



STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL

ANNUAL FINANCIAL REPORT
June 30, 2009

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



	<u>Page</u>
Official Roster.....	4
Independent Auditor's Report.....	5-6

FINANCIAL SECTION

Basic Financial Statements

Government Wide Financial Statements

Statement of Net Assets.....	8
Statement of Activities.....	9

Fund Financial Statements

Government Funds - Balance Sheet.....	10-12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	13

Statement of Revenues, Expenditures, and Changes in Fund Balances.....	14-16
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	17

MAJOR FUNDS

General Fund - Operational - 11000

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	18-19
--	-------

General Fund - Instructional Materials - 14000

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	20
--	----

A Plus for Education - 26179

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	21
--	----

Pre K Program Services - 27149

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	22
--	----

Pre K Start Up & Safety - 27169

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	23
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Notes to Financial Statements.....	24-34
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	<u>Page</u>
SUPPLEMENTAL INFORMATION RELATED TO MAJOR FUNDS	
Public School Capital Outlay - 31200	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	36
SUPPLEMENTAL INFORMATION RELATED TO NON MAJOR FUNDS	
Combining Non-Major Governmental Funds	
Combining Balance Sheet - by Fund Type.....	39
Combining Statement of Revenues, Expenditures and Changes in Fund Balance and Changes in Fund Balance - by Fund Type.....	40
Beginning Teacher Mentoring - 27154	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	41
After School Enrichment - 27168	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	42
OTHER SUPPLEMENTAL INFORMATION	
Cash Reconciliations-All Funds.....	44
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	45-46
Findings and Responses	47

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
Official Roster
For the Year Ended June 30, 2009

BOARD OF EDUCATION

Tonya Lewis	Member
Jenny Hawkes	Member
Flavio Cisneros	Member
Nicole Scott	Member
Beth Hodges	Member

SCHOOL OFFICIALS

Karen M Phillips	School Administrator
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De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Red River Valley Charter School

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of RED RIVER VALLEY CHARTER SCHOOL, (School), as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the School's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2009, and the respective changes in financial position 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 School as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparisons for the major capital projects fund and the nonmajor fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 21, 2009, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements and on the combining and individual fund financial statements and the respective budgetary comparisons. 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 of the School. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

De'Aun Willoughby CPA PC

October 21, 2009

FINANCIAL SECTION

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
 Government Wide-Statement of Net Assets
 June 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 6,365
Due from Grantor	<u>58,319</u>
Total Current Assets	<u>64,684</u>
Noncurrent Assets	
Capital Assets	285,268
Less: Accumulated Depreciation	<u>(242,711)</u>
Total Noncurrent Assets	<u>42,557</u>
Total Assets	<u>107,241</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>0</u>
Total Current Liabilities	<u>0</u>
Total Liabilities	<u>0</u>
NET ASSETS	
Invested in Capital Assets	42,557
Unrestricted	<u>64,684</u>
Total Net Assets	<u>\$ 107,241</u>

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
 Government Wide-Statement of Activities
 For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 467,386	\$ 9,120	\$ 55,180	\$ 0	\$ (403,086)
Support Services	60	0	0	0	(60)
Support Services-Students	149	0	0	0	(149)
General Administration	49,585	0	0	0	(49,585)
School Administration	107,534	0	0	0	(107,534)
Central Office	24,241	0	0	0	(24,241)
Operation of Plant	71,827	0	38,618	0	(33,209)
Food Services	1,839	0	0	0	(1,839)
Net Program (Expenses)					
Revenues	<u>722,621</u>	<u>9,120</u>	<u>93,798</u>	<u>0</u>	<u>(619,703)</u>
General Revenues					
Federal and State aid not restricted to specific purpose					
General				\$	578,530
Interest and investment earnings					0
Miscellaneous					709
Subtotal, General Revenues					<u>579,239</u>
Change in Net Assets					
					<u>(40,464)</u>
Net Assets - beginning					
Restatement					139,342
Restated Beginning Net Assets					<u>8,363</u>
Net Assets - ending				\$	<u><u>107,241</u></u>

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2009

	General Fund		
	Operational 11000	Instructional Materials 14000	A Plus For Education 26179
ASSETS			
Cash and Cash Equivalents	\$ 1	\$ 2,610	\$ 1,634
Receivables			
Interfund Balance	58,319	0	0
Due from Grantor	0	0	0
Total Assets	<u>\$ 58,320</u>	<u>\$ 2,610</u>	<u>\$ 1,634</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Unreserved, Undesignated, reported in:			
General Fund	58,320	2,610	0
Special Revenue	0	0	1,634
Total Fund Balances	<u>58,320</u>	<u>2,610</u>	<u>1,634</u>
Total Liabilities and Fund Balances	<u>\$ 58,320</u>	<u>\$ 2,610</u>	<u>\$ 1,634</u>

