

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

COMPREHENSIVE FINANCIAL ANNUAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2010
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The logo for Keystone Accounting, LLC features a stylized, calligraphic 'K' and 'A' that are intertwined. The 'K' is on the left, and the 'A' is on the right, with their stems overlapping. The letters are in a serif font with decorative flourishes.
KEYSTONE ACCOUNTING, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

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STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

OFFICIAL ROSTER
June 30, 2010

Board of Education

Michael Romero	Board President
Roland Rodriguez	Board Vice President
Isabel Lopez-Duran	Board Secretary
Norman Esquibel	Board Member
Juliet Garcia-Gonzales	Board Member
Mary Trujillo-Mascarenas	Board Member
Benny Vigil	Board Member

School Officials

Ernesto Valdez	Superintendent
Elizabeth Romero	Business Manager

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FINANCIAL SECTION

FISCAL YEAR 2010

JULY 1, 2009 THROUGH JUNE 30, 2010

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KEYSTONE ACCOUNTING, LLC

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INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor
And the Board of Education of
Penasco Independent School District No. 4

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the Penasco Independent School District No. 4, as of and for the year ended June 30, 2010, which collectively comprise Penasco Independent School District No. 4's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Penasco Independent School District No. 4's nonmajor governmental funds and the budgetary comparisons for the major capital projects funds, debt service fund, and all nonmajor 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 agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control over financial reporting. Accordingly, we express no such opinion. 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 Penasco Independent School District No. 4, 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 fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Penasco Independent School District No. 4 as of June 30, 2010, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

KEYSTONE ACCOUNTING, LLC

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Hector H. Balderas, State Auditor
And the Board of Education of
Penasco Independent School District No. 4

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2010, on our consideration of the Penasco Independent School District No. 4'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 Government 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 accounting principles generally accepted in the United States has determined is necessary to supplement, although not a required part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the 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.

Keystone Accounting, LLC

December 10, 2010

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

STATEMENT OF NET ASSETS
June 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,969,286
Receivables:	
Delinquent property taxes receivable	70,857
Grant	118,914
Due from other governments	9,990
Deferred bond issuance costs	72,264
Food inventory	12,423
 Non-current:	
Non-depreciable assets	5,621,188
Depreciable capital assets, net	<u>4,114,712</u>
Total assets	<u>12,989,634</u>
 LIABILITIES	
Accounts payable	61,955
Accrued interest	32,768
Deferred grant revenue	296
Compensated absences	56,889
Noncurrent liabilities:	
Due within one year	-
Due in more than one year	<u>2,267,834</u>
Total liabilities	<u>2,419,742</u>
 NET ASSETS	
Invested in capital assets, net of related debt	7,507,562
Restricted for:	
Inventories	12,423
Capital projects	2,094,048
Debt service	136,421
Unrestricted	<u>819,438</u>
Total net assets	<u>\$ 10,569,892</u>

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

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	
Primary government:						
Governmental activities:						
Instruction	\$ 3,684,627	\$ 4,514	\$ 2,499,628	\$ 873	\$ (1,179,612)	
Support Services - Students	786,497	91,576	533,554	186	(161,181)	
Support Services - Instruction	99,109	-	67,235	23	(31,851)	
Support Services - General Administration	274,362	-	186,125	65	(88,172)	
Support Services - School Administration	519,199	-	352,221	123	(166,855)	
Central Services	301,417	-	204,479	-	(96,938)	
Operations & Maintenance of Plant	995,009	-	675,008	-	(320,001)	
Student Transportation	315,238	-	257,890	-	(57,348)	
Other Support Services	117	-	79	-	(38)	
Food Services	297,077	3,018	267,386	-	(26,673)	
Community Services	52,617	-	35,695	-	(16,922)	
Bond interest paid	<u>114,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(114,105)</u>	
Total governmental activities	<u>\$ 7,439,374</u>	<u>\$ 99,108</u>	<u>\$ 5,079,300</u>	<u>\$ 1,270</u>	<u>(2,259,696)</u>	
General revenues:						
Property Taxes:						
General purposes						9,509
Debt service						330,326
Capital projects						100,247
Grants and contributions not restricted						4,707,568
Unrestricted investment earnings						<u>2,733</u>
Total general revenues						<u>5,150,383</u>
Change in net assets						<u>2,890,687</u>
Net assets - beginning						12,708,740
Restatement						<u>(5,029,535)</u>
Net assets - as restated						<u>7,679,205</u>
Net assets - ending						<u>\$ 10,569,892</u>

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

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2010

	General Fund	ARRA - State Revitalization Fund	Bond Building Fund	Special Capital Outlay - State Fund	Capital Improvements SB-9 Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Pooled cash and investments	\$ 351,014	\$ -	\$ 1,679,906	\$ 39,791	\$ 371,512	\$ 77,099	\$ 449,964	\$ 2,969,286
Receivables:								
Delinquent property taxes	1,610	-	-	-	17,259	51,988	-	70,857
Grant	-	41,560	-	-	-	-	77,354	118,914
Due from other governments	227	-	-	-	2,429	7,334	-	9,990
Due from other funds	102,740	-	-	-	-	-	-	102,740
Food inventory	-	-	-	-	-	-	12,423	12,423
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,423</u>	<u>12,423</u>
Total assets	<u>\$ 455,591</u>	<u>\$ 41,560</u>	<u>\$ 1,679,906</u>	<u>\$ 39,791</u>	<u>\$ 391,200</u>	<u>\$ 136,421</u>	<u>\$ 539,741</u>	<u>\$ 3,284,210</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ 17,822	\$ 6,748	\$ -	\$ -	\$ 18,019	\$ -	\$ 19,366	\$ 61,955
Due to other funds	-	34,812	-	-	-	-	67,928	102,740
Deferred revenue:								
Federal, state, and local grants	-	-	-	-	-	-	296	296
Delinquent property taxes	1,508	-	-	-	15,988	47,998	-	65,494
	<u>19,330</u>	<u>41,560</u>	<u>-</u>	<u>-</u>	<u>34,007</u>	<u>47,998</u>	<u>87,590</u>	<u>230,485</u>
Fund balance:								
Reserved for:								
Inventories	-	-	-	-	-	-	12,423	12,423
Capital projects funds	-	-	1,679,906	39,791	357,193	-	1,170	2,078,060
Debt service	-	-	-	-	-	88,423	-	88,423
Unreserved, designated for, and reported in:								
Special revenue funds	-	-	-	-	-	-	438,558	438,558
Unreserved, undesignated, and reported in:								
General fund	436,261	-	-	-	-	-	-	436,261
	<u>436,261</u>	<u>-</u>	<u>1,679,906</u>	<u>39,791</u>	<u>357,193</u>	<u>88,423</u>	<u>452,151</u>	<u>3,053,725</u>
Total fund balance	<u>436,261</u>	<u>-</u>	<u>1,679,906</u>	<u>39,791</u>	<u>357,193</u>	<u>88,423</u>	<u>452,151</u>	<u>3,053,725</u>
Total liabilities and fund balance	<u>\$ 455,591</u>	<u>\$ 41,560</u>	<u>\$ 1,679,906</u>	<u>\$ 39,791</u>	<u>\$ 391,200</u>	<u>\$ 136,421</u>	<u>\$ 539,741</u>	<u>\$ 3,284,210</u>

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

**STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4**

**RECONCILIATION OF THE BALANCE SHEET - ALL
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2010**

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

Fund balances - total governmental funds	\$	3,053,725
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		24,072,999
Accumulated depreciation		(14,337,099)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		65,494
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable		(2,230,000)
Accrued interest payable		(32,768)
Accrued vacation payable		(56,889)
Bond issue costs		72,264
Bond premiums		<u>(37,834)</u>
Net assets of governmental activities	\$	<u>10,569,892</u>

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

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2010

	<u>General Fund</u>	<u>ARRA - State Revitalization Fund</u>	<u>Bond Building Fund</u>	<u>Special Capital Outlay - State Fund</u>	<u>Capital Improvements SB-9 Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:								
Federal sources:								
Public Law 874	\$ 42,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,478	\$ 55,034
Forest reserve	35,183	-	-	-	-	-	-	35,183
Federal flowthrough grants	11,183	344,458	-	-	-	-	520,774	876,415
Food and milk reimbursements	-	-	-	-	-	-	256,288	256,288
USDA Commodities	-	-	-	-	-	-	11,098	11,098
State sources:								
State equalization guarantee	4,616,450	-	-	-	-	-	-	4,616,450
Transportation	257,890	-	-	-	-	-	-	257,890
State instructional material	19,882	-	-	-	-	-	-	19,882
State grant	-	-	-	3,419,488	-	-	146,968	3,566,456
Local sources:								
Grant	7,312	-	-	-	-	-	81,967	89,279
District school tax levy	8,636	-	-	-	89,072	298,395	-	396,103
Fees and activities	4,514	-	-	-	-	-	94,594	99,108
Earnings from investments	2,248	-	1,270	-	-	-	485	4,003
Miscellaneous	<u>901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>901</u>
Total revenue	<u>\$ 5,006,755</u>	<u>\$ 344,458</u>	<u>\$ 1,270</u>	<u>\$ 3,419,488</u>	<u>\$ 89,072</u>	<u>\$ 298,395</u>	<u>\$ 1,124,652</u>	<u>\$ 10,284,090</u>

(continued)

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

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2010

	General Fund	ARRA - State Revitalization Fund	Bond Building Fund	Special Capital Outlay - State Fund	Capital Improvements SB-9 Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Expenditures:								
Current:								
Instruction	\$ 2,866,216	\$ 37,801	\$ -	\$ -	\$ -	\$ -	\$ 568,765	\$ 3,472,782
Support Services - Students	593,204	60,584	-	-	-	-	87,490	741,278
Support Services - Instruction	61,958	822	-	-	-	-	10,272	73,052
Support Services - General Administration	195,684	43,984	-	-	876	2,910	15,134	258,588
Support Services - School Administration	414,419	10,117	-	-	-	-	64,812	489,348
Central Services	273,303	10,288	-	-	-	-	496	284,087
Operations & Maintenance of Plant	659,250	173,211	-	-	105,341	-	-	937,802
Student Transportation	282,603	1,917	-	-	-	-	12,594	297,114
Other Support Services	110	-	-	-	-	-	-	110
Food Services	-	-	-	-	-	-	279,997	279,997
Community Services	2,290	5,734	-	-	-	-	41,568	49,592
Capital outlay	-	-	702,652	3,379,697	60,332	-	-	4,142,681
Debt service:								
Principal retirement	-	-	-	-	-	140,000	-	140,000
Bond interest paid	-	-	-	-	-	87,135	-	87,135
Total expenditures	<u>5,349,037</u>	<u>344,458</u>	<u>702,652</u>	<u>3,379,697</u>	<u>166,549</u>	<u>230,045</u>	<u>1,081,128</u>	<u>11,253,566</u>
Excess (deficiency) of revenues over expenditures	(342,282)	-	(701,382)	39,791	(77,477)	68,350	43,524	(969,476)
Fund balance at beginning of the year	<u>778,543</u>	<u>-</u>	<u>2,381,288</u>	<u>-</u>	<u>434,670</u>	<u>20,073</u>	<u>408,627</u>	<u>4,023,201</u>
Fund balance at end of the year	<u>\$ 436,261</u>	<u>\$ -</u>	<u>\$ 1,679,906</u>	<u>\$ 39,791</u>	<u>\$ 357,193</u>	<u>\$ 88,423</u>	<u>\$ 452,151</u>	<u>\$ 3,053,725</u>

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

**STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2010

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

Net change in fund balance - total governmental funds	\$ (969,476)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>	
Capital outlay	4,142,681
Depreciation	(421,160)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
<p style="padding-left: 20px;">Deferred property taxes at:</p>	
June 30, 2009	(21,515)
June 30, 2010	65,494
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar, items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Current year principal payments	140,000
Issuance cost amortization	(3,803)
Bond premium amortization	1,992
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
<p style="padding-left: 20px;">Compensated Absences</p>	
June 30, 2009	36,530
June 30, 2010	(56,889)
<p style="padding-left: 20px;">Accrued interest at:</p>	
June 30, 2009	(32,768)
June 30, 2010	<u>9,601</u>
Change in net assets of governmental activities	<u>\$ 2,890,687</u>

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

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Public Law 874	\$ 52,974	\$ 52,974	\$ 42,556	\$ (10,418)
Forest reserve	29,673	29,673	35,183	5,510
Federal grant	18,000	18,000	11,183	(6,817)
State sources:				
State equalization guarantee	4,752,491	4,547,283	4,616,450	69,167
Transportation	268,133	258,813	257,890	(923)
State instructional material	19,538	19,538	19,882	344
Local sources:				
Grant	1,000	1,000	7,312	6,312
District school tax levy	7,606	7,606	8,527	921
Fees and activities	3,600	3,600	4,513	913
Earnings from investments	12,000	12,000	2,248	(9,752)
Miscellaneous	<u>-</u>	<u>-</u>	<u>902</u>	<u>902</u>
Total revenues	<u>\$ 5,165,015</u>	<u>\$ 4,950,487</u>	<u>\$ 5,006,646</u>	<u>\$ 56,159</u>

