section 530(d) of the Revenue Act of 1978, 1978-3 (Vol. 1) C.B. xi, 119 (the 1978 Act), which was added to section 1706(a) of the Tax Reform Act of 1986, 1986-3 (Vol. 1)___ (the 1986 Act) (generally effective for services performed and reuration paid after December 31, 1986).

Cause

The District has treated bus contractors as both employees and contractors for years and did not realize this was a violation of federal law.

Effect

The effect is a violation of federal law and is subject to money owed, fines and penalties.

Recommendation

The District should treat all bus contractors as contractors and issue 1099s for all money paid to them. The contractors are not employees of the District.

Response

The District agrees with the recommendation and will stop issuing W-2s to the bus contractors.

Financial Statement Preparation

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

Exit Conference

An exit conference was held on September 28, 2010. Present were Carl Parmer-President, Dwight Parker-Member, Lecil Richards-Superintendent, Marsha Stowe-Business Manager, and De'Aun Willoughby, CPA.