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2009

	Pre K Program Services <u>27149</u>	Pre K Start Up & Safety 27169 <u>27169</u>	PSCOC 31200 <u>31200</u>
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Interfund Balance	0	0	0
Due from Grantor	29,010	10,000	19,309
Total Assets	<u>\$ 29,010</u>	<u>\$ 10,000</u>	<u>\$ 19,309</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 29,010	\$ 10,000	\$ 19,309
Accounts Payable	0	0	0
Total Liabilities	<u>29,010</u>	<u>10,000</u>	<u>19,309</u>
Fund Balances			
Unreserved, Undesignated, reported in:			
General Fund	0	0	0
Special Revenue	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 29,010</u>	<u>\$ 10,000</u>	<u>\$ 19,309</u>

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2009

	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents	\$ 2,120	\$ 6,365
Receivables		
Interfund Balance	0	58,319
Due from Grantor	0	58,319
Total Assets	<u>\$ 2,120</u>	<u>\$ 123,003</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Interfund Balance	\$ 0	\$ 58,319
Accounts Payable	0	0
Total Liabilities	<u>0</u>	<u>58,319</u>
 Fund Balances		
Unreserved, Undesignated, reported in:		
General Fund	0	60,930
Special Revenue	2,120	3,754
Total Fund Balances	<u>2,120</u>	<u>64,684</u>
 Total Liabilities and Fund Balances	 <u>\$ 2,120</u>	 <u>\$ 123,003</u>

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Assets
 June 30, 2009

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balance - Governmental Funds		\$	64,684
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
	The cost of capital assets	\$	285,268
	Accumulated depreciation is		<u>(242,711)</u>
			<u>42,557</u>
Total net assets - governmental activities		\$	<u><u>107,241</u></u>

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2009

	General Fund		
	Operational 11000	Instructional Materials 14000	A Plus For Education 26179
Revenues			
Fees	\$ 9,120	\$ 0	\$ 0
State & Local Grants	578,530	4,979	10,000
Miscellaneous	709	0	0
Total Revenues	<u>588,359</u>	<u>4,979</u>	<u>10,000</u>
Expenditures			
Current			
Instruction	392,619	3,157	8,366
Support Services-Students	60	0	0
Support Services-Instruction	0	149	0
Support Services-General Administration	49,585	0	0
Support Service-School Administration	107,534	0	0
Central Services	24,241	0	0
Operation & Maintenance of Plant	33,209	0	0
Food Service	1,839	0	0
Total Expenditures	<u>609,087</u>	<u>3,306</u>	<u>8,366</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(20,728)</u>	<u>1,673</u>	<u>1,634</u>
Fund Balances at Beginning of Year	70,685	937	0
Restatement	<u>8,363</u>	<u>0</u>	<u>0</u>
Restated Beginning Fund Balance	<u>79,048</u>	<u>937</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 58,320</u>	<u>\$ 2,610</u>	<u>\$ 1,634</u>

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2009

	Pre K Program Services <u>27149</u>	Pre K Start Up & Safety 27169	PSCOC 31200
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	29,010	10,000	38,618
Miscellaneous	0	0	0
Total Revenues	<u>29,010</u>	<u>10,000</u>	<u>38,618</u>
Expenditures			
Current			
Instruction	29,010	10,000	0
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Service-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	38,618
Food Service	0	0	0
Total Expenditures	<u>29,010</u>	<u>10,000</u>	<u>38,618</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at Beginning of Year	0	0	0
Restatement	<u>0</u>	<u>0</u>	<u>0</u>
Restated Beginning Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2009

	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
Revenues		
Fees	\$ 0	\$ 9,120
State & Local Grants	1,191	672,328
Miscellaneous	0	709
Total Revenues	<u> 1,191</u>	<u> 682,157</u>
Expenditures		
Current		
Instruction	0	443,152
Support Services-Students	0	60
Support Services-Instruction	0	149
Support Services-General Administration	0	49,585
Support Service-School Administration	0	107,534
Central Services	0	24,241
Operation & Maintenance of Plant	0	71,827
Food Service	0	1,839
Total Expenditures	<u> 0</u>	<u> 698,387</u>
Excess (Deficiency) of Revenues Over Expenditures	<u> 1,191</u>	<u> (16,230)</u>
Fund Balances at Beginning of Year	929	72,551
Restatement	<u> 0</u>	<u> 8,363</u>
Restated Beginning Fund Balance	<u> 929</u>	<u> 80,914</u>
Fund Balance End of Year	<u>\$ 2,120</u>	<u>\$ 64,684</u>