(continued)

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

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final	(Budgetary Basis)	(Negative)
Expenditures:				
Current:				
Instruction	\$ 3,083,308	\$ 3,011,522	\$ 2,859,006	\$ 152,516
Support Services - Students	637,701	600,946	593,204	7,742
Support Services - Instruction	62,771	64,717	63,000	1,717
Support Services - General Administration	168,866	209,082	198,055	11,027
Support Services - School Administration	356,200	432,606	414,419	18,187
Central Services	249,370	280,367	273,199	7,168
Operation & Maintenance of Plant	933,648	764,559	669,356	95,203
Student Transportation	304,209	290,345	281,166	9,179
Other Support Services	112,449	112,559	110	112,449
Community Services Operations	-	2,291	2,290	1
Capital outlay:				
Land and improvements	25,000	-	-	-
Construction in progress	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>5,983,522</u>	<u>5,768,994</u>	<u>5,353,805</u>	<u>415,189</u>
Excess (deficiency) of revenues over expenditures	(818,507)	(818,507)	(347,159)	471,348
Beginning cash balance budgeted	818,507	818,507	-	(818,507)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>778,543</u>	<u>778,543</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>431,384</u>	<u>\$ 431,384</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			755	
Change in due from other governments			227	
Change in payables			5,613	
Change in accrued liabilities			(845)	
Change in deferred property taxes			<u>(873)</u>	
			<u>\$ 436,261</u>	

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

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

ARRA - STATE REVITALIZATION SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal direct grant	\$ 367,327	\$ 447,062	\$ 302,898	\$ (144,164)
Expenditures:				
Current:				
Instruction	63,812	54,928	37,801	17,127
Support Services - Students	30,413	57,323	60,584	(3,261)
Support Services - Instruction	5,253	978	822	156
Support Services - General Administration	82,261	52,842	43,984	8,858
Support Services - School Administration	16,803	10,572	10,117	455
Central Services	13,302	11,209	10,288	921
Operation & Maintenance of Plant	123,247	224,978	166,463	58,515
Student Transportation	63	2,059	1,917	142
Community Services Operations	<u>32,173</u>	<u>32,173</u>	<u>5,734</u>	<u>26,439</u>
Total expenditures	<u>367,327</u>	<u>447,062</u>	<u>337,710</u>	<u>109,352</u>
Excess (deficiency) of revenues over expenditures	-	-	(34,812)	(34,812)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(34,812)	<u>\$ (34,812)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			41,560	
Change in payables			<u>(6,748)</u>	
			<u>\$ -</u>	

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

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

AGENCY FUNDS
Statement of Fiduciary Assets and Liabilities
June 30, 2010

ASSETS

Pooled cash and investments	\$ 95,843
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LIABILITIES

Deposits held for others	\$ 95,843
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

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STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Penasco Independent School District (District) is a special purpose government corporation governed by an elected seven-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the Town of Penasco, New Mexico and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District's financial statements include all entities over which the Board of Education exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

GAAP requires that financial statements present the District (primary government) and its component units. The district does not have any component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 89, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*.

1. Blended Component Units

The District does not have any component units reported as blended component units.

2. Discretely Presented Component Units

The District does not have any component units reported as discretely presented component units.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Penasco Independent School District's management who is responsible for their integrity and objectivity. The financial statements of the District conform to Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The government reports the following major governmental funds:

General Fund: The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

ARRA – State Revitalization Special Revenue Fund: To support and restore funding for elementary, secondary, and postsecondary education and, as applicable, early child hood education programs and services in States and local educational agencies. Authorization: American Recovery and Reinvestment Act of 2009 (ARRA), Division A, Title XIV, Public Law 111-5.

Bond Building Capital Projects Fund: This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.

Special Capital Outlay – State Capital Projects Fund: This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

Capital Improvements SB – 9 Capital Projects Fund: This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

Debt Service Fund: This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Additionally, the government reports the following fund types:

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

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Funds – Fiduciary Funds are the agency funds used to account for financial resources used by the student activity groups for which the District has stewardship

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Similar to private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Assets, Liabilities, and Net Assets or Equity

1. *Deposits and investments*

The government'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.

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds for the District must follow the above investment policies.

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

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

The District’s property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB – 9 Capital Improvements Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the School District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the School District has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the district has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not be collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

3. *Inventories*

USDA Commodities are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

4. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The costs of library books are not depreciated unless the individual cost is in excess of \$5,000. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building improvements	20
Land Improvements	10-20
Vehicles	5-7
Office equipment	5
Computer equipment	3-5

5. *Compensated absences*

It is the District's policy to permit employees to accumulate 40 days of earned but unused vacation, which will be paid to employees upon separation from the District's service. The amount for liability has been reported in the government-wide financial statements.

Sick pay does not vest and is recorded as expenditures when it is paid.

6. *Long-term obligations*

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

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

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

7. *Fund balance*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. *Net assets*

Net assets are presented on the statement of net assets and may be presented in any of three components.

a. Invested in capital assets, net of related debt

This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.

b. Restricted net assets

Net assets are reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

c. Unrestricted net assets

Unrestricted net assets consist of net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted.”

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

In the governmental environment, net assets often are designated to indicate that management does not consider them to be available for general operations. In contrast to restricted net assets, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

9. *Indirect Costs*

The District's General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

10. *Estimates*

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

11. *Revenues*

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program cost".

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$4,616,450 in state equalization guarantee distributions during the year ended June 30, 2010.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$257,890 in transportation distributions during the year ended June 30, 2010.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the Public School Budget and Planning Unit of the Department of Education. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

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

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

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

**STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4**

Notes to the Financial Statements
June 30, 2010

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. Budgetary Information (continued)

6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2010 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 5,983,522	\$ 5,768,994
Special Revenue Fund	1,551,293	2,229,266
Capital Projects Fund	2,937,345	3,165,635
Debt Service Fund	240,422	240,422
Totals	\$ 10,712,582	\$ 11,404,317

B. Budgetary Violations

The District exceeded its legal budget in individual funds as referenced in Finding 2010-5 on page 131. The District is aware of legal binding of budgets and has implemented a system of checks that will help prevent any further violations of budgetary control.

C. Deficit fund equity

There was one deficit fund balance of \$836 as of June 30, 2010 in the Transportation Fund. This deficit will be covered by future revenues or by the Operational Fund.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2010, the carrying amount of the District's deposits was \$3,065,129 and the bank balance was \$3,512,998 with the difference consisting of outstanding checks and deposits. Of this balance \$3,512,998 was covered by federal depository insurance and \$137,208 was covered by collateral held in joint safekeeping by a third party.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Temporary Investments (continued)

Investments held by the New Mexico State Treasurer are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the direct obligations of the United States government or are agencies sponsored by the United States government. The pool does not have unit shares. Per Section 6-10-10.1(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the local government investment pool is voluntary.

As of June 30, 2010, the District's deposits held by the New Mexico State treasurer were \$5,000.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2010, none of the District's bank balance of \$3,512,998 was exposed to custodial risk as follows:

Uninsured and uncollateralized	\$ (137,208)
Uninsured and collateral held by pledging bank's trust dept not in the District's name	<u>137,208</u>
Total uninsured	-
Insured (FDIC)	<u>3,512,998</u>
Total deposits	<u>\$ 3,512,998</u>
State of New Mexico collateral requirement:	
50% of uninsured public fund bank deposits	\$ 1,631,499
Pledged security	<u>137,208</u>
Over collateralization	<u>\$ (1,494,291)</u>

The collateral pledged is listed on Page 113 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

**STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4**

Notes to the Financial Statements
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Temporary Investments (continued)

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Additionally, banks that are accepted to may be insured for 100% of non-interest earnings accounts. The Districts deposits with First Community Bank qualified for this coverage.

B. Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the following:

	<u>General</u>	ARRA - State <u>Revitalization</u>	Capital Improvements <u>SB - 9</u>	Debt <u>Service</u>	Other Governmental <u>Funds</u>
Receivables:					
Delinquent property taxes	\$ 1,610	\$ -	\$ 17,259	\$ 51,988	\$ -
Grant	-	41,560	-	-	77,354
Due from other:					
Governments	<u>227</u>	<u>-</u>	<u>2,429</u>	<u>7,334</u>	<u>-</u>
Total	<u>\$ 1,837</u>	<u>\$ 41,560</u>	<u>\$ 19,688</u>	<u>\$ 59,322</u>	<u>\$ 77,354</u>

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements		
Other Governmental Funds	\$ -	\$ 296
Delinquent property taxes		
General Fund	1,508	-
Capital Improvements SB - 9	15,988	-
Debt Service Fund	<u>47,998</u>	<u>-</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 65,494</u>	<u>\$ 296</u>

**STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4**

Notes to the Financial Statements
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning <u>Balance</u>	<u>Restatement</u>	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 1,531,311	\$ -	\$ 1,531,311	\$ -	\$ -	\$ 1,531,311
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,089,877</u>	<u>-</u>	<u>4,089,877</u>
Total capital assets, not being depreciated	<u>1,531,311</u>	<u>-</u>	<u>1,531,311</u>	<u>4,089,877</u>	<u>-</u>	<u>5,621,188</u>
Capital assets, being depreciated:						
Land improvements	-	853,826	853,826	38,520	-	892,346
Buildings and improvements	15,307,806	1,449,696	16,757,502	-	-	16,757,502
Furniture, fixtures, and equipment	<u>3,315,925</u>	<u>(2,528,246)</u>	<u>787,679</u>	<u>14,284</u>	<u>-</u>	<u>801,963</u>
Total capital assets being depreciated	<u>18,623,731</u>	<u>(224,724)</u>	<u>18,399,007</u>	<u>52,804</u>	<u>-</u>	<u>18,451,811</u>
Less accumulated depreciation for:						
Land improvements	-	(154,175)	(154,175)	(56,490)	-	(210,665)
Buildings and improvements	(6,962,949)	(6,249,150)	(13,212,099)	(311,487)	-	(13,523,586)
Furniture, fixtures, and equipment	<u>(2,148,179)</u>	<u>1,598,514</u>	<u>(549,665)</u>	<u>(53,183)</u>	<u>-</u>	<u>(602,848)</u>
Total accumulated depreciation	<u>(9,111,128)</u>	<u>(4,804,811)</u>	<u>(13,915,939)</u>	<u>(421,160)</u>	<u>-</u>	<u>(14,337,099)</u>
Total capital assets being depreciated, net	<u>9,512,603</u>	<u>(5,029,535)</u>	<u>4,483,068</u>	<u>(368,356)</u>	<u>-</u>	<u>4,114,712</u>
Total capital assets, net	<u>\$ 11,043,914</u>	<u>\$ (5,029,535)</u>	<u>\$ 6,014,379</u>	<u>\$ 3,721,521</u>	<u>\$ -</u>	<u>\$ 9,735,900</u>

Depreciation has been allocated to the functions by the following amounts:

Instruction	\$ 208,654
Support Services - Students	44,538
Support Services - Instruction	5,612
Support Services - General Administration	15,537
Support Services - School Administration	29,401
Central Services	17,069
Operations & Maintenance of Plant	62,688
Student Transportation	17,851
Other Support Services	7
Food Services	16,823
Community Services	2,980
Total Depreciation Expense	<u>\$ 421,160</u>

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (continued)

The Schedule of Capital Assets Used by Source, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

Accumulated depreciation and capital assets have been restated. The details of this restatement are in the footnote IV on page 38.

Construction commitments

The District is involved in several long-term construction projects as part of their master plan for upgrading the district buildings. The amount of \$2,094,048 in the capital projects fund designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.

D. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2010 were:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 102,740	\$ -
ARRA - State Revitalization	-	34,812
Other Governmental Funds	-	67,928
Total deferred/unearned revenue for governmental funds	<u>\$ 102,740</u>	<u>\$ 102,740</u>

The inter-fund loans were made for the purposes of cash shortfalls within the individual funds. All loans are expected to be repaid within the next fiscal year.

E. Inter-Fund Transfers

There was one transfer of \$884 made during the year ended June 30, 2010 from not Discretionary IDEA-B Special Revenue Fund to IDEA-B State Directed for the purpose that the monies were recorded in the wrong fund in the prior year.

**STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4**

Notes to the Financial Statements
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS (continued)

F. Long-Term Debt

General Obligation Bonds

General Obligation Bonds – The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. The details of the bonds and notes as of June 30, 2010 are as follows:

<u>General Obligations Bonds</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Balance June 30, 2010</u>	<u>Amount Due Within One Year</u>
Series 1995	\$ 1,100,000	5.25% to 7.25%	\$ -	\$ -
Series 1996	140,000	5.40% to 5.80%	-	-
Series 2009	<u>2,230,000</u>	3.75% to 5.15%	<u>2,230,000</u>	-
Total	<u>\$ 3,470,000</u>		<u>\$ 2,230,000</u>	<u>\$ -</u>

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>General Obligation Bonds</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011	\$ -	\$ 98,302	\$ 98,302
2012	80,000	96,703	176,703
2013	85,000	93,402	178,402
2014	90,000	89,903	179,903
2015	95,000	86,321	181,321
2016 - 2020	530,000	373,169	903,169
2021 - 2025	680,000	245,135	925,135
2026 - 2030	<u>670,000</u>	<u>69,816</u>	<u>739,816</u>
Total	<u>\$ 2,230,000</u>	<u>\$ 1,152,751</u>	<u>\$ 3,382,751</u>

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS (continued)

G. Long-Term Debt (continued)

Changes in long term debt – During the year ended June 30, 2010 the following changes occurred in liabilities reported in the general obligation bonds account group:

	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>	<u>Within One Year</u>
Compensated absences:					
Compensated vacation	\$ 36,509	\$ 33,246	\$ 12,866	\$ 56,889	\$ 56,889
Bonds payable	<u>2,370,000</u>	<u>-</u>	<u>140,000</u>	<u>2,230,000</u>	<u>-</u>
	<u>\$ 2,406,509</u>	<u>\$ 33,246</u>	<u>\$ 152,866</u>	<u>\$ 2,286,889</u>	<u>\$ 56,889</u>

	<u>Balance</u> <u>June 30, 2010</u>
Bonds payable	\$ 2,230,000
Less: current maturities	-
Unamortized:	
Bond premiums	<u>37,834</u>
Total non-current liabilities	<u>\$ 2,267,834</u>

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds. The liquidation of bonds payable is done with resources from the debt service fund.

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2010.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

IV. OTHER INFORMATION (continued)

B. Contingent Liabilities

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

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

C. Employee Retirement Plan

Plan Description - Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained by writing to:

ERB
P.O. Box 26129
Santa Fe, New Mexico 87502-6129
www.nmerb.org

Funding Policy - Plan members are required to contribute 7.90% of their gross salary. Penasco Independent School District is required to contribute 12.46% of the gross covered salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the District are established in Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. The District's contributions to the ERB for the years ended June 30, 2010, 2009 and 2008 were \$426,737, \$444,596, and \$406,393, respectively, equal to the amount of the required contribution for the year. The contribution rates will increase each year as follows:

<u>Fiscal Year</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>
2010-2011	13.150%	7.900%
2011-2012	13.900%	7.900%

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

IV. OTHER INFORMATION (continued)

D. Post-Retirement Health Care Benefits

Plan Description – Penasco Independent School District No. 4’s 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:

Retiree Health Care Authority
4308 Carlisle NE, Suite 104
Albuquerque, NM 87107

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

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. The statute requires each participating employer to contribute 1.3% of each participating employee’s annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes to the Financial Statements
June 30, 2010

IV. OTHER INFORMATION (continued)

D. Post-Retirement Health Care Benefits (continued)

Employers joining the program after January 1, 1998 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.

Penasco Independent School District No. 4's contributions to the RHCA for the years ended June 30, 2010, 2009, and 2008 were \$50,206, \$49,612, and \$48,469, respectively, which equal the required contributions for each year.

E. Restatement

The Statement of Activities is being restated by \$5,029,535. Of this, \$224,724 is for capital assets that had been previously deleted but had remained on the capital asset listing. The remaining \$4,804,811 is for capital assets that had been understating depreciation in prior years.

F. Cash Flows

The District operates on primarily on reimbursement grants. The District must support the expenditures of these grants with monies from the unrestricted operating monies. Operating on a reimbursement basis for these grants in its self does not adversely affect the District's ability to operate effectively. However, the time it takes to receive reimbursement, if extensive, does significantly affect the District cash flows and the ability to deliver educational services to the community in an effective manner. The delay in receiving reimbursements has been progressively increasing through this and the previous two years. The current trend will adversely affect the District in subsequent years.

**STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4**

**GENERAL FUNDS
Year Ended June 30, 2010**

OPERATING FUND

The government's primary fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TRANSPORTATION FUND

Accounts for all the Transportation funds received through the state that are used in the maintaining and operating vehicles used to transport students.

INSTRUCTIONAL MATERIALS FUND

Accounts for all the Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

GENERAL FUND
Combining Balance Sheet
June 30, 2010

	General Funds			Total General <u>Funds</u>
	<u>Operational Fund</u>	<u>Transportation Fund</u>	<u>Instructional Materials Fund</u>	
ASSETS				
Pooled cash and investments	\$ 318,445	\$ 9	\$ 32,560	\$ 351,014
Receivables:				
Delinquent property taxes	1,610	-	-	1,610
Due from other governments	227	-	-	227
Due from other funds	102,740	-	-	102,740
Total assets	\$ 423,022	\$ 9	\$ 32,560	\$ 455,591
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 16,977	\$ 845	\$ -	\$ 17,822
Deferred revenue:				
Delinquent property taxes	1,508	-	-	1,508
Total liabilities	18,485	845	-	19,330
Fund balance:				
Unreserved, undesignated, and reported in:				
General fund	404,537	(836)	32,560	436,261
Total liabilities and fund balance	\$ 423,022	\$ 9	\$ 32,560	\$ 455,591

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

GENERAL FUND
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2010

	General Funds			Total General <u>Fund</u>
	Operational <u>Fund</u>	Transportation <u>Fund</u>	Instructional Materials <u>Fund</u>	
Revenues:				
Federal sources:				
Public Law 874	\$ 42,556	\$ -	\$ -	\$ 42,556
Forest reserve	35,183	-	-	35,183
Federal flowthrough grants	11,183	-	-	11,183
State sources:				
State equalization guarantee	4,616,450	-	-	4,616,450
Transportation	-	257,890	-	257,890
State instructional material	-	-	19,882	19,882
Local sources:				
Grant	7,312	-	-	7,312
District school tax levy	8,636	-	-	8,636
Fees and activities	4,514	-	-	4,514
Earnings from investments	2,248	-	-	2,248
Miscellaneous	<u>901</u>	<u>-</u>	<u>-</u>	<u>901</u>
Total revenue	<u>4,728,983</u>	<u>257,890</u>	<u>19,882</u>	<u>5,006,755</u>
Expenditures:				
Current:				
Instruction	2,829,176	-	37,040	2,866,216
Support Services - Students	593,204	-	-	593,204
Support Services - Instruction	57,816	-	4,142	61,958
Support Services - General Administration	195,684	-	-	195,684
Support Services - School Administration	414,419	-	-	414,419
Central Services	273,303	-	-	273,303
Operations & Maintenance of Plant	659,250	-	-	659,250
Student Transportation	22,954	259,649	-	282,603
Other Support Services	110	-	-	110
Community Services	<u>2,290</u>	<u>-</u>	<u>-</u>	<u>2,290</u>
Total expenditures	<u>5,048,206</u>	<u>259,649</u>	<u>41,182</u>	<u>5,349,037</u>
Excess (deficiency) of revenues over expenditures	(319,223)	(1,759)	(21,300)	(342,282)
Fund balance at beginning of the year	<u>723,760</u>	<u>923</u>	<u>53,860</u>	<u>778,543</u>
Fund balance at end of the year	<u>\$ 404,537</u>	<u>\$ (836)</u>	<u>\$ 32,560</u>	<u>\$ 436,261</u>

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

OPERATIONAL SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Public Law 874	\$ 52,974	\$ 52,974	\$ 42,556	\$ (10,418)
Forest reserve	29,673	29,673	35,183	5,510
Federal grant	18,000	18,000	11,183	(6,817)
State sources:				
State equalization guarantee	4,752,491	4,547,283	4,616,450	69,167
Local sources:				
Grant	1,000	1,000	7,312	6,312
District school tax levy	7,606	7,606	8,527	921
Fees and activities	3,600	3,600	4,513	913
Earnings from investments	12,000	12,000	2,248	(9,752)
Miscellaneous	-	-	902	902
Total revenues	<u>4,877,344</u>	<u>4,672,136</u>	<u>4,728,874</u>	<u>56,738</u>
Expenditures:				
Current:				
Instruction	3,015,000	2,943,214	2,821,966	121,248
Support Services - Students	637,701	600,946	593,204	7,742
Support Services - Instruction	58,617	60,563	58,858	1,705
Support Services - General Administration	168,866	209,082	198,055	11,027
Support Services - School Administration	356,200	432,606	414,419	18,187
Central Services	249,370	280,367	273,199	7,168
Operation & Maintenance of Plant	933,648	764,559	669,356	95,203
Student Transportation	36,076	31,532	22,362	9,170
Other Support Services	112,449	112,559	110	112,449
Community Services Operations	-	2,291	2,290	1
Capital outlay:				
Land and improvements	25,000	-	-	-
Construction in progress	50,000	-	-	-
Total expenditures	<u>5,642,927</u>	<u>5,437,719</u>	<u>5,053,819</u>	<u>383,900</u>
Excess (deficiency) of revenues over expenditures	(765,583)	(765,583)	(324,945)	440,638
Beginning cash balance budgeted	765,583	765,583	-	(765,583)
Fund balance at beginning of the year	-	-	723,760	723,760
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>398,815</u>	<u>\$ 398,815</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			755	
Change in due from other governments			227	
Change in payables			5,613	
Change in deferred property taxes			(873)	
			<u>\$ 404,537</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

TRANSPORTATION SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
State sources:				
Transportation	\$ 268,133	\$ 258,813	\$ 257,890	\$ (923)
 Expenditures:				
Current:				
Student Transportation	<u>268,133</u>	<u>258,813</u>	<u>258,804</u>	<u>9</u>
Excess (deficiency) of revenues over expenditures	-	-	(914)	(914)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>923</u>	<u>923</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>9</u>	<u><u>\$ 9</u></u>
 RECONCILIATION TO GAAP BASIS:				
Change in accrued liabilities			<u>(845)</u>	
			<u><u>\$ (836)</u></u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

INSTRUCTIONAL MATERIALS SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State instructional material	\$ 19,538	\$ 19,538	\$ 19,882	\$ 344
Expenditures:				
Current:				
Instruction	68,308	68,308	37,040	31,268
Support Services - Instruction	<u>4,154</u>	<u>4,154</u>	<u>4,142</u>	<u>12</u>
Total expenditures	<u>72,462</u>	<u>72,462</u>	<u>41,182</u>	<u>31,280</u>
Excess (deficiency) of revenues over expenditures	(52,924)	(52,924)	(21,300)	31,624
Beginning cash balance budgeted	52,924	52,924	-	(52,924)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>53,860</u>	<u>53,860</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	32,560	<u>\$ 32,560</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
			<u>\$ 32,560</u>	

NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2010

	<u>Special Revenue Funds</u>								
	Food Service Fund	Athletics Fund	Title I Fund	Entitlement IDEA-B Fund	Discretionary IDEA-B Fund	Preschool IDEA-B Fund	21st Century Community Learning Centers Fund	IDEA-B "Risk Pool" Fund	Title III English Language Fund
ASSETS									
Pooled cash and investments	\$ 90,519	\$ 47,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:									
Grant	9,094	-	8,031	7,865	-	863	13,859	691	2,408
Food inventory	<u>12,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 112,036</u>	<u>\$ 47,846</u>	<u>\$ 8,031</u>	<u>\$ 7,865</u>	<u>\$ -</u>	<u>\$ 863</u>	<u>\$ 13,859</u>	<u>\$ 691</u>	<u>\$ 2,408</u>
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable	\$ 1,466	\$ 204	\$ -	\$ 175	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	8,031	7,690	-	863	13,859	691	2,408
Deferred revenue:									
Federal, state, and local grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,466</u>	<u>204</u>	<u>8,031</u>	<u>7,865</u>	<u>-</u>	<u>863</u>	<u>13,859</u>	<u>691</u>	<u>2,408</u>
Fund balance:									
Reserved for:									
Inventories	12,423	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-
Unreserved, designated for, and reported in:									
Special revenue funds	<u>98,147</u>	<u>47,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>110,570</u>	<u>47,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 112,036</u>	<u>\$ 47,846</u>	<u>\$ 8,031</u>	<u>\$ 7,865</u>	<u>\$ -</u>	<u>\$ 863</u>	<u>\$ 13,859</u>	<u>\$ 691</u>	<u>\$ 2,408</u>

(continued)