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

STATE OF NEW MEXICO

RED RIVER VALLEY CHARTER SCHOOL

Reconciliation of the Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

To the Statement of Activities

June 30, 2009

Excess (Deficiency) of Revenues Over Expenditures \$ (16,230)

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

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

Depreciation expense	\$ (24,234)	
Capital Outlays	<u>0</u>	<u>(24,234)</u>

Change in Net Assets of Governmental Activities \$ (40,464)

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 0	\$ 150	\$ 9,120	\$ 8,970
State & Local Grants	578,529	578,529	578,530	1
Miscellaneous	150	150	709	559
Total Revenues	<u>578,679</u>	<u>578,829</u>	<u>588,359</u>	<u>9,530</u>
Expenditures				
Instruction				
Personnel Services	0	284,901	275,587	9,314
Employee Benefits	0	124,549	111,419	13,130
Professional & Tech Services	0	100	60	40
Other Purchased Services	0	4,656	325	4,331
Supplies	0	11,699	5,228	6,471
Total Instruction	<u>0</u>	<u>425,905</u>	<u>392,619</u>	<u>33,286</u>
Support Services-Students				
Professional & Tech Services	0	60	60	0
Other Purchased Services	0	200	0	200
Total Support Services-Students	<u>0</u>	<u>260</u>	<u>60</u>	<u>200</u>
Support Services-General Administration				
Personnel Services	0	30,243	30,240	3
Employee Benefits	0	10,721	10,376	345
Professional & Tech Services	0	6,820	6,808	12
Other Purchased Services	0	2,261	2,161	100
Total Support Services-General Administration	<u>0</u>	<u>50,045</u>	<u>49,585</u>	<u>460</u>
Support Services-School Administration				
Personnel Services	0	75,135	75,133	2
Employee Benefits	0	27,814	27,366	448
Professional & Tech Services	0	5,300	3,662	1,638
Other Purchased Services	0	500	416	84
Supplies	0	2,100	957	1,143
Total Support Services-School Administration	<u>0</u>	<u>110,849</u>	<u>107,534</u>	<u>3,315</u>

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Central Services				
Other Purchased Services	\$ 0	\$ 25,200	\$ 24,241	\$ 959
Supplies	0	500	0	500
Total Central Services	<u>0</u>	<u>25,700</u>	<u>24,241</u>	<u>1,459</u>
Operation & Maintenance of Plant				
Purchased Property Services	0	29,786	18,234	11,552
Other Purchased Services	0	14,318	12,104	2,214
Supplies	0	3,155	2,871	284
Total Operation & Maintenance of Plant	<u>0</u>	<u>47,259</u>	<u>33,209</u>	<u>14,050</u>
Food Services				
Supplies	0	1,900	1,839	61
Total Food Services	<u>0</u>	<u>1,900</u>	<u>1,839</u>	<u>61</u>
Total Expenditures	<u>0</u>	<u>661,918</u>	<u>609,087</u>	<u>52,831</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>578,679</u>	<u>(83,089)</u>	<u>(20,728)</u>	<u>62,361</u>
Cash Balance Beginning of Year	<u>79,048</u>	<u>79,048</u>	<u>79,048</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 657,727</u>	<u>\$ (4,041)</u>	<u>\$ 58,320</u>	<u>\$ 62,361</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (20,728)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (20,728)</u>	

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
GENERAL-INSTRUCTIONAL MATERIALS-14000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 5,445	\$ 5,455	\$ 4,979	\$ (476)
Total Revenues	<u>5,445</u>	<u>5,455</u>	<u>4,979</u>	<u>(476)</u>
Expenditures				
Instruction				
Supplies	5,120	5,120	3,157	1,963
Total Instruction	<u>5,120</u>	<u>5,120</u>	<u>3,157</u>	<u>1,963</u>
Support Services-Instruction				
Supplies	325	325	149	0
Total Support Services-Instruction	<u>325</u>	<u>325</u>	<u>149</u>	<u>0</u>
Total Expenditures	<u>5,445</u>	<u>5,445</u>	<u>3,306</u>	<u>1,963</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>10</u>	<u>1,673</u>	<u>1,663</u>
Cash Balance Beginning of Year	<u>937</u>	<u>937</u>	<u>937</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 937</u>	<u>\$ 947</u>	<u>\$ 2,610</u>	<u>\$ 1,663</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>1,673</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>1,673</u>	

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
SPECIAL REVENUE FUND-A PLUS FOR EDUCATION-26179
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 10,000	\$ 10,000	\$ 0
Total Revenues	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	4,605	4,277	328
Supply Assets	0	5,395	4,089	1,306
Total Instruction	<u>0</u>	<u>10,000</u>	<u>8,366</u>	<u>1,634</u>
Total Expenditures	<u>0</u>	<u>10,000</u>	<u>8,366</u>	<u>1,634</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>1,634</u>	<u>1,634</u>
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,634</u>	<u>\$ 1,634</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>1,634</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>1,634</u>	

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

STATE OF NEW MEXICO

RED RIVER VALLEY CHARTER SCHOOL

SPECIAL REVENUE FUND-PRE K PROGRAM SERVICES-27149

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 29,010	\$ 0	\$ (29,010)
Total Revenues	<u>0</u>	<u>29,010</u>	<u>0</u>	<u>(29,010)</u>
Expenditures				
Instruction				
Personnel Services	0	21,303	21,303	0
Employee Benefits	0	5,503	5,503	0
Supplies	0	2,204	2,204	0
Total Instruction	<u>0</u>	<u>29,010</u>	<u>29,010</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>29,010</u>	<u>29,010</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>(29,010)</u>	<u>(29,010)</u>
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (29,010)</u>	<u>\$ (29,010)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (29,010)	
Net change in Due from Grantor			<u>29,010</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO

RED RIVER VALLEY CHARTER SCHOOL

SPECIAL REVENUE FUND-PRE K START UP & SAFETY-27169

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 10,000	\$ 0	\$ (10,000)
Total Revenues	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>
Expenditures				
Instruction				
Other Purchased Services	0	585	585	0
Supplies	0	9,415	9,415	0
Total Instruction	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>(10,000)</u>	<u>(10,000)</u>
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (10,000)	
Net change in Due from Grantor			<u>10,000</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the RED RIVER a component unit of QUESTA INDEPENDENT SCHOOL (School) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the School's accounting policies are described below.

Financial Reporting Entity

The School has been in existence since August 2000 and is currently operating under the provisions of the Public School Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The School operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the School is considered a component unit, since its budget is approved by Taos Municipal Schools elected officials. GASB Statement No. 14 defines a component unit as who is not fiscally independent meaning that the School may not, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

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

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

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

Governmental Funds

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

General Fund - The General Fund is the general operating fund of the School and accounts for all revenues and expenditures of the School not encompassed within other funds.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the School.

Major Funds

The School reports the following major governmental funds:

GENERAL FUND (11000)(14000)

The General Fund consist of two sub funds. The first is the operational fund to account for resources and expenditures that are not required to be accounted for in another fund. The Instructional Materials fund accounts for a state grant to provide text books for students in the School.

SPECIAL REVENUE FUND

A Plus for Education (26179)

To account for a local grant to reward the School of excellent performance. The authority for the special revenue fund is by grant provisions.

Pre K Program Services (27149)

To account for a state grant to provide preschool services to qualified students. The authority for the special revenue fund is by grant provisions.

Pre K Start Up & Safety (27169)

To account for a state grant to provide start up costs for preschool services to qualified students. The authority for the special revenue fund is by grant provisions.

Capital Projects

Public School Capital Outlay (31200)

The revenues are derived from a state legislative grant. The expenditures are restricted to capital improvements.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

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

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the School's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the School's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, and 3) program specific capital grants and contributions.

Fund Financial Statements (FFS)

Governmental Funds

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

Revenues

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

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the School for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the School shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the School for the ensuing fiscal year.
3. The "operating" budget will be used by the School until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The School shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No board member or officer or employee of the School shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the School and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the School has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2009

Cash and Cash Equivalents

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

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

Investments

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

(a) bonds or negotiable securities of the United States, the state or any county, municipality or school which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Capital Assets

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2009

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

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

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

Capital Leases

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

Restricted Net Assets

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

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

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

Interfund Transactions

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

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
 Notes to the Financial Statements
 June 30, 2009

Deferred Revenue

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

Compensated Absences

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

Estimates

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

NOTE B: CASH AND INVESTMENTS

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

People's	Balance Per Bank 06-30-09	Reconciled Balance	Type
<u>Name of Account</u>	<u>\$</u>	<u>\$</u>	
Red River Charter School	22,212	6,365	Checking
TOTAL Deposited	22,212	6,365	
Less: FDIC Coverage	(22,212)		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

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

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank Balance
Insured	\$ 22,212
Collateralized:	
Collateral held by the pledging bank in School's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 22,212</u>

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2009

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2009 none of the School's bank balance of \$22,212 was exposed to custodial credit risk.