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2010

	<u>Special Revenue Funds</u>							
	Teacher/Principal Training Fund	Title IV Drug Free Schools Fund	Rural & Low- Income Schools Fund	ARRA - Title I Fund	ARRA - Entitlement IDEA-B Fund	ARRA - Preschool IDEA-B Fund	Impact Aid Special Education Fund	Impact Aid Indian Education Fund
ASSETS								
Pooled cash and investments	\$ -	\$ -	\$ 296	\$ -	\$ -	\$ -	\$ 8,824	\$ 54,414
Receivables:								
Grant	6,739	602	-	1,521	7,225	1,400	-	-
Food inventory	-	-	-	-	-	-	-	-
Total assets	<u>\$ 6,739</u>	<u>\$ 602</u>	<u>\$ 296</u>	<u>\$ 1,521</u>	<u>\$ 7,225</u>	<u>\$ 1,400</u>	<u>\$ 8,824</u>	<u>\$ 54,414</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ 21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	6,718	602	-	1,521	7,225	1,400	-	-
Deferred revenue:								
Federal, state, and local grants	-	-	296	-	-	-	-	-
Total liabilities	<u>6,739</u>	<u>602</u>	<u>296</u>	<u>1,521</u>	<u>7,225</u>	<u>1,400</u>	<u>-</u>	<u>-</u>
Fund balance:								
Reserved for:								
Inventories	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-
Unreserved, designated for, and reported in:								
Special revenue funds	-	-	-	-	-	-	8,824	54,414
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,824</u>	<u>54,414</u>
Total liabilities and fund balance	<u>\$ 6,739</u>	<u>\$ 602</u>	<u>\$ 296</u>	<u>\$ 1,521</u>	<u>\$ 7,225</u>	<u>\$ 1,400</u>	<u>\$ 8,824</u>	<u>\$ 54,414</u>

(continued)

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2010

	Special Revenue Funds								
	Title XIX Medicaid Fund	Indian Education Formula Grant Fund	LANL Foundation Fund	Drawing from the Well Fund	Dual Credit Instructional Materials Fund	Technology for Education Fund	Incentives for School Improvement Fund	Beginning Teacher Mentoring Fund	Breakfast for Elementary Students Fund
ASSETS									
Pooled cash and investments	\$ 89,486	\$ 2	\$ 96,694	\$ 5,485	\$ -	\$ 17,362	\$ 13,408	\$ -	\$ 1,078
Receivables:									
Grant	-	59	-	-	550	77	-	1,472	-
Food inventory	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 89,486</u>	<u>\$ 61</u>	<u>\$ 96,694</u>	<u>\$ 5,485</u>	<u>\$ 550</u>	<u>\$ 17,439</u>	<u>\$ 13,408</u>	<u>\$ 1,472</u>	<u>\$ 1,078</u>
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable	\$ -	\$ 61	\$ -	\$ -	\$ -	\$ 17,439	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	550	-	-	1,472	-
Deferred revenue:									
Federal, state, and local grants	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>61</u>	<u>-</u>	<u>-</u>	<u>550</u>	<u>17,439</u>	<u>-</u>	<u>1,472</u>	<u>-</u>
Fund balance:									
Reserved for:									
Inventories	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-
Unreserved, designated for, and reported in:									
Special revenue funds	<u>89,486</u>	<u>-</u>	<u>96,694</u>	<u>5,485</u>	<u>-</u>	<u>-</u>	<u>13,408</u>	<u>-</u>	<u>1,078</u>
Total fund balance	<u>89,486</u>	<u>-</u>	<u>96,694</u>	<u>5,485</u>	<u>-</u>	<u>-</u>	<u>13,408</u>	<u>-</u>	<u>1,078</u>
Total liabilities and fund balance	<u>\$ 89,486</u>	<u>\$ 61</u>	<u>\$ 96,694</u>	<u>\$ 5,485</u>	<u>\$ 550</u>	<u>\$ 17,439</u>	<u>\$ 13,408</u>	<u>\$ 1,472</u>	<u>\$ 1,078</u>

(continued)

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2010

	<u>Special Revenue Funds</u>							
	K-Plus Initiative Fund	SINOI Fund	Kindergarten 3-Plus Fund	Libraries GO Bond 2006 Fund	IDEA-B State Directed Fund	Library Books Fund	Qwest Classroom Technology Fund	Total Non-Major Special Revenue Funds
ASSETS								
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 23,377	\$ 3	\$ -	\$ 448,794
Receivables:								
Grant	13,167	-	-	1,731	-	-	-	77,354
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,423</u>
Total assets	<u>\$ 13,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,731</u>	<u>\$ 23,377</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 538,571</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,366
Due to other funds	13,167	-	-	1,731	-	-	-	67,928
Deferred revenue:								
Federal, state, and local grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296</u>
Total liabilities	<u>13,167</u>	<u>-</u>	<u>-</u>	<u>1,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,590</u>
Fund balance:								
Reserved for:								
Inventories	-	-	-	-	-	-	-	12,423
Capital projects funds	-	-	-	-	-	-	-	-
Unreserved, designated for, and reported in:								
Special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,377</u>	<u>3</u>	<u>-</u>	<u>438,558</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,377</u>	<u>3</u>	<u>-</u>	<u>450,981</u>
Total liabilities and fund balance	<u>\$ 13,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,731</u>	<u>\$ 23,377</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 538,571</u>

(continued)

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2010

	Public School Capital Outlay - 20% <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS		
Pooled cash and investments	\$ 1,170	\$ 449,964
Receivables:		
Grant	-	77,354
Food inventory	<u>-</u>	<u>12,423</u>
Total assets	<u>\$ 1,170</u>	<u>\$ 539,741</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ -	\$ 19,366
Due to other funds	-	67,928
Deferred revenue:		
Federal, state, and local grants	<u>-</u>	<u>296</u>
Total liabilities	<u>-</u>	<u>87,590</u>
Fund balance:		
Reserved for:		
Inventories	-	12,423
Capital projects funds	1,170	1,170
Unreserved, designated for, and reported in:		
Special revenue funds	<u>-</u>	<u>438,558</u>
Total fund balance	<u>1,170</u>	<u>452,151</u>
Total liabilities and fund balance	<u>\$ 1,170</u>	<u>\$ 539,741</u>

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2010

	Special Revenue Funds			
	Food Service	Athletics	Title I	Entitlement
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>IDEA-B</u> <u>Fund</u>
Revenues:				
Federal sources:				
Public Law 874	\$ -	\$ -	\$ -	\$ -
Federal flowthrough grants	-	-	147,094	122,284
Food and milk reimbursements	256,288	-	-	-
USDA Commodities	11,098	-	-	-
State sources:				
State grant	-	-	-	-
Local sources:				
Grant	-	-	-	-
Fees and activities	3,018	91,576	-	-
Earnings from investments	<u>469</u>	<u>16</u>	<u>-</u>	<u>-</u>
Total revenue	<u>270,873</u>	<u>91,592</u>	<u>147,094</u>	<u>122,284</u>
Expenditures:				
Current:				
Instruction	-	76,201	90,282	115,041
Support Services - Students	-	-	-	5,784
Support Services - Instruction	-	-	-	-
Support Services - General Administration	-	-	6,823	-
Support Services - School Administration	-	-	32,152	-
Central Services	-	-	-	496
Student Transportation	-	-	-	963
Food Services	276,022	-	-	-
Community Services	<u>-</u>	<u>-</u>	<u>17,837</u>	<u>-</u>
Total expenditures	<u>276,022</u>	<u>76,201</u>	<u>147,094</u>	<u>122,284</u>
Excess (deficiency) of revenues over expenditures	(5,149)	15,391	-	-
Fund balance at beginning of the year	<u>115,719</u>	<u>32,251</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 110,570</u>	<u>\$ 47,642</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2010

	Special Revenue Funds			
	Discretionary IDEA-B Fund	Preschool IDEA-B Fund	21st Century Community Learning Centers Fund	IDEA-B "Risk Pool" Fund
			Fund	Fund
Revenues:				
Federal sources:				
Public Law 874	\$ -	\$ -	\$ -	\$ -
Federal flowthrough grants	-	1,103	107,403	1,166
Food and milk reimbursements	-	-	-	-
USDA Commodities	-	-	-	-
State sources:				
State grant	-	-	-	-
Local sources:				
Grant	-	-	-	-
Fees and activities	-	-	-	-
Earnings from investments	-	-	-	-
Total revenue	-	1,103	107,403	1,166
Expenditures:				
Current:				
Instruction	-	-	79,487	-
Support Services - Students	-	-	-	1,166
Support Services - Instruction	-	-	-	-
Support Services - General Administration	-	-	3,717	-
Support Services - School Administration	-	-	24,199	-
Central Services	-	-	-	-
Student Transportation	-	-	-	-
Food Services	-	-	-	-
Community Services	-	1,103	-	-
Total expenditures	-	1,103	107,403	1,166
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ -	\$ -

(continued)

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2010

	Special Revenue Funds			
	Title III English Language <u>Fund</u>	Teacher/Principal Training <u>Fund</u>	Title IV Drug Free Schools <u>Fund</u>	Rural & Low- Income Schools <u>Fund</u>
Revenues:				
Federal sources:				
Public Law 874	\$ -	\$ -	\$ -	\$ -
Federal flowthrough grants	-	30,664	2,722	235
Food and milk reimbursements	-	-	-	-
USDA Commodities	-	-	-	-
State sources:				
State grant	-	-	-	-
Local sources:				
Grant	-	-	-	-
Fees and activities	-	-	-	-
Earnings from investments	-	-	-	-
Total revenue	-	30,664	2,722	235
Expenditures:				
Current:				
Instruction	-	26,296	1,692	235
Support Services - Students	-	-	869	-
Support Services - Instruction	-	-	-	-
Support Services - General Administration	-	1,432	161	-
Support Services - School Administration	-	2,802	-	-
Central Services	-	-	-	-
Student Transportation	-	134	-	-
Food Services	-	-	-	-
Community Services	-	-	-	-
Total expenditures	-	30,664	2,722	235
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ -	\$ -

(continued)

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2010

	Special Revenue Funds			
	ARRA - Title I Fund	ARRA - Entitlement IDEA-B Fund	ARRA - Preschool IDEA-B Fund	Impact Aid Special Education Fund
Revenues:				
Federal sources:				
Public Law 874	\$ -	\$ -	\$ -	\$ 3,600
Federal flowthrough grants	50,501	49,679	-	-
Food and milk reimbursements	-	-	-	-
USDA Commodities	-	-	-	-
State sources:				
State grant	-	-	-	-
Local sources:				
Grant	-	-	-	-
Fees and activities	-	-	-	-
Earnings from investments	-	-	-	-
Total revenue	50,501	49,679	-	3,600
Expenditures:				
Current:				
Instruction	33,691	39,039	-	-
Support Services - Students	-	7,563	-	-
Support Services - Instruction	-	-	-	-
Support Services - General Administration	2,311	-	-	-
Support Services - School Administration	-	-	-	-
Central Services	-	-	-	-
Student Transportation	-	-	-	-
Food Services	-	-	-	-
Community Services	14,499	3,077	-	-
Total expenditures	50,501	49,679	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	3,600
Fund balance at beginning of the year	-	-	-	5,224
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ -	\$ 8,824

(continued)

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2010

	Special Revenue Funds			
	Impact Aid		Indian	
	Indian	Title XIX	Education	LANL
	Education	Medicaid	Formula Grant	Foundation
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Revenues:				
Federal sources:				
Public Law 874	\$ 8,878	\$ -	\$ -	\$ -
Federal flowthrough grants	-	1,436	6,487	-
Food and milk reimbursements	-	-	-	-
USDA Commodities	-	-	-	-
State sources:				
State grant	-	-	-	-
Local sources:				
Grant	-	-	-	68,967
Fees and activities	-	-	-	-
Earnings from investments	-	-	-	-
Total revenue	<u>8,878</u>	<u>1,436</u>	<u>6,487</u>	<u>68,967</u>
Expenditures:				
Current:				
Instruction	670	664	6,489	17,571
Support Services - Students	-	34,079	-	-
Support Services - Instruction	-	-	-	-
Support Services - General Administration	-	690	-	-
Support Services - School Administration	-	-	-	-
Central Services	-	-	-	-
Student Transportation	159	600	-	-
Food Services	-	-	-	-
Community Services	-	-	-	5,052
Total expenditures	<u>829</u>	<u>36,033</u>	<u>6,489</u>	<u>22,623</u>
Excess (deficiency) of revenues over expenditures	8,049	(34,597)	(2)	46,344
Fund balance at beginning of the year	<u>46,365</u>	<u>124,083</u>	<u>2</u>	<u>50,350</u>
Fund balance (deficit) at end of the year	<u>\$ 54,414</u>	<u>\$ 89,486</u>	<u>\$ -</u>	<u>\$ 96,694</u>

(continued)