NOTE C: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Loans from General Fund to:

Pre K Program Services-27149	\$	29,010
Pre K Start Up & Safety-27169		10,000
PSCOC-31200		<u>19,309</u>
Totals	\$	<u><u>58,319</u></u>

Loans were made from the General fund to above funds to cover the cash balances while awaiting reimbursements from PED. All loans are expected to be repaid within one year.

NOTE D: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2009, is as follows:

	Balance 6/30/08	Additions	Deletions	Balance 6/30/09
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital Assets not being Depreciated	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Capital Assets, being Depreciated				
Buildings & Improvements	\$ 79,052	\$ 0	\$ 0	\$ 79,052
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>206,215</u>	<u>0</u>	<u>0</u>	<u>206,215</u>
Total Capital Assets, being Depreciated	<u>285,268</u>	<u>0</u>	<u>0</u>	<u>285,268</u>
Total Capital Assets	<u>285,268</u>	<u>0</u>	<u>0</u>	<u>285,268</u>
Less Accumulated Depreciation				
Buildings & Improvements	31,955	5,789	0	37,744
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>186,523</u>	<u>18,445</u>	<u>0</u>	<u>204,968</u>
Total Accumulated Depreciation	<u>218,478</u>	<u>24,234</u>	<u>0</u>	<u>242,712</u>
Capital Assets, net	<u>\$ 66,790</u>	<u>\$ (24,234)</u>	<u>\$ 0</u>	<u>\$ 42,556</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 24,234
Total depreciation expenses	<u>\$ 24,234</u>

NOTE E: PENSION PLAN

Substantially all of the (name of employer's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Plan members are required to contribute 7.9% of their gross salary. The District is required to contribute 11.65% 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 State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2009, 2008, and 2007, were \$76,260, \$82,382 and \$86,175, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE J: RETIREE HEALTH CARE ACT CONTRIBUTIONS

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

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

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

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

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

The District's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$7,606, \$7,848 and \$9,841, respectively, which equal the required contributions for each year.

NOTE G: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

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

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

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

NOTE H: INSURANCE COVERAGE

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

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

NOTE I. SURETY BOND

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

NOTE J. RESTATEMENT

The Statement of Net Assets and Fund Balance were restated \$8,363 for outstanding payroll liabilities that were paid by June 30, 2008.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
 CAPITAL PROJECTS FUND-PUBLIC SCHOOL CAPITAL OUTLAY-31200
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 67,942	\$ 67,942	\$ 48,633	\$ (19,309)
Total Revenues	<u>67,942</u>	<u>67,942</u>	<u>48,633</u>	<u>(19,309)</u>
Expenditures				
Operation & Maintenance of Plant				
Purchased Property Services	<u>38,618</u>	<u>38,618</u>	<u>38,618</u>	<u>0</u>
Total Operation & Maintenance of Plant	<u>38,618</u>	<u>38,618</u>	<u>38,618</u>	<u>0</u>
Total Expenditures	<u>38,618</u>	<u>38,618</u>	<u>38,618</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>29,324</u>	<u>29,324</u>	<u>10,015</u>	<u>(19,309)</u>
Cash Balance Beginning of Year	<u>(29,324)</u>	<u>(29,324)</u>	<u>(29,324)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (19,309)</u>	<u>\$ (19,309)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 10,015	
Net change in Due from Grantor			<u>(10,015)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR FUNDS

Beginning Teacher Mentoring Program (27154)

To account for revenues and expenditures from a state grant provided for tutoring and student enhancement activities in reading, math, and study skills for grades sixth through eight. The fund was created by state grant provisions.

After School Enrichment (27168)

To account for the revenues and expenditures to provide additional services to student after school hours. The fund was created by state grant provisions.