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2010

	Special Revenue Funds			
	Drawing from the Well Fund	Dual Credit Instructional Materials Fund	Technology for Education Fund	Incentives for School Improvement Fund
Revenues:				
Federal sources:				
Public Law 874	\$ -	\$ -	\$ -	\$ -
Federal flowthrough grants	-	-	-	-
Food and milk reimbursements	-	-	-	-
USDA Commodities	-	-	-	-
State sources:				
State grant	-	797	3,603	-
Local sources:				
Grant	8,000	-	-	-
Fees and activities	-	-	-	-
Earnings from investments	-	-	-	-
Total revenue	8,000	797	3,603	-
Expenditures:				
Current:				
Instruction	4,446	797	17,439	-
Support Services - Students	-	-	-	-
Support Services - Instruction	-	-	-	-
Support Services - General Administration	-	-	-	-
Support Services - School Administration	-	-	-	-
Central Services	-	-	-	-
Student Transportation	-	-	-	-
Food Services	-	-	-	-
Community Services	-	-	-	-
Total expenditures	4,446	797	17,439	-
Excess (deficiency) of revenues over expenditures	3,554	-	(13,836)	-
Fund balance at beginning of the year	1,931	-	13,836	13,408
Fund balance (deficit) at end of the year	\$ 5,485	\$ -	\$ -	\$ 13,408

(continued)

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2010

	Special Revenue Funds				
	Beginning Teacher Mentoring Fund	Breakfast for Elementary Students Fund	K-Plus Initiative Fund	SINOI Fund	Kindergarten 3-Plus Fund
Revenues:					
Federal sources:					
Public Law 874	\$ -	\$ -	\$ -	\$ -	\$ -
Federal flowthrough grants	-	-	-	-	-
Food and milk reimbursements	-	-	-	-	-
USDA Commodities	-	-	-	-	-
State sources:					
State grant	664	3,809	-	995	74,169
Local sources:					
Grant	-	-	-	-	-
Fees and activities	-	-	-	-	-
Earnings from investments	-	-	-	-	-
Total revenue	664	3,809	-	995	74,169
Expenditures:					
Current:					
Instruction	-	-	-	-	53,725
Support Services - Students	-	-	-	-	8,879
Support Services - Instruction	2,136	-	-	995	569
Support Services - General Administration	-	-	-	-	-
Support Services - School Administration	-	-	-	-	5,659
Central Services	-	-	-	-	-
Student Transportation	-	-	-	-	5,337
Food Services	-	3,975	-	-	-
Community Services	-	-	-	-	-
Total expenditures	2,136	3,975	-	995	74,169
Excess (deficiency) of revenues over expenditures	(1,472)	(166)	-	-	-
Fund balance at beginning of the year	1,472	1,244	-	-	-
Fund balance (deficit) at end of the year	\$ -	\$ 1,078	\$ -	\$ -	\$ -

(continued)

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2010

	Special Revenue Funds				Total Nonmajor Special Revenue Funds
	Libraries GO Bond 2006 Fund	IDEA-B State Directed Fund	Library Books Fund	Qwest Classroom Technology Fund	
Revenues:					
Federal sources:					
Public Law 874	\$ -	\$ -	\$ -	\$ -	\$ 12,478
Federal flowthrough grants	-	-	-	-	520,774
Food and milk reimbursements	-	-	-	-	256,288
USDA Commodities	-	-	-	-	11,098
State sources:					
State grant	5,003	57,928	-	-	146,968
Local sources:					
Grant	-	-	-	5,000	81,967
Fees and activities	-	-	-	-	94,594
Earnings from investments	-	-	-	-	485
Total revenue	5,003	57,928	-	5,000	1,124,652
Expenditures:					
Current:					
Instruction	-	-	-	5,000	568,765
Support Services - Students	-	29,150	-	-	87,490
Support Services - Instruction	5,003	-	1,569	-	10,272
Support Services - General Administration	-	-	-	-	15,134
Support Services - School Administration	-	-	-	-	64,812
Central Services	-	-	-	-	496
Student Transportation	-	5,401	-	-	12,594
Food Services	-	-	-	-	279,997
Community Services	-	-	-	-	41,568
Total expenditures	5,003	34,551	1,569	5,000	1,081,128
Excess (deficiency) of revenues over expenditures	-	23,377	(1,569)	-	43,524
Fund balance at beginning of the year	-	-	1,572	-	407,457
Fund balance (deficit) at end of the year	\$ -	\$ 23,377	\$ 3	\$ -	\$ 450,981

(continued)

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2010

	Public School Capital Outlay - 20% <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:		
Federal sources:		
Public Law 874	\$ -	\$ 12,478
Federal flowthrough grants	-	520,774
Food and milk reimbursements	-	256,288
USDA Commodities	-	11,098
State sources:		
State grant	-	146,968
Local sources:		
Grant	-	81,967
Fees and activities	-	94,594
Earnings from investments	-	485
Total revenue	<u>-</u>	<u>1,124,652</u>
Expenditures:		
Current:		
Instruction	-	568,765
Support Services - Students	-	87,490
Support Services - Instruction	-	10,272
Support Services - General Administration	-	15,134
Support Services - School Administration	-	64,812
Central Services	-	496
Student Transportation	-	12,594
Food Services	-	279,997
Community Services	-	41,568
Total expenditures	<u>-</u>	<u>1,081,128</u>
Excess (deficiency) of revenues over expenditures	-	43,524
Fund balance at beginning of the year	<u>1,170</u>	<u>408,627</u>
Fund balance (deficit) at end of the year	<u>\$ 1,170</u>	<u>\$ 452,151</u>

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BUDGETARY PRESENTATION

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2010

FOOD SERVICES

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

ATHLETICS

This fund provides financing for school athletic activities. Funding is provided by fees from patrons.

TITLE I

To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

ENTITLEMENT/DISCRETIONARY IDEA-B

The Entitlement/Discretionary IDEA-B program is to provide grants to states, that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

PRESCHOOL IDEA-B

The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.

21ST CENTURY COMMUNITY LEARNING CENTERS

To create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools. The program is intended to help students meet state and local student standards in core academic subjects, such as reading and math; offers students a broad array of enrichment activities that should complement their regular academic programs; and offers literacy and other educational services to the families of participating children. Authorization: Elementary and Secondary Education Act of 1965, as amended, Title IV, Part B.

IDEA-B "RISK POOL"

The following rule is promulgated to assist New Mexico public agencies in appropriately identifying and providing educational services for children with disabilities and gifted children. The purposes of this rule is (a) to ensure that all children with disabilities and gifted children have available a free appropriate public education which includes special education and related services to meet their unique needs; (b) to ensure that the rights of children with disabilities and gifted children and their parents are protected; (c) to assist public agencies to provide for the education of all children with disabilities and gifted children; and (d) to evaluate and ensure the effectiveness of efforts to educate those children. Public Law 108-446, now the Individuals with Disabilities Education Improvement Act of 2004 (IDEA) at 20 USC Sec. 1412(a)(11)

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2010

TITLE III ENGLISH LANGUAGE

To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101,3129.

TEACHER/PRINCIPAL TRAINING

To provide grants to State Education Agencies (SEAs) on a formula basis 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 the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

TITLE IV DRUG FREE SCHOOLS

To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources. Authorized by Elementary and Secondary Education Act, Title IV, Part A, Subpart 1, as amended. 20 U.S.C. 7111-7118.

RURAL & LOW-INCOME SCHOOLS

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, Title VI, Part B.

ARRA – TITLE I

Use of funds varies, depending on whether a school is operating a schoolwide program under Title I, section 1114 of ESEA or a targeted assistance program under Section 1115 of the ESEA. A school with at least a 40 percent poverty rate may choose to operate a schoolwide program under Section 1114 that allows Title I funds to be combined with other Federal, State, and local funds to upgrade the school's overall instructional program. Schoolwide program schools must receive the amount of non-Federal resources they would have received in the absence of Title I funds. All other participating schools must operate targeted assistance programs that provide extra instruction to those children failings, or most at risk of failing, to meet State academic achievement standards. Targeted assistance programs must ensure that Title I services supplement, and do not supplant the regular education programs normally provided with non-Federal funds by local educational agencies. This program is subject to non-supplanting requirements and must use a restricted indirect cost rate, which is referenced under 34 CFR 76.564-76.569. Authorization: Elementary and Secondary Education Act of 1965 (ESEA), Title I, Part A, 20 U.S.C. 6301 et seq. and the American Recovery and Reinvestment Act of 2010 (ARRA), Public Law 111-5.

ARRA – ENTITLEMENT IDEA-B

Used in accordance with the IDEA, to help provide the special education and related services needed to make a free appropriate public education available to all eligible children and, in some cases, early intervening services. Authorization: Individuals with Disabilities Education (IDEA), as amended, Part B, Section 611-618, 20 U.S.C 1411-1418; American Recovery and Reinvestment Act of 2010 (ARRA), Public Law 111-5.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2010

ARRA – PRESCHOOL IDEA-B

To provide grants to States to assist them to make available special education and related services for children with disabilities ages 3 through 5 years, and at a State's discretion, to 2-year-old children with disabilities who will reach age three during the school year. Authorization (040): Individuals with Disabilities Education Act (IDEA), as amended, , Part B, Section 619, 20 U.S.C 1419; American Recovery and Reinvestment Act of 2009 (ARRA), Public Law 111-5.

IMPACT AID SPECIAL/INDIAN EDUCATION

To provide financial assistance to local educational agencies (LEA'S) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), where there is a significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3 (b)); where there is a significant decrease (Section 3(c)) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

TITLE XIX MEDICAID

To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-112, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.

INDIAN ED FORMULA GRANT

The purpose of this program is to support projects which improve educational opportunities and achievement of Native American children. Funding is provided by the Federal Government, under the Elementary and Secondary Education Act of 1965, Title IX, Part A, Subpart 1, as amended, Public Law 103-382, 20 U.S.C. 7811-7818; 25 U.S.C. 2002.

ARRA – STATE REVITALIZATION

To support and restore funding for elementary, secondary, and postsecondary education and, as applicable, early child hood education programs and services in States and local educational agencies. Authorization: American Recovery and Reinvestment Act of 2009 (ARRA), Division A, Title XIV, Public Law 111-5.

LANL FOUNDATION

Local grant sponsored by Los Alamos National Laboratory that was used to provide a scholarship to a senior high student that was to be used in a four-year program for educational efforts in pursuing an engineering degree at a New Mexico college or university.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2010

DRAWING FROM THE WELL

To account funds received from a State Grant to hire consultants, to purchase the updated and revised curriculum guides, and instructional material for the Drawing from the Well curriculum.

DUAL CREDIT INSTRUCTIONAL MATERIALS

To be used for courses approved by Higher Education Department (RED) and through a college/university for which the district has an approved agreement.

TECHNOLOGY FOR EDUCATION

State funding to provide financial assistance to school districts to improve educational opportunities for all students to close the technology gap between schools and the workplace through enhancement of computer education. The funding is provided by state resources and supplements the federal funding for the Technology Literacy Challenge grant. The creation of the fund is authorized by NMSA 1978 22-15A-1 to 22-15A-10.

INCENTIVE FOR SCHOOL IMPROVEMENTS

These funds are used for school improvements, from lighting to encyclopedias. Funding is provided by the State of New Mexico. The creation of the fund is authorized by NMSA 1978 22-13A-5.

BEGINNING TEACHER MENTORING

Funds to assist school districts in the design, implementation, and evaluation of beginning teacher mentoring programs. Funding is provided through the 2000 legislative session, with appropriated funds from the General Appropriations Act.

BREAKFAST FOR ELEMENTARY STUDENTS

To provide elementary students with the nutrition necessary to facilitate learning.

K-PLUS INITIATIVE

To account for revenues and expenditures from a state grant for the purpose of providing extended kindergarten services for students.

SINOI

To assist in the improvement of the Adequate Yearly Progress (AYP) goals.

KINDERGARTEN 3-PLUS

To account for funds received to provide the opportunity for the district to address early literacy. The full-day kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

LIBRARIES GO BOND 2006

To be used to fund each library facility for improvement or acquisition and to acquire library books and library resources to support the library program. Funds generated by GO Bonds may not be used to supplant existing or prior library material funding within school districts receiving these monies. This funding will supplement and be in addition to current and existing funding. Authorized through Senate Bill 2006 SB301

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2010

27200 IDEA-B STATE DIRECTED

Set up for certain IDEA funds administered by certain individual.

LIBRARY BOOKS

To support the purchase of library books. Authorized through New Mexico Senate Bill 471.

QWEST CLASSROOM TECHNOLOGY

To provide for the creation of digitally videotaped technology and for purpose of sharing best teaching practices.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

FOOD SERVICE SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Food and milk reimbursements	\$ 293,291	\$ 302,840	\$ 247,194	\$ (55,646)
Local sources:				
Fees and activities	2,633	2,633	3,018	385
Earnings from investments	629	629	469	(160)
Total revenues	296,553	306,102	250,681	(55,421)
Expenditures:				
Current:				
Food Services Operations	332,901	395,547	269,156	126,391
Capital outlay:				
Equipment	63,097	10,000	-	10,000
Total expenditures	395,998	405,547	269,156	136,391
Excess (deficiency) of revenues over expenditures	(99,445)	(99,445)	(18,475)	80,970
Beginning cash balance budgeted	99,445	99,445	-	(99,445)
Fund balance at beginning of the year	-	-	115,719	115,719
Fund balance at end of the year	\$ -	\$ -	97,244	\$ 97,244
RECONCILIATION TO GAAP BASIS:				
Change in inventory			4,594	
Change in grant receivable			9,094	
Change in payables			(362)	
			\$ 110,570	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

ATHLETICS SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Fees and activities	\$ 75,000	\$ 75,000	\$ 91,576	\$ 16,576
Earnings from investments	<u>50</u>	<u>50</u>	<u>16</u>	<u>(34)</u>
Total revenues	75,050	75,050	91,592	16,542
 Expenditures:				
Current:				
Instruction	<u>102,590</u>	<u>102,590</u>	<u>75,997</u>	<u>26,593</u>
Excess (deficiency) of revenues over expenditures	(27,540)	(27,540)	15,595	43,135
Beginning cash balance budgeted	27,540	27,540	-	(27,540)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>32,251</u>	<u>32,251</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	47,846	<u>\$ 47,846</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>(204)</u>	
			<u>\$ 47,642</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

TITLE I SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Federal sources:				
Federal grant	\$ 194,594	\$ 190,624	\$ 204,509	\$ 13,885
Expenditures:				
Current:				
Instruction	137,213	121,408	90,282	31,126
Support Services - Students	-	2,430	-	2,430
Support Services - General Administration	9,090	9,090	6,823	2,267
Support Services - School Administration	36,231	36,231	32,152	4,079
Student Transportation	-	405	-	405
Community Services Operations	12,060	21,060	17,837	3,223
Total expenditures	194,594	190,624	147,094	43,530
Excess of revenues over expenditures	-	-	57,415	57,415
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	57,415	\$ 57,415
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(57,415)	
			\$ -	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

ENTITLEMENT IDEA-B SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 158,890	\$ 149,622	\$ (9,268)
Expenditures:				
Current:				
Instruction	-	137,976	115,041	22,935
Support Services - Students	-	17,619	5,609	12,010
Support Services - School Administration	-	1,200	-	1,200
Central Services	-	882	496	386
Student Transportation	-	1,213	963	250
Total expenditures	-	158,890	122,109	36,781
Excess of revenues over expenditures	-	-	27,513	27,513
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	27,513	\$ 27,513
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(27,338)	
Change in payables			(175)	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

DISCRETIONARY IDEA-B SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ -	\$ -	\$ -
 Expenditures:				
Current:				
Instruction	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

PRESCHOOL IDEA-B SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 4,901	\$ 9,222	\$ 615	\$ (8,607)
Expenditures:				
Current:				
Instruction	-	4,321	-	4,321
Community Services Operations	4,901	4,901	1,103	3,798
Total expenditures	4,901	9,222	1,103	8,119
Excess (deficiency) of revenues over expenditures	-	-	(488)	(488)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(488)	<u>\$ (488)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			488	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

21ST CENTURY COMMUNITY LEARNING CENTERS SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 217,883	\$ 217,883	\$ 111,543	\$ (106,340)
Expenditures:				
Current:				
Instruction	118,143	118,143	67,435	50,708
Support Services - General Administration	21,773	21,773	3,717	18,056
Support Services - School Administration	50,784	50,784	24,199	26,585
Operation & Maintenance of Plant	300	300	-	300
Community Services Operations	1,883	1,883	-	1,883
Capital outlay:				
Equipment	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total expenditures	<u>217,883</u>	<u>217,883</u>	<u>95,351</u>	<u>122,532</u>
Excess of revenues over expenditures	-	-	16,192	16,192
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	16,192	<u>\$ 16,192</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>(16,192)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

IDEA-B "RISK POOL" SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 1,336	\$ 475	\$ (861)
Expenditures:				
Current:				
Support Services - Students	-	1,336	1,166	170
Excess (deficiency) of revenues over expenditures	-	-	(691)	(691)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(691)	<u>\$ (691)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>691</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

TITLE III ENGLISH LANGUAGE SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ -	\$ -	\$ -
 Expenditures:				
Current:				
Instruction	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4
TEACHER/PRINCIPAL TRAINING SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 59,059	\$ 53,992	\$ 45,562	\$ (8,430)
Expenditures:				
Current:				
Instruction	56,300	43,233	26,275	16,958
Support Services - General Administration	2,759	2,759	1,432	1,327
Support Services - School Administration	-	6,650	2,802	3,848
Student Transportation	<u>-</u>	<u>1,350</u>	<u>134</u>	<u>1,216</u>
Total expenditures	<u>59,059</u>	<u>53,992</u>	<u>30,643</u>	<u>23,349</u>
Excess of revenues over expenditures	-	-	14,919	14,919
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	14,919	<u>\$ 14,919</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(14,898)	
Change in payables			<u>(21)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

TITLE IV DRUG FREE SCHOOLS SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 2,724	\$ 2,724	\$ 3,446	\$ 722
Expenditures:				
Current:				
Instruction	1,692	1,692	1,692	-
Support Services - Students	905	871	868	3
Support Services - General Administration	<u>127</u>	<u>161</u>	<u>161</u>	<u>-</u>
Total expenditures	<u>2,724</u>	<u>2,724</u>	<u>2,721</u>	<u>3</u>
Excess of revenues over expenditures	-	-	725	725
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	725	<u>\$ 725</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>(725)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4
RURAL & LOW-INCOME SCHOOLS SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 235	\$ 2,017	\$ 1,782
 Expenditures:				
Current:				
Instruction	-	235	235	-
Excess of revenues over expenditures	-	-	1,782	1,782
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,782	<u>\$ 1,782</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(1,486)	
Change in deferred revenue			<u>(296)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

ARRA - TITLE I SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 16,900	\$ 52,615	\$ 66,059	\$ 13,444
Expenditures:				
Current:				
Instruction	16,098	34,851	33,690	1,161
Support Services - General Administration	802	2,311	2,311	-
Support Services - School Administration	-	100	-	100
Community Services Operations	<u>-</u>	<u>15,353</u>	<u>14,499</u>	<u>854</u>
Total expenditures	<u>16,900</u>	<u>52,615</u>	<u>50,500</u>	<u>2,115</u>
Excess of revenues over expenditures	-	-	15,559	15,559
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	15,559	<u>\$ 15,559</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>(15,559)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

ARRA - ENTITLEMENT IDEA-B SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 137,991	\$ 42,454	\$ (95,537)
Expenditures:				
Current:				
Instruction	-	68,872	39,039	29,833
Support Services - Students	-	60,369	7,563	52,806
Community Services Operations	-	8,750	3,077	5,673
Total expenditures	-	137,991	49,679	88,312
Excess (deficiency) of revenues over expenditures	-	-	(7,225)	(7,225)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(7,225)	\$ (7,225)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			7,225	
			\$ -	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

ARRA - PRESCHOOL IDEA-B SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 2,463	\$ 754	\$ (1,709)
 Expenditures:				
Current:				
Instruction	<u>-</u>	<u>2,463</u>	<u>2,154</u>	<u>309</u>
Excess (deficiency) of revenues over expenditures	-	-	(1,400)	(1,400)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(1,400)	<u>\$ (1,400)</u>
 RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			<u>1,400</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4
IMPACT AID SPECIAL EDUCATION SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal direct grant	\$ -	\$ 5,224	\$ 3,600	\$ (1,624)
 Expenditures:				
Current:				
Instruction	-	5,224	-	5,224
Excess of revenues over expenditures	-	-	3,600	3,600
Fund balance at beginning of the year	-	-	5,224	5,224
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	8,824	<u>\$ 8,824</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ 8,824</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4
IMPACT AID INDIAN EDUCATION SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal direct grant	\$ -	\$ 46,392	\$ 8,878	\$ (37,514)
Expenditures:				
Current:				
Instruction	-	41,392	670	40,722
Support Services - Instruction	-	4,400	-	4,400
Student Transportation	<u>-</u>	<u>600</u>	<u>159</u>	<u>441</u>
Total expenditures	<u>-</u>	<u>46,392</u>	<u>829</u>	<u>45,563</u>
Excess of revenues over expenditures	-	-	8,049	8,049
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>46,365</u>	<u>46,365</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	54,414	<u>\$ 54,414</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
			<u>\$ 54,414</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

TITLE XIX MEDICAID SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal direct grant	\$ 15,000	\$ 15,000	\$ 1,436	\$ (13,564)
Expenditures:				
Current:				
Instruction	4,000	4,000	664	3,336
Support Services - Students	49,805	60,735	34,079	26,656
Support Services - General Administration	55,832	44,202	690	43,512
Operation & Maintenance of Plant	1,000	1,000	-	1,000
Student Transportation	-	700	600	100
Capital outlay:				
Equipment	<u>15,500</u>	<u>15,500</u>	<u>-</u>	<u>15,500</u>
Total expenditures	<u>126,137</u>	<u>126,137</u>	<u>36,033</u>	<u>90,104</u>
Excess (deficiency) of revenues over expenditures	(111,137)	(111,137)	(34,597)	76,540
Beginning cash balance budgeted	111,137	111,137	-	(111,137)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>124,083</u>	<u>124,083</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>89,486</u>	<u>\$ 89,486</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
			<u>\$ 89,486</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4
INDIAN EDUCATION FORMULA GRANT SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal direct grant	\$ 6,431	\$ 6,431	\$ 6,428	\$ (3)
 Expenditures:				
Current:				
Instruction	<u>6,431</u>	<u>6,431</u>	<u>6,428</u>	<u>3</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>2</u>	<u>\$ 2</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			59	
Change in payables			<u>(61)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

LANL FOUNDATION SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Grant	\$ 50,170	\$ 85,759	\$ 68,967	\$ (16,792)
Expenditures:				
Current:				
Instruction	30,988	66,577	17,571	49,006
Support Services - School Administration	18,567	13,511	-	13,511
Student Transportation	615	615	-	615
Community Services Operations	<u>-</u>	<u>5,056</u>	<u>5,052</u>	<u>4</u>
Total expenditures	<u>50,170</u>	<u>85,759</u>	<u>22,623</u>	<u>63,136</u>
Excess of revenues over expenditures	-	-	46,344	46,344
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>50,350</u>	<u>50,350</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	96,694	<u>\$ 96,694</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
			<u>\$ 96,694</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

DRAWING FROM THE WELL SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Grant	\$ -	\$ 8,000	\$ 8,000	\$ -
 Expenditures:				
Current:				
Instruction	-	8,000	4,446	3,554
Excess of revenues over expenditures	-	-	3,554	3,554
Fund balance at beginning of the year	-	-	1,931	1,931
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	5,485	<u>\$ 5,485</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ 5,485</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

DUAL CREDIT INSTRUCTIONAL MATERIALS SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ 800	\$ 247	\$ (553)
 Expenditures:				
Current:				
Instruction	-	800	797	3
Excess (deficiency) of revenues over expenditures	-	-	(550)	(550)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(550)	<u>\$ (550)</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>550</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4
TECHNOLOGY FOR EDUCATION SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State grant	\$ -	\$ 17,439	\$ 3,526	\$ (13,913)
 Expenditures:				
Current:				
Instruction	-	17,439	-	17,439
Excess of revenues over expenditures	-	-	3,526	3,526
Fund balance at beginning of the year	-	-	13,836	13,836
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	17,362	<u>\$ 17,362</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			77	
Change in payables			<u>(17,439)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

INCENTIVES FOR SCHOOL IMPROVEMENT SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State grant	\$ -	\$ -	\$ -	\$ -
 Expenditures:				
Current:				
Instruction	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	13,408	13,408
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	13,408	<u>\$ 13,408</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ 13,408</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4
BEGINNING TEACHER MENTORING SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State grant	\$ -	\$ 2,136	\$ 2,136	\$ -
 Expenditures:				
Current:				
Support Services - Instruction	-	2,136	2,136	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	1,472	1,472
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,472	<u>\$ 1,472</u>
 RECONCILIATION TO GAAP BASIS:				
Change in due to other funds			(1,472)	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4
BREAKFAST FOR ELEMENTARY STUDENTS SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State grant	\$ -	\$ 3,809	\$ 3,809	\$ -
 Expenditures:				
Current:				
Food Services Operations	<u>-</u>	<u>3,809</u>	<u>3,975</u>	<u>(166)</u>
Excess (deficiency) of revenues over expenditures	-	-	(166)	(166)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>1,244</u>	<u>1,244</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>1,078</u>	<u>\$ 1,078</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
			<u>\$ 1,078</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

K-PLUS INITIATIVE SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State grant	\$ -	\$ -	\$ -	\$ -
 Expenditures:				
Current:				
Instruction	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

SINOI SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State grant	\$ -	\$ 1,098	\$ 3,896	\$ 2,798
 Expenditures:				
Current:				
Support Services - Instruction	-	1,098	995	103
Excess of revenues over expenditures	-	-	2,901	2,901
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	2,901	<u>\$ 2,901</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(2,901)	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