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2009

	Beginning Teacher Mentoring 27154	After School Enrichment 27168	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,120	\$ 0	\$ 2,120
Receivable			
Due from Grantor	0	0	0
Total Assets	<u>\$ 2,120</u>	<u>\$ 0</u>	<u>\$ 2,120</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Total Liabilities from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Unreserved, Undesignated, reported in:			
Special Revenue	2,120	0	2,120
Total Fund Balance	<u>2,120</u>	<u>0</u>	<u>2,120</u>
Total Liabilities and Fund Balance	<u>\$ 2,120</u>	<u>\$ 0</u>	<u>\$ 2,120</u>

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2009

	Beginning Teacher Mentoring <u>27154</u>	After School Enrichment <u>27168</u>	<u>Total</u>
Revenues			
State & Local Grants	\$ <u>1,191</u>	\$ <u>0</u>	\$ <u>1,191</u>
Total Revenues	<u>1,191</u>	<u>0</u>	<u>1,191</u>
Expenditures			
Current			
Instruction	0	0	0
Support Services-Students	0	0	0
Support Services-Instruction	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,191</u>	<u>0</u>	<u>1,191</u>
Fund Balances at Beginning of Year	<u>929</u>	<u>0</u>	<u>929</u>
Fund Balance End of Year	<u>\$ 2,120</u>	<u>\$ 0</u>	<u>\$ 2,120</u>

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

STATE OF NEW MEXICO

RED RIVER VALLEY CHARTER SCHOOL

SPECIAL REVENUE FUND-BEGINNING TEACHER MENTORING PROGRAM-27154

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 937	\$ 937	\$ 1,191	\$ 254
Total Revenues	<u>937</u>	<u>937</u>	<u>1,191</u>	<u>254</u>
Expenditures				
Instruction				
Other Purchased Services	0	0	0	0
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>937</u>	<u>937</u>	<u>1,191</u>	<u>254</u>
Cash Balance Beginning of Year	<u>929</u>	<u>929</u>	<u>929</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,866</u>	<u>\$ 1,866</u>	<u>\$ 2,120</u>	<u>\$ 254</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>1,191</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>1,191</u>	

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

STATE OF NEW MEXICO

RED RIVER VALLEY CHARTER SCHOOL

SPECIAL REVENUE FUND-AFTER SCHOOL ENRICHMENT-27168

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 0	\$ 14,355	\$ 14,355
Total Revenues	<u>0</u>	<u>0</u>	<u>14,355</u>	<u>14,355</u>
Expenditures				
Instruction				
Personnel Services	0	0	0	0
Employee Benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	14,355	14,355
Cash Balance Beginning of Year	<u>(14,355)</u>	<u>(14,355)</u>	<u>(14,355)</u>	<u>(14,355)</u>
Cash Balance End of Year	<u><u>\$ (14,355)</u></u>	<u><u>\$ (14,355)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 14,355	
Net change in Due from Grantor			<u>(14,355)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u><u>\$ 0</u></u>	

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

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
 Cash Reconciliations - All Funds
 For the Year Ended June 30, 2009

		Beginning Cash Balance 6/30/08	Revenue	Expenditures	Transfer/ Loans	Ending Cash Balance 6/30/09
Operations	11000	\$ 79,047.86	\$ 588,359.47	\$ 609,087.16	\$	\$ 58,320.17
Instructional Materials	14000	936.87	4,980.00	3,306.00		2,610.87
Local Grants	26000	0.00	10,000.00	8,366.29		1,633.71
State Flow through Grants	27000	(13,426.59)	15,546.62	39,010.00		(36,889.97)
PSCOC	31200	(29,323.98)	48,632.98	38,618.00		(19,309.00)
Total		\$ <u>37,234.16</u>	\$ <u>667,519.07</u>	\$ <u>698,387.45</u>	\$ <u>0.00</u>	\$ <u>6,365.78</u>

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*

Mr. Hector H. Balderas
State Auditor of the State of New Mexico
Board Members of the Red River Valley Charter School

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue fund, and the combining individual funds presented as supplemental information of the RED RIVER VALLEY CHARTER SCHOOL, (School), as of and for the year ended June 30, 2009, and have issued our report thereon dated October 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of 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 the audit, and that, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the New Mexico State Legislature and its committees, the Office of the State Auditor, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

 De'Ann Willoughby, CPA PC

October 21, 2009

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
Schedule of Findings and Responses
For the Year Ended June 30, 2009

Prior Year Audit Findings

There were no prior year audit findings

Current Year Audit Findings

There are no current year audit findings

Financial Statement Preparation

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

Exit Conference

An exit conference was held on October 21, 2009. Present were Tonya Lewis, Board Member, Karen Phillips-School Administrator, Domingo Sanchez, Business Manager and De'Aun Willoughby, CPA.