KINDERGARTEN 3-PLUS SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State grant	\$ -	\$ 74,244	\$ 74,472	\$ 228
 Expenditures:				
Current:				
Instruction	-	53,747	53,725	22
Support Services - Students	-	8,883	8,879	4
Support Services - Instruction	-	572	569	3
Support Services - School Administration	-	5,687	5,659	28
Student Transportation	-	5,355	5,337	18
Total expenditures	-	74,244	74,169	75
Excess of revenues over expenditures	-	-	303	303
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	303	\$ 303
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(303)	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

LIBRARIES GO BOND 2006 SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
State sources:				
State grant	\$ 5,007	\$ 5,007	\$ 4,111	\$ (896)
Expenditures:				
Current:				
Support Services - Instruction	<u>5,007</u>	<u>5,007</u>	<u>5,003</u>	<u>4</u>
Excess (deficiency) of revenues over expenditures	-	-	(892)	(892)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>(892)</u>	<u>\$ (892)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>892</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

IDEA-B STATE DIRECTED SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ 57,044	\$ 57,928	\$ 884
Expenditures:				
Current:				
Instruction	-	2,950	-	2,950
Support Services - Students	-	48,524	29,150	19,374
Student Transportation	-	5,570	5,401	169
Total expenditures	-	57,044	34,551	22,493
Excess of revenues over expenditures	-	-	23,377	23,377
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	23,377	\$ 23,377
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			\$ 23,377	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

LIBRARY BOOKS SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State grant	\$ 1,572	\$ 1,572	\$ -	\$ (1,572)
 Expenditures:				
Current:				
Support Services - Instruction	<u>1,572</u>	<u>1,572</u>	<u>1,569</u>	<u>3</u>
Excess (deficiency) of revenues over expenditures	-	-	(1,569)	(1,569)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>1,572</u>	<u>1,572</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>3</u>	<u>\$ 3</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
			<u>\$ 3</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4
QWEST CLASSROOM TECHNOLOGY SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Grant	\$ -	\$ 5,000	\$ 5,000	\$ -
 Expenditures:				
Current:				
Instruction	-	5,000	5,000	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ -</u>	

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STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

CAPITAL PROJECTS FUNDS
Year Ended June 30, 2009

BOND BUILDING FUND

This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.

SPECIAL CAPITAL OUTLAY - STATE

This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

CAPITAL IMPROVEMENTS SB – 9

This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

PUBLIC SCHOOL CAPITAL OUTLAY – 20%

A capital projects fund to capture the 20% of eligible federal (Forest Reserve and Impact Aid) and local revenue (local taxes) that must be budgeted in Capital Outlay. Provides financing for the construction and improvement of buildings and land, and the purchase of equipment.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

BOND BUILDING CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Earnings from investments	\$ -	\$ -	\$ 1,270	\$ 1,270
Expenditures:				
Current:				
Operation & Maintenance of Plant	142,564	142,564	125,234	17,330
Capital outlay:				
Land and improvements	225,720	225,720	-	225,720
Construction in progress	<u>2,000,168</u>	<u>2,000,168</u>	<u>577,418</u>	<u>1,422,750</u>
Total expenditures	<u>2,368,452</u>	<u>2,368,452</u>	<u>702,652</u>	<u>1,665,800</u>
Excess (deficiency) of revenues over expenditures	(2,368,452)	(2,368,452)	(701,382)	1,667,070
Beginning cash balance budgeted	2,368,452	2,368,452	-	(2,368,452)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>2,381,288</u>	<u>2,381,288</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,679,906	<u>\$ 1,679,906</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
			<u>\$ 1,679,906</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4
SPECIAL CAPITAL OUTLAY - STATE CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State grant	\$ -	\$ 21,297	\$ 75,000	\$ 53,703
 Expenditures:				
Capital outlay:				
Land and improvements	-	21,297	-	21,297
Equipment	<u>69,980</u>	<u>69,980</u>	<u>-</u>	<u>69,980</u>
Total expenditures	<u>69,980</u>	<u>91,277</u>	<u>-</u>	<u>91,277</u>
Excess (deficiency) of revenues over expenditures	(69,980)	(69,980)	75,000	144,980
Beginning cash balance budgeted	69,980	69,980	-	(69,980)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	75,000	<u>\$ 75,000</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>(35,209)</u>	
			<u>\$ 39,791</u>	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State grant	\$ -	\$ 206,993	\$ -	\$ (206,993)
Local sources:				
District school tax levy	81,558	81,558	87,590	6,032
Total revenues	81,558	288,551	87,590	(200,961)
Expenditures:				
Current:				
Support Services - General Administration	820	820	876	(56)
Operation & Maintenance of Plant	200,000	289,750	68,441	221,309
Capital outlay:				
Land and improvements	-	42,243	10,244	31,999
Equipment	30,000	30,000	14,285	15,715
Construction in progress	268,093	343,093	54,685	288,408
Total expenditures	498,913	705,906	148,531	557,375
Excess (deficiency) of revenues over expenditures	(417,355)	(417,355)	(60,941)	356,414
Beginning cash balance budgeted	417,355	417,355	-	(417,355)
Fund balance at beginning of the year	-	-	434,670	434,670
Fund balance at end of the year	\$ -	\$ -	373,729	\$ 373,729
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			10,229	
Change in due from other governments			2,429	
Change in payables			(18,019)	
Change in deferred property taxes			(11,175)	
			\$ 357,193	

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4
PUBLIC SCHOOL CAPITAL OUTLAY - 20% CAPITAL PROJECTS FUND
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
District school tax levy	\$ -	\$ -	\$ -	\$ -
 Expenditures:				
Current:				
Instruction	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	1,170	1,170
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,170	<u>\$ 1,170</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ 1,170</u>	

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STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

DEBT SERVICE FUND
Year Ended June 30, 2009

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

DEBT SERVICE FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
District school tax levy	\$ 233,830	\$ 233,830	\$ 290,988	\$ 57,158
Expenditures:				
Current:				
Support Services - General Administration	2,338	2,338	2,910	(572)
Debt service:				
Principal retirement	140,000	140,000	140,000	-
Bond interest paid	93,830	93,830	87,135	6,695
Reserves	<u>4,254</u>	<u>4,254</u>	<u>-</u>	<u>4,254</u>
Total expenditures	<u>240,422</u>	<u>240,422</u>	<u>230,045</u>	<u>10,377</u>
Excess (deficiency) of revenues over expenditures	(6,592)	(6,592)	60,943	67,535
Beginning cash balance budgeted	6,592	6,592	-	(6,592)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>20,073</u>	<u>20,073</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	81,016	<u>\$ 81,016</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			32,004	
Change in due from other governments			7,334	
Change in deferred property taxes			<u>(31,931)</u>	
			<u>\$ 88,423</u>	

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OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

FIDUCIARY FUNDS
Schedule of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 2010

<u>ASSETS</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
Elementary School	\$ 26,057	\$ 5,520	\$ 1,336	\$ 30,241
Junior High School & High School	69,970	29,698	34,066	65,602
Payroll Clearing Account	<u>13,458</u>	<u>-</u>	<u>13,458</u>	<u>-</u>
Pooled cash and investments	<u>\$ 109,485</u>	<u>\$ 35,218</u>	<u>\$ 48,860</u>	<u>\$ 95,843</u>
 <u>LIABILITIES</u>				
Deposits held for others	<u>\$ 109,485</u>	<u>\$ 35,218</u>	<u>\$ 48,860</u>	<u>\$ 95,843</u>

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2010

		<u>Centinel Bank</u>
Cash on deposit at June 30, 2010	\$	3,512,998
Less FDIC coverage		<u>3,512,998</u>
Uninsured funds	\$	<u><u>-</u></u>
50% collateral requirement	\$	-
Pledged collateral		<u>137,208</u>
Excess (deficiency) of pledged collateral	\$	<u><u>137,208</u></u>

Pledged collateral of financial institutions consists of the following at June 30, 2010

	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
Centinel Bank:			
FHLB	6/11/2010	3133 XBT H8	\$ -
FHLB	8/15/2011	3133 MGY H3	<u>137,208</u>
			<u><u>\$ 137,208</u></u>

The above securities are held at Texas Independent Bank in Dallas, TX.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

CASH RECONCILIATION
June 30, 2010

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 746,129	\$ 4,709,012	\$ (5,053,819)	\$ (82,877)	\$ 318,445	\$ -	\$ 318,445
Transportation	923	257,890	(258,804)	-	9	-	9
Instructional Materials	53,861	19,881	(41,182)	-	32,560	-	32,560
Food Services	108,994	250,681	(269,156)	-	90,519	-	90,519
Athletics	32,250	91,593	(75,997)	-	47,846	-	47,846
Federal Flowthrough Funds	(173,753)	627,058	(502,757)	49,748	296	-	296
Federal Direct Funds	175,675	316,811	(374,572)	34,812	152,726	-	152,726
Local Grants	52,282	76,966	(27,069)	-	102,179	-	102,179
State Flowthrough Funds	12,848	149,241	(123,195)	16,334	55,228	-	55,228
Local/State	-	5,758	(5,000)	(758)	-	-	-
Bond Building	2,381,287	1,270	(702,651)	-	1,679,906	-	1,679,906
Special Capital Outlay - Local	-	-	-	-	-	-	-
Special Capital Outlay - State	(35,209)	75,000	-	-	39,791	-	39,791
Capital Improvements SB-9	432,454	87,589	(148,531)	-	371,512	-	371,512
Public School Capital Outlay - 20%	1,170	-	-	-	1,170	-	1,170
Debt Service	16,157	290,987	(230,045)	-	77,099	-	77,099
Agency Funds	109,842	-	-	(13,999)	95,843	-	95,843
Total	\$ 3,914,910	\$ 6,959,737	\$ (7,812,778)	\$ 3,260	\$ 3,065,129	\$ -	\$ 3,065,129

Account Name	Account Type	Bank Name	Bank Amount	Adjustments to report:	
Operational	Checking	Centinel	\$ 477,699	Agency funds	\$ 95,843
Student nutrition	Checking	Centinel	11,362		
Cafeteria	Checking	Centinel	83,699		
Payroll	Checking	Centinel	362,637		
Building Fund	Checking	Centinel	2,173,843	Adjustments to cash:	
Federal Projects	Checking	Centinel	254,535	Bank Balance	\$ 3,512,998
Elementary	Checking	Centinel	1,646	Held by the State Treasurer	5,000
Elementary	Checking	Centinel	2,627	Cash on hand	50
Elementary	Checking	Centinel	27,807	Oustanding deposits	106,124
High School	Checking	Centinel	54,520	Oustanding checks	(559,043)
High School	Checking	Centinel	11,293	Reconciling errors	-
High School	Checking	Centinel	13,918	Total adjustment to cash	\$ 3,065,129
High School	Checking	Centinel	37,412		
Total			\$ 3,512,998		
POOL-4101	LGIP	State Treasurer	1,916		
POOL-4102	Reserve	State Treasurer	3,084		
Total			\$ 5,000		

SINGLE AUDIT SECTION

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

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

Hector H. Balderas, State Auditor
The Board of Education of
Penasco Independent School District No. 4

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 Penasco Independent School District No. 4 as of and for the year ended June 30, 2010, and have issued our report thereon dated December 10, 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 Penasco Independent School District No. 4's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Penasco Independent School District No. 4's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Penasco Independent School District No. 4's internal control over financial reporting.

Our consideration of 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness. Findings 2010 – 1 and 2010 – 6.

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Hector H. Balderas, State Auditor
The Board of Education of
Penasco Independent School District No. 4

A *significant deficiency* is a deficiency or a combination of 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 deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. Findings 2010 – 2 through 2010 – 5, 2010 – 7, and 2010 – 8.

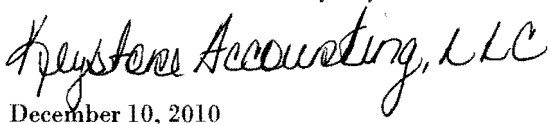
Compliance and other matters

As part of obtaining reasonable assurance about whether Penasco Independent School District No. 4'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2010 – 3, 2010 – 5, 2010 – 6, and 2010 – 8.

We also noted certain other matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16, and pursuant to Section 12-6- 5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 2010 – 1, 2010 – 2, 2010 – 4, and 2010 – 7.

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit management's response and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, others within the Penasco Independent School District No. 4, the U.S. Department of Education, State Auditor, the New Mexico Legislature, New Mexico Public Education Department, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.


December 10, 2010

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD ACCORDANCE HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Hector H. Balderas, State Auditor
The Board of Education of
Penasco Independent School District No. 4

Compliance

We have audited Penasco Independent School District No. 4's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* (Revised June 2010) that could have a direct and material effect on each of Penasco Independent School District No. 4's major federal programs for the year ended June 30, 2010. Penasco Independent School District No. 4's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Penasco Independent School District No. 4's management. Our responsibility is to express an opinion on Penasco Independent School District No. 4's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Penasco Independent School District No. 4's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Penasco Independent School District No. 4's compliance with those requirements.

In our opinion, Penasco Independent School District No. 4 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Penasco Independent School District No. 4 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Penasco Independent School District No. 4's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Penasco Independent School District No. 4's internal control over compliance.

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Hector H. Balderas, State Auditor
The Board of Education of
Penasco Independent School District No. 4

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, others within the Penasco Independent School District No. 4, the U.S. Department of Education, the State Auditor, the New Mexico Legislature, New Mexico Public Education Department, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.


December 10, 2010

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2010

A. PRIOR YEAR AUDIT FINDINGS

No audit findings to report.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Penasco Independent School District No. 4.
2. There were eight significant deficiencies disclosed during the audit of the financial statements in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Two significant deficiencies were considered to be material weaknesses.
3. There was one instance of noncompliance material to the financial statements of Penasco Independent School District No. 4 were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal awards program in the Independent Auditors' Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Penasco Independent School District No. 4 expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Penasco Independent School District No. 4 that are required to be reported in accordance with OMB Circular A-133.510(a).
7. The programs treated as major programs include:
 - Title I, Part A Cluster CFDA #84.010 and #84.389;
 - Special Education (IDEA) Cluster CFDA #84.027, #84.173, and #84.391; and
 - ARRA - State Revitalization CFDA #84.394.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Penasco Independent School District No. 4 was determined to be a high-risk auditee.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2010 – 1 DECENTRALIZED ACCOUNTING SYSTEM

Condition: Access to the accounting system, including check writing, was available to different locations outside of the administration office. In some instances, accounting software entirely different and separate from the District's primary accounting system was being used by different locations for the purpose of receiving and disbursing public monies. This drastically reduces the District's ability to apply internal control procedures appropriate to safeguard public assets.

Criteria: According to NMAC 6.20.2.11(A), school districts shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly. Additionally, 1978 NMSA 6-10-2 requires the cash record to be balanced daily so as to show the balance of public money on hand at the close of each day's business.

Cause: Programs throughout the District have been allowed to maintain a set of books separate from the primary accounting information system maintained by the administration office. At the end of the month reports would be delivered to the administration office to be entered into the primary system.

Effect: The District has not safeguarded public assets as required by NMAC 6.20.2.11(A) and has not conducted a daily balance of the cash records as required by 1978 NMSA 6-10-2. Additionally, the ability of different sites to draft checks in the District's name weakens the control over the stock of blank checks.

Recommendation: The District should implement a system of procedures that utilizes a centralized accounting system, which all transactions are to be recorded and tracked in a timely manner. The ability to write checks should be limited one person within the administration office with one other person being a backup for that operation.

Management's response: This issue was recognized during FY 2009 – 2010. Management started an accounting system conversion effective July 1, 2010.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

2010 – 2 PURCHASE ORDER APPROVED AFTER PURCHASE

Condition: There were 11 of 30 disbursements tested that purchases in the amount of \$51,892 were made prior to the approval of purchase orders. Purchase orders are used to control cash and to authorize the purchases in accordance with the authorized budget.

Criteria: Authorization for a purchase is acquired through the completion of a purchase order, which is signed by a person given authority over purchase control. The purchase order must be approved prior to the purchase or ordering of goods as per PSAB Supplement 13.

Effect of the Condition: Any purchases made without prior authorization have the potential to cause cash deficits in the funds from which they are made or violations of the approved budget.

Cause: Personnel decide that an immediate purchase is needed and forego the proper procedure for purchasing.

Recommendation: The importance of cash controls and adequate planning need to be made clear to all personnel that will be making purchases for the school.

Management's response: The eleven purchase orders were for electricity, water, etc. These types of expenditures have not had purchase orders in the past. Management has changed this procedure since being informed that recurring utilities expenditures need a purchase order.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

2010 – 3 MISSING INFORMATION FROM THE EMPLOYEE FILES

Condition: One of thirty employee files selected for testing had an incomplete I-9 form.

Criteria: In accordance with the federal Immigration and Nationality Act Section 274A, employees are required to prove their citizenship or legal immigrant status prior to employment.

Effect of condition: The District is out of compliance with requirements for the Immigration and Nationality Act.

Cause: The district is not maintaining adequate controls over employee hiring.

Recommendation: The District should not employ any individual without prior completion and verification of the Form I-9.

Management's Response: The district concurs with this finding and is in the process of implementing new procedures regarding the hiring of new employees.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

2010 – 4 LATE DEPOSIT OF RECEIPTS

Condition: Two of thirty items tested, two receipts totaling \$360 were not deposited within 24 hours or one business day.

Criteria: According to NMAC 6.20.2.14(C) deposits shall be made within 24 hours or one banking day of the receipt.

Cause: Deposits were not made in a timely manner.

Effect of condition: Receipts left on the premises for extended periods of time are susceptible to misuse.

Recommendation: The District should deposit funds in accordance with NM State Law.

Management's response: The district concurs with this finding and has informed all employees of the importance of timely deposits.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

2010 – 5 LACK OF TIMELY MONITORING OF BUDGET LINE ITEMS

Condition: There were unfavorable variances between actual and budgeted line item expenditures. The following funds had unfavorable variances between budgeted amounts at fiscal year end:

Breakfast for Elementary Students	Food Service Operations	\$	166
Capital Improvements SB-9 Capital Projects Fund	Support Services - Gen Admin	\$	56
Debt Service Fund	Support Services - Gen Admin	\$	572

Criteria: According to NMSA 1978 Section 22-8-11 B all fiscal agents of public monies have a responsibility to monitor spending to comply with established budget guidelines.

Effect of Condition: Violation of NMSA 1978 Section 22-8-11 B, over spending of public monies. Improper monitoring could lead to expenditures being paid in excess of total budgeted amounts.

Cause: Improper monitoring of line item expenditures by comparing budgeted amounts and actual amounts spent allowed unfavorable (negative) variances, overspending of line item budgets, to occur.

Recommendation: Management should implement immediate steps to provide adequate financial reports to allow for proper and timely monitoring of line item expenditures. Budget adjustment requests should be approved by the Board of Education and State Department of Education (when required) to receive approval to make necessary changes to the records prior to being presented for audit.

Management's response: The district concurs with this finding. The administration fees for local taxes are not an expenditure that is issued from the district, rather a deduction from a receipt that is posted. The district will make sure that all funds are monitored prior to the June 25 cutoff date for budget adjustment requests.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

2010 – 6 MISSING BACKGROUND CHECKS

Condition: Six of 30 employee files selected for testing were missing background checks.

Criteria: In accordance 1978 NMSA 22-10A-5, all employees who have access to children are required to have a background check completed and approved.

Effect of condition: The school is out of compliance with requirements for 1978 NMSA 22-10A-5.

Cause: The district is not maintaining adequate controls over employee hiring.

Recommendation: The district should not employ any individual without prior receipt of the cleared background check.

Management's response: The district concurs with this finding and is in the process of implementing new procedures regarding the hiring of new employees.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

2010 – 7 INVENTORIES LACKED DETAIL

Condition: Inventories of food and commodities lacked sufficient detail to enable verification of counts.

Criteria: According to NMAC 6.20.2.11(A), school districts shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly.

Cause: The District could not provide a detailed list of items contained in the food and commodity inventories.

Effect: The District has not safeguarded public assets as required by NMAC 6.20.2.11(A) and has not provided a means of verification of inventories.

Recommendation: The District should implement a system of procedures that utilizes a detailed list of inventory items to include description, location, volumes on hand, price per unit, and value on hand. Additionally, the District should consider methods of implementing a perpetual inventory count.

Management's response: The district concurs with this finding and will be implementing new procedures regarding the inventory of food and commodities to include June and July.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

2010 – 8 LATE AUDIT REPORT

Condition: The June 30, 2010 audit report was not submitted to the New Mexico State Auditor's Office by the due date of November 15, 2010. The Audit was submitted to the New Mexico State Auditor's Office on December 22, 2010.

Criteria: The New Mexico State Auditor has issued NMAC 2.2.2, Requirements for Contracting and Conducting Audits of Agencies, setting due dates for school audits to be in his office by November 15, 2010.

Cause: The District did not contract for audit services for the year ended June 30, 2010 until after the required reporting deadline of November 15, 2010.

Effect of condition: The report was not available for the New Mexico Department of Education and other state agencies to review on a timely basis.

Recommendation: We recommend that the contracted process be initiated in March or as soon as the State Auditor releases agencies to contract for audit services.

Management's response: The audit was late due to reconciling and re-stating capital assets to include PSFA expenditures for capital projects

C. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings to report.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Cluster Programs</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:				
Pass-Through Program From:				
New Mexico Department of Education:				
<u>Child Nutrition -- Cluster:</u>				
USDA National School Lunch Program	10.555	21000	\$ 196,122	
USDA School Breakfast Program	10.553	21000	<u>60,166</u>	
Total Child Nutrition Cluster				\$ 256,288
Pass-Through Program From:				
New Mexico Human Service Department:				
USDA Commodities Program	10.550	21000		11,098
Direct Program:				
Forest Reserve	10.670	11000		<u>35,183</u>
Total U.S. Department of Agriculture				<u>302,569</u>
U.S. Department of Education:				
Pass-Through Programs From:				
New Mexico Department of Education:				
<u>Special Education (IDEA) Cluster:</u>				
Entitlement IDEA-B	84.027	24106	122,284	
Preschool IDEA-B	84.173	24109	1,103	
IDEA-B "Risk Pool"	84.027	24120	1,166	
ARRA - Entitlement IDEA-B	84.391	24206	<u>49,679</u>	
Total Special Education (IDEA) Cluster				174,232
<u>Title I, Part A Cluster:</u>				
Title I	84.010	24101	147,094	
ARRA - Title I	84.389	24201	<u>50,501</u>	
Total Title I, Part A Cluster				197,595
21st Century Community Learning Centers	84.287C	24119		107,403
Teacher/Principal Training	84.367	24154		30,664
Title IV Drug Free Schools	84.186	24157		2,722
Rural & Low-Income Schools	84.358	24160		235
ARRA - State Revitalization	84.394	25250		<u>344,458</u>
Subtotal Pass-Through Programs				<u>857,309</u>
Direct Programs:				
P.L. 81-874 Special / Indian Education	84.041	25145		43,385
Indian Education Formula Grant	84.060	25184		<u>6,489</u>
Subtotal Direct Programs				<u>49,874</u>
Total U.S. Department of Education				<u>907,183</u>
U.S. Department of Health and Human Services:				
Pass-Through Program From:				
New Mexico Department of Health:				
Title XIX Medicaid	93.778	25153		<u>36,033</u>
Total Expenditures of Federal Awards				<u>\$ 1,245,785</u>

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

**STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4**

Notes To The Schedule Of Expenditures Of Federal Awards
Year Ended June 30, 2010

1. Scope of audit pursuant to OMB Circular A-133

All federal grant operations of Penasco Independent School District No. 4 (the "School District") are included in the scope of the Office of management and Budget ("OMB") Circular A-133 audit (the "Single Audit"). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised June 2010 the "Compliance Supplement"). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal 2010 cash and non-cash expenditures to ensure coverage of at least 50% (HIGH risk auditee) of federally granted funds. Actual coverage is approximately 57% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$1,234,687 and all non-cash expenditures amounted to \$11,098.

Major Federal Award Program Description	Fiscal 2010 <u>Expenditure</u>
Cash assistance:	
Title I Cluster	\$ 197,595
IDEA-B Cluster	174,232
State Equalization Guarantee - ARRA	<u>344,458</u>
Total	<u>\$ 716,285</u>

The School District's federal program ARRA - State Revitalization was considered a high risk Type A program for the 2010 audit.

The U.S. Department of Education is the School District's oversight agency for single audit.

STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Notes To The Schedule Of Expenditures Of Federal Awards
Year Ended June 30, 2010

2. Summary of significant accounting policies

Basis of presentation

The accompanying Schedule of Expenditure of Federal Awards includes all federal grants to the School District that had activity during the fiscal year ended June 30, 2010. This Statement has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the School District has met the qualifications for the respective grant.

Accrued and deferred reimbursements

Various reimbursement procedures are used for Federal awards received by the School District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over receipts to date. Deferred balance at year-end represent an excess of cash receipts over reimbursable expenditure to date. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

3. Audits performed by other entities

There were no other audits performed by other organizations on the School Districts federal grant programs in 2010.

REQUIRED DISCLOSURE

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STATE OF NEW MEXICO
PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

REQUIRED DISCLOSURES
Year Ended June 30, 2010

REQUIRED DISCLOSURE

The financial statements were prepared by the independent public accountants.

An exit conference was held December 15, 2010, during which the audit findings were discussed. The exit conference was attended by the following individuals:

PENASCO INDEPENDENT SCHOOL DISTRICT NO. 4

Isabel Lopez-Duran	Board Member
Norman Esquibel	Board Member
Ernesto Valdez	Superintendent
Elizabeth Romero	Business Manger

KEYSTONE ACCOUNTING, LLC

Terry Ogle, CPA	Partner
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